

**6. 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	
		2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
<b>Investments in subsidiaries :-</b>											
- Atlantic Real Estate Co., Ltd.	Real Estate	15.00	15.00	99.99	99.99	14,998	14,998	62,883	51,394	0	0
- Pacific Real Estate Co., Ltd.	Real Estate	371.62	371.62	99.99	99.99	371,614	371,614	0	4,949	0	0
- Land and Houses North Co., Ltd.	Real Estate	13.50	13.50	99.99	99.99	13,500	13,500	44,018	32,067	0	0
- Land and Houses North East Co., Ltd.	Real Estate	570.00	570.00	99.99	99.99	569,999	569,999	329,887	313,200	0	0
- Siamtanee Property Co., Ltd. and subsidiaries	Real Estate	100.00	100.00	99.99	99.99	64,859	64,859	299,561	232,712	0	0
- L H Muangmai Co., Ltd.	Real Estate	310.80	310.80	55.00	55.00	170,940	170,940	150,463	128,833	0	0
Total investments in subsidiaries						1,205,910	1,205,910	886,812	763,155	0	0
<b>Investments in affiliates :-</b>											
- Bangkok Chain Hospital Co., Ltd.	Hospital	610.00	610.00	40.00	36.07	454,731	449,355	123,431	49,341	0	0
- Quality Construction Products Co., Ltd.	Building material	154.38	154.38	40.08	40.08	189,106	189,106	147,641	106,489	0	0
- M L & H Corporation	Real Estate	#####	#####	40.00	40.00	1,796,317	1,796,317	836,675	#####	0	0
- Home Products Center Plc.	Trading of construction materials	753.00	750.00	29.17	29.28	221,638	221,638	288,166	275,333	13,178	0
- Cameron Global Limited	Investment business	0.04	0.04	40.00	40.00	15	15	168	170	0	0
- Asia Assets Advisory Co., Ltd.	Investment advisor	10.00	10.00	49.99	49.99	4,999	4,999	9,289	8,845	0	0
Total investments in affiliates						2,666,806	2,661,430	#####	#####	13,178	0
Total investments in subsidiaries and affiliates						3,872,716	3,867,340	#####	#####	13,178	0

## 6.1 Investments in subsidiaries

6.1.1 The financial statements of the aforementioned subsidiaries which were brought into the preparation for consolidated financial statements and net profit of subsidiaries for six months ended 30th June 2003 were brought into the computation of investments under the equity method, were taken from their respective reviewed financial statements.

6.1.2 The financial statements for six months ended 30th June 2003 of Pacific Real Estate Co., Ltd. which was brought into the computation of investments under equity method, had capital deficiency. The Company recorded the investments balance equal to zero and recognized the excess of loss over investments in subsidiaries of Baht 0.93 million as other liabilities in "excess loss from investments in subsidiaries and affiliates" and had equity loss of Baht 5.88 million.

## 6.2 Investments in affiliates

6.2.1 Net profit (loss) of affiliates for six months ended 30th June 2003 and 2002 which were brought into the computation of investment under equity method, were taken from their respective reviewed financial statements except for the certain of net profit (loss) were computed from unreviewed financial statements, the equity gain (loss) are as follows :

	(Thousand Baht)	
	30th June 2003	30th June 2002
Bangkok Chain Hospital Co., Ltd.	50,798	32,951
Quality Construction Products Co., Ltd.	41,153	15,295
M L & H Corporation	52,330	13,302
Cameron Global Limited	(1)	(167)
Assets Plus Securities Plc.	0	6,074
Total equity gain	<u>144,280</u>	<u>67,455</u>

6.2.2 In the second quarter of 2003, the Company has purchased investments in Bangkok Chain Hospital Co., Ltd. for 2.4 million shares in the amount of Baht 5.38 million, therefore, the percentage of investments was increased from 36.07% to 40%).

6.2.3 As at 30th June 2003, investments in Home Products Center Public Company Limited, an affiliate, had total market value of Baht 588.62 million (as at 31st December 2002, had market value of Baht 505.16 million).

