

Land & Houses Public Company Limited
Annual Report 2005



รายงานประจำปี 2548
บริษัท แลนด์ แอนด์ เฮาส์ จำกัด (มหาชน)

Contents

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2005 HIGHLIGHT	1
จุดเด่นในรอบปี 2548	
LETTER FROM THE CHAIRMAN	2
รายงานจากประธานกรรมการ	
REPORT OF THE CHAIRMAN OF THE AUDIT COMMITTEE	4
รายงานจากประธานคณะกรรมการตรวจสอบ	
OVERALL PICTURE OF BUSINESSES OF THE COMPANY AND ITS SUBSIDIARIES AND AFFILIATES	6
ภาพรวมการประกอบธุรกิจของบริษัท บริษัทย่อย และบริษัทร่วม	
BUSINESS OPERATION	8
ลักษณะการประกอบธุรกิจ	
HOUSING REGISTERED STATISTICS 2001-2005	9
สถิติบ้านจดทะเบียนเพิ่มในปี 2544-2548	
INVESTMENT IN SUBSIDIARIES AND AFFILIATES	10
เงินลงทุนในบริษัทย่อยและบริษัทร่วม	
RISK FACTORS	14
ปัจจัยความเสี่ยง	
SHAREHOLDER AND MANAGEMENT	26
โครงสร้างการถือหุ้นและการจัดการ	
RELATED PARTIES AND CONNECTED TRANSACTIONS	76
บุคคลที่มีผลประโยชน์ร่วมและรายการระหว่างกัน	
EXPLANATIONS AND ANALYSIS OF FINANCIAL POSITION AND OPERATING RESULTS	86
คำอธิบายและการวิเคราะห์ฐานะทางการเงินและผลการดำเนินงาน	
COMPARATIVE 3 YEARS FINANCIAL STATISTICS	106
ข้อมูลสถิติทางการเงินเปรียบเทียบ 3 ปี	
THE RESPONSIBILITY FOR THE FINANCIAL REPORTING OF THE BOARD OF DIRECTORS	108
รายงานความรับผิดชอบของคณะกรรมการบริษัทต่อรายงานทางการเงิน	
AUDITOR'S REPORT	110
รายงานของผู้สอบบัญชีรับอนุญาต	
FINANCIAL STATEMENTS	112
งบการเงิน	
OTHER REFERENCES	190
บุคคลอ้างอิงอื่น ๆ	
CONTENT SUMMARY OF TRANSACTIONS SPECIFIED ACCORDING TO THE FORM 56-2 IN ANNUAL REPORT OF 2005	192
สรุปตำแหน่งของรายการที่กำหนดตามแบบ 56-2 ในรายงานประจำปี 2548	

2005 Highlights

จุดเด่นในรอบปี 2548

	2548 2005	2547 2004	% change
ผลการดำเนินงาน			
OPERATING RESULT			
จำนวนโครงการที่ดำเนินงาน NUMBER OF ACTIVE PROJECT	40	41	(2.44)
ความสามารถในการทำกำไร			
EARNING ABILITY			
อัตรากำไรต่อยอดขาย RETURN ON SALES	21.66	28.61	(24.31)
จุดเด่นจากงบการเงิน (ล้านบาท)			
HIGHLIGHT OF THE FINANCIAL STATEMENT (million baht)			
รายได้รวม TOTAL REVENUES	23,924	21,276	12.45
กำไรสุทธิ NET PROFIT	5,181	6,087	(14.89)
สินค้าคงเหลือ INVENTORIES	22,540	22,580	(0.18)
สินทรัพย์รวม TOTAL ASSETS	39,286	36,967	6.27
ส่วนของผู้ถือหุ้นและส่วนของผู้ถือหุ้นส่วนน้อย TOTAL SHAREHOLDERS' EQUITY INCLUDING MINORITY INTEREST	23,816	22,614	5.32
ข้อมูลต่อหุ้น			
PER SHARE DATA			
กำไรสุทธิต่อหุ้น EARNING PER SHARE	0.63	0.78	(19.23)
มูลค่าตามบัญชี BOOK VALUE	2.87	2.77	3.35
ราคาตลาด (ณ วันสิ้นปี) MARKET PRICE (AT YEAR END)	8.35	10.10	(17.33)
จำนวนหุ้นที่เรียกชำระแล้ว (ล้านหุ้น)			
NUMBER OF OUTSTANDING SHARES (million shares)	8,311	8,156	1.91

Message from the Chairman

รายงานจากประธานกรรมการ

Several important incidents affected the growth of Thailand's economy and housing market in 2005—from the carried-over effects of the tsunami that took place in late 2004 and violence in the three southern provinces to the increases in interest rates and oil prices. These factors not only pushed down the consumer confidence index but also adversely affected the residential market. The trend was reflected in the growth in the number of new registrations of residential units in Bangkok and the vicinities. While the overall market grew by 8.0%, the house-subdivision segment contracted by 0.8% compared to the previous year.

Although competition was rather intense during the year, the Company had full confidence in its construction before sale strategy, which gave it an advantage in terms of lower production and operating costs than the overall industry. Besides, the strategy made it possible to control product and service qualities more efficiently. As well, it enabled the Company to do research work continually to upgrade the product quality to meet the demand of consumers correctly and accurately. Thanks to the strategy, the Company was able to launch 40 projects, 6 of which are located in the provinces. Total revenue from home ownership transfers was 22,745 million baht, up 24.4%. Meanwhile, net profit stood at 5,181 million baht, down 14.9% compared to the level in 2004, due to a higher construction-material cost while sale prices remained quite steady. Also contributing the lower profit was a drop in other incomes such as that from the disposal of investments and share of profits in affiliated companies, which fell by 1,900 million baht.

During the year, the Company issued unsecured debentures worth 5,000 million baht with an average maturity of 4 years and an average coupon rate of 4.68% a year, a rate lower than what commercial banks charged its premium clients for their loans. The issues were rated A by TRIS Rating Co., Ltd. Furthermore, the Company acquired a 43% stake in Land and Houses Retail Bank Plc. on September 30, 2005. The bank opened on December 19 of the same year to provide integrated financial services ranging from credits, deposits, money transfers, payments, etc. Its credit policy focuses on extending housing loans to general consumers.

With regards to management, the Company was ranked one of the companies with top quartile of good corporate governance by the Thai Institute of Directors Association, the result of its focus on good corporate governance.

For 2006, the Company planned to launch another 13 projects—11 detached house projects in Bangkok and the vicinities and 2 townhouse projects, bringing the total number of ongoing projects to 42.

Finally, I would like to thank our directors, shareholders and employees, as well as our contractors, suppliers and financial institutions, for their strong support and contribution to our efforts to build warm families and quality communities under all Land & Houses projects.

Your sincerely,



Anant Asavabhokhin

Chairman

Report of the Chairman of the Audit Committee

รายงานจากประธานคณะกรรมการตรวจสอบ

Dear Shareholders,

The Board of Directors of Land & Houses Plc. nominated the Audit Committee from the three independent directors: Mr. Prathip Wongnirund, chairman, Mr. Pakhawat Kovithvathanaphong, member, and Dr. Siri Garnjarerndee, member. The three members of the Audit Committee are not executives or employees of the Company.

In 2005, the Audit Committee completed its term on December 2. The Board of Directors resolved at a meeting to re-appoint it for another 3-year term from December 3, 2005 to December 2, 2008.

During the year, the Audit Committee performed its duties in compliance with the requirements of the Stock Exchange of Thailand and as assigned by the Company's Board of Directors to monitor and ensure that the Company's operations were in line with the established scope of operations and objectives. The Audit Committee met 5 times and submitted the reports to the Board of Directors regularly, the major points of which can be summarized as follows:

1. Reviewed the credibility of the Company's quarterly and annual financial statements and expressed opinions on them. Auditors were invited to join every meeting to explain their findings and/or provide their observations, as well as clarify all points of concern.
2. Reviewed the adequacy of the internal audit system by inviting all parties concerned to clarify all points of concern so that all units were fully aware of the importance of the internal audit. It also reviewed the 2005 annual audit plan, as well as considered and approved the annual audit plan for 2006.
3. Reviewed to ensure that the Company had complied with the Securities and Exchange Act and other laws related to its businesses by making enquiries and steadily following up on cases and disputes that emerged.
4. Reviewed the transactions between the Company and connected parties or items with potential conflicts of interest to ensure disclosures in an accurate, adequate, accountable and fair manner.
5. Considered, selected and recommended the nomination of auditors and their remunerations for 2005 to the Board of Directors.
6. Regularly reviewed investments made locally and abroad and made suggestions so that the Board of Directors recognized the importance of managing the investments and closely monitored them.
7. Reviewed the procurement and holding of land for an extended period of time to ensure the Company was aware of the importance of high-value investments by proposing that the Board of Directors keep a close watch on them.
8. Constantly stepped up good governance after the Audit Committee had helped push for the Company pass the criteria to be ranked in the top quartile for corporate governance of Thai listed companies 2005.

The Committee is of the opinion that the Board of Directors and executives of the Company placed importance on operating under the principle of good corporate governance, the Company had an adequate and appropriate internal audit system and the management was determined to perform their duties within the framework of good ethics and supervised the operations to be in line with the requirements and laws on a regular basis.



Prathip Wongnirund

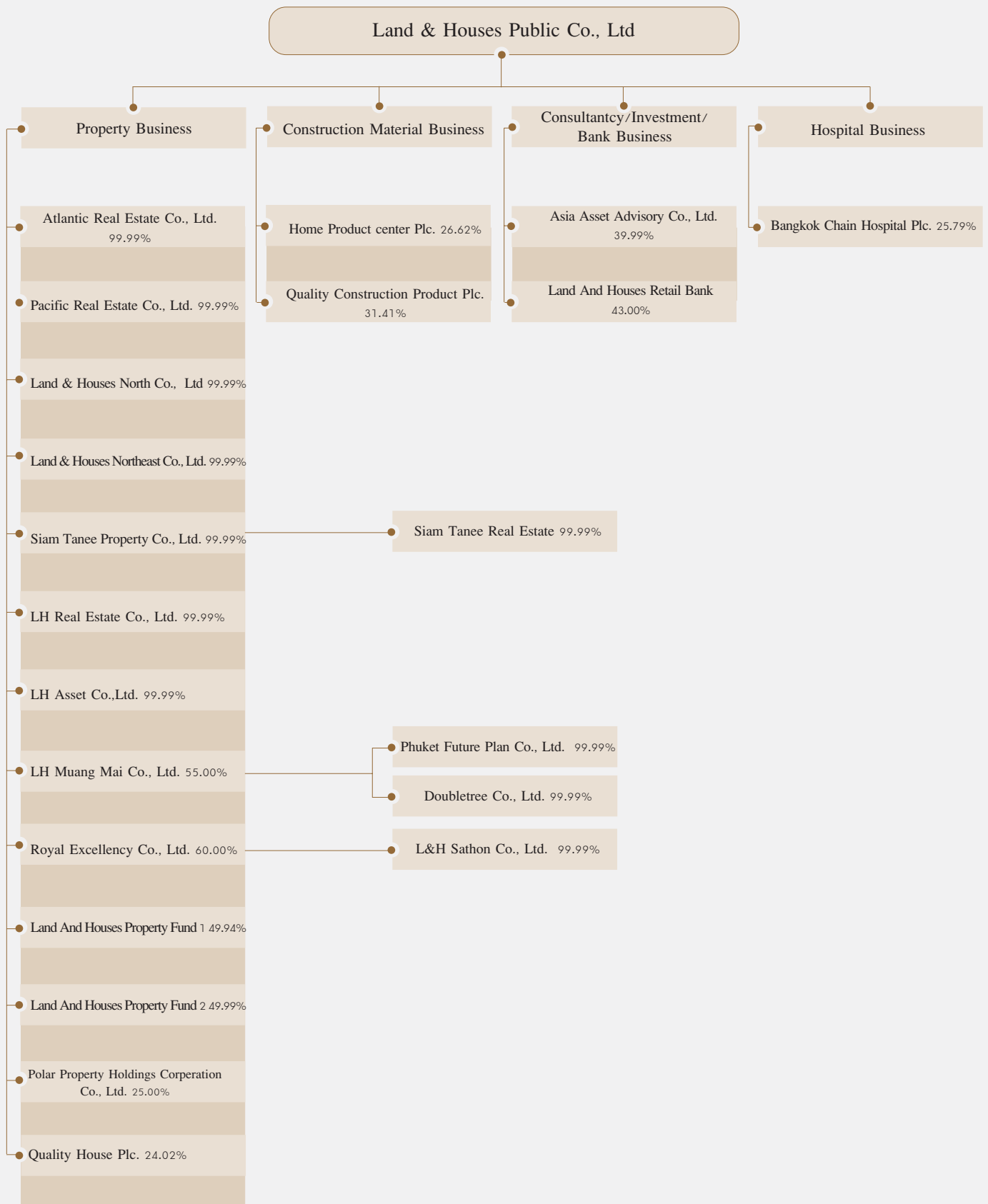
Chairman

Audit Committee

February 27, 2006



Overall picture of businesses of the Company and its subsidiaries and affiliates
ภาพรวมการประกอบธุรกิจของบริษัท บริษัทย่อย และบริษัทร่วม



Business Operation

ลักษณะการประกอบธุรกิจ

โครงสร้างรายได้ / Revenue Structure

ผลิตภัณฑ์ / Products	ดำเนินการโดย / Operated by	2546/2003 ล้านบาท % Million baht		2547 / 2004 ล้านบาท % Million baht		2548 / 2005 ล้านบาท % Million baht	
1. ธุรกิจอสังหาริมทรัพย์ Property Business บ้านเดี่ยว Detached houses	บริษัท The Company บริษัทย่อย : บจ. แอตแลนติก เรียลเอสเตท Subsidiary: Atlantic Real Estate Co., Ltd. บริษัทย่อย : บจ. แปซิฟิก เรียลเอสเตท Subsidiary: Pacific Real Estate Co., Ltd. บริษัทย่อย : บจ. แลนด์ แอนด์ เฮาส์ นอร์ธ Subsidiary: Land & Houses North Co., Ltd. บริษัทย่อย : บจ. แลนด์ แอนด์ เฮาส์ นอร์ธอีสต์ Subsidiary: Land & Houses Northeast Co., Ltd. บริษัทย่อย : บจ. แอล เอช เมืองใหม่ Subsidiary: LH Muang Mai Co., Ltd. บริษัทย่อย: บจ. แอล.เอช.เรียลเอสเตท Subsidiary: LH Real Estate Co., Ltd. บริษัทย่อย : บจ. สยามธานี พร็อพเพอร์ตี้ และบริษัทย่อย Subsidiary: Siam Tanee Property Co., Ltd. and its subsidiaries บริษัทย่อย : บจ. แอลเอช แอสเซท Subsidiary : LH Asset Co.,Ltd.	17,023	82.71	14,528	68.24	14,142	59.12
รวมรายได้บ้านเดี่ยว / Total revenue from detached houses		18,237	88.61	17,852	83.86	20,160	84.27
ทาวน์เฮาส์ Townhouses	บริษัท The Company บริษัทย่อย : บจ. สยามธานี พร็อพเพอร์ตี้ และบริษัทย่อย Subsidiary: Siam Tanee Property Co., Ltd. and its subsidiaries บริษัทย่อย : บจ. แลนด์ แอนด์ เฮาส์ นอร์ธอีสต์ Subsidiary: Land & Houses Northeast Co., Ltd.	333	1.62	-	-	-	-
รวมรายได้ทาวน์เฮาส์ / Total revenue from townhouses		434	2.11	1	0.00	-	-
คอนโดมิเนียม Condominiums	บริษัท The Company บริษัทย่อย : บจ. สยามธานี พร็อพเพอร์ตี้ และบริษัทย่อย Subsidiary: Siam Tanee Property Co., Ltd. and its subsidiaries บริษัทย่อย: บจ. แอล.เอช.เรียลเอสเตท Subsidiary: LH Real Estate Co., Ltd.	-	-	239	1.12	734	3.07
รวมรายได้คอนโดมิเนียม Total revenue from condominiums		-	-	438	2.06	2,584	10.80
รวมรายได้ธุรกิจอสังหาริมทรัพย์ Total revenue from property business		18,671	90.72	18,291	85.92	22,744	95.07
2. รายได้ตามวิธีส่วนได้เสียจากบริษัทรวม Revenue from subsidiaries and affiliates calculated under the equity method		325	1.58	994	4.67	521	2.18
3. รายได้อื่น** Other Income		1,585	7.70	2,004	9.41	658	2.75
รวมรายได้ / Total revenue (1+2+3)		20,581	100.00	21,289	100.00	23,923	100.00

หมายเหตุ: ** รายได้อื่น ประกอบด้วย กำไรจากการขายเงินลงทุน กำไรจากการกลับรายการขาดทุนจากการด้อยค่า เงินปันผลรับ และอื่นๆ โดยรายได้อื่นในปี 2547 จำนวนรวม 2,004 ล้านบาท ส่วนใหญ่มาจากกำไรจากการขายเงินลงทุนในบริษัทหลักทรัพย์ เอเชียพลัส จำกัด (มหาชน) และในบริษัท เอเชียนพร็อพเพอร์ตี้ ดีเวลลอปเม้นท์ จำกัด (มหาชน)

Remark ** Other incomes consist of profit from the disposal of investment, profit from the reversal of an impairment loss, dividend receivables and others. Most of the profit of 2,004 million baht from the disposal of investment in 2004 came from the disposal of investment in Asia Plus Securities Plc. and Asian Property Development Plc.



Housing Registered statistics 2001-2005

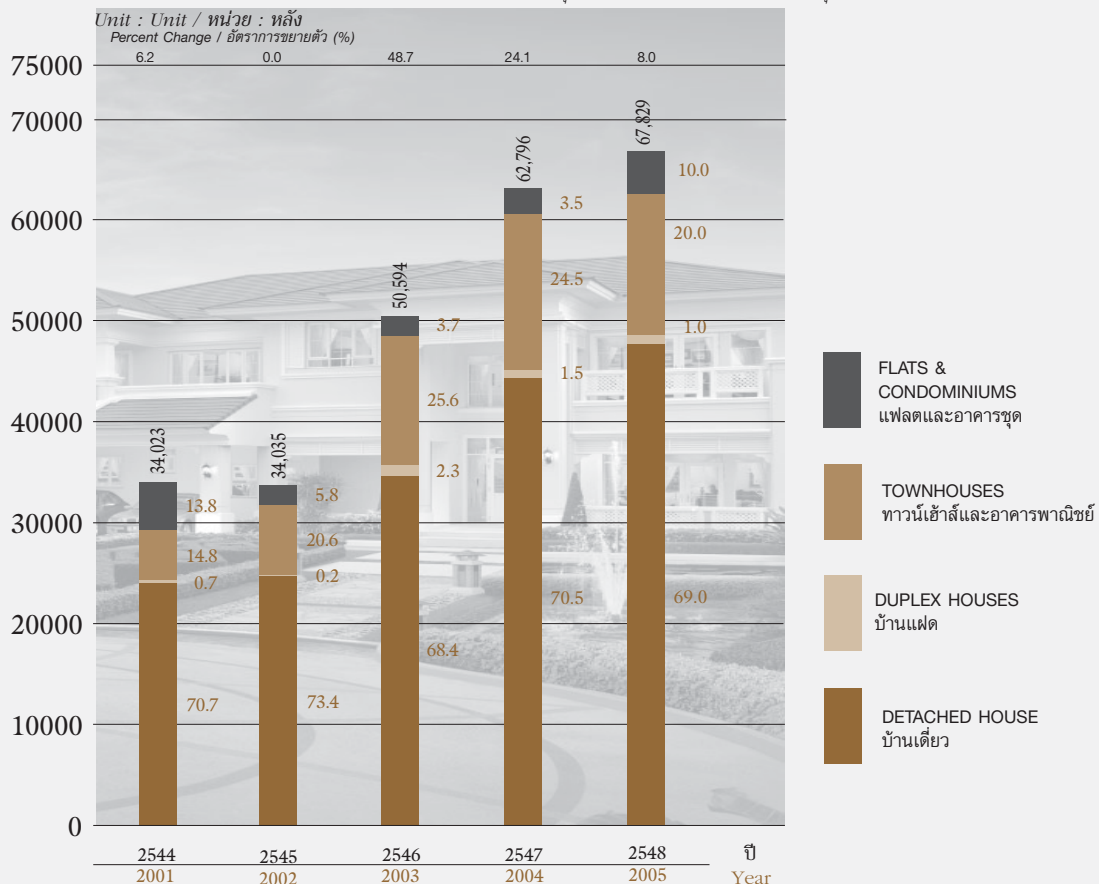
สถิติบ้านจดทะเบียนเพิ่มในปี 2544-2548

Number of Housing Registered Units in Greater Bangkok During 2001-2005
จำนวนบ้านที่จดทะเบียนเพิ่มในกรุงเทพมหานครและปริมณฑล ระหว่างปี 2544-2548

Unit : Unit
หน่วย / หลัง

Type / ประเภท	Year / ปี				
	2001/2544	2002/2545	2003/2546	2004/2547	2005/2548
Housing Registered by Built Type					
บ้านจดทะเบียนเพิ่ม จำแนกตามประเภทการดำเนินการ					
Owner – Built / สร้างเอง	19,639	17,693	18,598	19,859	25,241
Developer – Built / จัดสรร	14,384	16,342	31,996	42,937	42,588
Total Housing Registered (Owner & Developer)	34,023	34,035	50,594	62,796	67,829
รวมบ้านจดทะเบียนเพิ่ม					
Classified by Type - Owner built					
ประเภทสร้างเอง จำแนกตามประเภทที่อยู่อาศัย					
Detached House / บ้านเดี่ยว	18,239	16,369	16,681	17,617	22,754
Duplex House / บ้านแฝด	123	44	239	184	92
Townhouses / ทาวน์เฮ้าส์และอาคารพาณิชย์	1,277	1,280	1,678	2,058	2,395
Flats & Condominiums / แพลตและอาคารชุด	0	0	0	0	0
Total Housing Registered by Owner – built)	19,639	17,693	18,598	19,859	25,241
รวมบ้านจดทะเบียนประเภทสร้างเอง					
Classified by Type - by Developer built					
ประเภทจัดสรร จำแนกตามประเภทที่อยู่อาศัย					
Detached House / บ้านเดี่ยว	5,802	8,604	17,911	26,631	23,889
Duplex House / บ้านแฝด	104	36	905	761	586
Townhouses / ทาวน์เฮ้าส์และอาคารพาณิชย์	3,785	5,731	11,272	13,360	11,460
Flats & Condominiums / แพลตและอาคารชุด	4,693	1,971	1,908	2,185	6,653
Total Housing Registered by developer– built	14,384	16,342	31,996	42,937	42,588
รวมบ้านจดทะเบียน ประเภทจัดสรร					

SOURCE : HOUSING REGISTERED FROM GOVERNMENT HOUSING BANK / ที่มา : ธนาคารอาคารสงเคราะห์
GREATER BANGKOK : BANGKOK PROVINCES AND 5 PERIMETER AREA INCLUDED/ หมายเหตุ : บ้านจดทะเบียนเพิ่ม เฉพาะในเขตกรุงเทพและปริมณฑล 5 จังหวัด



Investment in Subsidiaries and Affiliates

เงินลงทุนในบริษัทย่อยและบริษัทรวม

ชื่อบริษัท COMPANY	ทุนที่เรียกชำระ แล้ว (ล้านบาท) PAID UP CAPITAL (MIL. BHT.)	จำนวนหุ้นที่ ถือครองอยู่ HOLDING SHARES	มูลค่า ตามบัญชี PAR VALUE	เปอร์เซ็นต์ การถือหุ้น % HOLD
เงินลงทุนในกิจการที่เกี่ยวข้องกัน / INVESTMENT IN RELATED PARTIES				
1 บริษัท ควอลิตี้เฮาส์ จำกัด (มหาชน)/QUALITY HOUSES PLC.	6,271	1,506,025,765	1	24.02
2 บริษัท บางกอกเชน ฮอสปิตาล จำกัด (มหาชน)/BANGKOK CHAIN HOSPITAL PLC.	950	245,000,000	1	25.79
3 บริษัท โฮม โปรดักส์ เซ็นเตอร์ จำกัด (มหาชน)/HOME PRODUCT CENTER PLC.	947	252,202,320	1	26.62
4 บริษัท ควอลิตี้ คอนสตรัคชั่น โปรดักส์ จำกัด (มหาชน)/QUALITY CONSTRUCTION PRODUCTS PLC.	400	125,624,980	1	31.41
บริษัทที่ไม่ได้จดทะเบียนในตลาดหลักทรัพย์/NON-LISTED COMPANY				
1 POLAR PROPERTY HOLDINGS, CORP. (เปโซ/PESO)	4,892	1,223,102,790	1	25.00
2 บริษัท เอเชีย แอสเสท แอดไวซอรี จำกัด/ASIA ASSET ADVISORY CO.,LTD.	5	199,994	10	40.00
3 ธนาคาร แลนด์ แอนด์ เฮาส์ เพื่อย่อย จำกัด(มหาชน)/LAND AND HOUSES RETAIL BANK PLC.	1,100	4,730,000	100	43.00
4 กองทุนรวมอสังหาริมทรัพย์แลนด์แอนด์เฮาส์ 1/LAND AND HOUSES PROPERTY FUND. 1	640	31,959,720	10	49.94
5 กองทุนรวมอสังหาริมทรัพย์แลนด์แอนด์เฮาส์ 2/LAND AND HOUSES PROPERTY FUND. 2	3,216	160,742,900	10	49.99
6 บริษัท แอล เอช เมืองใหม่ จำกัด/L H MUANG MAI CO.,LTD.	900	49,499,995	10	55.00
7 บริษัท รอยัล เอ็กเซลเลนซี จำกัด/ROYAL EXCELLENCY CO.,LTD.	850	5,099,994	100	60.00
8 บริษัท แอตแลนติก เรียลเอสเตท จำกัด/ATLANTIC REAL ESTATE CO.,LTD.	15	149,979	100	99.99
9 บริษัท แลนด์ แอนด์ เฮาส์ นอร์ท จำกัด/LAND AND HOUSES NORTH CO.,LTD.	14	134,998	100	100.00
10 บริษัท แปซิฟิก เรียลเอสเตท จำกัด/PACIFIC REAL ESTATE CO.,LTD.	372	3,716,138	100	100.00
11 บริษัท สยามธานี พร็อพเพอร์ตี้ จำกัด/SIAM TANEE PROPERTY CO.,LTD.	100	999,994	100	100.00
12 บริษัท แอล เอช แอสเสท จำกัด/L H ASSET CO.,LTD.	100	999,994	100	100.00
13 บริษัท แอล เอช เรียลเอสเตท จำกัด/L H REAL ESTATE CO.,LTD.	116	1,159,994	100	100.00
14 บริษัท แลนด์ แอนด์ เฮาส์ นอร์อีสต์ จำกัด/LAND AND HOUSES NORTH-EAST CO.,LTD.	570	5,699,991	100	100.00
ถือหุ้นโดย บริษัท สยามธานี พร็อพเพอร์ตี้ จำกัด/Holding by SIAM TANEE PROPERTY CO.,LTD.				
1 บริษัท สยามธานี เรียลเอสเตท จำกัด/SIAM TANEE REALESTATE CO.,LTD.	475	4,753,461	100	100.00
ถือหุ้นโดย บริษัท แอล เอช เมืองใหม่ จำกัด/Holding by LH MUANG MAI CO., LTD.				
1 บริษัท ภูเก็ตฟิวเจอร์แพลน จำกัด/PHUKET FUTURE PLAN CO.,LTD.	210	2,099,994	100	100.00
2 บริษัท ดับเบิลทรี จำกัด/DOUBLETREE CO.,LTD.	190	1,899,994	100	100.00
ถือหุ้นโดย บริษัท รอยัล เอ็กเซลเลนซี จำกัด/Holding by ROYAL EXCELLENCY CO., LTD.				
1 บริษัท แอล แอนด์ เอช สาทอน จำกัด/L&H SATHON CO.,LTD.	268	2,679,994	100	100.00
เงินลงทุนระยะยาว/LONG-TERM INVESTMENTS				
บริษัทจดทะเบียนในตลาดหลักทรัพย์/LISTED COMPANY				
1 บริษัท ควอลิตี้เฮาส์ จำกัด (มหาชน)/QUALITY HOUSES PLC. (ใบสำคัญแสดงสิทธิ 4/WARRANT 4)	1,169	211,519,975		
2 บริษัท ควอลิตี้เฮาส์ จำกัด (มหาชน)/QUALITY HOUSES PLC. (ใบสำคัญแสดงสิทธิ 3/WARRANT 3)	1,200	75,500		
บริษัทที่ไม่ได้จดทะเบียนในตลาดหลักทรัพย์/NON-LISTED COMPANY				
1 PT ANEKAGRIYA BUMINUSA CO.,LTD. (รูเปีย/RUPIAH)	6,000	1,198,800	1000	19.98
2 PT PUTRA PRABUKARYA CO.,LTD. (รูเปีย/RUPIAH)	6,000	1,198,800	1000	19.98
3 PT KANAKA GRAHAASRI CO.,LTD. (รูเปีย/RUPIAH)	8,400	1,678,320	1000	19.98
4 PT MEKANUSA CIPTA CO.,LTD. (รูเปีย/RUPIAH)	12,000	2,397,600	1000	19.98
5 PT PRIMA SEHATI CO.,LTD. (รูเปีย/RUPIAH)	15,600	3,116,880	1000	19.98



