

# LAND AND HOUSES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

AS AT 31st DECEMBER 2003 AND 2002

### 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 - 2.1.3.
- 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.

#### 2.2 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 to 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 current 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

Short-term investments are in form of treasury bill.

## 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

	Consolidated		Parent company	
	2003 (Thousand Baht)	2002	2003 (Thousand Baht)	2002
Loans to subsidiaries	0	0	2,323,535	624,742
Loans to affiliates	72,500	87,500	72,500	87,500
Less Allowance for doubtful				
accounts - affiliates	(72,500)	(87,500)	(72,500)	(87,500)
Loans to other companies	0	18,219	0	18,219
Less Allowance for doubtful				
accounts	0	(18,219)	0	(18,219)
Short-term loans - net	0	0	2,323,535	624,742

5.1 Loans to subsidiaries :-

	2003		2002	
	Amount of Baht	Rate of interest	Amount of Baht	Rate of interest
	(Thousand Baht)	%	(Thousand Baht)	%
Loans to subsidiaries :-				
Pacific Real Estate Co., Ltd.	187,200	4	0	-
Land and Houses Northeast Co., Ltd.	390,000	4	299,000	5 - 5.25
Land and Houses North Co., Ltd.	13,000	4	47,000	5.25
L H Muangmai Co., Ltd.	171,745	3.5	145,442	7.50
Atlantic Real Estate Co., Ltd.	74,500	5	133,300	7.75
Siamtanee Property Co., Ltd.	322,000	4	0	-
L H Real Estate Co., Ltd.	1,165,090	4 - 5	0	-
<b>Total</b>	<b>2,323,535</b>		<b>624,742</b>	

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

5.2 Loans to affiliates :-

	2003		2002	
	Amount of Baht	Rate of interest	Amount of Baht	Rate of interest
	(Thousand Baht)	%	(Thousand Baht)	%
Bangkok Chain Hospital Co., Ltd.	72,500	5.75	87,500	7.25
Less Allowance for doubtful accounts - affiliates	(72,500)		(87,500)	
<b>Total</b>	<b>0</b>		<b>0</b>	

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

5.3 In 2002, the Company has loans to other companies - domestic which 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%. During the second quarter of 2003, the Company has sold by bidding receivable and loans to other companies and accrued interest income to Siam Tanee Real Estate Co., Ltd. as stated in note 8.1.

## 6. INVENTORIES

	Consolidated		Parent company	
	2003 (Thousand Baht)	2002	2003 (Thousand Baht)	2002
Land	12,467,313	10,560,780	9,579,789	9,523,465
Land improvements	953,201	933,086	876,247	881,407
Construction in progress	2,583,132	2,455,080	2,121,126	2,150,985
Deferred interest	3,894,929	4,718,351	3,449,106	4,224,472
Central utilities	1,157,125	1,046,285	874,519	758,577
Preparation cost	46,717	89,698	14,613	35,110
Houses for sales	4,306	12,459	0	0
<b>Total</b>	<b>21,106,723</b>	<b>19,815,739</b>	<b>16,915,400</b>	<b>17,574,016</b>
Less Allowance for declining value of inventories	(1,259,388)	(1,589,505)	(1,188,970)	(1,493,994)
<b>Balance</b>	<b>19,847,335</b>	<b>18,226,234</b>	<b>15,726,430</b>	<b>16,080,022</b>

Some of land are mortgaged as guarantee for loans as mentioned in note 11, 12 and 13.