## 7. LONG-TERM INVESTMENTS

**For the period ended 30th June 2003**

	Consolidated			(Thousand Baht)		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	150,000	150,000	0	0	0	
Equity security	2,298,138	3,629,251	5,927,389	2,298,138	3,465,251	5,763,389	
Less Provision for unrealized gain (loss) of investment	1,302,907	0	1,302,907	1,302,907	0	1,302,907	
Provision for impairment of assets - investment	<u>(275,803)</u>	<u>(1,380,108)</u>	<u>(1,655,911)</u>	<u>(275,803)</u>	<u>(1,380,108)</u>	<u>(1,655,911)</u>	
Total	<u>3,325,242</u>	<u>2,399,143</u>	<u>5,724,385</u>	<u>3,325,242</u>	<u>2,085,143</u>	<u>5,410,385</u>	

7.1 The Company has sold loan receivables, subordinated convertible debentures and total ordinary shares of Bangkok Mass Transit System Public Company Limited by bidding to Siam Tanee Real Estate Co., Ltd., a subsidiary, in the total amount of Baht 233 million.

7.2 In 2003, Land and Houses Property Fund has reduced certain unit trust and returned to the unit trust holders at the net assets value as at the reducing date. Therefore, the Company and subsidiaries have gain from reducing unit trust of Baht 36.14 million and Baht 5.86 million, respectively.

**For the period ended 31st December 2003**

	Consolidated			(Thousand Baht)		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 Plc.	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>	

## 8. PROPERTY, PLANT AND EQUIPMENT - NET

<b>Consolidated</b>	(Baht : Thousand)			
	31st December 2002	Increase	Decrease	30th June 2003
Cost :				
Office building	107,374	4,824	18,558	93,640
Office equipment	61,529	5,370	495	66,404
Office and club furnitures	83,806	6,129	11,653	78,282
Machinery and equipment	1,157	0	0	1,157
Vehicles	19,603	160	0	19,763
Kindergarten	931	0	0	931
Nursery garden	75	0	0	75
Club houses, swimming pool				
and tennis court	623,233	63,732	0	686,965
Leasehold	100,958	0	74,300	26,658
Other assets	23,425	1,304	13	24,716
Assets in progress	15,698	6,432	114	22,016
Total	<u>1,037,789</u>	<u>87,951</u>	<u>105,133</u>	<u>1,020,607</u>
Accumulated depreciation :				
Office building	41,937	1,959	5,799	38,097
Office equipment	29,612	5,221	459	34,374
Office and club furnitures	50,128	4,986	10,362	44,752
Machinery and equipment	1,094	5	0	1,099
Vehicles	8,309	1,592	0	9,901
Kindergarten	421	23	0	444
Nursery garden	70	1	0	71
Club houses, swimming pool				
and tennis court	544,898	38,210	0	583,108
Leasehold	30,218	3,560	11,562	22,216
Other assets	15,949	1,092	9	17,032
Total	<u>722,636</u>	<u>56,649</u>	<u>28,191</u>	<u>751,094</u>

**Consolidated**

(Baht : Thousand)

	31st December 2002	Increase	Decrease	30th June 2003
Provision for impairment of assets :				
Building and construction	1,178	0	0	1,178
Club houses, swimming pool and tennis court	6,989	0	0	6,989
Total	8,167	0	0	8,167
Net book value	306,986			261,346
				(Thousand Baht)
Depreciation for six months ended 30th June 2003				56,649
Depreciation for six months ended 30th June 2002				56,065

**Parent's financial statements**

(Baht : Thousand)

	31st December 2002	Increase	Decrease	30th June 2003
Cost :				
Office building	78,690	4,824	8,125	75,389
Office equipment	51,942	5,210	0	57,152
Office and club furnitures	51,911	3,277	0	55,188
Vehicles	15,315	156	0	15,471
Kindergarten	931	0	0	931
Nursery garden	59	0	0	59
Club houses, swimming pool and tennis court	501,913	61,047	0	562,960
Leasehold	99,775	0	74,300	25,475
Other assets	16,577	1,170	0	17,747
Assets in progress	10,473	4,091	114	14,450
Total	827,586	79,775	82,539	824,822

**Parent's financial statements**

(Baht : Thousand)

	31st December 2002	Increase	Decrease	30th June 2003
Accumulated depreciation :				
Office building	22,051	1,884	2,261	21,674
Office equipment	20,786	5,077	0	25,863
Office and club furnitures	22,367	4,193	0	26,560
Vehicles	6,669	1,280	0	7,949
Kindergarten	421	23	0	444
Nursery garden	54	1	0	55
Club houses, swimming pool and tennis court	468,387	33,138	0	501,525
Leasehold	29,928	3,541	11,562	21,907
Other assets	9,612	1,009	0	10,621
<b>Total</b>	<b>580,275</b>	<b>50,146</b>	<b>13,823</b>	<b>616,598</b>
<b>Net book value</b>	<b>247,311</b>			<b>208,224</b>

(Thousand Baht)

Depreciation for six months ended 30th June 2003 50,146

Depreciation for six months ended 30th June 2002 49,459

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

As at 30th June 2003 and 2002, building and equipment at book value before accumulated depreciation amounting to Baht 31.32 million and Baht 127 million, respectively which were fully depreciated, are still being operated.