COMPANY NAME	QUALITY HOUSE PLC.	ชื่อบริษัท	บริษัท ควอลิตี้เฮาส์ จำกัด (มหาชน)
ADDRESS	7 th Floor Q.House Lumpini Bldg.,No. 1 South Satom Road, Tungmahamek, Satom, Bangkok 10120 Tel. 66 2677 7000 Fax. 66 2677 7010 Website : www.qh.co.th	ที่อยู่	เลขที่ 1 อาคารคิวเฮาส์ ลุมพินี ชั้น 7 ถนนสาทรใต้ แขวงทุ่งมหาเมฆ เขตสาทร กทม. 10120 โทรศัพท์ 0 2677 7000 โทรสาร 0 2677 7010 เว็บไซต์ : www.qh.co.th
TYPE OF BUSINESS	PROPERTY DEVELOPMENT	ประเภทธุรกิจ	พัฒนาอสังหาริมทรัพย์
AUTHORIZED SHARE CAPITAL	6,271 Common million shares OF Baht 1 each	จำนวนและชนิดของหุ้นที่จำหน่าย	หุ้นสามัญ 6,271 ล้านหุ้น มูลค่าหุ้นละ 1 บาท
COMPANY NAME	BANGKOK CHAIN HOSPITAL PLC.	ชื่อบริษัท	บริษัท บางกอก เซน ฮอสปิเทล จำกัด (มหาชน)
ADDRESS	240/24-25 Moo 1 Pechakasem Rd., Bangkaenua, Bangkae, Bangkok 10160. Tel. 66 2804 8959, 66 2455 0110 Fax. 66 2454 1914 Website : kasemrad.co.th	ที่อยู่	เลขที่ 240/24-25 หมู่ 1 ถ.เพชรเกษม แขวงบางแคเหนือ เขตบางแค กทม. 10160 โทรศัพท์ 0 2804 8959, 0 2455 0110 โทรสาร 0 2454 1914 เว็บไซต์ : www.kasemrad.co.th
TYPE OF BUSINESS	HOSPITAL	ประเภทธุรกิจ	โรงพยาบาล
AUTHORIZED SHARE CAPITAL	950 Common million shares OF Baht 1 each	จำนวนและชนิดของหุ้นที่จำหน่าย	หุ้นสามัญ 950 ล้านหุ้น มูลค่าหุ้นละ 1 บาท
COMPANY NAME	HOME PRODUCT CENTER PLC.	ชื่อบริษัท	บริษัท โฮม โปรดักส์ เซ็นเตอร์ จำกัด (มหาชน)
ADDRESS	96/27 Moo 9 Bangkhen Amphoe Muang Nonthaburi 11000 Tel. 66 2832 1000 Fax. 66 2832 1234 Website : homepro.co.th	ที่อยู่	เลขที่ 96/27 หมู่ที่ 9 ต.บางเขน อ.เมือง จ.นนทบุรี 11000 โทรศัพท์. 0 2832 1000 โทรสาร 0 2832 1234 เว็บไซต์ : www.homepro.co.th
TYPE OF BUSINESS	TRADING OF CONSTRUCTION MATERIAL	ประเภทธุรกิจ	ค้าปลีกวัสดุก่อสร้าง
AUTHORIZED SHARE CAPITAL	947 Common million shares OF Baht 1 each	จำนวนและชนิดของหุ้นที่จำหน่าย	หุ้นสามัญ 947 ล้านหุ้น มูลค่าหุ้นละ 1 บาท
COMPANY NAME	QUALITY CONSTRUCTION PRODUCTS PLC.	ชื่อบริษัท	บริษัท ควอลิตี้ คอนสตรัคชั่น โปรดักส์ จำกัด (มหาชน)
ADDRESS	144 Moo 16 Bangpa-in Industrial Estate Udomsornyuth Rd., Bangkrason Bangpa-in, Ayuthaya 13160. Tel. (66-35) 221-271 Fax. (66-35) 221-270 Website : qcon.co.th	ที่อยู่	เลขที่ 144 หมู่ 16 นิคมอุตสาหกรรมบางปะอิน ถ.อุดมสมบูรณ์ ต.บางกระสัน อ.บางปะอิน จ.พระนครศรีอยุธยา 13160 โทรศัพท์ (035) 221-271 โทรสาร (035) 221-270 เว็บไซต์ : www.qcon.co.th
TYPE OF BUSINESS	BUILDING MATERIAL	ประเภทธุรกิจ	วัสดุก่อสร้าง
AUTHORIZED SHARE CAPITAL	400 Common million shares OF Baht 1 each	จำนวนและชนิดของหุ้นที่จำหน่าย	หุ้นสามัญ 400 ล้านหุ้น มูลค่าหุ้นละ 1 บาท
COMPANY NAME	POLAR PROPERTY HOLDINGS, CORP.	ชื่อบริษัท	POLAR PROPERTY HOLDINGS, CORP.
ADDRESS	3 rd Floor,Las Pinas Business Center, Alabang-Zapote Road, Las Pinas City, Philippines Tel. (632) 873-6157	ที่อยู่	3 rd Floor,Las Pinas Business Center, Alabang-Zapote Road, Las Pinas City Philippines โทรศัพท์ (632) 873-6157
TYPE OF BUSINESS	PROPERTY DEVELOPMENT	ประเภทธุรกิจ	พัฒนาอสังหาริมทรัพย์
AUTHORIZED SHARE CAPITAL	4,892 Common million shares OF Peso 1 each	จำนวนและชนิดของหุ้นที่จำหน่าย	หุ้นสามัญ 4,892 ล้านหุ้น มูลค่าหุ้นละ 1 เปโซ
COMPANY NAME	ASIA ASSET ADVISORY CO.,LTD.	ชื่อบริษัท	บริษัท เอเชีย แอสเซท แอดไวเซอร์ จำกัด
ADDRESS	8 th Floor Q. House Convent Bldg., 38 Convent Road, Silom, Bangkok 10500. Tel. 66 2230 8238-41 Fax. 66 2237 8904	ที่อยู่	เลขที่ 38 อาคารคิวเฮาส์ คอนเวนต ชั้น 8 ถ.คอนเวนต, สีลม, กทม. 10500 โทรศัพท์ 0 2230 8238-41 โทรสาร 0 2237 8904
TYPE OF BUSINESS	INVESTMENT ADVISOR	ประเภทธุรกิจ	ที่ปรึกษาการลงทุน
AUTHORIZED SHARE CAPITAL	0.5 Common million shares OF Baht 10 each	จำนวนและชนิดของหุ้นที่จำหน่าย	หุ้นสามัญ 0.5 ล้านหุ้น มูลค่าหุ้นละ 10 บาท
COMPANY NAME	LAND AND HOUSES RETAIL BANK PLC.	ชื่อบริษัท	ธนาคาร แลนด์ แอนด์ เฮาส์ เพื่อรายย่อย จำกัด
ADDRESS	G, 1st, 5th, 6th Floor Q.House Lumpini Bldg.,No. 1 South Satom Road, Tungmahamek, Satom, Bangkok 10120 Tel. 66 2677 7111, 66 2359 0000 Fax. 66 2677 7227, 66 2359 0059 Website : www.lhbank.co.th	ที่อยู่	เลขที่ 1 อาคารคิวเฮาส์ ลุมพินี ชั้น 1, 5, 6 ถนนสาทรใต้ แขวงทุ่งมหาเมฆ เขตสาทร กทม. 10120 โทรศัพท์ 0 2677 7111, 0 2359 0000 โทรสาร 0 2677 7227, 0 2359 0059 เว็บไซต์ : www.lhbank.co.th
TYPE OF BUSINESS	BANK	ประเภทธุรกิจ	ธนาคาร
AUTHORIZED SHARE CAPITAL	11 Common million shares OF Baht 10 each	จำนวนและชนิดของหุ้นที่จำหน่าย	หุ้นสามัญ 11 ล้านหุ้น มูลค่าหุ้นละ 10 บาท
COMPANY NAME	LAND AND HOUSES PROPERTY FUND	ชื่อบริษัท	กองทุนรวมอสังหาริมทรัพย์แลนด์แอนด์เฮาส์
ADDRESS	16 th Sathorn Thani Bldg.1, 90/42-43 North Sathorn Rd., Silom, Bangrak, Bangkok 10500. Tel. 66 2636 8248 Fax. 66 2636 6482	ที่อยู่	เลขที่ 90/42-43 อาคารสาทรธานี 1 ชั้น 16 ถ.สาทรเหนือ แขวงสีลม เขตบางรัก กทม. 10500 โทรศัพท์ 0 2636 8248 โทรสาร 0 2636 6482
TYPE OF BUSINESS	PROPERTY FUND	ประเภทธุรกิจ	กองทุนรวมอสังหาริมทรัพย์
AUTHORIZED SHARE CAPITAL	64 Common million shares OF Baht 10 each	จำนวนและชนิดของหุ้นที่จำหน่าย	หุ้นสามัญ 64 ล้านหุ้น มูลค่าหุ้นละ 10 บาท
COMPANY NAME	LAND AND HOUSES PROPERTY FUND 2	ชื่อบริษัท	กองทุนรวมอสังหาริมทรัพย์แลนด์แอนด์เฮาส์ 2
ADDRESS	130-132 Wireless Road,15th,17th Floor Sindhorn Building Tower III, Bangkok 10330 Tel. 66 2688 7777 Fax. 66 2688 7700	ที่อยู่	เลขที่ 130-132 ถนนวิทยุ อาคารสินธรทาวเวอร์ 3 ชั้น 15,17 กทม. 10330 โทรศัพท์ 0 2688 7777 โทรสาร 0 2688 7700
TYPE OF BUSINESS	PROPERTY FUND	ประเภทธุรกิจ	กองทุนรวมอสังหาริมทรัพย์
AUTHORIZED SHARE CAPITAL	321.6 Common million shares OF Baht 10 each	จำนวนและชนิดของหุ้นที่จำหน่าย	หุ้นสามัญ 321.6 ล้านหุ้น มูลค่าหุ้นละ 10 บาท

COMPANY NAME ADDRESS	L H MUANG MAI CO.,LTD. 9/9 Moo 6 Thepkrasadtrees Tumbonratsada Aumphoemuang Phuket Province. Tel. (66-76) 381-150-2 Fax. (66-76) 381-111	ชื่อบริษัท ที่อยู่	บริษัท แอล เอช เมืองใหม่ จำกัด เลขที่ 9/9 หมู่ที่ 6 ถ.เทพกระษัตรี ต.รัษฎา อ.เมือง จ.ภูเก็ต โทรศัพท์. (076) 381-150-2 โทรสาร. (076) 381-111
TYPE OF BUSINESS AUTHORIZED SHARE CAPITAL	PROPERTY DEVELOPMENT 90 Common million shares OF Baht 10 each	ประเภทธุรกิจ จำนวนและชนิดของหุ้นที่จำหน่าย	พัฒนาอสังหาริมทรัพย์ หุ้นสามัญ 90 ล้านหุ้น มูลค่าหุ้นละ 10 บาท
COMPANY NAME ADDRESS	ROYAL EXCELLENCY CO.,LTD. 8 th Floor Q. House Convent Bldg., 38 Convent Road, Silom, Bangkok 10500. Tel. 66 2230 8238-41 Fax. 66 2237 8904	ชื่อบริษัท ที่อยู่	บริษัท รอยัล เอ็กเซลเลนซี จำกัด เลขที่ 38 อาคารคิวเฮาส์ คอนเวนต ชั้น 8 ถ.คอนเวนต, สีลม, กทม. 10500 โทรศัพท์. 0 2230 8238-41 โทรสาร. 0 2237 8904
TYPE OF BUSINESS AUTHORIZED SHARE CAPITAL	PROPERTY DEVELOPMENT 8.5 Common million shares OF Baht 100 each	ประเภทธุรกิจ จำนวนและชนิดของหุ้นที่จำหน่าย	พัฒนาอสังหาริมทรัพย์ หุ้นสามัญ 8.5 ล้านหุ้น มูลค่าหุ้นละ 100 บาท
COMPANY NAME ADDRESS	ATLANTIC REAL ESTATE CO.,LTD. 3 rd - 5 th Floor Q. House Convent Bldg., 38 Convent Road, Silom, Bangkok 10500. Tel. 66 2237 8900-3 Fax. 66 2237 8860	ชื่อบริษัท ที่อยู่	บริษัท แอตแลนติก เรียลเอสเตท จำกัด เลขที่ 38 อาคารคิวเฮาส์ คอนเวนต ชั้น 3 - 5 ถ.คอนเวนต, สีลม, กทม. 10500 โทรศัพท์. 0 2237 8900-3 โทรสาร. 0 2237 8860
TYPE OF BUSINESS AUTHORIZED SHARE CAPITAL	PROPERTY DEVELOPMENT 0.15 Common million shares OF Baht 100 each	ประเภทธุรกิจ จำนวนและชนิดของหุ้นที่จำหน่าย	พัฒนาอสังหาริมทรัพย์ หุ้นสามัญ 0.15 ล้านหุ้น มูลค่าหุ้นละ 100 บาท
COMPANY NAME ADDRESS	LAND AND HOUSES NORTH CO.,LTD. 1 Moo 6 ThumbonongJom Aumphoesansang Chiang Mai Province. Tel. (66-53) 844-921-6 Fax. (66-53) 844-921-6	ชื่อบริษัท ที่อยู่	บริษัท แลนด์ แอนด์ เฮาส์ นอร์ท จำกัด เลขที่ 1 หมู่ที่ 6 ต.หนองจ่อม อ.สันทราย จ.เชียงใหม่ โทรศัพท์. (053) 844-921-6 โทรสาร. (053) 844-921-6
TYPE OF BUSINESS AUTHORIZED SHARE CAPITAL	PROPERTY DEVELOPMENT 0.14 Common million shares OF Baht 100 each	ประเภทธุรกิจ จำนวนและชนิดของหุ้นที่จำหน่าย	พัฒนาอสังหาริมทรัพย์ หุ้นสามัญ 0.14 ล้านหุ้น มูลค่าหุ้นละ 100 บาท
COMPANY NAME ADDRESS	PACIFIC REAL ESTATE CO.,LTD. 3 rd - 5 th Floor Q. House Convent Bldg., 38 Convent Road, Silom, Bangkok 10500. Tel. 66 2237 8900-3 Fax. 66 2237 8860	ชื่อบริษัท ที่อยู่	บริษัท แปซิฟิก เรียลเอสเตท จำกัด เลขที่ 38 อาคารคิวเฮาส์ คอนเวนต ชั้น 3 - 5 ถ.คอนเวนต, สีลม, กทม. 10500 โทรศัพท์. 0 2237 8900-3 โทรสาร. 0 2237 8860
TYPE OF BUSINESS AUTHORIZED SHARE CAPITAL	PROPERTY DEVELOPMENT 3.72 Common million shares OF Baht 100 each	ประเภทธุรกิจ จำนวนและชนิดของหุ้นที่จำหน่าย	พัฒนาอสังหาริมทรัพย์ หุ้นสามัญ 3.72 ล้านหุ้น มูลค่าหุ้นละ 100 บาท
COMPANY NAME ADDRESS	SIAM TANEER PROPERTY CO.,LTD. 4 th Floor Q. House Convent Bldg., 38 Convent Road, Silom, Bangkok 10500. Tel. 66 2237 8900-3 Fax. 66 2237 8860	ชื่อบริษัท ที่อยู่	บริษัท สยามธานี พร็อพเพอร์ตี้ จำกัด เลขที่ 38 อาคารคิวเฮาส์ คอนเวนต ชั้น 4 ถ.คอนเวนต, สีลม, กทม. 10500 โทรศัพท์. 0 2237 8900-3
TYPE OF BUSINESS AUTHORIZED SHARE CAPITAL	PROPERTY DEVELOPMENT 1 Common million shares OF Baht 100 each	ประเภทธุรกิจ จำนวนและชนิดของหุ้นที่จำหน่าย	โทรสาร. 0 2237 8860 หุ้นสามัญ 1 ล้านหุ้น มูลค่าหุ้นละ 100 บาท
COMPANY NAME ADDRESS	L H ASSET CO.,LTD. 3 rd - 5 th Floor Q. House Convent Bldg., 38 Convent Road, Silom, Bangkok 10500. Tel. 66 2237 8900-3 Fax. 66 2237 8860	ชื่อบริษัท ที่อยู่	บริษัท แอล เอช แอสเซท จำกัด เลขที่ 38 อาคารคิวเฮาส์ คอนเวนต ชั้น 4 ถ.คอนเวนต, สีลม, กทม. 10500 โทรศัพท์. 0 2237 8900-3 โทรสาร. 0 2237 8860
TYPE OF BUSINESS AUTHORIZED SHARE CAPITAL	PROPERTY DEVELOPMENT 1 Common million shares OF Baht 100 each	ประเภทธุรกิจ จำนวนและชนิดของหุ้นที่จำหน่าย	พัฒนาอสังหาริมทรัพย์ หุ้นสามัญ 1 ล้านหุ้น มูลค่าหุ้นละ 100 บาท
COMPANY NAME ADDRESS	L H REAL ESTATE CO.,LTD. 3 rd - 5 th Floor Q. House Convent Bldg., 38 Convent Road, Silom, Bangkok 10500. Tel. 66 2237 8900-3 Fax. 66 2237 8860	ชื่อบริษัท ที่อยู่	บริษัท แอล เอช เรียลเอสเตท จำกัด เลขที่ 38 อาคารคิวเฮาส์ คอนเวนต ชั้น 4 ถ.คอนเวนต, สีลม, กทม. 10500 โทรศัพท์. 0 2237 8900-3 โทรสาร. 0 2237 8860
TYPE OF BUSINESS AUTHORIZED SHARE CAPITAL	PROPERTY DEVELOPMENT 1.16 Common million shares OF Baht 100 each	ประเภทธุรกิจ จำนวนและชนิดของหุ้นที่จำหน่าย	พัฒนาอสังหาริมทรัพย์ หุ้นสามัญ 1.16 ล้านหุ้น มูลค่าหุ้นละ 100 บาท
COMPANY NAME ADDRESS	LAND AND HOUSES NORTH-EAST CO.,LTD. 353/1 Mittaphap Road Tumbonnaimuang Aumphoemuang Nakhonratchasima Province. Tel. (66-44) 357-634-6 Fax. (66-44) 357-634-6	ชื่อบริษัท ที่อยู่	บริษัท แลนด์ แอนด์ เฮาส์ นอร์อีสต์ จำกัด เลขที่ 353/1 ถ.มิตรภาพ ต.ในเมือง อ.เมือง จ. นครราชสีมาโทรศัพท์. (044) 357-634-6 โทรสาร. (044) 357-634-6
TYPE OF BUSINESS AUTHORIZED SHARE CAPITAL	PROPERTY DEVELOPMENT 5.7 Common million shares OF Baht 100 each	ประเภทธุรกิจ จำนวนและชนิดของหุ้นที่จำหน่าย	พัฒนาอสังหาริมทรัพย์ หุ้นสามัญ 5.7 ล้านหุ้น มูลค่าหุ้นละ 100 บาท



COMPANY NAME ADDRESS TYPE OF BUSINESS AUTHORIZED SHARE CAPITAL	SIAM TANEER REAL ESTATE CO.,LTD. 4 th Floor Q. House Convent Bldg., 38 Convent Road, Silom, Bangkok 10500. Tel. 66 2237 8900-3 Fax. 66 2237 8860 PROPERTY DEVELOPMENT 4.75 Common million shares OF Baht 100 each	ชื่อบริษัท ที่อยู่ ประเภทธุรกิจ จำนวนและชนิดของหุ้นที่จำหน่าย	บริษัท สยามธานี เรียลเอสเตท จำกัด เลขที่ 38 อาคารคิวเฮาส์ คอนเวนต ชั้น 4 ถ.คอนเวนต, สีลม, กทม. 10500 โทรศัพท์. 0 2237 8900-3 โทรสาร. 0 2237 8860 พัฒนาอสังหาริมทรัพย์ หุ้นสามัญ 4.75 ล้านหุ้น มูลค่าหุ้นละ 100 บาท
COMPANY NAME ADDRESS TYPE OF BUSINESS AUTHORIZED SHARE CAPITAL	PHUKET FUTHER PLAN CO.,LTD. 9/17 Moo 6 Thepkrasadtree Tumbonratsada Aumphoemuang Phuket Province. Tel. (66-76) 381-150-2 Fax. (66-76) 381-111 PROPERTY DEVELOPMENT 2.1 Common million shares OF Baht 100 each	ชื่อบริษัท ที่อยู่ ประเภทธุรกิจ จำนวนและชนิดของหุ้นที่จำหน่าย	บริษัท ภูเก็ตฟิวเจอร์แพลน จำกัด เลขที่ 9/17 หมู่ที่ 6 ถ.เทพกระษัตรี ต.รัษฎา อ.เมือง จ.ภูเก็ต โทรศัพท์. (076) 381-150-2 โทรสาร. (076) 381-111 พัฒนาอสังหาริมทรัพย์ หุ้นสามัญ 2.1 ล้านหุ้น มูลค่าหุ้นละ 100 บาท
COMPANY NAME ADDRESS TYPE OF BUSINESS AUTHORIZED SHARE CAPITAL	DOUBLE TREE CO.,LTD. 9/17 Moo 6 Thepkrasadtree Tumbonratsada Aumphoemuang Phuket Province. Tel. (66-76) 381-150-2 Fax. (66-76) 381-111 PROPERTY DEVELOPMENT 1.9 Common million shares OF Baht 100 each	ชื่อบริษัท ที่อยู่ ประเภทธุรกิจ จำนวนและชนิดของหุ้นที่จำหน่าย	บริษัท ดับเบิลทรี จำกัด เลขที่ 9/17 หมู่ที่ 6 ถ.เทพกระษัตรี ต.รัษฎา อ.เมือง จ.ภูเก็ต โทรศัพท์. (076) 381-150-2 โทรสาร.(076) 381-111 พัฒนาอสังหาริมทรัพย์ หุ้นสามัญ 1.9 ล้านหุ้น มูลค่าหุ้นละ 100 บาท
COMPANY NAME ADDRESS TYPE OF BUSINESS AUTHORIZED SHARE CAPITAL	L&H SATHON CO., LTD. 8 th Floor Q. House Convent Bldg., 38 Convent Road, Silom, Bangkok 10500. Tel. 66 2230 8238-41 Fax. 66 2237 8904 PROPERTY DEVELOPMENT 2.68 Common million shares OF Baht 100 each	ชื่อบริษัท ที่อยู่ ประเภทธุรกิจ จำนวนและชนิดของหุ้นที่จำหน่าย	บริษัท แอล แอนด์ เอช สาทัน จำกัด เลขที่ 38 อาคารคิวเฮาส์ คอนเวนต ชั้น 8 ถ.คอนเวนต, สีลม, กทม. 10500 โทรศัพท์. 0 2230 8238-41 โทรสาร.0 2237 8904 พัฒนาอสังหาริมทรัพย์ หุ้นสามัญ 2.68 ล้านหุ้น มูลค่าหุ้นละ 100 บาท
COMPANY NAME ADDRESS TYPE OF BUSINESS AUTHORIZED SHARE CAPITAL	PT ANEKAGRIYA BUMINUSA CO.,LTD. Gedung JITC Lt. 7& 8 Jl. Mangga Dua Raya - Jakarta 14430 Tel. (66-21) 8493-4848 Fax. (66-21) 8493-4888 PROPERTY DEVELOPMENT 6 Common million shares OF Rupiah 1000 each	ชื่อบริษัท ที่อยู่ ประเภทธุรกิจ จำนวนและชนิดของหุ้นที่จำหน่าย	PT ANEKAGRIYA BUMINUSA CO.,LTD. Gedung JITC Lt. 7& 8 Jl. Mangga Dua Raya - Jakarta 14430 โทรศัพท์. (66-21) 8493-4848 โทรสาร. (66-21) 8493-4888 พัฒนาอสังหาริมทรัพย์ หุ้นสามัญ 6 ล้านหุ้น มูลค่าหุ้นละ 1000 รูเปีย
COMPANY NAME ADDRESS TYPE OF BUSINESS AUTHORIZED SHARE CAPITAL	PT PUTRA PRABUKARYA CO.,LTD. Management Office, Ruko Sentra Eropa Blok F No. 23-24, Kota Wisata Jl. Transyogi Km.6, Cibubur - Bogor 16968 Tel. (66-21) 8493-4848 Fax. (66-21) 8493-4888 PROPERTY DEVELOPMENT 6 Common million shares OF Rupiah 1000 each	ชื่อบริษัท ที่อยู่ ประเภทธุรกิจ จำนวนและชนิดของหุ้นที่จำหน่าย	PT PUTRA PRABUKARYA CO.,LTD. Management Office, Ruko Sentra Eropa Blok F No. 23-24, Kota Wisata Jl. Transyogi Km.6, Cibubur - Bogor 16968 โทรศัพท์. (66-21) 8493-4848 โทรสาร. (66-21) 8493-4888 พัฒนาอสังหาริมทรัพย์ หุ้นสามัญ 6 ล้านหุ้น มูลค่าหุ้นละ 1000 รูเปีย
COMPANY NAME ADDRESS TYPE OF BUSINESS AUTHORIZED SHARE CAPITAL	PT KANAKA GRAHAASRI CO.,LTD. Management Office, Ruko Sentra Eropa Blok F No. 23-24, Kota Wisata Jl. Transyogi Km.6, Cibubur - Bogor 16968 Tel. (66-21) 8493-4848 Fax. (66-21) 8493-4888 PROPERTY DEVELOPMENT 8.4 Common million shares OF Rupiah 1000 each	ชื่อบริษัท ที่อยู่ ประเภทธุรกิจ จำนวนและชนิดของหุ้นที่จำหน่าย	PT KANAKA GRAHAASRI CO.,LTD. Management Office, Ruko Sentra Eropa Blok F No. 23-24, Kota Wisata Jl. Transyogi Km.6, Cibubur - Bogor 16968 โทรศัพท์. (66-21) 8493-4848 โทรสาร. (66-21) 8493-4888 พัฒนาอสังหาริมทรัพย์ หุ้นสามัญ 8.4 ล้านหุ้น มูลค่าหุ้นละ 1000 รูเปีย
COMPANY NAME ADDRESS TYPE OF BUSINESS AUTHORIZED SHARE CAPITAL	PT MEKANUSA CIPTA CO.,LTD. Management Office, Ruko Sentra Eropa Blok F No. 23-24, Kota Wisata Jl. Transyogi Km.6, Cibubur - Bogor 16968 Tel. (66-21) 8493-4848 Fax. (66-21) 8493-4888 PROPERTY DEVELOPMENT 12 Common million shares OF Rupiah 1000 each	ชื่อบริษัท ที่อยู่ ประเภทธุรกิจ จำนวนและชนิดของหุ้นที่จำหน่าย	PT MEKANUSA CIPTA CO.,LTD. Management Office, Ruko Sentra Eropa Blok F No. 23-24, Kota Wisata Jl. Transyogi Km.6, Cibubur - Bogor 16968 โทรศัพท์. (66-21) 823-4848 โทรสาร. (66-21) 8493-4888 พัฒนาอสังหาริมทรัพย์ หุ้นสามัญ 12 ล้านหุ้น มูลค่าหุ้นละ 1000 รูเปีย
COMPANY NAME ADDRESS TYPE OF BUSINESS AUTHORIZED SHARE CAPITAL	PT PRIMA SEHATI CO.,LTD. Management Office, Ruko Sentra Eropa Blok F No. 23-24, Kota Wisata Jl. Transyogi Km.6, Cibubur - Bogor 16968 Tel. (66-21) 8493-4848 Fax. (66-21) 8493-4888 PROPERTY DEVELOPMENT 15.6 Common million shares OF Rupiah 1000 each	ชื่อบริษัท ที่อยู่ ประเภทธุรกิจ จำนวนและชนิดของหุ้นที่จำหน่าย	PT PRIMA SEHATI CO.,LTD. Management Office, Ruko Sentra Eropa Blok F No. 23-24, Kota Wisata Jl. Transyogi Km.6, Cibubur - Bogor 16968 โทรศัพท์. (66-21) 8493-4848 โทรสาร. (66-21) 8493-4888 พัฒนาอสังหาริมทรัพย์ หุ้นสามัญ 15.6 ล้านหุ้น มูลค่าหุ้นละ 1000 รูเปีย