The Company and subsidiary have 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	
		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	68,768	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	57,675	32,067	0	0
- Land and Houses Northeast Co., Ltd.	Real Estate	570.00	570.00	99.99	99.99	569,999	569,999	365,127	313,200	0	0
- Siamtanee Property Co., Ltd. and subsidiaries	Real Estate	100.00	100.00	99.99	99.99	64,859	64,859	349,018	232,712	0	0
- L H Real Estate Co., Ltd.	Real Estate	116.00	0.00	99.99	0.00	50,000	0	43,950	0	0	0
- Huay Keaw Real Estate Co., Ltd.	Real Estate	100.00	0.00	99.99	0.00	52,734	0	52,734	0	0	0
- L H Muangmai Co., Ltd.	Real Estate	310.80	310.80	55.00	55.00	170,940	170,940	164,846	128,833	0	0
Total investments in subsidiaries						1,308,644	1,205,910	#####	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	171,166	49,341	0	0
- Quality Construction Products Plc.	Building material	400.00	154.38	31.41	40.08	265,981	189,106	277,142	106,489	0	0
- M L & H Corporation	Real Estate	0.00	#####	0.00	40.00	0	1,796,317	0	#####	0	0
- Home Products Center Plc.	Trading of construction materials	753.00	750.00	30.72	29.28	270,841	221,638	379,846	275,333	13,178	0
- Cameron Global Limited	Investment business	0.04	0.04	40.00	40.00	15	15	115	170	0	0
- Asia Assets Advisory Co., Ltd.	Investment advisor	12.50	10.00	39.99	49.99	4,999	4,999	6,936	8,845	4,400	0
Total investments in affiliates						996,567	2,661,430	835,205	#####	17,578	0
Total investments in subsidiaries and affiliates						2,305,211	3,867,340	#####	#####	17,578	0

## 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 subsidiaries for the year ended 31st December 2003 and 2002 were brought into the computation of investments under the equity method, were taken from their respective audited financial statements unless the financial statements of Huay Kaew Real Estate Co., Ltd. as at 31st December 2003 was taken from the unaudited financial statements (note 7.1.4).

7.1.2 The financial statements for the year ended 31st December 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 13.93 million as other liabilities in "excess loss from investments in subsidiaries and affiliates" and had equity loss of Baht 18.88 million.

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.

7.1.3 In 17th July, 2003, the Company has purchased 1,059,994 shares of Huay Kaew Aket 2545 Co., Ltd. equal to 99.9% of the paid-up share capital at the price of Baht 40 million. The excess of investment in subsidiary over than fair value of net assets of subsidiary at the purchasing date of Baht 39.70 million was presented as goodwill and purchased the increased share capital for 1 hundred thousand shares of Baht 100.00 each for amounting to Baht 10 million on 24th September 2003. Total purchasing share capital is Baht 50 million. Later on 25th September 2003, such subsidiary has changed its title name to L H Real Estate Co., Ltd.. The purpose is using it to run business in the future.

7.1.4 On 24th December 2003, the Company has purchased 991,994 shares of Huay Kaew Real Estate Co., Ltd. equal to 99.9% of the paid-up share capital at the price of Baht 52.73 million for the purpose to develop land which belonging to Huay Kaew Real Estate Co., Ltd.. The financial statements of this company was taken to prepare the consolidated financial statements, have not been audited by the auditor since the former shareholders sent the document late and the auditing procedures could not be made. However, the operations of Huay Kaew Real Estate Co., Ltd. since 24th - 31st December 2003 have no material.



7.1.5 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 2003 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 2003 and 2002 were brought into the computation of investments under the equity method, were taken from their respective audited financial statements.

## 7.2 Investments in affiliates

7.2.1 Net profit (loss) of affiliates for the year ended 31st December 2003 and 2002 which were brought into the computation of investment under equity method, were taken from their respective audited financial statements except for the certain of net profit (loss) were computed from unaudited financial statements, the equity gain (loss) are as follows :

	(Baht : Thousand)	
	2003	2002
Bangkok Chain Hospital Co., Ltd.	101,306	53,501
Quality Construction Products Plc.	0	(9,965)
M L & H Corporation	52,330	4,116
Cameron Global Limited	(55)	(163)
Assets Plus Securities Plc.	0	6,074
Total equity gain of affiliates under equity method	<u>153,581</u>	<u>53,563</u>

7.2.2 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%.

7.2.3 On 22nd May 2003, Quality Construction Product Co., Ltd. has changed its title to Quality Construction Products Public Company Limited and in July 2003 it has increased its share capital from Baht 154.375 million to Baht 400 million by issuing new 245.625 million common shares of Baht 1.00 each. For 154.375 million shares will be allotted to the existing shareholders in proportion of 1 shares for 1 new share at the offering price of Baht 1.00 each. The Company exercised the right to subscribe 61.87 million common shares. For new 11.25 million shares will be allotted to the directors of Quality Construction Products Public Company Limited at the offering price of Baht 2.00 each. Therefore, as at 30th September 2003, the issued and paid-up share capital is Baht 320 million and the remaining 80 million shares will be reserved for offering to the public. In the fourth quarter, the Company has additionally purchased investments for 1.875 million shares amounting to Baht 15 million, the proportion of shareholding of the Company changed from 40.08% to 31.41%.