**9. BANKS OVERDRAFT AND LOANS FROM FINANCIAL INSTITUTIONS**

	Consolidated		Parent company	
	(Thousand Baht)		(Thousand Baht)	
	30th June 2003	31st December 2002	30th June 2003	31st December 2002
Banks overdraft	34,622	29,968	26,762	9,431
Bill of exchange	1,120,000	1,195,000	1,120,000	1,195,000
<b>Tota</b>	<b>1,154,622</b>	<b>1,224,968</b>	<b>1,146,762</b>	<b>1,204,431</b>

## 10. LONG-TERM LOANS

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

Institute	(Million Baht)				Repayment conditions	Guarantee by
	30th June 2003		31st December 2002			
	Credit amount	Interest	Credit amount	Interest		
Bank	0.00	MLR	1,653.41	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
Finance companies	1,345.00	2.94 - 7.25	1,312.00	4.85 - 7.25	Repayment from April 2004 to June 2006 Creditor's	Loans of Baht 345 million with mortgage land and construction of each project  Loans of Baht 967 million without collateral
Total	<u>1,345.00</u>		<u>2,965.41</u>			
Less Current portion of long-term debt	<u>200.00</u>		<u>0.00</u>			
Balance	<u><u>1,145.00</u></u>		<u><u>2,965.41</u></u>			

In 2003, the Company has fully made loans from bank repayment.

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

Company	Creditors (Million Baht)	Balance		Interest rate	Repayment conditions	Guarantee by
		30th Jun. 2003	31st Dec. 2002			
		2003	2002			
1. L H Muangmai Co., Ltd.	Bank	497.31	576.36	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	0.00	MLR	55% of selling price of land and construction	
3. Land and Houses North East Co., Ltd.	Bank	0.01	0.01	MLR	55% of selling price of land and construction	
4. Siamtanee Property Co., Ltd. and subsidiaries	Bank	1.00	142.00	MLR+1	Due repayment in 2002 and 2003	
5. Pacific Real Estate Co., Ltd.		397.00	0.00		Due repayment in 2007	
Total		<u>895.32</u>	<u>718.37</u>			
Total long-term loans		<u><u>2,040.32</u></u>	<u><u>3,683.78</u></u>			

## 11. DEBENTURES - DOMESTIC

	Number of debenture		Amount	
	(shares)		(Thousand Baht)	
	30th June 2003	31st December 2002	30th June 2003	31st December 2002
Unsecured debentures	800,000	800,000	480,000	600,000
Secured debentures	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,312,500</u>	<u>1,500,000</u>
Balance	<u><u>2,300,000</u></u>	<u><u>2,300,000</u></u>	<u>1,792,500</u>	<u>2,100,000</u>
Less Current portion of liabilities			<u>(615,000)</u>	<u>(615,000)</u>
Balance			<u><u>1,177,500</u></u>	<u><u>1,485,000</u></u>



## 12. CONVERTIBLE DEBENTURES

	Number of debenture		Amount (Thousand Baht)	
	30th June 2003	31st December 2002	30th June 2003	31st December 2002
Convertible debentures issued -				
overseas	60,000	60,000	1,512,000	1,512,000
Less Conversion into common shares and redemption up to - 30th June 2003	(60,000)	(51,867)	(1,512,000)	(1,307,048)
Balance	<u>0</u>	<u>8,133</u>	0	204,952
Less Current portion of liabilities			0	(204,952)
Balance			<u>0</u>	<u>0</u>

The remaining 8,133 convertible debentures - overseas was redeemed on 29th April 2003 in whole amount.

## 13. REVALUATION INCREMENT IN ASSETS

Revaluation increment in assets of Baht 135.08 million (as at 31st December 2002, of Baht 117.16 million) is belong to Bangkok Chain Hospital Co., Ltd. in which the Company recognized under the equity method.

## 14. UNREALIZED GAIN (LOSS) OF INVESTMENTS

The difference between book value and fair value of investments available for sales are investments in Land and Houses Public Company Limited in whole amount.