Risk factors

ปัจจัยความเสี่ยง

1. Business Risks

Risk incurred by pre-built house and condominium construction

The Company and its subsidiaries operate real-estate development businesses, with house construction for sale being their core business. In 2000, the Company shifted its policy to completing the construction before selling the houses (pre-built construction) from building them after reservations were made (built-to-order construction). The proportion of pre-built houses rose steadily in 2001 and 2002 and since 2003, all of the houses for sale by the Company have been pre-built. Besides, the Company and its subsidiaries developed in 2004 four pre-built residential condominium projects under “The Bangkok” brand. The shift of policy from built-to-order houses to prebuilt houses and residential condominium units has called for higher advanced construction budgets since the Company no longer receives advance payments from its customers which could be used as revolving funds during construction periods. Other potential factors that may affect home-buying decisions in the future include: (1) higher prices of goods as a result of soaring, volatile global oil prices; (2) higher prices of residential units in line with construction material costs; (3) the upward trend of interest rates; (4) the economic slowdown. These factors may affect the purchasing power and home-buying decisions of the Company’s target customer groups. The Company is thus exposed to the risk of not being able to sell all the houses and residential condominium units after they have been completed, resulting in a high level of inventory cost and eventually affecting its liquidity and profitability. However, the Company expected to sell all pre-built houses and residential condominium units and avoid a heavy inventory burden due to the following reasons:

(1) The Company has studied the consumer behaviors by conducting surveys on the opinions of customers visiting the Company’s housing projects in such areas as budgets, land-plot sizes and house plans, etc. Besides, information on the sale of its old projects is also taken into consideration to analyze customers’ demand. These have enabled the Company to construct pre-built houses and residential condominium units that meet the demand of the customers and sell them.

(2) Most customers today prefer pre-built houses and residential condominium units, as they can rest assured the units will be handed over to them by contractual schedules. During the 1997-1998 financial crisis, several developers failed to build and transfer houses and residential condominium units by contractual terms.

(3) As a major property developer that has been in the market for over 20 years, the Company has an advantage both in terms of market information and an insight into the demand of its target customer groups. Therefore, it is able to develop residential units that meet the demand of the customers, resulting in the residential projects developed under the Land & Houses brand being widely accepted among the target customer groups both in terms of quality and locations.

(4) While there exist today risk factors influencing homebuyers’ buying decisions, demand for quality residential units among the Company’s target customer groups remains steady.

2. Production Risk

Risk incurred by the shortages of construction materials and labor and higher construction-material costs

A steady supply of new projects in the market today has triggered a higher demand for construction materials and labor. Such an increase could lead to shortages in construction materials and workers and result in higher construction-material costs. Besides, soaring and volatile global oil prices have pushed up the prices of construction materials. As of the end of 2004, the construction-material wholesale price index stood at 124.3 points, up 10.2% when compared to the December 2003 figure. But as of the end of 2005, the index remained flat at 124.4, up 0.1% from the previous year. However, the shortages of construction materials and labor, and higher construction costs could

aggravate in the future due to a sharp increase in construction work as a result of the government's planned infrastructure mega-projects. In such an event, the Company's project-development time could be longer and construction costs higher, eventually affecting its liquidity and profitability.

But as of December 31, 2005, the Company and its subsidiaries had 40 projects under construction, giving them relatively high bargaining power when dealing with their contractors and construction-material suppliers. Furthermore, the shift in policy to building houses and residential condominiums before selling them instead of after the customers made reservations has enabled the Company and its contractors to plan the construction and place materials orders in advance. This strategy has helped prevent the construction-material shortage and enabled the Company to control its construction cost and time more accurately.

3. Financial Risks

3.1 Risk incurred by the guaranteeing of loans for LH Muang Mai Co., Ltd. and its subsidiaries

In 2005, subsidiary LH Muang Mai Co., Ltd., in which the Company owns 55% of its shares, raised its paid-up capital from 360.80 million (as of December 31, 2004) to 900 million baht (as of December 31, 2005). The Company increased its stake in proportion to its existing shareholding. LH Muang Mai Co., Ltd. used a portion of the proceeds to repay loans under its debt-restructuring contract, which resulted in it posting a profit from debt restructuring of 81.86 million baht.

In the third quarter of 2005, LH Muang Mai Co., Ltd. bought 2,099,994 ordinary shares, or 99.99%, of Phuket Future Plan Co., Ltd. (PFP) with a par value of 100 baht for 210 million baht. It also bought 1,899,994 ordinary shares, or 99.99%, of Doubletree Co., Ltd. (DBT) with a par value of 100 baht for 190 million baht. The transactions were made by the Tantipirayakij family, a majority shareholder group of LH Muang Mai Co., Ltd. As of December 31, 2005, the Company had a burden of guaranteeing loans for LH Muang Mai Co., Ltd. and its subsidiaries in proportion to its shareholding for the amount of 523.33 million baht. Of the amount, 220.75 million baht was to guarantee the loans of LH Muang Mai Co., Ltd., 154.04 million baht for the loans of PFP and 148.54 million baht for the loans of DBT. The transactions were in compliance with the resolution of the board meeting No. 4/2005 on August 15, 2005 during which the board resolved to :

- (1) Approve LH Muang Mai Co., Ltd. to buy the shares of PFP and DBT under the following conditions:
 - (1.1) PFP and DBT increased their registered capital to 210 million baht (2,100,000 ordinary shares with a par value of 100 baht) and 190 million baht (1,900,000 ordinary shares with a par value of 100 baht) respectively.
 - (1.2) PFP and DBT own plots of around 895.9 rai and 213.2 rai, totaling 1,109.1 rai, in Mai Khao subdistrict, Thalang district, Phuket, worth about 950 million baht.
- (2) Approve the Company to enter into the contracts to guarantee the debt repayment of LH Muang Mai Co., Ltd., PFP and DBT after LH Muang Mai Co., Ltd. bought the shares in PFP and DBT. The guarantee burden shall be in proportion to the Company's shareholding in LH Muang Mai, which is not more than 220 million baht, and to its indirect shareholdings in PFP and DBT for the amount of not more than 154 million baht and 148.50 million baht respectively. As a result, the Company is exposed to the risk incurred by guaranteeing the loans for LH Muang Mai Co., Ltd., PFP and DBT. In the event the 3 companies cannot repay the principal and interest under the terms of their loan agreements, their creditors have the rights to charge the highest interest rate and demand repayment in full of the principal, or file lawsuit to confiscate the mortgaged assets or to claim from the Company's guarantee burden. In such an event, the operations of the Company and its subsidiaries may be adversely affected.

Founded in 1995, LH Muang Mai Co., Ltd. develops pre-built housing projects in Phuket under the "Land & Houses Park Phuket" brand. Like other developers, the company was hard hit by the 1997

financial crisis and entered into agreements to restructure its debts in 1998 and 2001. On November 1, 2002, LH Muang Mai Co., Ltd. agreed to an additional debt-restructuring agreement in which the repayment period of the outstanding principal and interest totaling 576.36 million baht was extended to 2009. In 2005, LH Muang Mai Co., Ltd. increased its capital to 900 million baht and paid up the loans under the debt-restructuring contract. Its operating results over the last three years improved steadily, with revenue rising from 400.59 million baht in 2003, 538.68 million baht in 2004 and 511.42 million baht in 2005. Its profitability had also improved, with net profit of 65.48 million baht in 2003 and 20.08 million baht in 2004. In 2005, LH Muang Mai Co., Ltd. posted net profit before profit from debt restructuring of 22.18 million baht. Given its improved operating results and long-term business plans, as well as the successful increase of its capital to 900 million baht which pushed down its debt-to-equity ratio to one time, the financial position of LH Muang Mai Co., Ltd. has improved.

PFP and DBT were set up in 2005 to operate property business. As of December 31, 2005, PFP had paid-up capital of 210 million baht and DBT 190 million baht. They also hold the ownerships of land plots of 895.9 rai and 213.2 rai, totaling about 1,109.1 rai, in Mai Khao sub-district, Thalang district, Phuket, valued at 950 million baht (1,010 million baht as appraised by Sims Property Consultant Co., Ltd. on May 6, 2005). The land plots have potential to be developed into such projects as a hotel, port, golf course, housing or land subdivision for sale, etc.

3.2 Risk incurred by the impairment of long-term investments

As of December 31, 2005, the Company and its subsidiaries had long-term investments totaling 995.03 million baht, representing 2.53% of total assets. Most of the long-term investments were in equity securities, which totaled 845.03 million baht, the details of which are as follows: (1) 68.4 million baht in the shares of Asian Property Development Plc., accounting for 0.88% of its registered capital; (2) 622.24 million baht in 5 property developers in Indonesia (net after an impairment allowance). While the Company is exposed to the risk incurred by the impairment, which will result in a lower value of their long-term investments, its operations will not be affected as long as such a decrease in value does not exceed the unrealized gains from the investments as shown in the shareholders' equity, which stood at 373.74 million baht as of December 31, 2005.

When investing in equity securities, the Company focuses primarily on real-estate businesses and those related to its core business, as well as on interesting companies which it deems having the potential to generate appropriate returns. The decisions to do so are subjected to the scrutiny of the Company's Board of Directors. As for its investment in the shares of Asian Property Development Plc., which are regarded as marketable securities, the company has shown steadily improving operating results.

In terms of the investments in equity securities of loss-making companies as of December 31, 2005, the Company set aside an impairment allowance totaling 1,380.11 million baht. Of the amount, 405.24 million baht was for 100% of its investments in the ordinary shares of the 5 real-estate companies in Indonesia and in their preferred stocks, which are entitled to dividends at the rate of LIBOR + 1.5%, compounded every six months (but as dividend payments depend on the future cash flows of the 5 companies, which are uncertain, the Company did not book the amount as accrued dividends). The Company also allocated an allowance for the impairment of its investments in the preferred stocks of the five companies at 60% of the investments, totaling 935.71 million baht. Total allowances for the impairment of its investments in Indonesia thus amounted to 1,340.95 million baht. The Company is of the opinion that the impairment allowances of its investments in the preferred shares of the five companies at the rate of 60% were adequate since under the cost method, the net value of the investments less the impairment allowances stood at 622.84 million

baht, lower than the value of the investments calculated under the equity method. As a result, the Company did not allocate allowances for the remaining 40% of the investments (the Company recorded its investments in the preferred shares of the 5 companies under the cost method adjusted down by the investment impairment because they were long-term investments in non-marketable equities and the 5 companies are not its associated companies).

3.3 Risk incurred by the impairment of an investment in subsidiary Land and Houses Retail Bank Plc. (formerly Land and Houses Credit Foncier Plc.)

As of December 31, 2005, the Company holds 43% of shares in subsidiary Land and Houses Retail Bank Plc. (formerly Land and Houses Credit Foncier Plc. or LHCF), amounting to 580.46 million baht under the equity method or 661.96 million baht under the cost method. Other shareholders of Land and Houses Retail Bank are: Quality Houses Plc. (27%), Mrs. Piangjai Harnpanij (20%), and executives and retail investors (10%) (as detailed in Section 2, Item 11.5 “Reasons why persons with potential conflict of interest may hold more than 10% of shares in subsidiaries or associated companies). In June 2005, the Company bought 4,724,000 of the new ordinary shares of LHCF (with the par value of 100 baht) at 140 baht per share, totaling 661.36 million baht. Since the shareholding of the Company in LHCF rose to 43% from 0.60% previously as a result of the investment, the Company changed the accounting method used in booking the item from a long-term investment to an investment in associated companies.

LHCF changed its status into a retail commercial bank on December 19, 2005 upon being transferred all assets, liabilities and obligations from Book Club Finance Plc. as part of LHCF’s plan to set up a retail commercial bank approved by the Finance Ministry. LHCF was granted a license to operate a commercial bank under the name “Land and Houses Retail Bank Plc.” under the one-presence financial institution policy of the Financial Institution Development Plan of the Finance Ministry and the Bank of Thailand.

Since LH Bank started offering commercial banking services only a few months ago, the Company is exposed to the risk of the impairment of its investment in LH Bank. Nonetheless, LH Bank offers integrated financial services, both credits and deposits, including all types of credits, factoring, savings, special savings, current deposits, fixed deposits, money transfers, and payments, among others. Its credit policy emphasizes on mortgages to the public, at roughly 60% of all credits. When taking into consideration its initial paid-up capital of 1,100 million baht and a premium on its ordinary shares of 400 million baht, LH Bank is well equipped to operate a retail commercial banking business. Furthermore, under the plan to set up a retail commercial bank, LH Bank is obliged to increase its capital to 2,600 million baht in 2-3 years. Its loan portfolio of around 6,300 million baht (as of December 31, 2005) and demand for housing units, which is expected to increase steadily, should benefit LH Bank’s operations.

3.4 Risk incurred by the lending to subsidiaries and the guaranteeing of loans for associated companies
(a) As of December 31, 2005, the Company extended loans totaling 2,456 million baht to 4 of its subsidiaries in the form of unsecured promissory notes payable upon demand, the details of which are as follows :

Subsidiary	% of shares held by the Company	Loans extended by the Company (million baht)	Interest rate (%)
Pacific Real Estate Co., Ltd.	99.99	1,129.00	4.00
Atlantic Real Estate Co., Ltd.	99.99	93.00	4.00
LH Real Estate Co., Ltd.	99.99	380.00	4.00
LH Asset Co., Ltd.	99.99	854.00	4.00
Total		2,456.00	

In addition, as of December 31, 2005, subsidiary Pacific Real Estate Co., Ltd. guaranteed loans worth 29.91 million baht for Wave Development Co., Ltd. The Company is thus exposed to the risk of losing the loans lent to its subsidiaries and of repaying the guarantee made by Pacific Real Estate for Wave Development Co., Ltd. However, since all of the subsidiaries operate real-estate businesses and most of them post profits, they have the potential to generate enough cash flows to repay the debt and interest owed to the Company. The subsidiary which operates at a loss; namely Atlantic Real Estate Co., Ltd., can still generate enough cash flow to repay the debts and interest owed to the Company on schedule from its one plot of undeveloped land. Besides, the Company has a policy to keep a close watch on the operations of its subsidiaries by sending its representatives to sit on their boards and take part in determining policies and closely monitoring their operations, including prompt repayments of debts and interest owed to the Company. As a result, the Company believes the subsidiaries are unlikely to face any problem repaying their debts owed to the Company and has not allocated an allowance for doubtful accounts for the amount lent to its subsidiaries.

3.5 Risk incurred by the guaranteeing of loans for customers

As of December 31, 2005, the Company guaranteed loans worth 9.03 million baht for its customers who borrowed from financial institutions. During the 1997-1998 economic crisis, financial institutions applied stringent measures in approving housing loans for customers. As a result, the Company provided guarantees for clients with sound financial positions and debt-serviceability potential. The guarantee burden has been reduced steadily from 142.86 million baht in 1999 to 9.03 million baht on December 31, 2005. The guarantee burden can be categorized into five groups: (1) partial guarantees; (2) 3-year guarantees; (3) 4-year guarantees; (4) 5-year guarantees; and (5) full guarantees (10-20 years). In repaying the debts, the customers have made repayments directly to the financial institutions. The burden of loan guarantees of types (1)-(4) will end in due time, thus reducing the risk of the Company. At present, the only outstanding loans guaranteed by the Company for its customers are of groups (1) to (4). The Company has no policy to guarantee more loans for its clients and has regularly monitored the repayments of the loans.

3.6 Risk involving the creditability of the financial statements

In preparing the 2005 financial statements of the Company and its subsidiaries ending December 31, 2005, the net profits (losses) of 4 associated companies: (1) Land and Houses Retail Bank Plc. (in which the Company holds 43.00%); (2) the Land & Houses Property Fund 1 (49.94%); (3) the Land & Houses Property Fund 2 (49.99%); and (4) Polar Property Holdings Corporation (25.00%) were calculated using the equity method. The Company booked a share of consolidated profits of 81.51 million baht for the year based on the unaudited financial statements prepared by the management.

The unaudited/unreviewed financial statements of the associated companies were used because of delays in the auditing and reviewing of their financial statements. If the audited/reviewed financial statements of the associated companies are calculated using the same equity method, a discrepancy may exist between the two versions of the financial statements of the Company and its subsidiaries for the year ending December 31, 2005. However, any discrepancy that may result will be reflected in the financial statement for the next period. Over the past years, however, such discrepancies did not have a substantial impact on the consolidated financial statements.

Housing market in 2005

The overall housing market in 2005 grew slightly from 2004, with the number of new house registrations rising during the year by 8% to 67,829 units from 62,796 units in 2004. Of the 2005 figure, 25,241 units were self-built units, up 27%, and 42,588 units were subdivision units, down 0.8% from 42,937 units in 2004.

In 2008, various factors affected the housing market, the major ones are as follows:

- Soaring oil prices which pushed up the housing production cost and delayed deliveries by developers.
(In January 2005, before the oil prices were floated, diesel cost 14.59 baht a liter and premium gasoline 95 cost 19.69 baht a liter. The oil prices peaked between August and September, at 26.94 baht and 27.77 baht respectively.)
- Although interest rates were on the rise (the MLR rate increased from 5.75% early in 2005 to 6.75% by the end of the year), the increases were made gradually. Credit terms were also extended from 15 years to 25 or 30 years, which did not affect consumers' buying decisions.
(A 1% increase in interest rates pushes up monthly installments by around 8%, or 570 baht for a 20-year loan of 1 million baht.)
- Inflation rose from 2.8% in the first quarter of 2005 to 3.7% and 5.6% in the second and third quarters respectively. All-year inflation was projected at 4.5%. Although inflation was on the rise, the increases were not very high.
- Commercial banks stepped up the extension of both pre-finance and post-finance loans.
(The value of new retail housing loans extended by commercial banks between the first and third quarters of 2005 dropped 22.1% to 89,041 million baht from 114,313 million baht during the same period of 2005. Similarly, loans extended to new projects during the period fell 32.5% to 23,612 million baht in 2005 from 34,972 million baht in 2004.)
- Competition slowed down compared to 2004 due to higher production costs.
- Political problems toward the end of the year eroded confidence and resulted in some consumers delaying their buying decisions.
- Economic growth continued to rise and was projected at 4.7% for the whole of 2005, lower than earlier forecasts at the beginning of 2005. (According to the projections early in 2005, growth for the entire year was forecast at 5.5% but in the first three quarters of 2005, growth was at 4.4%)

Housing market trend for 2006

The housing market in 2006 will be one driven by the real demand of consumers. The housing market is likely to continue to expand from 2005, with growth projected at not more than 10% given the following factors:

- The GDP growth rate is likely to continue to increase from 2005. Based on the official projection, growth should be at 4.5%.
- The planned investments in megaprojects by the government, if implemented, will stimulate growth. In addition, investment in infrastructure by the government to ease traffic congestion will positively affect the housing market in the future.
- Interest rates tend to rise further but not by more than 1%. The adjustment, however, will likely be made gradually. Besides, housing loans are likely to expand by around 10% from the level in 2005.
- Inflation should be around 4% to 5%, which will not affect the housing market significantly.
- As oil prices will likely become more stable, production costs will be less volatile and should rise by no more than 10%.
- Project expansion will slow down because:
 - Commercial banks will be more stringent in extending loans to developers.
 - Commercial banks will be more stringent in extending loans to homebuyers.
 - Purchases of new land by developers have slowed since early 2006.

Shareholder and Management

โครงสร้างการถือหุ้นและการจัดการ

Capital Structure

1. Equity

1.1 Ordinary shares

As of February 7, 2006, the Company had registered capital of 10,806,737,200 baht, of which 8,316,329,406 baht was paid up, divided into 8,316,329,406 ordinary shares with a par value of one baht per share.