7.2.4 According to the minutes of Board of directors' meeting no. 10/2003 held on 26th September 2003, the Company has sold investments in ML&H Corporation, an affiliate to Hero Holding Corporation which was incorporated in The Republic of The Philippines at the selling price of Peso 1,223.10 million in worth Baht 881.04 million, resulted gain on sales of investments of Baht 14.25 million. The Company will receive the payment by cash or marketable securities in The Republic of The Philippines of Peso 1,223.10 million within 1 year. The Company has proceeded to sell those investment on 29th September 2003 but still not received the payment, thus, recorded such amount as other receivables in whole. On 31st December 2003, the receivables is equal to Baht 864.52 million.

7.2.5 In the third quarter of 2003, the Company has purchased investment in Home Products Center Public Company Limited, an affiliate for 11.22 million shares in the amount of Baht 43.07 million, and amount of Baht 8.09 million in the fourth quarter, therefore, the percentage of investments was increased from 29.17% to 30.72%.

As at 31st December 2003, investments in Home Products Center Public Company Limited, an affiliate, had total market value of Baht 908.91 million (as at 31st December 2002, had market value of Baht 505.16 million).

7.2.6 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.

7.2.7 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 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	150,000	150,000	0	0	0
Equity security	2,279,435	4,325,552	6,604,987	2,279,435	4,276,693	6,556,128
Less Provision for unrealized						
gain (loss) of investment	1,770,214	0	1,770,214	1,770,214	0	1,770,214
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>3,773,846</u>	<u>3,095,445</u>	<u>6,869,290</u>	<u>3,773,846</u>	<u>2,896,585</u>	<u>6,670,431</u>

**For year 2002**

	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 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	5,546,363
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>

- 8.1 In the second quarter of 2003, 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, resulted gain on sales of Baht 8 million. However, the Company has eliminated such amount in the preparation of consolidated financial statements.
- 8.2 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 4.76 million, respectively.

**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 amount of Baht 282.45 million. 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.

## 10. PROPERTY, PLANT AND EQUIPMENT - NET

Consolidated	(Baht : Thousand)			
	31st December 2002	Increase	Decrease	31st December 2003
Cost :				
Office building	107,374	4,824	56,360	55,838
Office equipment	61,529	14,446	878	75,097
Office and club furnitures	83,806	18,416	18,702	83,520
Machinery and equipment	1,157	0	0	1,157
Vehicles	19,603	788	760	19,631
Kindergarten	931	0	0	931
Nursery garden	75	0	0	75
Club houses, swimming pool and tennis court	623,233	120,521	0	743,754
Leasehold	100,958	0	74,300	26,658
Other assets	23,425	4,184	82	27,527
Assets in progress	15,698	3,953	114	19,537
<b>Total</b>	<b>1,037,789</b>	<b>167,132</b>	<b>151,196</b>	<b>1,053,725</b>
Accumulated depreciation :				
Office building	41,937	3,934	19,314	26,557
Office equipment	29,612	11,710	841	40,481
Office and club furnitures	50,128	10,680	14,439	46,369
Machinery and equipment	1,094	10	0	1,104
Vehicles	8,309	3,181	744	10,746
Kindergarten	420	47	0	467
Nursery garden	70	3	0	73
Club houses, swimming pool and tennis court	544,898	96,136	0	641,034
Leasehold	30,218	4,792	11,563	23,447
Other assets	15,950	2,376	78	18,248
<b>Total</b>	<b>722,636</b>	<b>132,869</b>	<b>46,979</b>	<b>808,526</b>

<b>Consolidated</b>				(Baht : Thousand)
	31st December 2002	Increase	Decrease	31st December 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
<b>Total</b>	<b>8,167</b>	<b>0</b>	<b>0</b>	<b>8,167</b>
Net book value	<b>306,986</b>			<b>237,032</b>