## 15. LOSS FROM IMPAIRMENT

For six months ended 30th June, loss from impairment of assets consist of :

(Unit : Million Baht)

	Consolidated		Parent company	
	30th June 2003	30th June 2002	30th June 2003	30th June 2002
- Investment in affiliate				
- ML&H Corporation	298.91	-	298.91	-
- Long-term investment				
Investments in equity and debt securities of				
- Bangkok Mass Transit System Plc.	58.40	661.27	58.40	661.27
- Other investments	-	123.16	-	123.16
- Other assets	-	8.21	-	-
<b>Total</b>	<b>357.31</b>	<b>792.64</b>	<b>357.31</b>	<b>784.43</b>

## 16. 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 six months ended 30th June 2003 and 2002 is Baht 2.34 million and Baht 0.78 million, respectively.

## 17. EARNINGS PER SHARE

### Consolidated and parent's financial statements

	For three months ended 30th June 2003		
	Profit (Thousand Baht)	Number of share	Baht/share
<u>Basic earnings per share</u>			
Net profit of common share	1,565,505	6,619,800,290	0.24
Effects of diluted potential common share			
- Exercise rights		1,932,754,467	-
<u>Diluted earnings per share</u>			
Profit of common shareholders assumed as conversion to common share	1,565,505	8,552,554,757	0.18

**Consolidated and parent's financial statements**

	For six months ended 30th June 2002		
	Profit (Thousand Baht)	Number of share	Baht/share
<u>Basic earnings per share</u>			
Net profit of common share	2,737,411	6,536,377,566	0.42
Effects of diluted potential common share			
- Exercise rights		1,932,754,467	-
<u>Diluted earnings per share</u>			
Profit of common shareholders assumed			
as conversion to common share	2,737,411	8,469,132,033	0.32

**Consolidated and parent's financial statements**

	For three months ended 30th June 2002		
	Profit (Thousand Baht)	Number of share	Baht/share
<u>Basic earnings per share</u>			
Net profit of common share	1,049,316	6,288,882,000	0.17
Effects of diluted potential common share			
- Exercise rights	0	1,787,130,400	0.00
<u>Diluted earnings per share</u>			
Profit of common shareholders assumed			
as conversion to common share	1,049,316	8,076,012,400	0.13

	For six months ended 30th June 2002		
	Profit (Thousand Baht)	Number of share	Baht/share
<u>Basic earnings per share</u>			
Net profit of common share	1,568,297	6,267,129,100	0.25
Effects of diluted potential common share			
- Exercise rights	0	1,787,130,400	0.00
<u>Diluted earnings per share</u>			
Profit of common shareholders assumed			
as conversion to common share	1,568,297	8,054,259,500	0.20

On 22nd January 2003, the Company has registered the changing par value from Baht 10.00 each to 1.00 each by dividing the number of ordinary shares. The Company, therefore, has retroactively changed the number of shares and par value as at 30th June 2002 and 31st December 2002 to compare with the year 2003.

## 18. APPROPRIATION OF RETAINED EARNINGS AND DIVIDENDS

According to the minutes of Shareholders' General meeting no. 1/2003 held on 29th April 2003, the Company passed the resolution to appropriate net profit by paying dividends from the result of its operations for the last six months from 1st July 2002 to 31st December 2002 at Baht 0.10 per share and included with the interim dividend payment for the first six months operation which was made on 12th September 2002 at Baht 0.07 per share, the total dividend payment for the result of its operations of year 2002 is Baht 0.17 per share. The meeting also passed the resolution to change the policy of dividend payment from not over 40% to not over 70% of net profit.

## 19. 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.

## 20. WARRANTS

### 20.1 Warrants issuance to the existing shareholders

The shareholders' extraordinary meeting no. 1/2003 held on 20th January 2003, passed the resolution to change the par value of ordinary share from Baht 10.00 to Baht 1.00 each. The Company has registered such resolution with the Ministry of Commerce on 22nd January 2003. The Company, therefore, increased the number of warrants to conform to the changing of par value from 307,656,855 units to 3,076,568,550 units and changed the exercise price to be 1 unit of warrant has a right to purchase 1.00757 ordinary shares at Baht 2.5805 each.

Later on 13th March 2003, the Company changed the exercise price to be 1 unit of warrant has a right to purchase 1.01563 ordinary shares at Baht 2.560 each. The Company has also issued 6,006,000 units of warrants to the employees (note 20.2).