According to Thai NVDR Co., Ltd's data, 2,023,033,814 of the Company's ordinary shares were held by investors investing through non-voting depository receipts (NVDRs) as of February 7, 2006, representing 24.33% of all paid-up shares. As such shares are not entitled to a voting right (except for a decision to delist the stock), the holders of non-NVDR shares have 32.15% more of the voting right. As a result, holders of only 18.92% of the non-NVDR paid-up ordinary shares will have a voting right equal to 25% of all voting shares. Investors can check out the latest number of shares held through NVDR at the Stock Exchange of Thailand's website at www.set.or.th

1.2 Warrants to buy ordinary shares

As of February 2, 2006, the Company has the following warrants which can be exercised to purchase the Company's ordinary shares:

(a) LH-W2 issued to existing shareholders of the Company

Total issued	3,076,568,550	units
Total exercised as of December 30, 2005	1,746,847,007	units
Total outstanding	1,329,721,543	units
Exercise ratio/unit	1.19460	ordinary shares
Exercise price/share	2.177	baht
Exercise date	Every 3 months	
Expiry date	September 2, 2008	

(b) ESOP-W4 issued to the directors and employees of the Company and its subsidiaries:

Total issued	5,964,350	units
Total exercised as of January 31, 2006	5,641,450	units
Total outstanding	322,900	units
Exercise ratio/unit	10	shares
Exercise price/share	1.00	baht
Exercise date	Every 3 months	
Expiry date	April 7, 2008	

1.3 Debentures

The Company had the following debentures outstanding as of December 31, 2005:

(a) Secured debenture No. 1/2001

Name	: Land & Houses Plc. Debenture No. 1/2001 Due 2006
Type	: Registered secured senior amortizing debenture with trustee
Sold to	: The public
Total number	: 1,500,000 units (1,000 baht each)
Total amount	: 1,500 million baht
Maturity	: 5 years from the date of issue
Date of issue	: December 4, 2001
Redemption date	: December 4, 2006
Outstanding amount	: 375 million baht
Coupon rate	: The highest interest rate for 3-month fixed deposits of Bangkok Bank Plc plus 3% a year
Coupon payments	: Every three months
Principal payments	: Principal is gradually repaid every 3 months in 16 equal installments, starting from March 4, 2003. A total of 93.75 million baht is repaid for each installment.
Other conditions	: The Company must maintain its debt-to-equity ratio at not more than 1.25:1 in the second and third years and not more than 1:1 in the fourth and fifth years.
Collateral	: Mortgaged land worth around 2,550.20 million baht at the collateral value: bond value ratio of not less than 1.65 throughout the maturity
Trustee	: TMB Bank Plc.
Rating	: A+ by TRIS Rating Co., Ltd.
Secondary market	: Thai Bond Dealing Centre and Stock Exchange of Thailand

(b) Three series of unsecured debenture No. 1/2004:

Name	1. The first series is called "Land & Houses Plc. Debenture No. 1/2004 Series 1 Due 2006" 2. The second series is called "Land & Houses Plc. Debenture No. 1/2004, Series 2 Due 2007" 3. The third series is called "Land & Houses Plc. Debenture No. 1/2004, Series 3 Due 2008"
Type	Registered secured senior amortizing debenture with trustee
Total number	1. The first series consists of 1,000,000 units 2. The second series consists of 1,000,000 units 3. The third series consists of 1,000,000 units
Face value	1,000 baht

Total value	<ol style="list-style-type: none"> 1. The first series is valued at 1,000 million baht. 2. The second series is valued at 1,000 million baht. 3. The third series is valued at 1,000 million baht.
Sold to	The public and institutional investors
Date of issue	March 4, 2004
Maturity	<ol style="list-style-type: none"> 1. The first series matures in 2 years from the date of issue. 2. The second series matures in 3 years from the date of issue. 3. The third series matures in 4 years from the date of issue.
Redemption date	<ol style="list-style-type: none"> 1. The first series will be redeemed on March 4, 2006. 2. The second series will be redeemed on March 4, 2007. 3. The third series will be redeemed on March 4, 2008.
Coupon rate	<ol style="list-style-type: none"> 1. The first series has a fixed coupon rate 2.80% a year. 2. The second series has a fixed coupon rate 3.25% a year. 3. The third series has the following coupon rates: <ul style="list-style-type: none"> * Fixed at 3.25% a year in the first to the third years * Fixed at 4.50% a year in the fourth year
Coupon payments	Every three months from the date the debentures was issued, payable on March 4, June 4, September 4 and December 4 of every year throughout its maturity
Principal payments	<ol style="list-style-type: none"> 1. The principal of the first series will be paid on the redemption date of March 4, 2006 2. The principal of the second series will be paid on the redemption date of March 4, 2007 3. The principal of the third series will be paid on the redemption date of March 4, 2008
Call/Put option	None
Other conditions	The Company must maintain its debt-to-equity ratio at not more than 1.25:1.
Rating	A by TRIS Rating Co., Ltd.
Trustee	The Siam Commercial Bank Plc.
Registrar	The Siam Commercial Bank Plc.
Secondary market	Thai Bond Dealing Centre and Stock Exchange of Thailand

(c) Three series of unsecured debenture No. 1/2005:

Name	<ol style="list-style-type: none"> 1. The first series is called "Land & Houses Plc. Debenture No. 1/2005 Series 1 Due 2008" 2. The second series is called "Land & Houses Plc. Debenture No. 1/2005, Series 2 Due 2009" 3. The third series is called "Land & Houses Plc. Debenture No. 1/2005, Series 3 Due 2010"
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Type	Registered secured senior amortizing debenture with trustee
Total number	<ol style="list-style-type: none"> 1. The first series consists of 1,500,000 units 2. The second series consists of 1,500,000 units 3. The third series consists of 2,000,000 units
Face value	1,000 baht
Total value	<ol style="list-style-type: none"> 1. The first series is valued at 1,500 million baht 2. The second series is valued at 1,500 million baht 3. The third series is valued at 2,000 million baht.
Sold to	The public and institutional investors
Date of issue	April 1, 2005
Maturity	<ol style="list-style-type: none"> 1. The first series matures in 3 years from the date of issue 2. The second series matures in 4 years from the date of issue 3. The third series matures in 5 years from the date of issue
Redemption date	<ol style="list-style-type: none"> 1. The first series will be redeemed on April 1, 2008 2. The second series will be redeemed on April 1, 2009 3. The third series will be redeemed on April 1, 2010
Coupon rate	<ol style="list-style-type: none"> 1. The first series carries a fixed coupon rate 4.25% a year 2. The second series has the following coupon rates: <ul style="list-style-type: none"> * Fixed at 4.25% a year in the first to third years * Fixed at 5.50% a year in the fourth year 3. The third series has the following coupon rates: <ul style="list-style-type: none"> * Fixed at 4.25% a year in the first to the third years * Fixed at 5.50% a year in the fourth year * Fixed at 6.50% a year in the fifth year
Coupon payments	Every three months from the date the debenture was issued, payable on January 1, April 1, July 1 and October 1 of every year throughout its maturity
Principal payments	<ol style="list-style-type: none"> 1. The principal of the first series will be paid on the redemption date of April 1, 2008 3. The principal of the second series will be paid on the redemption date of April 1, 2009 4. The principal of the third series will be paid on the redemption date of April 1, 2010
Call/Put option	None
Other conditions	The Company must maintain its debt-to-equity ratio at not more than 1.25:1.
Rating	A by TRIS Rating Co., Ltd.
Trustee	Bangkok Bank Plc.
Registrar	Bangkok Bank Plc.
Secondary market	Thai Bond Dealing Centre and Stock Exchange of Thailand

2. Shareholders

As of the latest register book-closing date on January 5, 2006, the 12 largest shareholders of the Company are:

Rank	Individual/Juristic Person	No. of shares held	Percentage of holding in all sold shares
1.	Thai NVDR Co., Ltd.	1,826,668,220	22.01
2.	Mr. Anant Asavabhokhin*	1,809,231,460	21.80
3.	Government of Singapore Investment Corporation	1,100,830,900	13.27
4.	Mayland Co., Ltd.*	495,097,680	5.97
5.	Ms. Piangjai Harnpanij*	235,000,000	2.83
6.	Chase Nominees Limited 42	218,187,740	2.63
7.	HSBC (Singapore) Nominees Pte. Ltd.	152,293,140	1.84
8.	The Thailand Securities Depository Co., Ltd.	83,096,219	1.00
9.	Social Security Office	73,827,800	0.89
10.	Government Pension Fund	73,244,277	0.88
11.	Littledown Nominees Limited 5	72,297,831	0.87
12.	The Bank of New York (Nominees)	71,827,855	0.87
	Total	6,211,603,122	74.86

* The shareholders under Mr Anant Asavabhokhin's group hold a combined 30.60%.

3. Dividend payment policy

At present, the Company has a policy to pay dividends to its shareholders each year. In considering the payments, the following factors are taken into consideration: the Company's operating results and financial position, liquidity, expansion plans and other management-related factors. Any dividend payment is also subjected to the approval(s) of the Company's Board of Directors and/or shareholders. The shareholders' extraordinary meeting No. 1/2547 on January 26, 2004 resolved to amend regulation No. 42 on dividend payments as follows:

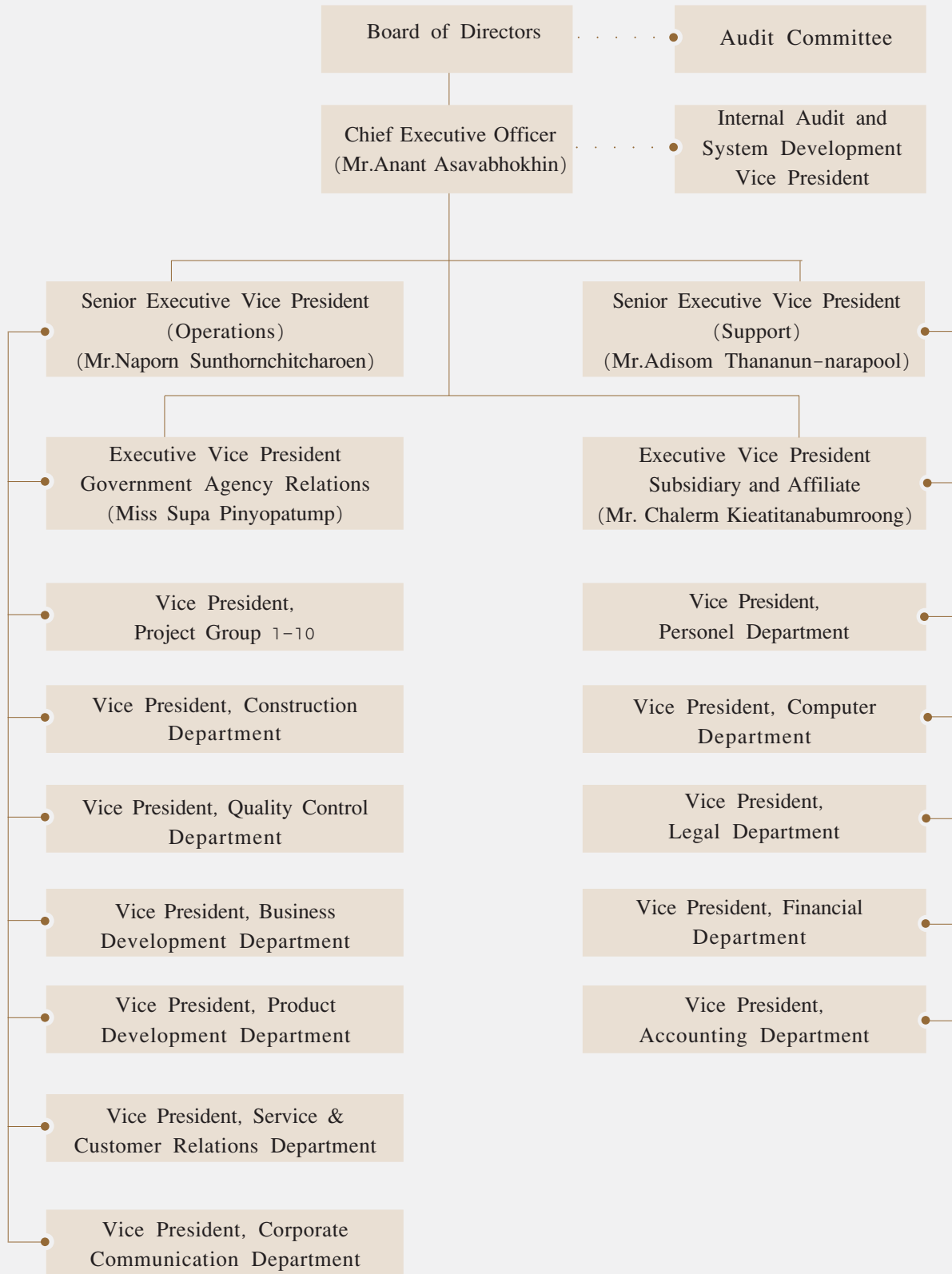
Under regulation No. 42 on Dividend Payments: "Dividends shall be paid from the Company's profit. In the event that the Company has an accumulated loss, dividends shall not be paid. In the event the Company has a profit, the Board of Directors shall propose a dividend payment in an amount that will not cause damages to the Company's capital".

As for the dividend payment policies of its subsidiaries, the subsidiaries shall pay the Company dividends from their net profits, taking into consideration their operating results, financial positions, liquidity, expansion plans and other management-related factors.

The Organization Plan of Executive Officers

แผนผังการจัดองค์กรของเจ้าหน้าที่ระดับบริหาร

Land & Houses Plc.



Management

The organization structure of the Company as of February 7, 2006 is as follows: (Please insert chart here. Heading: The Organization Plan of Executives, Land & Houses Plc.)

1. Management Organization

As of February 7, 2006, the Company had three committees: the Board of Directors, the Audit Committee and the Executive Board, whose names and positions are as follows:

(a) The Board of Directors consists of 11 members:

- | | |
|------------------------------------|--|
| 1. Mr. Anant Asavabhokhin | Chairman |
| 2. Mr. Prathip Wongnirund | Director, Chairman of the Audit Committee and Independent Director |
| 3. Mr. Pakhawat Kovithvathanaphong | Director, Member of the Audit Committee and Independent Director |
| 4. Dr. Siri Garnjarerndee | Director, Member of the Audit Committee and Independent Director |
| 5. Dr. Seek Ngee Huat | Director |
| 6. Mr. Lim Swe Guan | Director |
| 7. Mr. Payont Sakdejyont | Director |
| 8. Mr. Chalerm Kietitanabumroong | Director |
| 9. Mr. Adisorn Thananun-narapool | Director |
| 10. Mr. Naporn Sunthornchitcharoen | Director |
| 11. Mr. Adisak Atiratkul | Director and Company Secretary |

Authorized Signatories

One of the following directors may sign to bind the Company: Mr Anant Asavabhokin, Mr Payont Sakdejyont, Mr Adisorn Thananun-narapool, Mr Naporn Sunthornchitcharoen or Mr. Chalerm Kietitanabumroong.

Authority and scope of duties of the Board of Directors

As of February, 2006, the Board of Directors consisted of 11 members–3 independent directors, 5 executive directors and 3 non-executive members. To enable the Board of Directors to perform its duties efficiently, a guideline on its duties was laid down as follows:

1. Proceed to manage the Company in compliance with its objectives and regulations and the resolutions of shareholders' meetings which are in line with the laws on integrity and apply caution to protect the interests of the Company.
2. Determine the objectives, guidelines, policies, work plans and budgets of the Company
3. Monitor and supervise the administration and management of the Executive Board to ensure full compliance with the assigned policies, except in the following issues in which the Board of Directors must seek prior approval from the shareholders before implementation:
 - 3.1 issues stipulated by law that shareholders' resolutions must be sought;
 - 3.2 connected transactions of which values exceed 3% of the Company's net tangible assets as stated in the latest financial statement, and;
 - 3.3 acquisitions or disposals of important assets of which values exceed 50% of the Company's total assets as stated in the latest financial statement.

4. The Board of Directors shall hold a meeting at least five times a year.
5. The agenda of the meetings must be clearly determined in advance throughout the year.
6. Details on the meeting agenda must be submitted in advance so that the Board of Directors has time to study and consider them.
7. For each session on the agenda, the interests of shareholders and stakeholders shall be considered fairly.
8. Free expression of opinions shall be allowed.
9. Adequate time shall be allocated for each session on the agenda to allow for careful debate and expression of opinions.
10. The chairman of the Board of Directors shall supervise an appropriate use of time.

(b) The Audit Committee consists of three members as follows:

1. Mr. Pratip Wongnirund chairman and independent director
2. Mr. Pakhawat Kovithvathanaphong member and independent director
3. Dr. Siri Garnjarerndee member and independent director

Mr Pornchai Kiatkachornvirat, manager of the Audit and System Development Department, is the secretary of the Audit Committee.

The incumbent Audit Committee is serving a 3-year term, ending December 2, 2008.

Scope of duties of the Audit Committee

The Audit Committee has the following duties and responsibilities to report to the Board of Directors:

1. Review the Company's financial statements to ensure accuracy and adequate disclosure
2. Review the Company's internal control and audit system to ensure appropriateness and effectiveness
3. Review the operations of the Company to ensure they are in compliance with the laws on securities and stock exchange or those relating to the Company's businesses
4. Recommend to the Company the nomination of auditors and their remuneration
5. Determine proper and adequate disclosure of the Company's information in cases of connected transactions or lists with potential conflicts of interest
6. Perform other duties as assigned by the Board of Directors and approved by the Audit Committee
7. Prepare reports on the activities of the Audit Committee to be included in the Company's annual reports. The reports must be signed by the chairman of the Audit Committee.

Meeting attendance records of the Audit Committee in 2005

Name	Position	Attendance/number of all meetings (times)
1. Mr. Pratip Wongnirund	Chairman	5/5
2. Mr. Pakhawat Kovithvathanaphong	Member	5/5
3. Dr. Siri Garnjarerndee	Member	4/5

(c) The three independent directors are:

- | | |
|------------------------------------|----------------------|
| 1. Mr. Pratip Wongnirund | Independent director |
| 2. Mr. Pakhawat Kovithvathanaphong | Independent director |
| 3. Dr. Siri Garnjarerndee | Independent director |

Criteria in selecting independent directors

The Company laid down the following criteria in selecting its independent directors:

- (1) They must not hold shares equivalent to more than 5% of the paid-up capital of the Company, subsidiaries, associated companies, or related companies, including those held by their related parties.
- (2) They must be directors with no role in the management of the Company, its subsidiaries and associated companies, related companies or majority shareholders and must not be employees, staff or advisors who receive regular salaries from the Company, its subsidiaries and associated companies, related companies or majority shareholders.
- (3) They must be directors who have no benefit or interest, whether directly or indirectly, in the financial issues and the management of the Company, its subsidiaries and associated companies, or majority shareholders both at present and 1 year before they are appointed independent directors. The only exception is when the Board of Directors have reached a decision after careful consideration that their past benefits or interests should have no bearing on their independence in performing their duties as independence directors.
- (4) They must be directors who are not related to close relatives of the executives or majority shareholders of the Company.
- (5) They must be directors who have not been appointed trustees of the Company's directors or shareholders who are related to the majority shareholders of the Company.
- (6) They have the independence to perform their duties and express opinions, or report the operating results as assigned by the Company's Board of Directors without being under the control of the executives or majority shareholders of the Company including their related parties or close relatives.

The selection procedure of independent directors

The Company's Board of Directors selects persons with suitable qualifications to become the independent directors and propose their names to the meeting of the Board of Directors and/or the shareholders' meeting of the Company to be considered and appointed as the independent directors.

(d) The Executive Board consists of 5 directors:

- | | |
|-----------------------------------|-------------------------|
| 1. Mr. Anant Asavabhokhin | Chief Executive Officer |
| 2. Mr. Adisorn Thananun-narapool | Executive Director |
| 3. Mr. Naporn Sunthornchitcharoen | Executive Director |
| 4. Mr. Lim Swe Guan | Executive Director |
| 5. Mr. Wit Tantiworawong | Executive Director |

Scope of duties of the Executive Board

The Executive Board, which includes the managing director, handles the Company's routine operations. Any other transaction which results in a conflict of interest or potentially constitutes a conflict of interest in any manner with the Company or its subsidiaries must be submitted to the meetings of the Audit Committee and the Board of Directors for approval.

Meeting attendance record of the Executive Board in 2005

Name	Position	Attendance/number of all meetings
1. Mr. Anant Asavabhokhin	Chief Executive Officer	12/12
2. Mr. Adisorn Thananun-narapool	Executive director	12/12
3. Mr. Naporn Sunthornchitcharoen	Executive director	12/12
4. Mr. Wit Tantiworawong	Executive director	12/12
5. Mr. Lim Swe Guan	Executive director	5/12

(e) Delegation of authority and duties by the Board of Directors

The Board of Directors determines the objectives, guidelines, policies, work plans and budgets of the Company. It also monitors and supervises the administration and the management of the Executive Board to ensure compliance with the approved policies. The Executive Board shall comply with the policies, work plans and budgets approved by the Board of Directors.

For important decisions such as land acquisitions, project development and investments, the Executive Board shall seek the approval to the Board of Directors on a case-by-case basis.

As for delegation of financial authority involving the normal operations of the Company, the signatory directors—either Mr Anant Asavabhokin, Mr Payont Sakdejyont, Mr Adisorn Thananun-narapool, Mr Naporn Sunthornchitcharoen or Mr. Chalerm Kietitanabumroong—may sign to bind the Company, provided that the approved transactions do not constitute a conflict of interest with himself or persons with potential conflicts of interest, or have potential to constitute a conflict of interest in any manner with the Company and its subsidiaries.

Name - Last name / Position	Age	Education	% of Shareholding as 05-Jan-06	Relationship	Working Experience							
					Period	Position	Company	Type of Business				
MR. ANANT ASAVABHOKHIN President Director and authorized signatory Chief Executive Officer	55	Bachelor of Civil Engineering Chulalongkorn University M.S. Industrial Engineering, Illinois Institute of technology, Chicago, USA M.B.A. Thammasat University Director Accreditation Program DCP 52/2004 by Thai Institute Of Directors (IOD)	21.8	-	1985-Present	President	Land and Houses Plc.	Real Estate				
					1988-Present	Chief Executive Officer	Land and Houses Plc.	Real Estate				
					2005-Present	President	Land and Houses Retail Bank Plc.	Bank				
					2005-Present	Director	Polar Property Holdings, Corporation	Real Estate				
					2005-Present	Director	Royal Excellency Co., Ltd.	Real Estate				
					2005-Present	Director	L&H Sathon Co., Ltd.	Real Estate				
					2004-Present	Director	L H Realstate Co.,Ltd.	Real Estate				
					2004-Present	Director	LH Asset Co.,Ltd.	Real Estate				
					2000-Present	Director	Asia Asset Advisory Co.,Ltd.	Advisor				
					1995-2003	Director	M L & H Corporation Ltd.	Real Estate				
					1995-Present	President	Home Product Center Plc.	Trading of construction materials				
					1994-Present	President	Quality Construction Products Plc.	Building Material				
					1994-Present	President	Bangkok Chain Hospital Plc.	Hospital				
1983-Present	President	Quality Houses Plc.	Real Estate									
MR. PAYONT SAKDEJYONT Director and authorized signatory	60	Bachelor of Civil Engineering Chulalongkorn University M.B.A. Thammasat University Director Accreditation Program DAP 27/2004 by Thai Institute Of Directors (IOD)	-	-	1983-Present	Director	Land and Houses Plc.	Real Estate				
					2005-Present	Director	Phuket Future Plan Co., Ltd.	Real Estate				
					2005-Present	Director	Double Tree Co., Ltd.	Real Estate				
					2004-Present	Director	Q-Con Eastern Co., Ltd.	Building Material				
					2000-Present	Chief Executive Officer	Quality Construction Products PLC.	Building Material				
					2003-2004	Director	PCM Construction Product Co.,Ltd.	Building Material				
					2003-Present	Director	The Asian Property Development Plc.	Real Estate				
					2001-Present	Director	Christiani & Nielsen (Thai) Plc.	Real Estate				
					2001-Present	Director	LH Muang Mai Co.,Ltd.	Real Estate				
					1988-Present	Director	Atlantic Realstate Co.,Ltd.	Real Estate				
Present	Director	CN Place Silom Development	Real Estate									
MR. CHALERM KIETITANABUMROONG Director and authorized signatory & Executive Vice President	52	Bachelor of Civil Engineering Chulalongkorn University MBA Chulalongkorn University Director Accreditation Program DCP 54/2004 by Thai Institute Of Directors (IOD)	0.12	-	Present	Executive Vice President Subsidiary & Affiliates Supervision	Land and Houses Plc.	Real Estate				
					1989-Present	Director	Land and Houses Plc.	Real Estate				
					2005-Present	Director	Phuket Future Plan Co., Ltd.	Real Estate				
					2005-Present	Director	Double Three Co., Ltd.	Real Estate				
									Working Experience			
					2001-Present	Director	LH Muang Mai Co.,Ltd.	Real Estate				
					1994-2002	Director	The Asian Property Development Plc.	Real Estate				
					2004-Present	Director	L H Realstate Co.,Ltd.	Real Estate				
					2004-Present	Director	LH Asset Co.,Ltd.	Real Estate				
MR. ADISORN THANANUN-NARAPOOL Director and authorized signatory & Senior Executive Vice President	50	Bachelor of Accounting Thammasat University M.B.A. Thammasat University Director Accreditation Program DAP 7/2004, DCP 41/2004 by Thai Institute Of Directors (IOD)	0.57	-	Present	Director & Senior Executive Vice President Support	Land and Houses Plc.	Real Estate				
					1992-2001	Executive Vice President	Land and Houses Plc.	Real Estate				
					2005-Present	Director	Phuket Future Plan Co., Ltd.	Real Estate				
					2005-Present	Director	Double Tree Co., Ltd.	Real Estate				
					2005-Present	Director	Royal Excellency Co., Ltd.	Real Estate				

Name - Last name / Position	Age	Education	% of Shareholding as 05-Jan-06	Relationship	Working Experience			
					Period	Position	Company	Type of Business
					2005-Present	Director	L&H Sathon Co., Ltd.	Real Estate
					2005-Present	Director	Polar Property Holdings, Corporation	Real Estate
					2003-Present	Director	Quality Houses Plc.	Real Estate
					2001-Present	Director	LH Muang Mai Co.,Ltd.	Real Estate
					2000-Present	Director	Land and Houses Property Fund I	Property Fund
					2002-Present	Director	Land and Houses Property Fund II	Property Fund
					2004-Present	Director	L H Realestate Co.,Ltd.	Real Estate
					2004-Present	Director	LH Asset Co.,Ltd.	Real Estate
MR. NAPORN SUNTHORNCHITCHAROEN Director and authorized signatory & Senior Executive Vice President	47	Bachelor of Civil Engineering Chiangmai University M.B.A. Thammasat University Director Accreditation Program DAP 25/2004 , DCP 53/2004 by Thai Institute Of Directors (IOD)	0.24	-	2002-Present	Senior Executive Vice President Operation	Land and Houses Plc.	Real Estate
					1991-2001	Executive Vice President	Land and Houses Plc.	Real Estate
					1995-Present	Director	Land and Houses Northeast Co.,Ltd.	Real Estate
					1995-Present	Director	Land and Houses North Co.,Ltd.	Real Estate
					1995-Present	Director	LH Muang Mai Co.,Ltd.	Real Estate
					1994-2005	Director	Bangkok Chain Hospital Plc.	Hospital
					1995-2004	Director	Asset Plus Securities Plc.	Finance & Securities
					1994-Present	Director	Quality Construction Products Plc.	Building Material
					1995-Present	Director	Home Product Center Plc.	Trading of construction materials
					2004-Present	Director	L H Realestate Co.,Ltd.	Real Estate
					2004-Present	Director	LH Asset Co.,Ltd.	Real Estate
					2005-Present	Director	Land and Houses Retail Bank Plc.	Bank
					2005-Present	Director	Phuket Future Plan Co., Ltd.	Real Estate
					2005-Present	Director	Double Tree Co., Ltd.	Real Estate
MISS SUPA PINYOPATUMP Executive Vice President	56	Vocational Certificate (Accounting)	0.004	-	2002-Present	Executive Vice President Government Agency Relations	Land and Houses Plc.	Real Estate
					1983-2001	Vice President, Permission Process Department	Land and Houses Plc.	Real Estate
MR. ADISAK ATIRATKUL Director	46	Bachelor of Law, Barrister at Law M.B.A. Thammasat University Director Accreditation Program DCP 62/2005 by Thai Institute Of Directors (IOD)	0.17	-	Present	Director	Land and Houses Plc.	Real Estate
					1990-Present	Vice President, Legal Department	Land and Houses Plc.	Real Estate
MR. PRATIP WONGNIRUND Director The Chairman of The Audit Committee & Independent Director	71	School of Commerce, Sydney Technical College, New South Wales,Australia Director Accreditation Program DCP 36/2003 by Thai Institute Of Directors (IOD)	0.004	-	2000 - Present	The Chairman of The Audit Committee & Independent Director	Land and Houses Plc.	Real Estate
					2003 - Present	The Chairman of The Audit Committee & Independent Director	Quality Construction Products Plc.	Building Material
					2002-31-Jan-04	Chairman	BT Securities Co., Ltd.	Securities
					2000 - Present	The Chairman of The Audit Committee & Independent Director	Christiani&Nielsen (Thai) Plc.	Construction
					1998 - Present	Director	Interlife John Hancock Life Assurance Plc.	Insurance
					1998 - Present	Chairman	Indra Insurance Plc.	Insurance
					1997 - Present	Independent Director & The Member of The Audit Committee	Siam Panich Leasing Plc.	Leasing

Name - Last name / Position	Age	Education	% of Shareholding as 05-Jan-06	Relationship	Working Experience			
					Period	Position	Company	Type of Business
MR. PAKHAWAT KOVITHATHANAPHONG Director Independent Director & The Member of The Audit Committee	55	M.B.A.In Marketing & Finance,The Wharton School,University of Pennsylvania, USA B.A. in Economics (First Class Honors), Thammasat University Director Accreditation Program(DAP) Class 4/2003, Program(DCP) Class 58/2005 by Thai Institute Of Directors (IOD) Defense College Class 344	0.001	-	1995-Present 2001-Present 2003-Present 2000-Present 1987-2000 1989-2001	Independent Director & The Member of The Audit Committee Chief Executive Officer Director Performance Agreement Committee President & CEO Governor	Land and Houses Plc. Trinity Watthana Plc. Listed Companies Association State Enterprise Policy Office Ministry of Finance Securities One Plc. Stock Exchange of Thailand	Real Estate Investment Advisor Securities
DR. SIRI GANJARERNDDEE Independent Director &The Member of The Audit Committee	57	B. Ec. (Hons.) Economic Statistics,University of Sydney, Australia M.Ec.-Economic Statistics and Monetary Economics,University of Sydney,Australia Ph.D. - Monetary Economics, and Econometrics&Operations Research, Monash University Australia Director Accreditation Program(DCP) Class 60/2005 by Thai Institute Of Directors (IOD)	0.001	-	2001-Present 2005-Present 1997-1998 1998-Present 1999-Present 2005-Present	Independent Director&The Member of The Audit Committee The Chairman of The Audit Committee & Independent Director Senior Assistant Governor Advisor to the Board of Directors Chairman of the Audit Committee Vice Chairman, Executive Board of British International School	Land and Houses Plc. Land and Houses Retail Bank Plc. Bank of Thailand TSFC Securities Limited The Post Publishing Public Company Limited British International School	Real Estate Bank Bank Securities Publishing Education
DR. SEEK NGEE HUAT Director	55	Bachelor of Science in Estate Management Master of Business Administration (Urban Land Economics),British Columbia, Canada Doctor of Philosophy in Urban Research, Australian National University	-	-	2001-Present 1999-Present 1996-Present	Director President Director of Real Estate	Land and Houses Plc. GIC Real Estate Pte.,Ltd. Government of Singapore Investment Corporation	Real Estate Real Estate Investment Business
MR. LIM SWE GUAN Director	50	Chartered Financial Analyst(CFA) Master of Business Administration, The Colgate Darden Graduate School of Business,University of Virginia, USA BSc. (Hons.) (Est. Man.), University of Singapore	-	-	Present 2005-Present 2005-Present 2003-Present 1997 - Present	Director Director Director Director Executive Vice President	Land and Houses Plc. Royal Excellency Co., Ltd. L&H Sathon Co., Ltd. Asia Asset Advisory Co.,Ltd. GIC Real Estate Pte. Ltd.	Real Estate Real Estate Real Estate Advisor Real Estate
MR. WIT TANTIWORAWONG Executive Director & Vice President Financial Department	46	Bachelor of Administration Bangkok University M.B.A. Thammasat University	-	-	1991- Present 2005-Present 2005-Present 2000-Present	Vice President Financial Department Director Director Director	Land and Houses Plc. Phuket Future Plan Co., Ltd. Double Tree Co., Ltd. Asia Asset Advisory Co.,Ltd.	Real Estate Real Estate Real Estate Advisor
MR. TEERA BENJASILARAK Vice President Accounting Department	46	Bachelor of Science Kasetsart University M.B.A. Thammasat University	0.031	-	1991- Present	Vice President Accounting Department	Land and Houses Plc.	Real Estate

Details of the Executives of the Company, Subsidiaries, Affiliates and Related company

Company Name	The Company	Subsidiaries													Affiliates							Related			
		LH	AR	PF	LHN	LHNE	SN	SR	LHR	LHA	LHM	PPF	DBT	REX	L&H Sathorn	LH BANK	KH	Q-CON	HMPRO	AAA	LH PF 1	LH PF 2	QH	Polar	AP
MR. ANANT ASAVABHOKHIN	/, X, //	/				/	/	/	/				/	/	/, X	/, X	/, X	/, X	/	/	/	/, //	/		
MR. PRATIP WONGNIRUND	/																/								/
MR. PAKHAWAT KOVITHVATHANAPHONG	/																								
DR. SIRI GANJARERNDDEE	/														/										
MR. SEEK NGEE HUAT	/																								
MR. LIM SWE GUAN	/, //												/	/					/						
MR. PAYONT SAKDEJYONT	/	/								/	/	/					/, //							/	/
MR. CHALERM KIEATITANABUMROONG	/	/				/	/	/	/	/	/	/													
MR. ADISORN THANANUN-NARAPOOL	/, //	/		/	/	/	/	/	/	/	/	/	/	/							/	/	/	/	
MR. NAPORN SUNTHORNCHITCHAROEN	/, //	/		/	/	/	/	/	/	/	/	/			/		/, //	/, //			/	/			
MR. ADISAK ATIRATKUL	/			/	/					/															
MR. WIT TANTIWORAWONG	//												/	/					/						

Note : / = Director X = Chairman // = Executive Director

LH = Land & Houses Plc.