<b>Parent's financial statements</b>				(Baht : Thousand)
	31st December 2002	Increase	Decrease	31st December 2003
Cost :				
Office building	78,690	4,824	45,927	37,587
Office equipment	51,942	13,958	81	65,819
Office and club furnitures	51,911	15,551	5,860	61,602
Tools and equipments	0	0	0	0
Vehicles	15,315	782	35	16,062
Kindergarten	931	0	0	931
Nursery garden	59	0	0	59
Club houses, swimming pool and tennis court	501,913	111,018	0	612,931
Leasehold	99,775	0	74,300	25,475
Other assets	16,577	3,960	0	20,537
Assets in progress	10,473	2,501	114	12,860
<b>Total</b>	<b>827,586</b>	<b>152,594</b>	<b>126,317</b>	<b>853,863</b>
Accumulated depreciation :				
Office building	22,052	3,784	15,777	10,059
Office equipment	20,785	11,407	81	32,111

**Parent's financial statements**

(Baht : Thousand)

	31st December 2002	Increase	Decrease	31st December 2003
Office and club furnitures	22,368	9,121	2,888	28,601
Tools and equipments	0	0	0	0
Vehicles	6,670	2,593	19	9,244
Kindergarten	420	47	0	467
Nursery garden	54	2	0	56
Club houses, swimming pool and tennis court	468,386	80,355	0	548,741
Leasehold	29,927	4,754	11,562	23,119
Other assets	9,613	2,202	0	11,815
<b>Total</b>	<b>580,275</b>	<b>114,265</b>	<b>30,327</b>	<b>664,213</b>
<b>Net book value</b>	<b>247,311</b>			<b>189,650</b>

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

As at 31st Decenber 2003 and 2002, plant and equipment which were fully depreciated amounting to Baht 32.01 million and Baht 64.25 million, respectively are still being operated.

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

	Consolidated		Parent company	
	2003 (Thousand Baht)	2002	2003 (Thousand Baht)	2002
Banks overdraft	32,708	29,968	26,896	9,431
Bill of exchange	1,440,405	1,195,000	1,440,405	1,195,000
<b>Total</b>	<b>1,473,113</b>	<b>1,224,968</b>	<b>1,467,301</b>	<b>1,204,431</b>

In 2003 and 2002, the Company has overdraft facility of Baht 81 million with several local banks and bill of exchange 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.

## 12. LONG-TERM LOANS

	Consolidated		Parent company	
	2003 (Thousand Baht)	2002	2003 (Thousand Baht)	2002
Long-term loans	3,558,053	3,683,784	2,657,058	2,965,410
Less Current portion due				
within 1 year	(400,000)	0	(400,000)	0
Total	<u>3,158,053</u>	<u>3,683,784</u>	<u>2,257,058</u>	<u>2,965,410</u>

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

(Million Baht)

Institute	2003		2002		Repayment conditions	Guarantee by
	Credit amount	Interest	Credit amount	Interest		
One bank	1,272.06	3			Repayment from October 2005 to November 2006	-
			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	1,385.00	2.75-3.9	1,312.00	4.85-7.25	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>2,657.00</u>		<u>2,965.41</u>			



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

Company	Creditors (Million Baht)	Balance		Interest		Repayment conditions	Guarantee by
		2003	2002	rate	%		
1. L H Muangmai Co., Ltd.	Bank	450.63	576.36	MLR	55%	55% of selling price of land and construction	Mortgage land and construction of each project
2. Land and Houses Norheat Co., Ltd.	Bank	0.01	0.01	MLR	55%	55% of selling price of land and construction	Mortgage land and construction of each project
3. Siamtanee Property Co., Ltd. and Subsidiaries	Bank	0.00	142.02	MLR+1	-	Due repayment in 2002 and 2003	Mortgage land and construction of each project
4. Pacific Real Estate Estate Co., Ltd.	Bank	397.00	0.00	-	-	Due repayment in 2007	Mortgage land and construction of each project
5. Huay Kaew Real Estate Co., Ltd.	Finance company	53.37	0.00	-	-	Due repayment in 2004 onwards	Pledge promissory notes and mortgage land and construction of each project
Total		<u>901.00</u>	<u>718.39</u>				

On 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.

**13. DEBENTURES - DOMESTIC**

	Number of debenture		Amount	
	(shares)		(Thousand Baht)	
	2003	2002	2003	2002
Unsecured debentures	800,000	800,000	360,000	600,000
Secured debentures	1,500,000	1,500,000	1,125,000	1,500,000
Balance	<u>2,300,000</u>	<u>2,300,000</u>	<u>1,485,000</u>	<u>2,100,000</u>
Less Current portion of liabilities			(615,000)	(615,000)
Balance			<u>870,000</u>	<u>1,485,000</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.