As at 30th June 2003, the remaining warrants are as follows :

Number of total warratns	3,076,568,550	units
The number of exercised warrants up to 30th June 2003	393,118,791	units
Balance number of warrants	<u>2,683,449,759</u>	Units

## 20.2 Warrants to the employees (including directors who is an employee)

On 13th March 2003, the Company issued 6,028,500 units of warrants (the second) to the employees according to the resolution of the shareholders' ordinary meeting no. 1/2001. Each unit of warrant has a right to purchase 10 ordinary shares at Baht 1.00 each and exercise period is on every three months. The 6,006,000 units of warrants have been allocated.

As at 30th June 2003, the remaining warrants for the employees (including the directors who is an employee) are as follows :

Number of total warrants	11,977,500	units
The number of exercised warrants up to 30th June 2003	11,717,200	units
Balance number of warrants	<u>260,300</u>	Units

## 21. COMMITMENT AND CONTINGENT LIABILITIES

21.1 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	30th June 2003		31st December 2002	
	Foreign currency	Thai Baht (million)	Foreign currency	Thai Baht (million)
<b>Affiliates</b>				
1. Bangkok Chain Hospital Co., Ltd.	-	857.35	-	332.50
2. Bangkok Chain Hospital Co., Ltd.	-	0.00	JPY 2,505.43 million	907.22
3. Quality Construction Products Co., Ltd.	-	205.03	-	205.18
Total		<u>1,062.38</u>		<u>1,444.90</u>
<b>Other related companies</b>				
1. Saraburi Vechakit Co., Ltd.	-	0.00	JPY 68.34 million	24.75
Total		<u>0.00</u>		<u>24.75</u>
Total commitment		<u>1,062.38</u>		<u>1,469.65</u>

21.2 As at 30th June 2003, 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 1,348.56 million (as at 31st December 2002, the amount was Baht 978.30 million).

21.3 As at 30th June 2003, the Company has guaranteed the customers' loans with financial institutions of Baht 36.02 million (as at 31st December 2002, the amount was Baht 44.04 million).

21.4 The Company has commitment as follows :

As at 30th June, 2003, Pacific Real Estate Co., Ltd., a subsidiary, has guaranteed the another company's debts of Baht 25.80 million (as at 31st December 2002, the amount was Baht 25.98 million)

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

	Consolidated		Parent company	
	30th June 2003	31st December 2002	30th June 2003	31st December 2002
Number of project on hand,				
beginning of the period	30	36	23	25
Number of closing project	(1)	(13)	(1)	(9)
Number of new project	4	7	4	7
Number of project on hand,				
ending of the period	33	30	26	23
Contracted sales value				
(million Baht)	42,417	34,677	38,289	31,009
% Sales value of project				
on hand	67.04%	59.00%	64.14%	59.30%

The Company has obligation and commitment to complete all central utilities of developing projects on hand in the amount of Baht 704.31 million (as at 31st December 2002, the amount was Baht 599.51 million).

## 23. 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	
	30th June 2003 (Million Baht)	30th June 2002	30th June 2003 (Million Baht)	30th June 2002
<b>Purchase goods</b>				
Quality Construction Products				
Co., Ltd.	103.99	76.60	91.87	72.76
Home Products Center Plc.	166.50	96.87	146.86	86.88
Asian Property Development Plc.				
and subsidiaries	24.42	20.14	24.42	20.14
Total	294.91	193.61	263.15	179.78

	Consolidated		Parent company	
	30th June 2003 (Million Baht)	30th June 2002	30th June 2003 (Million Baht)	30th June 2002
<b>Services</b>				
Quality Houses Plc.	8.12	7.10	8.12	6.69
Total	8.12	7.10	8.12	6.69
<b>Trade accounts payable</b>				
Quality Construction Products				
Co., Ltd.	26.09	15.36	25.38	15.14
Home Products Center Plc.	26.76	20.51	22.99	19.66
Asian Property Development Plc.				
and subsidiaries	3.93	4.67	3.93	4.67
Total	56.78	40.54	52.30	39.47

## 24. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

### 24.1 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 because of the certain of agreement as at 30th June 2003 for the consolidated and the Company financial statements in the amount of Baht 2,722.44 million and Baht 1,819.26 million, respectively, indicated the floating interest rate.

### 24.2 Fair value of financial instruments

The book value of financial assets and liabilities as at 30th June 2003 are close to their estimated fair value. Except for short-term loans of Baht 1,320 million and long-term loans of Baht 1,145 million, were charged interest at the fixed rate which is lower than market rate, if those loans were charged interest at market rate of 6.0% until the repayment date, the fair value of such loans are equal to Baht 1,304.73 million and Baht 1,101.16 million, respectively. Furthermore, the management believes that there is no material risk financial instruments.