LHR = LH Real Estate Co., Ltd.

LH BANK = Land & Houses Retail Bank Plc.

QH = Quality Houses Plc.

AR = Atlantic Real Estate Co., Ltd.

LHA = LH Real Asset Co., Ltd.

KH = Bangkok Chain Hospital Plc.

Polar = Polar Property Holdings, Corporation

PF = Pacific Real Estate Co., Ltd.

LHM = LH Muang Mai Co., Ltd.

Q-CON = Quality Construction Products Plc.

AP = The Asian Property Development Plc.

LHN = Land & Houses North Co.,Ltd.

PPF = Phuket Future Plan Co., Ltd.

HMPRO = Home Product Center Plc.

CNT = Christiani & Nielsen (Thai) Plc.

LHNE = Land & Houses Northeast Co.,Ltd.

DBT = Double Tree Co., Ltd.

AAA = Asia Asset Advisory Co.,Ltd.

SN = Siam Tanee Property Co., Ltd.

REX = Royal Excellency Co., Ltd.

LH PF 1 = Land and Houses Property Fund 1

SR = Siam Tanee Real Estate Co., Ltd.

L & H Sathorn = L&H Sathon Co., Ltd.

LH PF 2 = Land and Houses Property Fund 2

(e) The Company's executives as of February 7, 2006 are:

- | | |
|-----------------------------------|---------------------------------|
| 1. Mr. Anant Asavabhokhin | Chief Executive Officer |
| 2. Mr. Adisorn Thananun-narapool | Senior Executive Vice President |
| 3. Mr. Naporn Sunthornchitcharoen | Senior Executive Vice President |
| 4. Mr. Chalerm Kieatitanabumroong | Executive Vice President |
| 5. Miss Supa Pinyopatump | Executive Vice President |
| 6. Mr Teera Benjasilarak | Accounting Vice President |
| 7. Mr Wit Tantiworawong | Finance Vice President |

2. Selection of Committee Members and Executives

(a) Selection of Executive Board members

The Company does not have a nominating committee. The procedure to select candidates to be appointed members of the Board of Directors and Executive Board is as follows:

- 1) The five or more members of the Board of Directors are elected at a shareholders' meeting using the majority vote based on the following criteria and methods:
 - 1.1) One share is entitled to one vote.
 - 1.2) Shareholders vote to elect one-by-one the candidates proposed to be nominated directors and committee members.
 - 1.3) The candidates are ranked in descending order, from the highest number of votes to the lowest, and are appointed as directors in that order until all the director positions are filled. Where the votes of candidates are tied, the chairman of the meeting has the casting vote.
- 2) At each annual ordinary shareholders' meeting, one third of the directors shall be removed from duties. If the number of directors to be removed is not exactly one third, the closest number shall apply.

As for directors who are to resign in the first and second years after registering the Company, a draw will be held to select who will resign. In each subsequent year, the longest-serving directors shall resign. The directors who resign after fulfilling their terms may be elected to resume the positions.

(b) The number of directors representing majority shareholders

Six directors represent the majority shareholders. Those representing Mr Anant Asavabhokin's group are Mr Anant Asavabhokin, Mr Payont Sakdejyont, Mr. Chalerm Kieatitanabumroong, Mr Adisorn Thananun-narapool, Mr Naporn Sunthornchitcharoen and Mr. Adisak Atiratkul.

The Government of Singapore Investment Corporation is represented by Dr. Seek Ngee Huat and Mr. Lim Swe Guan.

3. Remuneration of the Management

(a) Cash remuneration

- Remuneration for directors

Meeting allowances and remuneration for directors		2005
		(million baht)
1. Mr. Pratip	Wongnirund	1.68
2. Mr. Pakhawat	Kovithvathanaphong	1.20
3. Dr. Siri	Garnjarende	1.20
Total*		4.08

* Compensation paid only to the three members of the Audit Committee and no remuneration was paid by the Company's subsidiaries.

Three members of the board of directors-Mr. Lim Swe Guan, Dr. Seek Ngee Huat and Mr. Payont Sakdejyont-did not receive any compensation.

The remaining five members of the Board of Directors did not get compensated in their capacity as members of the Board of Directors but were paid in their capacity as executives and employees of the Company.

- Remuneration for executives (for the five executives-the managing director and the next four executives in command)

	2005	
	Number of executives	Total remuneration(million baht)
Salary	5	21.42
Bonus	5	13.24
Total	5	34.66

The five executives also received remuneration in the form of warrants totaling 1.610 million units in 2005 (one warrant can be exercised for 10 ordinary shares at one baht per share). No remuneration was paid by the Company's subsidiaries.

(b) Non-cash Remuneration

1. The Company set up a provident fund for its employees to which the employees and the Company voluntarily contribute an equal amount of 3-5% of the employees' salaries each month. Registered and managed by a licensed fund manager, the fund is in compliance with the Act on Provident Funds B.E. 2542 (1999).

2. Group health-insurance policies were bought for the employees, their spouses and legitimate children

3. Group life insurance policies were bought to cover the employees with the coverage between 200,000 to 600,000 baht depending on the terms of each life-insurance policy.

4. Supervision

The Company has complied with the 15 principles of good corporate governance laid down by the Stock Exchange of Thailand, the details of which are as follows:

(1) Policies on Corporate Governance

The Board of Directors is determined to manage the Company efficiently to achieve the objectives. In so doing, it is fully convinced that good corporate governance will upgrade the performance of the Company in a sustainable manner and is the key to success, which is to maximize value for its shareholders. Therefore, the Board of Directors has strictly complied with the principles of good corporate governance, which are:

- Integrity
- Transparency
- Independence
- Accountability
- Fairness
- Social responsibility

These qualities are reflected in the values, guidelines and directions of the practices adopted by the Company. They should provide assurances that its businesses can compete effectively under the business ethics that are in compliance with international standards, the laws and the principles of good corporate governance of the Stock Exchange of Thailand.

The Company's directors have knowledge, skills and experience in several fields and can apply them at their discretion independently. They also have leadership and the duty to determine the strategies, directions, policies, objectives and missions of the Company, as well as to follow up on its performances in order to achieve the objectives and ensure compliance with the policies, rules, laws and related regulations. They are also responsible for managing risks at an appropriate level within the framework of the law, objectives and resolutions of the shareholders with integrity in the best interest of the Company while ensuring full responsibilities for the shareholders and all stakeholders. Furthermore, to enhance efficiencies, effectiveness, transparency and accountability, the Company regularly assesses the performance of the Board of Directors.

(2) Rights of shareholders

In 2005, the Company held two shareholders' meetings, one ordinary and the other extraordinary. In doing so, the Company had sent seven days in advance written notices of the meetings, which included information relating to each agenda, including opinions of the board. Meeting minutes were recorded accurately and adequately. In cases where the shareholders were unable to attend the meetings, the Company arranged for the independent directors to be authorized to act on their behalf, starting from the first ordinary shareholders' meeting of 2003 onwards. Starting from the extraordinary shareholders' meeting No. 1/2005, the Company arranged for the three members of the Audit Committee—Mr. Prathip Wongnirund or Mr. Pakhawat Kovithvathanaphong or Dr. Siri Garnjarendeek—to be authorized by shareholders who cannot attend meetings.

the substitute of director whose term will end shall be made by seeking approval from a shareholders' meeting.

(3) Rights of stakeholders

The Company valued the rights of all stakeholders such as the employees and executives of the Company and its subsidiaries, as well as outsiders such as trading partners, the public sector and related agencies to ensure a long-term success. The details are as follows:

- Employees: The Company has treated its employees fairly and paid them appropriately.
- Trading partners: In purchasing goods and services from its trading partners, the Company has complied with trading terms and fulfilled its contractual obligations.
- Creditors: The Company has complied with the terms of lending agreements.
- Customers: The Company has taken good care of and acted responsibly toward its customers. It has produced quality and standard products, maintained their confidentiality and set up a unit exclusively to deal with them. The Company has also listened to recommendations and opinions provided by its customers.
- Competitors: The Company has competed within the framework of good competition and avoided any dishonest strategy aimed at destroying them.
- Communities: The Company acts responsibly toward the environment of communities and the society.

All in all, the Company has complied with related laws and regulations to ensure proper protection of the rights of these stakeholders.

(4) Shareholders' meetings

In recognition of the value of shareholders's meetings, the Company called the meetings at places and time most convenient for the shareholders to attend. Appropriate and ample time was also allocated. As a result, the Company held the meetings at its head office at 38 Convent Road, Silom, Bangkok in Bangkok, which is located between Silom Road and Satorn Road, convenient spot with easy access by buses, the BTS skytrain and the MRT subway. The meetings were also scheduled during normal working hours, from 10.30 to 12.00, which is regarded as appropriate.

In 2005, the Company held 2 shareholders' meetings—the ordinary shareholders' meeting No. 1/2005 on April 19, 2005 and the extraordinary shareholders' meeting No. 1/2005 on January 27, 2005. In preparations for both meetings, the Company sent written notices, authorization letters and all documents related to the agenda, which contained full, adequate information for the shareholders to consider, 7 and 14 days in advance of the meeting dates respectively. Notices of the meetings were also publicized in both Thai- and English-language daily newspapers for at least 3 consecutive days, 7 days before the meeting dates. In addition, on the meeting dates, the Company assigned registration officials to provide convenience for the shareholders and their proxies who attended the meetings. They also prepared voting tickets for each agenda of the meetings for the shareholders.

At both meetings, the chairman of the Board of Directors acted as chairman of the meetings. The chairmen of the sub-committees and directors also attended the meetings. The latest ordinary shareholders' meeting, in which Mr. Anant Asavabhokhin acted as the chairman and Mr. Adisak Atieatkul acted as the secretary, was attended by 613 shareholders and proxies, representing 5,147,012,376 shares (63.11%), more than one third of all 8,155,733,577 shares. The latest ordinary shareholders' meeting was attended by 7 directors:

1. Mr. Anant	Asavabhokhin	Chief Executive Officer
2. Mr. Pratip	Wongnirund	Director, Chairman of the Audit Committee and Independent Director
3. Mr Pakhawat	Kovithvathanaphong	Director and Independent Director
4. Dr. Siri	Ganjarerndee	Director and Independent Director
5. Mr. Adisorn	Thananun-narapool	Director
6. Mr. Naporn	Sunthornchitcharoen	Director
7. Mr. Adisak	Atiratkul	Director

At the meeting, Mr. Pratip Wongnirund, Dr. Siri Ganjarerndee, and Mr. Pakhawat Kovithvathanaphong, the independent directors and audit-committee directors, were invited to be the authorized representatives of the shareholders who could not attend the meeting.

The chairman of the meeting provided an equal opportunity for the shareholders to raise questions and express their opinions and answered the questions and gave them full information. The minutes of the meeting and comprehensive details of the voting on each session were recorded and sent to the various units within 14 days after the meeting date. The meeting minutes, both in Thai and English, are also made available at the Company's website at www.lh.co.th so that the shareholders could have access to it. Copies of the minutes were also sent to the shareholders to be endorsed at the next shareholders' meeting.

(5) Leadership and vision

The board has actively participated in determining the policies, objectives, business plans and budgets of the Company, as well as supervised the management to ensure the business has been implemented in line with the laid-down plans and budgets in an efficient and effective manner.

(6) Conflicts of interest

The Company has complied with the principle of good corporate governance, which prevents potential conflicts of interest. All of its employees were instructed to strictly abide by the principle as follows:

Measures to eliminate conflicts of interest

The Company's Board of Directors has considered transactions which may constitute conflicts of interest or connected transactions or related transactions appropriately under a good ethical framework through the scrutiny of the Audit Committee. It has also enforced compliance with the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission. Disclosures of transactions with potential conflicts of interest have also been made. In setting the policies, regulations and the approval procedure of transactions with potential conflicts of interest to be followed by the executives, employees and related parties, the Company used the following criteria:

- 1.1 For any transaction in which a director, employee or related party has a conflict of interest with the Company, the director or employee may not take part in approving it. The price involved must also be set appropriately, as if the transaction is made with a third party.

- 1.2 In determining a price to prevent a potential conflict of interest, a fair price which is appropriate and in line with normal trade practices shall be used.
- 1.3 In conducting a connected transaction in line with the principle of good corporate governance, the transaction must be submitted to the Audit Committee for consideration first. Only after the Audit Committee gives its opinion on the transaction can it be sent to the Board of Directors for approval.
- 1.4 Disclosures of transactions with potential conflicts of interest or connected transactions as defined by the Securities and Exchange Commission and the Stock Exchange of Thailand were made in Form 56-1 and the annual report. They are also included in the financial statements in line with accounting standards.

(7) Business ethics

The Company has abided by a business practice that is transparent, honest and fair. The Code of conduct for the Board of Directors, management and employees was issued to be used in the implementation of their duties according to the Company's missions within the framework of the laws and the Company's regulations. All employees are instructed to follow the Code of Conduct, which is made available on its website and the Company's central database. The Company has also held activities to promote compliance with the Code of Conduct and the culture of good corporate governance as well as the effective communication of the guidelines based on the Code of Conduct. Such activities include:

- Informing the employees of the Code of Conduct
- During the orientation of new employees, the principle of good corporate governance and Code of Conduct are included for better understanding and practice.
- Communicating to the employees via email about the guidelines based on the Code of Conduct.
- Organizing activities through internal electronic media, especially public relations on ethics and the principle of good corporate governance on the Welcome Page.

(8) Balance of power for non-executive directors

The appointment of the Company's Board of Directors was made in accordance with the resolutions at shareholders' meetings based on the criteria and methods laid down by law and the Company's regulations. On February 7, 2006, the Board of Directors consists of 11 members:

Executive	directors	5
Non-executive	directors	3
Independent	directors	3

Therefore, the Company now has three independent directors, or about one third of all directors, to help maintain a balance in the supervision and management.

Besides, the Company defined the term "independent director" in line with the principle of good corporate governance and guidelines provided by the Securities and Exchange Commission to help create confidence among investors and maintain a good management balance.

As a result, the Company defined that an "independent director" is a director who has no managerial role in the Company, its subsidiaries and associated companies. He is therefore independent from the management and shareholders who have the controlling power and does not have any business relationship with the Company in a manner that may restrict his expression of opinions. He must also have the following qualifications:

1. holds shares not exceeding 0.5% of all voting shares in the Company, its subsidiaries or associated companies.
2. does not take part in the management, or is not a staff or employee or advisor who receives regular salaries or a provider of professional audit or legal service or any other professional service that may restrict his expression of opinions with regards to the Company, its subsidiaries or associated companies, or has control over the Company, its subsidiaries or associated companies, or is the person with potential conflicts of interest and has lost his status or position that may constitute such conflicts for one year or more.
3. has no business relationship in a manner that may limit his independence in performing his duty as a director in a significant amount or value in proportion with the Company's revenue as defined the criteria, has no benefit or interest, whether direct or indirect, in the finance and management of the Company, its subsidiaries or associated companies or any other person with potential conflicts of interest in a manner that may compromise independence.
4. is not a related person or close relative of any member of management or majority shareholder of the Company, its subsidiaries or associated companies or any person with potential conflicts of interest and is not appointed nominee to protect the interest of any director or majority shareholder.

(9) Aggregation or segregation of positions

The Chairman represents the group of majority shareholders, who together hold 30.60% of all paid-up shares (as of January 5, 2006), and serves as the managing director. However, all non-routine transactions are screened by the Board of Directors, of which one third of all members are independent directors.

(10) Remuneration for directors and the management

The Company has laid down a policy on remuneration for directors at a level comparable to the industry's. It includes allowances for directors and compensation for executives based on the Company's operating results and the performance of each executive. The compensation comes in the form of salaries, bonuses and warrants. In any case, the Company has sought approval from the shareholders' meetings and related agencies.

(11) Board of Directors' meetings

As a rule, the Company's board of directors meets every three months. An extraordinary meeting may be held as necessary in which case the agenda shall be clearly defined in advance and a session to follow up on the progress of the implementation is always included. Written notices for the meetings, complete with agenda, have been sent to them about seven days in advance.

The Company's Executive Board meets every month to consider issues pending its decisions. The issues to be decided by the Board of Directors shall be forwarded by the Executive Board to the Board of Directors.

The Board of Directors met 6 times in 2005. Before each meeting, the secretary of the board sent invitations, as well as meeting agenda and related documents, to the directors so that they had ample time to study the information before attending it. All directors could express their opinions freely and were not under the influence of any person or group. Meeting minutes and the opinions of the directors were recorded clearly in writing. The details of the attendance of directors to the meetings are as follows:

Name	Position	Attendance/Number of all meetings (times)
1. Mr. Anant Asavabhokhin	Chairman	6/6
2. Mr. Pratip Wongnirund	Director, Chairman of the Audit Committee and Independent Director	6/6
3. Mr. Pakhawat Kovithvathanaphong	Director, Member of the Audit Committee and Independent Director	6/6
4. Dr. Siri Garnjarndee	Director and Member of the Audit Committee	5/6
5. Dr. Seek Ngee Huat	Director	4/6
6. Mr. Lim Swe Guan	Director	6/6
7. Mr. Payont Sakdejyont	Director	5/6
8. Mr. Chalerm Kieatitanabumroong	Director	6/6
9. Mr. Adisorn Thananun-narapool	Director	6/6
10. Mr. Naporn Sunthornchitcharoen	Director	6/6
11. Mr. Adisak Atiratkul	Director	6/6

In addition to handling normal business transactions, the Board of Directors well recognized the importance of the roles and duties of all directors. As a result, an evaluation of the performances of the Board of Directors is made every, with the following objectives:

1. To review the performance, problems and obstacles over the previous year.
2. To enhance the effectiveness of the performance of the Board of Directors and the management
3. To help improve the relationship between the Board of Directors and the management

The evaluation is done based on the opinion of each director on the performance of the entire board, not of individual director

(12) Committees

The Company appointed an Audit Committee, serving a 3-year term, to help supervise and monitor its operations.

(13) Controlling System and Internal Audit

- Controlling System and Internal Audit: Recognizing the importance to an efficient control system within the Company, both at the management and operational levels, the Company defined the missions and duties and authority of operators and executives in writing. The utilization of the Company's assets has been monitored to ensure maximum benefits and the duties of operators, supervisors and appraisers were clearly separated to establish a proper check-and-balance system. Besides, the Internal Audit and System Development Department was set up to check whether the operation of each division is in line with operational regulations and criteria defined by the Company. The department reports directly to the Audit Committee. However, the Board of Directors evaluates the adequacy of the internal control system every year by focusing on the following areas:

1. Organization and environment
2. Risk management
3. Checks and balances on the operations of the management
4. Information technology and communications
5. Follow-up procedures

- Risk management: The Company's board of directors recognizes the importance of risk management and has determined and evaluated risks of the business. Measures were applied to prevent and manage the risks, including those affecting the Company's operations as detailed under Item 1 Risk factors of the security offer form.

For a long time, the Company had unofficially managed its risks. Recently, a continued study has been made but not to the point that a risk management committee needs to be set up. The risk management is now the responsibility of the Internal Audit and System Development Department under the supervision of the Audit Committee, which proves adequate. The Board of Directors approved this structure and laid down the policy to be used as a principle and guideline that prepares the Company for the changing situation in an appropriate and up-to-dated manner.

Risk-management Policy

1. As owners of the risks, the Company's directors, executives, employees and units have the duty to take responsibility, proceed, evaluate, follow up and support the establishment of an efficient risk-management procedure.
2. Each business unit of the Company must set up its own risk-management procedure and conduct evaluation and follow up on the progress and results systematically and constantly. The procedure must be revised to better suit the changing business environment on a regular basis at least once a year.
3. Risk evaluation shall be included as part of the annual work plan of each unit by considering all risks at the organization level and taking into consideration both internal and external risk factors. Risk management must be determined and an appropriate alert system set up.

4. The Audit Committee is responsible for evaluating the risk management and giving its opinions on the issue to the Company's Board of Directors.
5. An organizational culture must be fostered to promote a common understanding and conscience on risks. A knowledge base must also be built to enable the employees at all levels to study and search for information and exchange their experience, which will lead to the development and improvement of the risk-management procedure into an efficient mechanism in strategic management.

(14) Directors' reporting

The Company's board of directors is responsible for the consolidated financial statement of the Company and its subsidiaries and financial information as appeared in annual reports. The financial statement was prepared based on generally accepted accounting standards. The board, which also includes the Audit Committee, was of the opinion that the Company's overall internal control system was satisfactory and can create reasonable confidence in relation to the credibility of the financial statements of the Company and its subsidiaries. Besides, the Audit Committee co-operated with the Company's Internal Control Department and the management in drafting the risk-management measures.

(15) Relations with investors

The Company's Board of Directors has forged a close relationship with its customers and investors by disclosing accurate, complete and transparent information about its background and financial reports, as well as significant information that affects its stock prices through the Stock Exchange of Thailand and its web site.

In addition, the Company published its corporate governance policy at its website at www.lh.co.th, which can be accessed at all time.

5. Supervision of the use of insider information

The Company adopted the following policies and methods in monitoring the use of insider information by its executives for their own interests:

- (1) Informing its executives of their duty to report their holdings of the Company's shares and related penalties as stipulated under the Act on Securities and Stock Exchange Act B.E. 2535 and the regulations of the Stock Exchange of Thailand.
- (2) Requiring that its executives report on the changes in their holdings of the Company's shares to the Securities and Exchange Commission as provided under Section 59 of the Act on Securities and Stock Exchange B.E. 2535 and submit a copy to the Company on the same day it is sent to the Securities and Exchange Commission and the Stock Exchange of Thailand
- (3) Informing the management that the executives who have learned of insider information of significance that will affect the stock prices must apply caution in the trading of the Company's shares within one month before the financial statement or the information is made public. The Company also informed parties related to the inside information that they may not disclose it until it is reported to the Stock Exchange of Thailand.

Failures to comply with the aforementioned measures shall result in disciplinary actions to be determined by the Company as appropriate, including verbal warning, written warning, pay cuts, suspension from work, termination of employment without compensation and legal action.

6. Personnel

(a) As of December 31, 2005, the Company has 656 full-time employees and 52 temporary employees, totaling 708 employees. The details are as follows:

	Full-time	Temporary	Subtotal
Projects	429	48	477
Construction support	95	3	98
Head office	132	1	133
Total	656	52	708

(b) Labor disputes over the last 3 years (2003–2005)

None

(c) Total remuneration and types of remuneration paid to employees

The total remuneration of employees may be categorized as follows:

Type of remuneration	2005 (million baht)
Salaries / Overtime payments	263.55
Bonus	135.07
Total	398.62

In addition, the Company allocated a total of 5.964 million in 2005 to its employees under a program to allocate warrants to directors and employees approved at a shareholders' meeting (one warrant can be exercised to buy 10 ordinary shares at one baht per share).

(d) Human resources development policy

The Company recognizes the importance of developing its human resource, a highly valuable asset to the Company. Under its human resource development policy, the Company regularly holds internal trainings to upgrade the competency of its employees. It also sends some employees to receive trainings outside the Company, both occasionally and in courses, such as Mini MBA or MBA, etc.