#### 14. CONVERTIBLE DEBENTURES

	Number of debenture (shares)		Amount (Thousand Baht)	
	2003	2002	2003	2002
Convertible debentures issued -				
overseas	-	60,000	-	1,512,000
Less Conversion into common shares through				
- 31st December 2002	-	(51,867)	-	(1,307,048)
Balance	-	8,133	-	204,952
Less Current portion of liabilities			-	(204,952)
Total convertible debenture			-	0

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. The remaining of convertible debentures - overseas for 8,133 debentures was fully redeemed on 29th April 2003.

#### 15. LEGAL RESERVE

According to the Public Company Limited Act, the Company has to appropriate its reserve as a legal reserve not less than 5% of the annual net profit after deduction with deficit brought forward (if any) as legal reserve until the reserve reaches 10% of authorized share capital.

## 16. REVALUATION INCREMENT IN ASSETS

Revaluation increment in assets of Baht 132.30 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.

## 17. 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.

## 18. SHARE CAPITAL

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

18.1 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.
- 18.2 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.

## 19. WARRANTS

### 19.1 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 19.2).

As the Company's declaration to pay dividend in note 26, the dividend payment is higher than 30% of net profit, as a result, the exercise price and ratio is to be 1 unit of warrant has a right to purchase 1.03927 ordinary shares at Baht 2.502 per share since 30th December 2003 onwards.

As at 31st December 2003, the remaining warrants are as follows :

Number of total warrants	3,076,568,550	units
The number of exercised warrants up to 31st December 2003	<u>737,876,654</u>	units
Balance number of warrants	<u><u>2,338,691,896</u></u>	Units

#### 19.2 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 31st December 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 31st December 2003	<u>11,895,100</u>	units
Balance number of warrants	<u><u>82,400</u></u>	Units

## 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 nine months ended 30th December 2003 and 2002 is Baht 3.12 million and Baht 1.56 million, respectively.

## 21. LOSS FROM IMPAIRMENT

For the year ended 31st December, loss from impairment of assets consist of :

(Unit : Thousand Baht)

	Consolidated		Parent company	
	2003	2002	2003	2002
- Investment in affiliate				
- ML&H Corporation	298,911.00	0.00	298,911.00	0.00
- Long-term investment				
Investments in equity and debt securities of				
- Bangkok Mass Transit System Plc.	58,401.00	661,268.00	58,401.00	661,268.00
- Other investments	0.00	119,338.00	0.00	119,338.00
- Other assets	0.00	9,390.00	0.00	0.00
<b>Total</b>	<b>357,312.00</b>	<b>789,996.00</b>	<b>357,312.00</b>	<b>780,606.00</b>

## 22. EXTRAORDINARY ITEMS

As at 31st December 2002, subsidiaries and affiliate have gain from debt restructuring as follows :

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

## 23. EARNINGS PER SHARE

### Consolidated and parent's financial statements

	For the year ended 31st December 2003		
	Profit (Thousand Baht)	Number of share	Baht/share
		weight average	
<u>Basic earnings per share</u>			
Net profit of common share	6,190,836	6,708,647,118	0.92
Effects of diluted potential common share			
- Exercise rights		1,936,883,491	-
<u>Diluted earnings per share</u>			
Profit of common shareholders assumed			
as conversion to common share	6,190,836	8,645,530,609	0.72

	For the year ended 31st December 2002		
	Profit (Thousand Baht)	Number of share	Baht/share
		weight average	
<u>Basic earnings per share</u>			
Net profit of common share	3,820,120	6,289,055,150	0.61
Effects of diluted potential common share			
- Exercise rights	7,173	1,993,187,760	-
<u>Diluted earnings per share</u>			
Profit of common shareholders assumed			
as conversion to common share	3,827,293	8,282,242,910	0.46

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 31st December 2002 to compare with the year 2003.