Internal control

At the Company's Board of Directors' meeting No. 2/2005 on March 15, 2005, which was attended by all 3 members of the Audit Committee, the board evaluated the internal control of the Company by enquiring the management. After reviewing the Company's internal controls in five key areas—organization and environments, risk management, management control, information technology and communications, and the follow-up mechanisms, the board was of the opinion that the Company had adequate internal controls in terms of transactions with majority shareholders, board members, executives and parties related to them. The independent directors and the Audit Committee also shared the opinions of the Board of Directors and the Audit Committee pledged to step up its monitoring to ensure good corporate governance.

As for internal controls in other areas, the board members concluded that they were adequate.

RELATED PARTIES AND CONNECTED TRANSACTIONS

บุคคลที่มีผลประโยชน์ร่วมและรายการระหว่างกัน

Connected Transactions

1. Connected transactions in 2005

(1) Connected transactions with **Quality Construction Products Plc. (Q-CON)**

Nature of relationship

- Land & Houses Plc. is a majority shareholder of **Q-CON**, with 31.41% (as of December 31, 2005).

- Four persons serve on the boards of directors of both Land & Houses Plc. and **Q-CON**-Mr Anant Asavabhokhin, Mr Payont Sakdejyont, Mr Naporn Sunthornchitcharoen and Mr. Prathip Wongnirund (in his capacity as an audit director of both the Company and **Q-CON**).

Details of connected transactions

(unit: million baht)	2005	Remarks
Product purchases	205.43	Products were bought from Q-CON at the normal prices and under the terms that Q-CON offers to its other customers
Trade accounts payable	12.14	The payment terms are normal, in line with what Q-CON offers to its other customers

Opinions of the Audit Committee on the connected transactions

Land & Houses Plc. bought goods, mostly construction materials, from **Q-CON** totaling 205.43 million baht, or 0.90% of total sales, in 2005. Such transactions are normal and in line with prevailing market prices.

(2) Connected transactions with **Home Products Center Plc (HMPRO)**

Nature of relationship

- Land & Houses Plc is a majority shareholder of **HMPRO**, with 26.62% (as of December 31, 2005).

- Two persons serve on the Boards of Directors of both Land & Houses Plc. and **HMPRO**-Mr. Anant Asavabhokhin and Mr Naporn Sunthornchitcharoen.

Details of connected transactions

(unit: million baht)	2005	Remarks
Product purchases	347.81	Products were bought from HMPRO at the normal prices and under the terms that HMPRO offers to other customers
Trade accounts payable	13.08	The payment terms are normal, in line what HMPRO offers to other customers

Opinions of the Audit Committee on the connected transactions

Land & Houses Plc. bought construction materials from **HMPRO** totaling 347.81 million baht, or 1.53% of total sales in 2005. Such transactions are normal and in line with prevailing market prices.

(3) Connected transactions with **Asian Property Development Plc. (AP)** and its subsidiaries

Nature of relationship

- Land & Houses Plc. is a shareholder of **AP**, with 0.88% (as of December 31, 2005).

- Mr. Anupong Asavabhokhin, a majority shareholder of **AP** with 24.25% (as of May 6, 2005), is Mr. Anant Asavabhokhin's brother and Mr Anant's group is a majority shareholder of Land & Houses Plc., with 30.60% (as of Jan 5, 2006).

- Mr. Payont Sakdejyont serves on the Boards of Directors of both Land & Houses Plc. and **AP**.

Details of connected transactions

(unit: million baht)	2005	Remarks
Product purchases	33.39	Products were bought from AP and its subsidiaries at the normal prices and under the terms that AP and its subsidiaries offer to other customers
Trade accounts payable	-	The payment terms are normal, in line what AP and its subsidiaries offer to other customers

Opinions of the Audit Committee on the connected transactions

Land & Houses Plc. bought construction materials from **AP** and its subsidiaries totaling 33.39 million baht, or 0.15% of their total sales, in 2005. Such transactions are normal and in line with prevailing market prices.

(4) Connected transactions with **Quality Houses Plc. (QH)**

Nature of relationship

- The majority shareholders' groups in Land & Houses Plc. and **QH** are led by the same person-Mr. Anant Asavabhokhin. A group comprising Mr. Anant and his children-Ms. Alisa, Mr. Achanan and Mr. Achavin Asavabhokhin-holds 7.17% in **QH** as of October 21, 2005. Meanwhile, a group, comprising Mr Anant, Mayland Co., Ltd. and Ms. Piangjai Harpanich, holds 30.60% in Land & Houses Plc. as of January 5, 2006.

- Land & Houses Plc is a majority shareholder of QH, with 24.02% as of December 31, 2005.

- Two persons serve on the Boards of Directors of both Land & Houses Plc. and **QH**-Mr. Anant Asavabhokhin and Mr. Adisorn Thananun-narapool.

Details of connected transactions

(unit: million baht)	2005	Remarks
Building rentals and services	23.61	Land & Houses Plc. and its subsidiaries have rented space at the Q House Convent Building from QH for their head offices under 3 contracts: <ol style="list-style-type: none">1. A 3-year contract (July 1, 2002 to June 30, 2005), which was renewed from July 1, 2005 to June 30, 2008, covers 2,982 square meters.2. A 3-year contract (April 1, 2003 to March 31, 2006) covers 335 square meters.3. A 3-year contract (August 1, 2003 to July 31, 2007) covers 378 square meters.
Trade accounts payable	1.83	The payment terms are normal, in line what QH offer its other customers

Opinions of the Audit Committee on the connected transactions

Land & Houses Plc. and its subsidiaries have rented space at QH's building. The rentals are normal and in line with prevailing market prices and comparable to the rentals QH offers to other customers.

(5) Connected transactions with **Land and Houses Retail Bank** (formerly Land and Houses Credit Foncier Plc. or LHCF. The status was changed to Land and Houses Retail Bank Plc (**LH Bank**) on December 19, 2005)

Nature of relationship

As of December 31, 2005, the Company holds 49.25%, both directly and indirectly, in **LH Bank**. Direct holding amounted to 43% and indirect holding (through QH which is one of the Company's associated companies) was 6.25%.

As of December 31, 2005, three persons served on the Boards of Directors of both the Company and **LH Bank**-Mr. Anant Asavabhokhin, Miss Suwanna Buddhaprasart and Mr Adul Vinaiphaet (in his capacity as director and audit director of both the Company and LH Bank).

Details of connected transactions

In June 2005, the Company bought 4,724,000 new ordinary shares (with the par value of 100 baht) at 140 baht each, totaling 661,360,000 baht. The decision was approved at the Company's annual ordinary shareholders' meeting No. 1/2005 on April 19, 2005. The investment resulted in the holding by the Company in LHCF increasing to 43% from 0.60%.

Also in June 2005, Quality Houses Plc. (QH), an associated company of the Company (in which the Company held 24.02% as of December 2005), purchased 2,964,000 new shares of LHCF (with the par value of 100 baht), totaling 414,960,000 baht, as approved at QH's ordinary shareholders' meeting No. 1/2005 on April 19, 2005. The decision resulted in the shareholding of QH in LHCF increasing to 27% from 0.60%.

As a result of these share purchases, the Company held a combined 49.25% in LHCF as of September 30, 2005-43% directly and 6.25% indirectly through associated company QH.

LHCF submitted an application to set up a retail commercial bank, together with the operating plan for the new bank, with the Finance Minister on July 19, 2004 as part of the government's financial institution development plan. LHCF's application to set up the bank was approved by the finance minister on December 30, 2004 and the company was awarded a license to operate a bank on November 15, 2005. LHCF proceeded with the plan to set up a retail commercial bank as follows:

- (a) Increased its paid-up capital from 100 million baht (1 million ordinary shares with the par value of 100 baht) to 1,100 million baht (11 million ordinary shares with the par value of 100 baht) by issuing 10 million new shares at a price of 140 baht. Of all new shares, the Company was allocated 4,724,000 million shares, QH 2,964,000 shares, Mrs. Piangjai Harnpanij 2,100,000 shares and directors and/or executives of LHCF 212,000 shares. The offering of the new shares was made during June 6-8, 2005.
- (b) Made a tender offer for all remaining common and preferred shares of Book Club Finance Plc. (BC)-183,670,743 ordinary shares and 100,000,000 preferred shares-between June 16 and July 21, 2005. During the tender offer period, LHCF bought 173,416,284 ordinary shares and 100,000,000 preferred shares of BC, resulting in LHCF holding 283,416,284 shares of BC after the tender offer, representing 96.38% of all sold shares.
- (c) On December 19, 2005, LHCF merged its operations with those of BC and was transferred all of BC's assets, liabilities and obligations. It then returned LHCF's license to operate a credit foncier business and BC's license to operate a finance business to the Finance Ministry. On the same day, LHCF changed its status into a commercial bank under the "Land and Houses Retail Bank" name (LH Bank).

Opinions of the Audit Committee on the connected transactions

The Audit Committee was of the opinion that the investment by the Company in LHCF, which was regarded as a connected transaction, was based on appropriate prices and should benefit the Company's business. The transaction will support the Company's property business by adding another credit option for its customers, thus enhancing the potential of its competitiveness. Besides, the investment will help boost its potential to increase revenue in the future.

The transactions in which the Company and its associated company QH bought the new ordinary shares of LHCF as detailed above were connected transactions which had been approved at the Company's shareholders' meeting No. 1/2005 on April 19, 2005 and at QH's shareholders meeting No. 1/2005 on the same day.

(6) Connected transactions with subsidiary **LH Muang Mai Co., Ltd. (LHM) and the Tantipiriyakij group**, which is the majority shareholder of LHM and former shareholder of Phuket Future Plan Co., Ltd. (**PFP**) and Doubletree Co., Ltd. (**DBT**)

Nature of relationship

- The shareholdings as of December 31, 2005 were as follows:

- The Company held 55% of all shares in **LHM** and the Tantipiriyakij group controlled 45% in **LHM**.
- LHM held 99.99% of all shares in **PFP**.
- LHM had 99.99% of all shares of **DBT**.

- The following persons serve on the Boards of Directors of the Company, **LHM**, **PFP** and/or **DBT**:

	Position held in			
	Land & Houses Plc.	LHM	PFP	DBT
1. Mr. Piriya Tantipiriyakit	-	Director	Director	Director
2. Mr. Pittaya Tantipiriyakit	-	Director and Managing Director	Director	Director
3. Mr. Naporn Sunthornchitcharoen	Director and Senior Executive Vice President	Director	Director	Director
4. Mr. Adisorn Thananun-narapool	Director and Senior Executive Vice President	Director	Director	Director
5. Mr. Chalerm Kiettitanabumroong	Director and Executive Vice President	Director	Director	Director
6. Mr. Adisak Atiratkul	Director	Director	-	-
7. Mr. Payont Sakdejyont	Director	Director	Director	Director

Details of connected transactions

The Company's Board of Directors approved at its meeting No. 4/2005 on August 15, 2005 for subsidiary **LHM** (55% owned by the Company and 45% by the Tantipiriyakij group) to buy shares of **PFP** and **DBT** from the **Tantipiriyakij group**, the then shareholder of **PFP** and **DBT**. The details are as follows:

- (a) Bought 2,100,000 shares of **PFP** with the par value of 100 baht at 100 baht each, representing 100%, for 210 million baht.
- (b) Bought 1,900,000 shares of **DBT** with the par value of 100 baht at 100 baht each, representing 100%, for 190 million baht.

The share purchases were subjected to the following conditions:

- (a) **PFP** and **DBT** increased their registered capital to 210 million baht (2,100,000 million common shares with the par value of 100 baht) and 190 million baht (1,900,000 ordinary shares with the par value of 100 baht) respectively.
- (b) **PFP** and **DBT** owned 895.9 rai of land and 213.2 rai, totaling 1,109.1 rai, located in Mai Khao sub-district, Thalang district, Phuket, with a combined value of 950 million baht.

Opinions of the Audit Committee on the connected transactions

The Audit Committee was of the opinion that the purchases of shares in **PFP** and **DBT** by subsidiary **LHM** was appropriate since **PFP** and **DBT** own land covering 895.9 rai and 213.2 rai respectively, totaling 1,109.1 rai in Mai Khao sub-district, Thalang district, Phuket, which was valued at 950 million baht. The price of the land was comparable to the 1.01 million baht appraised by Sims Property Consultant Co., Ltd. (on May 6, 2005). In addition, the purchases of shares in **PFP** and **DBT** by subsidiary **LHM**, which totaled 400 million baht, were made at 100 baht a share, the original price paid by the old shareholders of **PFP** and **DBT**. Since **LHM** also has the potential to expand its property business, the Company will stand to gain from dividends as one of its shareholders.

The Company also lent a combined 2,456 million baht to 4 of its subsidiaries as of December 31, 2005.

2. Necessity and accountability of the transactions

The connected transactions were necessary and accountable and were done in the best interests of the Company. The Audit Committee was of the opinion that they were in line with general business practices and consistent with what were offered to other customers, and that the Company received and paid compensations at fair market prices.

3. Measures/Procedures of approving connected transactions

A connected transaction must be considered at a meeting of the Board of Directors attended by audit directors and approved at shareholders' meetings, depending on the case. The Board of Directors or those authorized by it may not approve any transaction with its members or parties with potential conflicts of interests with the Company or its subsidiaries. It must also be in compliance with laws on securities and stock exchange, regulations, notifications, orders and requirements of the Stock Exchange of Thailand and the requirements pursuant to disclosure of connected transactions and the acquisitions and disposals of assets.

4. Policy or trend of connected transactions

The Company has a policy to continue to make the existing connected transactions in the future. It also plans to keep the terms consistent with normal trade practices and the prices comparable with those offered by other suppliers. In any case, the Company will have the Audit Committee, its auditors or independent experts examine all connected transactions and give opinions on appropriate prices and the accountability of the transactions.

If the Company or its subsidiaries are to make connected transactions with parties with potential conflicts of interest or stakeholders in the future, it will seek the opinions of the Audit Committee on the necessity and appropriateness in doing so. In a case where the Audit Committee has no expertise in considering the future transactions, the Company will seek the opinions of independent experts or its auditors. The opinions will subsequently be used in making related decisions by the Board of Directors or shareholders. In any case, the Company will also include such transactions in the notes to the audited financial statement.

5. Reasons why parties with potential conflicts of interests hold more than 5% of shares in the subsidiaries or associated companies

(a) Land and House Retail Bank Plc. (LH Bank) (formerly Land & Houses Credit Foncier Plc. (LHCF))

As of December 31, 2005, LH Bank, one of the Company's associated companies, had paid-up capital of 1,100 million baht. The majority shareholders of LH Bank are:

- (1) Land & Houses Plc. (LH), with 43%
- (2) Quality Houses Plc. (QH), with 27%
- (3) Ms. Piangjai Harnpanij, with 20%
- (4) A group of executives and other small investors, with 10%

Under the shareholding structure, Mrs. Piangjai Hampanij is a person with potential conflicts of interest with LH and QH, as she is related to Mr. Anant Asavabhokhin. A group led by Mr Anant is the majority shareholder of LH, with 30.60% (as of January 5, 2006) and another group led by Mr. Anant held 7.17% in QH (as of October 21, 2005). Moreover, Mr. Anant is a director in both LH and QH.

The holding of more than 10% in LH Bank, an associated company of LH and QH, by Ms. Piangjai is not in keeping with the notification of the Securities and Exchange Commission of Thailand on the maintaining of status as a listed company on the Stock Exchange of Thailand B.E. 2544 (2001). Item 6 of the notification provides: "A listed company and its subsidiaries must not have conflicts of interest as defined by the criteria under the notifications of the Securities and Exchange Commission of Thailand". The reason, necessity and background of such a shareholding structure are that LHCF had filed a request to set up a commercial bank under the LH Bank name and according to the Finance Ministry's announcement on the criteria, procedure and conditions in applying to establish a commercial bank dated January 23, 2004, item 4.6 on the qualifications of an eligible applicant stipulates: "An entity which has the right to submit the application must not have any other person become a new majority shareholder from the date the minister signed this announcement to the date the license to operate a bank is granted or the date it is notified that its application has been turned down, whichever is applicable". The majority shareholder in this case means a person with controlling power who holds 20% or more of all shares. Before LHCF submitted its application to set up LH Bank, Ms. Piangjai and her husband, Mr. Boonsong Asavabhokhin, each had held 10% of all shares, or a combined 20%. Mr Boongsong later died and transferred in his will all of his assets to Mrs. Piangjai. As a result, Mrs. Piangjai has since held 20% of LHCF's shares. Holding more than 5% in a commercial bank requires an approval from the Bank of Thailand and the Finance Ministry and Ms. Piangjai was granted the approval.

On the shareholding structure which may constitute conflicts of interest, the Stock Exchange of Thailand decided that the structure was part of the condition in setting up LH Bank, which had already been approved by the Finance Ministry. The stake held by Ms. Piangjai will be reduced according to the public offering plan and obligations with the Bank of Thailand and Finance Ministry. Furthermore, by nature LH Bank's core business does not compete with that of the Company or allows for a transfer of benefits at the disadvantage of the small shareholders of LH and QH. As a result, the Stock Exchange of Thailand was of the opinion that such a shareholding structure should not disqualify LH and QH on the basis of conflicts of interest (as shown in the letter issued by the Stock Exchange of Thailand No. 462/2548 on the subject "Response to the enquiry on the maintaining of the status of a listed company" dated May 9, 2005).

In addition, other guidelines to eliminate potential conflicts of interest were adopted as follows:

- (a) LH Bank, which operates a retail commercial banking business, by nature does not compete with LH and QH, whose core business involves property.
- (b) In the future, the retail commercial bank has a policy to increase its capital by making an initial public offering, resulting the holding by Ms. Piangjai being reduced thereafter.
- (c) Ms. Piangjai must reduce her holding in the retail commercial bank to not more than 5% before the relaxation deadline set by the Bank of Thailand and the Finance Ministry.
- (d) Ms. Piangjai is not a director or executive of LH Bank.
- (e) LH Bank has 3 independent and audit director to consider potential conflicts of interest. Besides, as listed companies on the Stock Exchange of Thailand, LH and QH are required to have independent and audit directors to consider potential conflicts of interest.

Explanations and Analysis of Financial Position and Operating Results

คำอธิบายและการวิเคราะห์ฐานะการเงินและผลการดำเนินงาน

(a) Overall picture of past performances

Operating results

After the financial crisis in 1997, the operating results of the Company and its subsidiaries improved steadily in line with the recovering property sector and improved economy. They were also the result of the Company's success in becoming the leading developer of pre-built houses in 2000, a policy which was well received by customers. Other supporting factors were low interest rates in 2002 and 2003, an incentive for more home purchases, and the government's measures to stimulate the property sector which ended at the end of 2003. In 2004, sales revenue of the Company and its subsidiaries slowed down to 18,290.87 million baht, comparable to 18,670.46 million baht in 2003, largely the result of lower purchasing power due to the termination of the government's measures to stimulate the property sector which ended in 2003, the Bank of Thailand's measures to control the extension of housing loans, and higher house prices as a result of higher construction material prices. In 2005, sales revenue of the Company and its subsidiaries rose after the purchasing power had slowed due to aforementioned reasons, increasing by 24.35% to 22,744.83 million from 18,290.87 million baht in 2004.

Meanwhile, the Company and its subsidiaries enjoyed a steady rise in gross profit, which slowed in 2004 and increased again in 2005, from 7,148.47 million baht in 2003 and 6,934.99 million baht in 2004 to 7,671.64 million baht in 2005. The improved performance was largely due to the adjustment of the sale prices of housing units to be more in line with the overall business situation and the launches of new projects with relatively low land costs. Moreover, the construction of a large number of pre-built houses enabled the Company to achieve an economy of scale. Gross profit margin was 38.29% in 2003 to 37.92% in 2004 and 33.73% in 2005. The gross profit margin fell in 2005 from 2004 because rises in the costs of construction materials and land outpaced the increases in the sale prices. Besides, condominiums, which generate lower gross profits than detached houses, made up a larger portion in total sales in 2005.

The continual recovery in the property business in 2002–2003 prompted the government to lift the measures to stimulate the sector, effective January 1, 2004. They are: (1) the property ownership transfer registration fee stands at 2% of appraised prices from 0.01% (2) The special business tax on immovable asset sale incomes is now at 3.3% from 0.11%. Besides, the Bank of Thailand imposed a new measure to limit the extension of loans for the purchases of houses priced at over 10 million baht each at not more than 70% of the real purchase prices. Financial institutions are also required to report their housing loan approvals quarterly for any debtor with a combined credit line exceeding 100 million baht. Other factors that may affect future home-buying decisions are: (1) the rising prices of goods and commodities as a result of higher, more volatile oil prices which may dampen the purchasing power of homebuyers; (2) the prices of housing units have increased in line with construction material costs; (3) interest rates are on an upward trend which, when taking into account the previous factors, undermines the ability of consumers to own housing units. To cope with these adverse effects, the Company has a policy to underscore the pre-built house construction strategy to meet the demand of customers and adopted new marketing strategies, including analyzing the demand of target customer groups, choosing prime locations for its projects, building quality houses, selling pre-built houses and houses at prices based on previously low costs. Such policies should help maintain the popularity of the Company's products. In addition, the Bank of Thailand's measures have made it possible to keep track of changes in the property business more closely, which should benefit the expansion of the industry in the long run and decrease speculation in the housing market.

Past performance of each business group

In 2003, over 90% of total revenue of the Company and its subsidiaries came from the property business. In 2004, the figure stood at 85.92%, as other incomes made up a larger proportion, at 14.08% of total revenue. During the year, the Company recorded a profit from the disposal of its long-term investments, primarily the offload of its investments in Asset Plus Securities Plc. and Asian Property Development Plc. In 2005, the property business made up 95.07% of total revenue, the details of which are as follows:

Sales Revenue: Sales revenue consists of revenue from the development of land and construction of immovable assets for sale. The revenue is realized when construction work has been completed by contractual terms and ownerships have been transferred to buyers. The majority of total sales revenue came from the sales of detached houses. The proportion of detached-house sales was 97.68% in 2003, 97.60% in 2004 and 88.64% in 2005. The proportion of condominium sales rose to 8.13% of total sales in 2005, resulting in a greater distribution of revenue from other products.

In 2003, sales revenue rose 23.62% to 18,670.46 million baht from the previous year. In 2004, sales revenue was 18,290.87 million baht, down 2.03% from the previous year. In 2005, sales revenue increased by 24.35% to 22,744.83 million baht from the previous year. Sale revenue rose by 23.62% in 2003 thanks to the Company's pre-built strategy, which helped build up confidence among the customers. Moreover, as the reduction of taxes and fees on asset transfers was to end at the end of the year and official land evaluation prices tended to increase in 2004, homebuyers rushed to make decisions and have the ownerships transferred by 2003 to take advantage of the stimulating measures. Sales revenue dropped by 2.03% to 18,290.87 million baht in 2004 because consumers took a longer time to make a home-buying decision due to more supply of housing projects in the market. Other factors that might have affected their decisions were higher prices of goods and commodities as a result of higher, more volatile oil prices, higher prices of housing units which increased

in line with construction-material costs and an upward trend of interest rates. Sales revenue picked up in 2005, rising 24.35% from the previous year to 22,744.83 million baht. The recovery was driven by existing demand and the steady supply of quality projects by the Company to meet the demand of its customer groups. Besides, marketing strategies were adopted such as the analysis of the demand of its target customer groups, the selection of prime locations for its projects, and the construction of quality pre-built houses and sale of some houses whose prices were based on previously low costs. Therefore, its sales are expected to continue to increase.

Other incomes: Other incomes consist of profits from the disposal of investments, profits from the reversal of investment impairment, dividends receivable, other incomes and the share of profits from investments in associated companies. Other incomes totaled 1,779.41 million baht in 2003, 2,984.83 million baht in 2004 and 1,178.82 million baht in 2005.

In 2003, other incomes were 1,779.41 million baht, largely the result of a profit from the disposal of investments of 926.43 million baht, share of improved profits from associated companies of 413.02 million baht, dividends receivable of 141.28 million baht and other incomes of 298.68 million baht.

In 2004, other incomes of 2,984.83 million baht mostly came from (1) a profit from the disposal of investments of 1,166.57 million baht, primarily from the sale of investments in Asset Plus Securities Plc., Asian Property Development Plc. (the Company's shareholding in Asian Property Development Plc. decreased from 10.04% in 2003 to 6.52% as of the end of 2004) and Christiani & Nielsen (Thai) Plc; (2) a profit from the reversal of impairment loss worth 199.53 million baht for its investment in Christiani & Nielsen (Thai) Plc. The Company had allocated an allowance for the impairment of the entire investment in 2000 but in September 2004, shares of the company were allowed to trade on the Stock Exchange of Thailand, enabling the Company to book the reversal of the impairment based on its market price as of December 31, 2004; (3) dividends receivable of 197.19 million baht; (4) share of profits from its investments in the associated companies of 980.55 million baht due to improved operating results of the associated companies; and (5) other incomes of 440.99 million baht.

In 2005, other incomes stood at 1,178.82 million baht, mostly profit from the disposal of investments of 314.88 million baht, profit from the reversal of impairment loss of 76.28 million baht after the Company sold its investment in the shares of Christiani & Nielsen (Thai) Plc. on the stock market for which the Company had allocated an allowance for its impairment since 2000, share of profits from its investments in associated companies of 520.78 million baht thanks to their improved performances, dividends receivable of 36.26 million baht and other incomes of 230.63 million baht.

cost of sales: Sales cost was 11,521.99 million baht in 2003 and 11,355.88 million baht in 2004. The Company's gross profit margin was at about the same level in 2003 and 2004, at 38.29%, 37.92% respectively. (In 2003 and 2004, the Company re-categorized its lists by booking sales and management cost related to salaries and compensation for foremen, project managers, construction and design fees totaling 582.75 million baht and 457.61 million baht respectively as sales and management cost). The Company has always emphasized on controlling the sales cost at an appropriate level by increasing the selling prices to be more in line with the overall business environment and launching new projects with relatively low land costs. Its pre-built house construction policy in which houses were built in large volume before being sold also resulted in an economy of scale. But in 2005, competition intensified due to a higher number of operators in the industry. In 2005, the sales cost stood at 15,073.20 million baht with a profit margin of 33.73%. The gross profit margin was lower compared to 37.92% in the previous year because the rises in the prices of construction materials outpaced the increases in the sale prices. Besides, condominiums, which generate a lower gross profit margin than detached houses, made up a larger portion in total sales.

Selling and administrative expenses: Sale and management expenses totaled 866.71 million baht in 2003 and 1,022.93 million baht in 2004. The higher sale and management expenses were the result of higher sales. Among the sale and management expenses that increased significantly in 2004 were marketing expenses and advertisement and public-relations cost, as the Company launched more projects. However, the proportion of the sale and management expenses in total revenue in 2003 and 2004 is comparable, at 4.24% and 4.84% respectively thanks to efforts to control the sale and management expenses at appropriate levels. In 2005, the marketing expenses and advertisement and public-relations cost remained high due to the launches of more projects. They stood at 1,313.27 million baht, representing 5.49% of total revenue, compared to 1,022.93 million baht or 4.81% of total revenue in the previous year.