## 24. 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	
	2003	(Million Baht) 2002	2003	(Million Baht) 2002
<b>Purchase goods</b>				
Quality Construction Products				
Plc.	236.61	197.80	214.35	184.69
Home Products Center Plc.	343.77	258.22	302.19	235.45
Asian Property Development Plc.				
and subsidiaries	51.06	43.36	51.06	43.36
Total	631.44	499.38	567.60	463.50
<b>Services</b>				
Quality Houses Plc.	19.64	17.65	16.09	16.64
Total	19.64	17.65	16.09	16.64
<b>Trade accounts payable</b>				
Quality Construction Products				
Plc.	17.68	16.84	16.47	16.04
Home Products Center Plc.	23.18	30.44	19.30	27.22
Asian Property Development Plc.				
and subsidiaries	4.54	4.09	4.48	4.09
Total	45.40	51.37	40.25	47.35

## 25. LITIGATION

As at 31st December 2003, the Company has no material litigation.

## 26. APPROPRIATION OF RETAINED EARNINGS AND DIVIDENDS

26.1 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.

26.2 According to the minutes of Board of Directors' meeting no. 9/2003 held on 14th August 2003, the Company passed the resolution to appropriate net profit by paying interim dividends from the result of its operations for the first six months from 1st January 2003 to 30th June 2003 at Baht 0.20 per share to the shareholders for 6,751.38 million shares, totalling Baht 1,350.28 million equal to 49.33% of net profit.

26.3 According to the minutes of Board of Directors' meeting no. 1/2003 held on 14th November 2003, the Company passed the resolution to appropriate net profit by paying interim dividends from the result of its operations for nine months from 1st January 2003 to 30th September 2003 at Baht 0.45 per share. After deducting dividends paid in the first six months at Baht 0.20 per share, therefore, the dividend will be paid to the shareholders at Baht 0.25 per share.

## 27. FINANCIAL INFORMATION BY SEGMENT

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

## 28. COMMITMENT AND CONTINGENT LIABILITIES

28.1 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	2003		2002	
	Foreign currency	Thai Baht (million)	Foreign currency	Thai Baht (million)
<b>Affiliates</b>				
1. Bangkok Chain Hospital Co., Ltd.	-	855.10	-	332.50
2. Bangkok Chain Hospital Co., Ltd.	-	0.00	JPY 2,505.43 million	907.22
3. Quality Construction Products Plc.	-	-	-	205.18
Total		855.10		1,444.90
<b>Other related companies</b>				
1. Saraburi Vechakit Co., Ltd.	JPY 68.34 million	0.00	JPY 68.34 million	24.75
Total		0.00		24.75
Total commitment		855.10		1,469.65

28.2 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.

28.3 As at 31st December 2003, the Company and subsidiary have commitment and contingent liabilities from bank's issuance of letter of guarantee for project development and company's operation for an amount of Baht 1,394.75 million (as at 31st December 2002, the amount was Baht 978.30 million).

28.4 As at 31st December 2003, the Company has guaranteed customers' loans to financial institutions of Baht 17.11 million (as at 31st December 2002, the amount was Baht 44.04 million).

28.5 As at 31st December 2002, the Company and subsidiary have 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.

28.6 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.

28.7 The company has commitment as follows :

28.7.1 Pacific Real Estate Co., Ltd., a subsidiary, has guaranteed the another company's debts of Baht 26.63 million as at 31st December 2003 (as at 31st December 2002, was Baht 25.98 million).

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

	Consolidated		Parent company	
	2003	2002	2003	2002
Number of project on hand,				
beginning of the period	30	36	23	25
Number of closing project	(13)	(13)	(11)	(9)
Number of new project	14	7	11	7
Number of project on hand,				
ending of the period	31	30	23	23
Contracted sales value				
(million Baht)	37,397	36,677	33,521	31,009
% Sales value of project				
on hand	54.09%	59.00%	56.68%	59.30%

The Company has obligation and commitment to complete all central utilities of developing projects on hand in the amount of Baht 701.13 million. (as at 31st December 2002, the amount was Baht 599.51 million).

## 30. 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.

## 31. NON-CASH TRANSACTIONS

31.1 In 2003, 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 17.85 million and Baht 9.37 million, respectively. (In 2002, the amount was Baht 16.24 million and Baht 11.42 million, respectively.)

31.2 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.

31.3 In 2002, a subsidiary has transferred accrued interest expenses to be long-term loans under debt restructuring agreement of Baht 131.34 million.

## **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 because of the certain of agreement as at 31st December 2003 for the consolidated and the Company financial statements in the amount of Baht 2,345.39 million and Baht 1,491.95 million, respectively, indicated the floating interest rate.

### **32.4 Foreign currencies exchange rate risk**

As at 31st December 2003 and 2002, the Company and subsidiaries have no liabilities denominated in foreign currencies.

### **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 as at 31st December 2003 are close to their estimated fair value. Except for short-term loans of Baht 1,840.41 million and long-term loans of Baht 2,257.06 million, were charged interest at the fixed rate which is lower than market rate, if those loans were charged interest at market rate of 5.7% until the repayment date, the fair value of such loans are equal to Baht 1,812.00 million and Baht 2,425.66 million, respectively. Furthermore, the management believes that there is no material risk financial instruments.

### 33. SUBSEQUENT EVENTS

The Extraordinary General Meeting of Shareholders No. 1/2547 of Land and House Public Co., Ltd. which was held on 26th January 2004 has resolved as follows :

33.1 Approved the amendment to Article 42 of the Company's Article of Association as follows :

"42. Subject to the provision of Article 43, no dividends may be distributed out of any funds other than profits and the Company may not make any payment of dividends if there is still any accumulated loss. In the case where the Company has made profits, the Board of Directors shall recommend the meeting to declare payment of dividends as long as such action will not adversely affect the Company's capital funds.

Dividends shall be divided by the number of shares and in equal portions for all shares.

The Board of Directors may pay interim dividends to shareholders from time to time when it determines that the Company has appropriate profits to do so. A report thereof will be made to the shareholders at its next meeting.

Payment of dividends shall be made within one month from the date the resolution is passed by the Meeting of Shareholders or the Board of Directors, as the case may be. Written notice shall also be sent to shareholders and the publication of such payment of dividends shall be made in a newspaper within one month from the date on which the meeting of shareholders has approved its payment, or from the date on which the meeting of the Board has adopted such resolution, as the case may be."

33.2 Approved the allocation of the 3rd year's warrants to employees who act as directors of the Company and its subsidiaries, according to the resolution of the AGM of shareholders No. 1/2544 that approved the allocation 30 million warrants to employees who act as directors and employees of the Company and its subsidiaries (ESOP), 5 years schemes, not exceeding 6 million shares per year, 1 unit of warrant can buy 10 ordinary shares at Baht 1 each.

The Board Meeting No. 2/2547 on February 19, 2004 approved the details and conditions relating to the issue and offer of debentures to public and institutional investors according to the resolution of the Shareholders' meeting No. 1/2543 held on 28th April, 2000. The total value is not over of Baht 3,000,000,000 with a face value of Baht 1,000 per unit. The aforesaid issue and offer of debentures are divided into three tranches as follows:

Tranch I Debentures shall be called "Tranch I Unsecured Debentures No. 1/2004 Due 2006 of Land and Houses Public Company Limited"



Tranch II Debentures shall be called "Tranch II Unsecured Debentures No. 1/2004 Due 2007 of Land and Houses Public Company Limited"

Tranch II Debentures shall be called "Tranch III Unsecured Debentures No. 1/2004 Due 2008 of Land and Houses Public Company Limited"

The Company has scheduled the offering period of the Debentures on 1st-3rd March, 2004, the issued date will be on March 4th 2004. The debentures were rated at level A by TRIS Rating Co., Ltd.

The important details is following:

	Interest rate	Term	Interest payment	Principal Repayment
Tranch I	Fixed at 2.80%	2 years	Every 3 months	Maturity date
Tranch II	Fixed at 3.25%	3 years	Every 3 months	Maturity date
Tranch III	Year 1 - Year 3 fixed at 3.25% Year 4 4.5%	4 years	Every 3 months	Maturity date

### 34. OTHER INFORMATIONS

34.1 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.

34.2 The Company engaged in real estate business.

34.3 As at 31st December 2003 and 2002, the Company has 573 and 514 staff, respectively, the Company and subsidiaries have 644 and 596 staff, respectively.

34.4 In 2003 and 2002, the Company's staff expenses was Baht 287.29 million and Baht 231.17 million, respectively, the Company and subsidiaries' staff expenses were Baht 310.81 million and Baht 257.91 million, respectively.