Specific business taxes and transfer fees: Special business taxes and transfer fees were 21.84 million baht in 2003, 704.67 million baht in 2004 and 903.50 million baht in 2005. The taxes and fees have surged sharply since 2004, as the government's measures to stimulate the property sector by reducing the special business taxes and transfer fee ended in 2003. After the property sector had steadily recovered, authorities stopped extending the special business tax break and reduction in the transfer fees, effective January 2003. They are: (1) the property ownership transfer registration fee now stands at 2% of appraised prices from 0.01% until the end of 2003; and (2) The special business tax on immovable asset sale incomes is now at 3.3% from 0.11% until the end of 2003.

Equity loss from investments in subsidiaries and affiliates : The share of losses from investments in affiliates stood at 0.06 million baht in 2003, 0.80 million baht in 2004 and 114.27 million baht in 2005, mainly 82.03 million from Land and Houses Retail Bank Plc.

Losses from the cancellation of projects : In 2003, the Company booked a loss of 71.54 million baht from its decision to cancel a project in the Prachanives area in which it had paid an advance. The project was cancelled because of a land trespassing problem and the Company has filed lawsuit against the land owner, demanding compensation for the damages.

Loss on declining value of inventories : Losses from impairments were 357.31 million baht in 2003 and 35.24 million baht in 2004 and 13.15 million baht in 2005. Most of the losses were due to impairments of its long-term investments and other investments and assets, the details of which are as follows:

(Unit: million baht)

Losses from impairment	2003	2004	2005
Investment in associated companies			
ML&H Corporation Co., Ltd.	298.91	-	-
Long-term investment in equity securities and debt securities of Mass Transit System Plc.	58.40	-	-
Other investments	-	-	-
Other assets	-	35.24	13.15
Total	357.31	35.24	13.15

The Company sold all of its investment in associated company ML&H Corporation Co., Ltd in September 2003. As for its investment in the equity and debt securities of Mass Transit System Plc., the Company sold the subordinated convertible debentures and ordinary shares to Siam Tanee Real Estate Co., Ltd, one of its subsidiaries, in the second quarter of 2003.

Profit before interest and income tax : Profit before interest and income tax stood at 7,610.41 million baht in 2003, 8,156.18 million baht in 2004 and 6,506.26 million baht in 2005. Interest increased from 52.02 million baht in 2003 to 121.12 million baht in 2004 and 210.22 million baht in 2005 since the outstanding debts of the Company and interest rates rose continually. As a result, profit from ordinary items was 6,085.65 million baht in 2003, 6,087.22 million baht in 2004 and 5,141.99 million baht in 2005.

Extraordinary items : The extraordinary item of 45.02 million baht in 2002 was a profit from the debt restructuring of subsidiary LH Muang Mai Co., Ltd. and the Company booked it net as minority interest of 45.02 million baht.

Net profit: The Company and its subsidiaries made net profit of 6,085.65 million baht in 2003, 6,087.23 million baht in 2004 and 5,180.69 million baht in 2005.

Given such performances, when considering the Company's profit ratio, its gross profit margin was 38.29% in 2003, 37.92% in 2004 and 33.73% in 2005 while its net profit margin was 29.76% in 2003, 28.61% in 2004 and 21.66% in 2005. A drop in net profit in 2005 from 2004 was the result of higher costs and lower other incomes compared to those in 2004.

Earnings per share : With the average number of shares in 2003, 2004 and 2005 at 6,708.65, 7,760.53 and 8,224.38 million respectively, the basic earnings per share were 0.91, 0.78 and 0.63 baht respectively.

In 2003, 2004 and 2005, the number of outstanding warrants was for 1,936.88, 1,243.30 and 1,181.58 million shares. When taking these shares into consideration in calculating the diluted earnings per share, the average number of shares in 2003, 2004 and 2005 was 8,645.53, 9,003.83 and 9,405.97 million shares respectively. The diluted earnings per share were thus 0.70, 0.68 and 0.55 baht respectively.

Dividends payable : Give the steadily improved performance, the Company considered paying dividends for its performances in 2003, 2004 and 2005 as follows:

	Amount (million baht)	Date of payment
Dividend for 2003 operating results	1,350.28	September 12, 2003
	1,749.95	December 12, 2003
	5,434.44	May 27, 2004
Dividend for 2004 operating results	2,418.32	September 13, 2004
	2,455.85	May 11, 2005
Dividend for 2005 operating results	2,061.86	September 13, 2548

In 2003, the Board of Directors' meeting No. 9/2003 on August 14, 2003 resolved to pay an interim dividend for the Company's operations in the first six months of 2003 at the rate of 0.20 baht per share (at par value of one baht), totaling 1,350.28 million baht. The resolution of the Board of Directors' meeting No. 12/2003 also approved another interim dividend payment at the rate of 0.25 baht per

share, totaling 1,749.95 million baht. The ordinary shareholders' meeting No. 1/2004 on April 27, 2004 approved an additional annual dividend payment for the 2003 operating results at the rate of 0.70 baht a share, totaling 5,434.44 million baht. The total dividends paid for the 2003 operating results therefore amounted to 8,534.67 million baht, or 137.86% of net profit (the amount in excess of the net profit came from retained earnings).

As for the dividend paid for the operating results of the first 6 months of 2004, the Board of Directors approved at its 8/2004 meeting on August 13, 2004 to pay an interim dividend for the operating results of the first six months of 2004 at the rate of 0.30 baht a share (of one-baht par), totaling 2,418.32 million baht. The ordinary shareholders' meeting No. 1/2005 on April 19, 2005 resolved to pay a additional dividend of 0.30 baht, totaling 2,455.85 million baht. The total dividends paid for 2004 were 4,874.17 million baht or 79.89% of net profit.

For the operations in the first 6 months of 2005, the Board of Directors resolved at its meeting No. 4/2005 on August 15, 2005 to pay an interim dividend of 0.25 baht per share (at one-baht par), totaling 2,061.86 million baht.

(b) Financial position

Assets

The Company and its subsidiaries had total assets of 31,392.67 million baht as of the end of 2003, 36,966.89 million baht as of the end of 2004 and 39,286.33 million baht as of the end of 2005. Since the Company operates the business of developing real estate by building houses before selling them and launches new projects regularly, its core assets are in the form of inventory, comprising land and projects under development. Next in importance are assets in the form of short-term investments, long-term investments and investments in its subsidiaries and associated companies. The details of its assets are as follows:

Inventory Inventory was valued at 19,847.34 million baht as of the end of 2003, 25,579.65 million baht as of the end of 2004, representing 63.22% and 61.08% of total assets in the respective periods. The inventory as of the end of 2004 increased markedly because the Company and its subsidiaries developed more housing projects, resulting in the procurement of more land, and construction of more houses and condominiums. As of the end of 2005, the Company had 22,539.96 million in inventory, accounting for 57.37% of total assets. In 2004 and 2005, the Company separated the account of the land it bought more than 2 years ago and has not been developed by the Company or its subsidiaries and related expenses worth 3,501.45 million as land pending development under non-current assets. The account will be shown as products when development on it begins.

Short-term investments Short-term investments were valued at 1,500 million baht as of the end of 2003, 600 million baht as of the end of 2004 and 1,442 million baht as of the end of 2005, representing 4.78%, 1.62% and 3.67% of total assets in the respective years. All short-term investments were in the form of bills of exchange and the Company has a policy to make short-term investments in assets with high liquidity and low risks.

Accounts and notes receivable Accounts and notes receivable amounted to 200.28 million baht as of the end of 2003, representing 0.64% of total assets. Most of the accounts and notes receivable were in the form of checks paid by customers who were transferred houses on the last day of each accounting period. The Company had no accounts receivable with repayment problems. As of the end of 2004 and 2005, the Company had no accounts and notes receivable since it booked checks of customers who were transferred the ownerships on the last day of the accounting period as cash equivalents in the balance sheets.

Short-term loans to connected businesses and other companies Short-term loans to connected businesses and other companies as of the end of 2003, 2004 and 2005 are as follows:

(Unit: million baht)

	As of December 31, 2003	As of December 31, 2004	As of December 2005
Lending to associated companies			
Bangkok Chain Hospital Plc.	72.50	0.00	0.00
Less: Allowances for doubtful debts	(72.50)	0.00	0.00
Total lending to associated companies	0.00	0.00	0.00
Lending to other companies			
Mass Transit System Plc.	18.22	0.00	0.00
Less: Allowance for doubtful debts	(18.22)	0.00	0.00
Total lent to other companies	0.00	0.00	0.00
Total lending to connected businesses and other companies	0.00	0.00	0.00

The Company was repaid the amount it had lent to associated company Bangkok Chain Hospital Plc. between 2003 and the first quarter of 2004.

Lending to other companies; namely Mass Transit System Plc., was in proportion to its investment. It was in the form of unsecured promissory notes with an interest rate of MLR+2%. In the second quarter of 2003, the Company sold the debt to Siam Tanee Real Estate Co., Ltd, in which it holds 99% through subsidiary Siam Tanee Property Co., Ltd.

Investments in subsidiaries and affiliates companies Investments in subsidiaries and affiliates stood at 3,079.25 million baht as of the end of 2003, 7,110.65 million baht as of the end of 2004, and 8,098.93 million baht as of the end of 2005, representing 9.81%, 19.24% and 20.62% of total assets respectively.

In the third quarter of 2003 the Company sold its investment in associated company ML&H Corporation for 881.04 million baht, resulting in a net profit from the disposal of investments of 14.25 million baht. The Company would be paid in cash or marketable securities in the Philippines within one year. The whole amount was thus booked as other accounts receivable as it had yet to be paid. However, the Company was paid for the investment in ML&H Corporation in December 2004 in the form of shares in Polar Property Holdings Corporation in which it has a 25.00% holding as a result.

Investment in subsidiaries and affiliates as of the end of 2004 rose to 7,110.65 million baht, mainly because:

(1) In 2004, the Company corrected a mistake in booking its investment in Land & Houses Property Funds 1 and 2 by moving the list from investment in securities available for sale to investments in associated companies. As the Company held 49.99% of units in the funds, the management viewed it as having significant influence. The financial statements of the previous years were also adjusted in retrospect accordingly as if the list were booked under the equity method from the start. As a result of the changes, its share of profits from associated companies was shown in the profit/loss statements as of the end of December 31, 2004 and 2003 at 994.07 million baht and 413.02 million baht respectively. As of the end of 2004, the Company's investment in Land & Houses Property Funds 1 and 2 under the equity method stood at 451.27 million baht and 2,163.93 million baht respectively.

(2) In the second and third quarters of 2004, the Company bought more shares of Quality Houses Plc, resulting in its shareholding in the company rising from 18.65% as of March 31, 2004 to 21.84% as of December 31, 2004. The Company has thus booked it as an investment in associated companies instead of investment in other companies since the second quarter of 2004. As of December 31, 2004, its investment in Quality Houses Plc. under the equity method was valued at 2,120.99 million baht.

The investments in subsidiaries and affiliates as of the end of 2005 rose to 8,098.93 million baht, mainly because:

(1) In June 2005, the Company bought 2,399,994 shares of Royal Excellency Co., Ltd, which had a par value of 100 baht of which 25 baht had been paid up, at 65 baht each, totaling 156 million baht, or 60% of all paid-up capital. It later paid 180 million baht for the outstanding share price of 75 baht each. The total investment in the Company amounted to 336 million baht. On the date it invested in the company, Royal Excellency Co., Ltd. owned the right to land rentals worth 306.98 million baht, 60% or 183.95 million baht of which belonged to the Company and the remaining 40% or 122.63 million baht belonged to minority shareholders. In the consolidated financial statements, the Company booked the cost of the investment in excess of the net accounting value of the company of 196 million baht as a right to rentals. As of December 31, 2005, the Company booked a net right to rentals totaling 398.18 million baht.

On July 1 and 16, 2005, Royal Excellency Co., Ltd. approved at its extraordinary shareholders' meeting to increase its registered capital by 600 million baht by issuing 6 million ordinary shares with a par value of 100 baht. Its Board of Directors was authorized to issue the new shares in lots as appropriate. For the first lot, its Board of Directors resolved to increase the capital by 150 million baht and the Company bought the new shares in proportion to its holding for 90 million baht.

On July 28, 2005, Royal Excellency Co., Ltd. bought the investment in 679,994 ordinary shares of L&H Sathon Co., Ltd. (formerly Siam Sindhorn City Co., Ltd.), which have a par value of 100 baht, at 20.59 baht each. Totaling 14 million baht, the purchase represented 99.99% of all paid-up capital. The core asset of L&H Sathon is the right to rentals of which an allowance for its impairment was allocated in full. The portion of the investment in excess of the 13.99-million-baht accounting value was booked as a right to rentals for the entire amount. Later, L&H Sathon Co., Ltd. raised its capital from 68 million baht to 268 million baht to be sold to Royal Excellency Co., Ltd. in a private placement. The new funds were used to repay an outstanding rental right. As of December 31, 2005, L&H Sathon Co., Ltd. had the right to rentals worth 197.93 million baht.

(2) In June 2005, the Company bought 4,724,000 new ordinary shares of Land and Houses Credit Foncier Plc. (with the par value of 100 baht) at 140 baht each, totaling 661.36 million baht. The investment raised its shareholding in Land and Houses Credit Foncier Plc. to 43% from 0.60%. As a result, the Company changed the accounting method for the investment from a long-term investment to an investment in affiliates.

In addition, on August 3, 2005, the Company sold its investment in wholly-owned associated company Cameron Global Limited, which was in the form of 400 shares with the cost of 36,523.14 baht, at US\$1 each (about 16,400 baht), resulting a loss from the disposal of an investment of 21,242.14 million baht. The purpose is to divest its unimportant investments. The Company was paid for the sale on August 11, 2005.

As of the end of 2003, the investments in subsidiaries and affiliates under the cost method stood at 4,348.49 million baht. When calculating using the equity method, the investments were valued at 4,181.36 million baht. In the second quarter of 2003, the Company increased its investment in Bangkok Chain Hospital Plc. by purchasing an additional 2.4 million shares, costing 5.38 million baht, of the company, raising its investment from 36.07% to 40%. Besides, its investment in affiliates Quality House Plc. was reduced from 40.08% to 31.41%, as the company had raised its capital from 320 million baht to 400 million baht by selling 80 million new shares (with the par value of one baht) to the public in the fourth quarter of 2003.

The investments in subsidiaries and affiliates in 2004 stood at 7,377.36 million baht under the cost method and 8,794.13 million baht under the equity method, up from 4,612.77 million baht as of the end of 2003, mainly because: (1) In 2004, the Company corrected a mistake in booking its investments in Land & Houses Property Funds 1 and 2, from investments in equities available for sale (a type of long-term investments) to investments in affiliates. Given its ownership of 49.99% of all units in the funds, the management viewed the investments as having significant influence. As of December 31, 2004, the Company's investments in Land & Houses Property Funds 1 and 2 under the equity method stood at 451.27 million baht and 2,163.93 million baht respectively. (2) In the second and third quarters of 2004, the Company bought more shares in Quality Houses Plc., resulting in its holding in the company increasing from 18.65% as of March 31, 2004 to 21.84%. The Company has thus booked it as an investment in affiliates instead of an investment in other companies since the second quarter of 2004. As of December 31, 2004, its investment in Quality Houses Plc. under the equity method was valued at 2,120.99 million baht.

On November 2-3, 2004, affiliates Bangkok Chain Hospital Plc. sold 240 million new shares to the public as part of its capital-increase plan. The Company also sold 40 million of the shares it held in the affiliates to the public at the same time, resulting in its holding in Bangkok Chain Hospital Plc. as of December 31, 2004 falling to 25.68% from 40% previously.

The investments of the Company in its subsidiaries and affiliates as of the end of 2005 stood at 8,951.29 million baht under the cost method and 11,798.35 million baht under the equity method, up from 3,004.22 million baht as of the end of 2004, primarily because (1) the increase of its investment in subsidiary LH Muang Mai Co., Ltd., which bought shares in Phuket Future Plan Co., Ltd. and Doubletree Co., Ltd.; (2) an investment in subsidiary Royal Excellency Co., Ltd.; (3) an investment in affiliates Land and Houses Retail Bank Plc.; (4) the increase of its investment in affiliates Quality Houses Plc. to 24.02% of all shares from 21.84% as of the end of 2004.

Investment policy The Company focused its investments on real-estate development, the core business in which it has expertise. In investing in subsidiaries, the Company bought stakes of 51% to 99.99% of their paid-up capital. As for investments in affiliates, the strategy was to invest in businesses that have potential to benefit the Company and to generate profits in the future.

Long-term investments Long-term investments were valued at 4,650.70 million baht as of the end of 2003, 1,656.44 million baht as of the end of 2004, and 995.03 million baht as of the end of 2005, accounting for 14.81%, 4.48% and 2.53% of its total assets respectively.

As of the end of 2004, long-term investments dropped to 1,656.44 million baht after the Company booked its investments in Land & Houses Property Funds 1 and 2 as investments in affiliates. Most of the 1,656.44 million baht in long-term investments were in equity securities; namely, an investment in Asian Property Development Plc. (539.94 million baht), investments in 5 real-estate development companies in Indonesia (622.24 million baht, net after an impairment allowance) and an investment in Christiani & Nielsen (Thai) Plc. (141.74 million baht).

As of the end of 2005, the majority of the Company's long-term investments of 995.03 million baht were in the form of equity securities; namely, an investment in Bangkok Mass Transit System Plc. of 150 million baht and investments in 5 property companies in Indonesia totaling 622.24 million (net after an impairment allowance).

In investing in equity securities, the Company has a policy to focus on real estate businesses and those related to its core business, as well as interesting companies which it deems having potential to generate appropriate returns. The decisions to invest must be considered by the Board of Directors. Its investment in Asian Property Development Plc. is considered marketable securities. Asian Property Development Plc. has steadily shown improved performances, which have pushed up its share prices. The Company thus had an unrealized gain of 55.39 million baht from the investment as of December 31, 2005. As for its investment in Christiani & Nielsen (Thai) Plc., the Company had allocated an impairment allowance for the entire amount since 2000. But on September 22, 2004, the company's shares were allowed to trade on the Stock Exchange of Thailand. This had made it possible for the Company to calculate the impairment allowance for the investment based on its market price since December 31, 2004, resulting in a reversal of a loss from the impairment allowance into a profit for the amount of 199.53 million baht. As of December 31, 2005, the Company no longer had any investment in Christiani & Nielsen (Thai) Plc. As for its investments in the equity securities of loss-making companies as of December 31, 2005, the Company allocated allowances for investment impairment totaling 1,380.11 million baht, primarily for the impairment of its investments in the ordinary shares of the 5 real estate companies in Indonesia at 100%, or 405.24 million, and of its investments in their preferred shares at 60% of the investment value, or 935.72 million baht. The total allowances for the impairment of the Company's investments in Indonesia were 1,340.96 million baht.

Land pending development As of December 31, 2005, land pending development had a net accounting value of 3,498.87 million baht and land under purchase/sale contracts 226 million baht (after an impairment allowance of 56.45 million baht). In 1992, the Company entered into a contract to buy a land plot with a company and already paid 282.45 million for it. Under the terms of the contract, the ownership will be transferred after some of the construction work has been completed within 36 months after the date the contract was made. If the Company fails to abide by the term, the selling company will have the right to cancel the contract and return 70% of the purchase price to it. However, the Company has not proceeded with the construction on the plot. In 2000, it evaluated the allowances for the impairment of the value of the contract at 56.45 million baht.

Land, buildings and equipment Land, buildings and equipment were valued at 369.07 million baht net as of December 31, 2005. They consisted of (1) the renovated part of office buildings worth 26.17 million baht; (2) office equipment and supplies 30.29 million baht; (3) office decorations and clubs 43.41 million baht; (4) vehicles 26.71 million baht; (5) clubs, swimming pools and tennis courts 184.68 million baht; (6) other assets 12.00 million baht; and (7) assets during construction 45.81 million baht.

Asset Quality

As of the end of 2005, the Company and its subsidiaries allocated allowances for doubtful accounts and asset impairments as follows:

(1) Inventory was valued at 23,106.30 million baht. The Company allocated allowances for inventory impairment of 566.35 million baht against its net accounting value of 22,539.95 million baht.

(2) Long-term investments

(unit: million baht)	Securities available		
	for sale	General investments	Sub-total
Held-to-maturity debt security: Bangkok Mass Transit System Plc.	–	150.00	150.00
Equity securities	118.80	2,103.84	2,222.64
Plus: allowances for unrealized profit	2.50	–	2.50
Less: allowances for investment asset impairments	–	(1,380.11)	(1,380.11)
Total	138.00	873.73	1,011.73

The Company allocated 1,380.11 million baht as allowances for the impairment of its long-term investment assets.

Liquidity

In 2003, the Company's operating cash flow was positive. But in 2004, the operating cash flow became negative, mainly because the Company invested more in land and the construction of more housing units to meet the demand of its target customer groups. In the first 9 months of 2005, its operating cash flow became positive again, the details of which are as follows:

(unit: million baht)	2003	2004	2005
Cash flow from operating activities	4,112.57	(1,961.10)	3,617.65
Cash flow from investing activities	(1,354.40)	2,056.37	(1,317.56)
Cash flow from financing activities	(2,792.89)	73.04	(1,896.48)

Cash flow from operating activities: The Company was prudent in its spending in order to maintain its liquidity by investing in housing projects, such as land purchases and construction of more projects, which suited the business environment. It also repaid debts. The Company had a policy to manage its cash and cash equivalents to match the operating environment. Its cash and cash equivalents totaled 367.05 million baht as of the end of 2003, 728.82 million baht as of the end of 2004 and 1,132.42 million baht as of the end of 2005. If there was extra cash flow, the Company considered making appropriate short-term investments. The short-term investments stood at 1,500 million baht as of the end of 2003, 600 million baht as of the end of 2004 and 1,442 million baht as of the end of 2005. As the Company actively manages its short-term investment to manage its liquidity, the amount varies depending on the circumstances.

Net profit: Net profit stood at 6,085.65 million baht in 2003 while operating cash flow was 4,112.57 million baht, mainly because it invested 1,603.25 million baht more in inventory (mostly land).

In 2004, the Company booked a net profit of 6,087.23 million baht but operating cash flow dropped to minus 1,961.10 million baht, primarily because the Company invested in more land and the construction of more housing units to meet the demand of its customer groups. Inventory investment thus increased by 6,198.99 million baht.

In 2005, net profit was 5,180.69 million baht while operating cash flow was 3,617.65 million baht, primarily due to a decrease of

765.24 million baht in trade accounts payable and current liabilities after repaying the trade accounts payable and outstanding income taxes and the share of profits under the equity method of 406.51 million baht.

Cash flow from investing activities: In 2003, the cash flow from investing activities was minus 1,354.40 million baht, as the Company made long-term investments totaling 1,780.94 million baht, of which 1,146.74 million baht was in Land & Houses Property Fund 2, and 290.1 million baht in Quality Houses Plc.

In 2004, the cash flow from investing activities turned positive, at 2,056.37 million baht, since the Company managed its liquidity to compensate for the negative operating cash flow by disposing of 900 million baht in short-term investments and 1,307.67 million baht in long-term investments, mostly by selling its investments in Asset Plus Securities Plc. and Asian Property Development Plc.

In 2005, the cash flow from investment activities was minus 1,317.56 million baht, primarily due to an increase in short-term investments in the forms of treasury bills and debentures issued by commercial banks of 842 million baht and the purchases of investments in its subsidiaries and associated companies worth 941.75 million baht. The Company made additional investments in Land and Houses Retail Bank Plc. and Royal Excellency Co., Ltd.

Cash flow from financing activities: The cash flow from financing activities was 73.04 million baht in 2004, as the Company booked cash receivables of 3,000 million baht from debenture issues and repaid 615 million baht for its debentures. During the year, its overdraft and loans borrowed from financial institutions rose by 364.46 million baht and long-term loans increased by 2,538.66 million baht while cash receivables from the exercise of warrants stood at 2,454.73 million baht. Also in 2004, the Company paid dividends totaling 7,692.30 million baht.

In 2005, the cash flow from financing activities was minus 1,896.48 million baht. While the Company received 5,000 million baht from the sale of its debentures and 282.11 million baht from the exercise of its warrants, it repaid 1,522.56 million baht for overdraft and loans borrowed from financial institutions, 2,768.22 million baht for the redemption of its long-term loans and debentures and 4,447.12 million baht in dividends during the period.

Important liquidity ratios

The liquidity ratio was 4.92 in 2003, 3.99 in 2004, and 4.91 in 2005. The quick ratio was 0.44 in 2003, 0.22 in 2004, and 0.50 in 2005. While the liquidity ratio decreased in 2003 and 2004 due to higher current liabilities, the Company had enough revenue from sales of housing units to maintain its liquidity. In 2005, its liquidity ratio improved.

The creditor ratio stood at 29.43 in 2003, 15.59 in 2004 and 19.40 in 2005, due to a policy to pay contractors 1-2 times instead of 3-4 times a month, as the Company received extended credit terms thanks to the higher value of its construction work.

Investment expenses

Over the last few years, the Company invested more in land plots with high potential at reasonable prices to be developed into housing projects, which is its core business. Besides, the Company also invested regularly in two property funds set up to help rehabilitate the financial sector. In 2003, its investments stood at 350.91 million in the Land & Houses Property Fund 1 and 1,692.37 million baht in the Land & Houses Property Fund 2. It also acquired more land for development. In 2004, the Company invested more in Quality Houses Plc., raising its shareholding in the company to 21.84% as of the end of 2004. In 2005, the Company invested in subsidiary Royal Excellency Co., Ltd. (in which it holds 60%) and associated company Land and Houses Retail Bank Plc (43%) and made an additional investment in Quality Houses Plc., which increased its holding to 24.02% as of the end of 2005.

Fund sources

The Company's debt-to-equity ratio stood at 0.38 as of the end of 2003, 0.64 as of the end of 2004, and 0.67 as of the end of the 2005, which was considered low by industry standard. The ratio increased in 2004 and 2005 due to an increase in total liabilities as a result of the issuances of debentures worth 3,000 million baht in 2004 and 5,000 million baht in 2005. However, the shareholders' equity also rose thanks to its improved performance and higher net profit and the exercise of warrants in 2003 and 2004. The shareholders' equity stood at 22,629.38 million baht in 2003 and 22,447.25 million baht in 2004. In 2004, the debt-to-equity ratio rose because of more loans for the investment in housing projects for sale. In 2005, the ratio increased slightly thanks to more loans in the form of debentures, of which proceeds were used to repay parts of its debts and support the operations. As of the end of 2005, the shareholders' equity stood at 23,131.33 million baht.

In 2003, holders of warrants allocated to existing shareholders and employees exercised the right to buy 657,424,843 ordinary shares (at one-baht par) totaling 1,579.52 million baht, resulting in an increase in paid-up capital of 657.43 million baht. Paid-up capital as of the end of 2003 amounted to 7,107.57 million baht. In 2004, holders of warrants allocated to existing shareholders and employees exercised the right to buy 1,107,570,000 ordinary shares (at one-baht par) totaling 2,354.73 million baht, resulting in an increase in paid-up capital of 1,107.57 million baht. Paid-up capital as of the end of 2004 amounted to 8,155.73 million baht. In 2005, holders of warrants allocated to existing shareholders and employees exercise the right to buy 155,594,000 ordinary shares (at one-baht par) totaling 282.11

million baht, resulting in an increase in paid-up capital of 155.60 million baht. Paid-up capital as of the end of 2003 amounted to 8,311.33 million baht.

As of the end of 2003, the Company's shareholders' equity stood at 22,629.38 million baht, up from 17,995.49 million baht as of the end of 2002. Of the increased amount, 1,579.52 million baht came from the exercise of the warrants (paid-up capital increased by 657.43 million baht and the premium on share capital rose by 922.09 million baht), 6,085.65 million baht from net profit, 132.31 million baht from the capital surplus from the appraisal of associated company Bangkok Chain Hospital Co., Ltd.'s assets and 1,952.48 million baht from the unrealized gains from investments.

As of the end of 2004, the shareholders' equity stood at 22,447.25 million baht, comparable to 22,629.38 million baht in 2003. Paid-up capital increased by 1,048.16 million baht and premium on ordinary shares was up by 1,406.56 million baht after the exercise of warrants. Net profit was 6,087.23 million baht while the shareholders' equity dropped by 4,874.17 million baht as a result of dividend payments during the year.

As of the end of 2005, the shareholders' equity stood at 23,131.89 million baht. Paid-up capital increased by 155.60 million baht and premium on ordinary shares was up by 126.51 million baht after the exercise of warrants. Net profit was 5,180.69 million baht while the shareholders' equity dropped by 4,447.12 million baht as a result of dividend payments during the year.

Liabilities

The Company's total liabilities stood at 8,628.37 million baht as of the end of 2003, 14,353.17 million baht as of the end of 2004 and 15,470.16 million baht as of the end of 2005. Of total liabilities as of the end of 2005, 3,222.24 million baht was long-term loans, 7,000 million baht debentures, 2,769.78 million baht the current portion of the long-term debts, 311.52 million baht bank overdraft and short-term loans from financial institutions, 617.05 million baht trade accounts payable and notes payable, which the Company and its subsidiaries have to date repaid on time.

Liabilities of the Company and its subsidiaries as of December 31, 2005

Company	Type of liabilities	Currency	Amount (million baht)	Interest rate	Collateral	Due date	
LH	Bank overdraft	Baht	10.15	MLR	None	Payable at call	
	Short-term bills of exchange	Baht	300.96	2.65% - 3.90%	None	October 2005-July 2006	
	Long-term bills of exchange	Baht	3,659.64	2.43% - 3.97%	Land	October 2006-September 2007	
	Local debenture issue No. 1/2001	Baht	375.00	Fixed deposit rate + 3.00%	Land and Bangkok and the vicinities	Principal to be paid 16 equal installments every 3 months, starting on March 4, 2003	
LH	Local debenture issue No. 1/2004 Series 1, 2 and 3	Baht	3,000.00 (1,000 million for each series)	Series 1 = 2.80% Series 2 = 3.25% Series 3 = 3.25% - 4.25%	None	Series 1 to be redeemed on March 4, 2006 Series 2 to be redeemed on March 4, 2007 Series 3 to be repaid on March 4, 2008	
	LH	Local debenture issue No. 1/2005 Series 1, 2 and 3	Baht	5,000.00 Series 1 = 1,500 million baht Series 2 = 1,500 million baht Series 3 = 2,000 million baht	Series 1 = 4.25% Series 2 = 4.25% - 5.50% Series 3 = 4.25% - 6.50%	None	Series 1 to be redeemed on April 1, 2008 Series 2 to be redeemed on April 1, 2009 Series 3 to be redeemed on April 1, 2010
		LHM and subsidiaries	Long-term loans	Baht	957.39	MLR -1.5% in the first year	Land with buildings and shares of subsidiaries
MLR -1% in subsequent years							
Total liabilities			13,303.54				

LH = Land & Houses Plc., LHM = LH Muang Mai Co., Ltd.

As of the end of 2005, the Company guaranteed the loans of subsidiary LH Muang Mai Co., Ltd. and its subsidiaries in proportion to its holding totaling 523.33 million baht.

(c) Major factors and influences on future operations or financial position

(1) Future obligations and liabilities

As of December 31, 2005, the Company had a burden in the form of loan guarantees with banks and financial institutions in proportion to its holdings for subsidiary LH Muang Mai and its subsidiaries. It also had obligations and liabilities resulting from requesting banks to issue guarantee letters for its project development and operations totaling 1,472.66 million baht. Nonetheless, the Company constantly develops projects for sale which to date has sold well. Therefore, there are no grounds to believe that such obligations will cause trouble for the Company. Moreover, the Company guaranteed loans for its customers worth 9.03 million baht and thus has the risk from such a guarantee burden. Besides, the Company and its subsidiary had obligations under construction contracts of 1,192.52 million baht.

(2) Since the Company and its subsidiaries operate real estate businesses, their main revenue was from building houses and residences for sale. Their operations are closely related to the economy and the property sector. In the scenario in which the economy and the property sector are improving, spurring demand for housing, their operations and financial positions will benefit from the upward trend. In the event the economy and the property sector are on the downward trend, their operations will be adversely affected. However, the fact that the Company managed to successfully restructure itself during the recent financial crisis and recovered with steadily improving performances and has maintained its leadership in the volatile and highly competitive real estate development industry is the proof of its operating efficiencies. Besides, its corporate strategies in the future will focus on continued research and development, production-cost controls, especially those of pre-built houses, at appropriate levels, effective marketing strategies to reach target customer groups and the strengths of its logo.

(3) Remuneration for auditors

3.1 Audit fees

The Company and its subsidiaries paid audit fees to Office of DIA International Auditing, for which their auditors work. In the 2005, the audit fee stood at 2,441,000 baht.

3.2 Non-audit fees

The Company and its subsidiaries paid compensation for other services, which included special audit on the outstanding payments of the projects under the Company and its subsidiaries as of September 30, 2005, to Office of DIA International Auditing for which their auditors work. In 2005, it paid a total of 47,000 baht in non-audit fees.

Other related information

None.

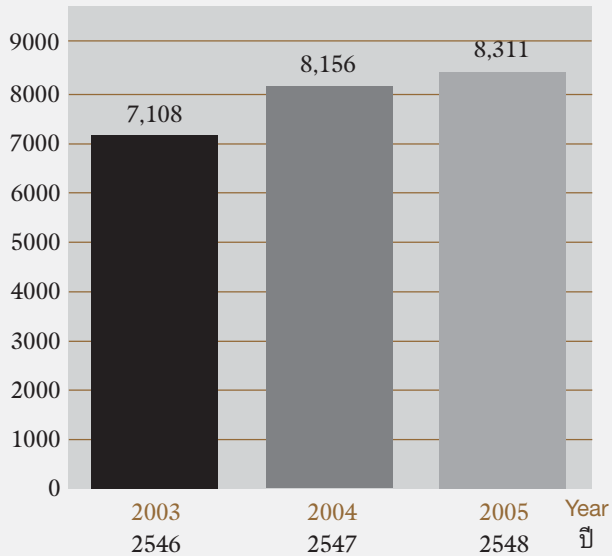
Comparative 3 years Financial Statistics

ข้อมูลสถิติทางการเงินเปรียบเทียบ 3 ปี

Number of Outstanding Shares (Million Shares)

จำนวนหุ้นที่เรียกชำระแล้ว (ล้านหุ้น)

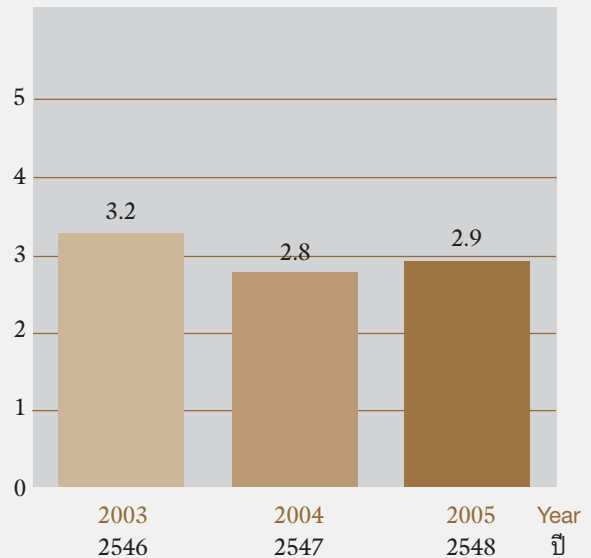
(Million Shares)
ล้านหุ้น



Book Values

มูลค่าตามบัญชี

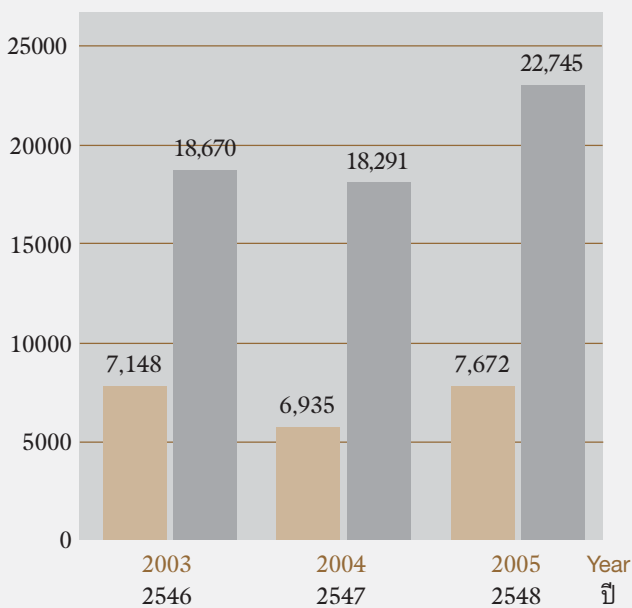
(Baht)
บาท



Result of Operation (Million Baht)

ผลการดำเนินงาน (ล้านบาท)

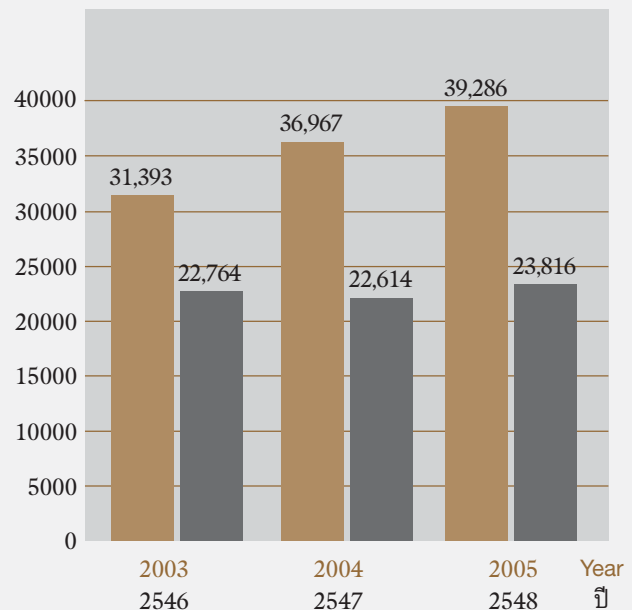
(Million Baht)
ล้านบาท



Total Assets and Shareholders' Equity

สินทรัพย์รวมและส่วนของผู้ถือหุ้น

(Million Baht)
ล้านบาท



■ Gross Profit / กำไรขั้นต้น
■ Sales / รายได้จากการขาย

■ Total Assets / สินทรัพย์รวม
■ Shareholders' Equity / ส่วนของผู้ถือหุ้น



	2005 2548	2004 2547	2003 2545
ASSETS (MILLION BAHT)			
สินทรัพย์ (ล้านบาท)			
TOTAL ASSETS / สินทรัพย์รวม	39,286	36,967	31,393
INVENTORIES / สินค้าคงเหลือ	22,540	22,580	19,847
INVESTMENT / เงินลงทุน	9,094	8,767	7,730
LIABILITIES AND SHAREHOLDERS' EQUITY (MILLION BAHT)			
หนี้สินและส่วนของผู้ถือหุ้น (ล้านบาท)			
SHORT TERM LOAN / เงินกู้ยืมระยะสั้น	3,698	4,152	2,974
LONG TERM LOAN / เงินกู้ยืมระยะยาว	3,222	4,849	3,002
TOTAL LIABILITIES / หนี้สินรวม	15,470	14,353	8,628
PAID UP SHARE CAPITAL / ทุนที่ออกและเรียกชำระแล้ว	8,311	8,156	7,108
SHAREHOLDERS' EQUITY / ส่วนของผู้ถือหุ้น	23,816	22,614	22,764
RESULT OF OPERATION (MILLION BAHT)			
ผลการดำเนินงาน (ล้านบาท)			
SALES / รายได้จากการขาย	22,745	18,291	18,670
TOTAL REVENUES / รายได้รวม	23,924	21,276	20,450
GROSS PROFIT / กำไรขั้นต้น	7,672	6,935	7,148
NET PROFIT / กำไรสุทธิ	5,181	6,087	6,086
PER SHARE FIGURE (BAHT)			
เทียบเป็นอัตราต่อหุ้น (บาท)			
BOOK VALUES / มูลค่าตามบัญชี	2.9	2.8	3.2
EARNING / กำไรสุทธิ	0.6	0.7	0.9
RATIO			
อัตราส่วนทางการเงิน			
CURRENT RATIO / อัตราส่วนสภาพคล่อง	4.91	3.99	4.92
QUICK RATIO / อัตราส่วนสภาพคล่องหมุนเวียนเร็ว	0.50	0.22	0.44
PROFITABILITY RATIO			
อัตราส่วนแสดงความสามารถในการหากำไร			
GROSS PROFIT MARGIN / อัตรากำไรขั้นต้น	33.7%	37.9%	38.3%
OPERATION PROFIT MARGIN / อัตรากำไรจากการดำเนินงาน	24.0%	28.5%	33.5%
NET PROFIT MARGIN / อัตรากำไรสุทธิ	21.7%	28.6%	29.8%
RETURN ON EQUITIES / อัตราผลตอบแทนผู้ถือหุ้น	22.7%	27.0%	30.0%
EFFICIENCY RATIO			
อัตราส่วนประสิทธิภาพในการดำเนินงาน			
RETURN ON ASSETS / อัตราผลตอบแทนจากทรัพย์สิน	13.6%	17.8%	20.8%
FINANCIAL POLICY RATIO			
อัตราส่วนนโยบายทางการเงิน			
DEBT / EQUITIES RATIO / อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น	0.67	0.64	0.38
INTEREST COVERAGE RATIO / อัตราส่วนความสามารถชำระดอกเบี้ย	12.15	0.21	15.24
NUMBER OF OUTSTANDING SHARES (million shares)			
จำนวนหุ้นที่เรียกชำระแล้ว (ล้านหุ้น)			
	8,311	8,156	7,108

The Responsibility for the Financial Reporting of the Board of Directors

รายงานความรับผิดชอบของคณะกรรมการบริษัทต่อรายงานทางการเงิน

The financial statements of Land & Houses Plc. and its subsidiaries have been prepared under the policy of the directors to comply with generally accepted accounting standards. In preparing the financial statements, the Company and its subsidiaries have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed to give a true and fair view of the state of affairs of the Company and its subsidiaries.

The Board of Directors also set up and maintained an effective internal audit system to ensure that the Company and its subsidiaries keep accounting records which disclose with reasonable accuracy, completeness and adequacy the financial positions of the Company and its subsidiaries to safeguard the assets of the Company and its subsidiaries and to prevent and detect fraud and other substantial irregularities.

In so doing, the Board of Directors appointed the Audit Committee, which consists of non-executive directors, to supervise and take responsibility of the quality of the financial statements and the internal audit system. The opinions of the Audit Committee are stated in the report of the Audit Committee in this annual report.

The Board of Directors is of the opinion that the Company's internal audit system is generally satisfactory and should enhance the creditability of the consolidated financial statements of the December 31, 2005.



Anant Asavabhokhin
Chairman and Managing Director



AUDITOR'S REPORT

รายงานของผู้สอบบัญชีรับอนุญาต

To The Shareholders of LAND AND HOUSES PUBLIC COMPANY LIMITED

I have audited the consolidated balance sheets of LAND AND HOUSES PUBLIC COMPANY LIMITED AND SUBSIDIARIES and the balance sheets of LAND AND HOUSES PUBLIC COMPANY LIMITED as at 31st December 2005 and 2004, the related of consolidated statements of income and statements of income, consolidated statements of changes in shareholders' equity and statements of changes in shareholders' equity, and consolidated statements of cash flows and statements of cash flows of LAND AND HOUSES PUBLIC COMPANY LIMITED AND SUBSIDIARIES and of LAND AND HOUSES PUBLIC COMPANY LIMITED for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

Except for the stated in following paragraph, I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

As mentioned in notes to financial statements no 6.2, net profit (loss) for the year ended 31st December 2005 and 2004 of four affiliates which were brought into the computation of investments under the equity method which had profit of Baht 81.51 million and Baht 621.52 million, respectively, were taken from their unaudited financial statements.

In my opinion, except for the effect of the adjustment on the investment and equity from investment in affiliates as if the financial statements of affiliates as described in the third paragraph have been audited by the auditor, the consolidated financial statements and the financial statements referred to above present fairly, in all material respects, the consolidated financial position and the financial position of LAND AND HOUSES PUBLIC COMPANY LIMITED AND SUBSIDIARIES and of LAND AND HOUSES PUBLIC COMPANY LIMITED as at 31st December 2005 and 2004, the results of their operations and its operations and their cash flows and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Office of D I A International Auditing



(Mrs. Suvimol Krittayakiern)
C.P.A. (Thailand)
Registration No. 2982

28th February 2006

BALANCE SHEETS

งบดุล

LAND AND HOUSES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AS AT 31st DECEMBER 2005 AND 2004

(Thousand Baht)

	Note	Consolidated		Parent company	
		2005	2004 (Adjustment)	2005	2004 (Adjustment)
ASSETS					
Current assets					
Cash and cash equivalents		1,132,438	728,805	889,157	419,934
Short-term investments	3	1,442,000	600,000	1,442,000	600,000
Short-term loans to related parties	4	0	0	2,456,000	3,803,245
Inventories 5		22,539,955	22,579,649	16,912,786	16,224,854
Other current assets					
Accrued interest income - net		2,081	0	63,531	76,501
Withholding income tax		78,476	32,961	0	0
Others		272,204	243,632	184,822	130,240
Total current assets		25,467,154	24,185,047	21,948,296	21,254,774
Non-current assets					
Investments in subsidiaries and affiliates 6		8,098,931	7,110,652	11,798,354	8,794,135
Long-term investments 7		995,034	1,656,437	769,293	1,430,652
Land held for development		3,489,869	3,378,697	2,050,379	3,022,235
Land under contracts to buy and to sell 8		226,000	226,000	226,000	226,000
Property, plant and equipment - net 9		369,071	323,756	268,301	244,168
Leasehold 9		596,892	843	0	26
Other non-current assets		43,378	85,458	4,350	7,800
Total non-current assets		13,819,175	12,781,843	15,116,677	13,725,016
Total assets		39,286,329	36,966,890	37,064,973	34,979,790

Notes to financial statements are parts of these financial statements.



Annual Report 2005
Land & Houses Public Company Limited

BALANCE SHEETS (Cont.)

งบดุล (ต่อ)

LAND AND HOUSES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
AS AT 31st DECEMBER 2005 AND 2004

(Thousand Baht)

	Note	Consolidated		Parent company	
		2005	2004 (Adjustment)	2005	2004 (Adjustment)
Liabilities and shareholders' equity					
Current liabilities					
Banks overdraft and short-term loans					
from financial institutions	10	311,516	1,815,267	311,516	1,795,437
Trade accounts and notes payable	617,051	937,141	330,563	550,451	
Current portion of					
long-term debts	12, 13	2,769,779	1,398,082	2,755,559	1,398,082
Short-term loans from related					
parties	11	0	1,025	28,500	285,000
Other current liabilities					
Unearned revenue		294,792	329,731	238,430	238,400
Accrued income tax		414,021	795,211	376,098	710,784
Others		775,705	783,547	613,349	584,703
Total current liabilities		5,182,864	6,060,004	4,654,015	5,562,857
Non-current liabilities					
Long-term loans	12	3,222,237	4,849,229	2,279,068	3,548,303
Domestic debentures	13	7,000,000	3,375,000	7,000,000	3,375,000
Other non-current liabilities					
Excess loss from investments					
in subsidiaries and affiliates	6.1.2	0	0	0	46,388
Others		65,058	68,936	0	0
Total non-current liabilities		10,287,295	8,293,165	9,279,068	6,969,691
Total liabilities		15,470,159	14,353,169	13,933,083	12,532,548

Notes to financial statements are parts of these financial statements.

BALANCE SHEETS (Cont.)

งบดุล (ต่อ)

LAND AND HOUSES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
AS AT 31st DECEMBER 2005 AND 2004

(Thousand Baht)

	Note	Consolidated		Parent company	
		2005	2004 (Adjustment)	2005	2004 (Adjustment)
Liabilities and shareholders' equity (Cont.)					
Shareholders' equity					
Share capital					
Authorized share capital					
10,806,737,200 common shares					
of Baht 1 each					
		10,806,737	10,806,737	10,806,737	10,806,737
Issued and paid-up share capital					
8,311,327,906 common shares					
of Baht 1 each					
		8,311,328		8,311,328	
8,155,734,577 common shares					
of Baht 1 each					
			8,155,734		8,155,734
Paid-in capital					
Premium on share capital					
		8,919,095	8,792,576	8,919,095	8,792,576
Retained earnings					
Appropriated					
Legal reserve					
	16	1,064,620	805,585	1,064,620	805,585
Unappropriated					
		4,045,581	3,592,218	4,045,581	3,592,218
Other paid-in capital					
Revaluation increment in assets					
of affiliates					
	17	116,807	130,717	116,807	130,717
Premium on share capital of affiliates					
	17	300,718	300,718	300,718	300,718
Unrealized gain (loss) of investments					
	18	373,741	669,694	373,741	669,694
Total shareholders' equity		23,131,890	22,447,242	23,131,890	22,447,242
Minority interest		684,280	166,479	0	0
Total shareholders' equity and minority interest		23,816,170	22,613,721	23,131,890	22,447,242
Total liabilities and shareholders' equity		39,286,329	36,966,890	37,064,973	34,979,790

Notes to financial statements are parts of these financial statements.

STATEMENTS OF INCOME

งบกำไรขาดทุน

LAND AND HOUSES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEARS ENDED 31st DECEMBER 2005 AND 2004

(Thousand Baht)

	Note	Consolidated		Parent company	
		2005	2004 (Adjustment)	2005	2004 (Adjustment)
Revenues					
Sales and hire of works		22,744,830	18,290,868	14,873,908	14,768,184
Other income					
Gain from sales of investments		314,877	1,166,565	314,869	1,166,560
Gain on reversal of impairment loss	7	76,277	199,526	76,277	199,526
Dividend income		36,255	197,188	36,217	197,112
Others		230,627	440,990	359,255	545,706
Equity gain from investments in subsidiaries and affiliates		520,778	980,552	2,310,830	1,741,384
Total revenues		23,923,644	21,275,689	17,971,356	18,618,472
Expenses					
Cost of sales and hire of works		15,073,199	11,355,879	9,796,831	9,073,925
Selling and administrative expenses		1,313,270	1,022,934	1,027,677	877,473
Specific business tax and transfer fee		903,499	704,667	592,828	568,667
Equity loss from investments in subsidiaries and affiliates		114,271	798	103,772	89,464
Loss on declining value of inventories	4	13,147	35,235	0	0
Total expenses		17,417,386	13,119,513	11,521,108	10,609,529
Profit before interest expenses and income tax					
		6,506,258	8,156,176	6,450,248	8,008,943
Interest expenses		(210,222)	(121,116)	(262,648)	(154,464)
Income tax		(1,154,038)	(1,938,775)	(1,051,928)	(1,767,257)

Notes to financial statements are parts of these financial statements.

STATEMENTS OF INCOME (Cont.)

งบกำไรขาดทุน (ต่อ)

LAND AND HOUSES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEARS ENDED 31st DECEMBER 2005 AND 2004

(Thousand Baht)

	Note	Consolidated		Parent company	
		2005	2004 (Adjustment)	2005	2004 (Adjustment)
Profit after income tax		5,141,998	6,096,285	5,135,672	6,087,222
Net profit of minority interest		(6,326)	(9,063)	0	0
Net profit from ordinary activities		5,135,672	6,087,222	5,135,672	6,087,222
Gain on debt restructuring (net of minority interest)		45,023	0	45,023	0
Net profit		5,180,695	6,087,222	5,180,695	6,087,222
Basic earnings per share (Baht/share)	23				
Before extraordinary items		0.62	0.78	0.62	0.78
Gain on debt restructuring (net of minority interest)		0.01	0.00	0.01	0.00
Net profit		0.63	0.78	0.63	0.78
Diluted earnings per share (Baht/share)	23				
Before extraordinary items		0.55	0.68	0.55	0.68
Gain on debt restructuring (net of minority interest)		0.00	0.00	0.00	0.00
Net profit		0.55	0.68	0.55	0.68

Notes to financial statements are parts of these financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

LAND AND HOUSES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEARS ENDED 31st DECEMBER 2005 AND 2004

งบแสดงการเปลี่ยนแปลงในส่วนของผู้อถือหุ้น

Note	(Unit : Thousand Baht)							
	Issued and paid-up share capital	Premium on share capital	Legal reserve	Retained earnings (Deficit)	Other paid-in capital	Unrealized gain on non-current marketable securities	Minority interest	Total
Consolidated								
Balance as at 1st January 2004	7,107,566	7,386,019	500,548	5,550,467	132,305	1,952,478	134,916	22,764,299
Cumulative adjustment	0	0	0	0	135,147	0	0	135,147
Balance after adjustment	7,107,566	7,386,019	500,548	5,550,467	267,452	1,952,478	134,916	22,899,446
Revaluation increment in assets	0	0	0	0	(1,588)	0	0	(1,588)
Premium on share capital of affiliates	0	0	0	0	165,571	0	0	165,571
Unrealized gain on securities available for sales	0	0	0	0	0	(1,282,784)	0	(1,282,784)
Dividend paid	0	0	0	(7,692,298)	0	0	0	(7,692,298)
Income tax from unpaid dividend	0	0	0	(48,136)	0	0	0	(48,136)
Net profit	0	0	0	6,087,222	0	0	9,063	6,096,285
Increase ordinary shares - minority interest	0	0	0	0	0	0	22,500	22,500
Warrants - exercised to purchase ordinary shares	1,048,168	1,406,557	0	(305,037)	0	0	0	2,454,725
Legal reserve	0	0	305,037	0	0	0	0	0
Balance as at 31st December 2004	8,155,734	8,792,576	805,585	3,592,218	431,435	669,694	166,479	22,613,721
Balance as at 1st January 2005	8,155,734	8,792,576	805,585	3,605,733	296,288	669,694	166,479	22,492,089
Cumulative adjustment	0	0	0	(13,515)	135,147	0	0	121,632
Balance after adjustment	8,155,734	8,792,576	805,585	3,592,218	431,435	669,694	166,479	22,613,721
Revaluation increment in assets	0	0	0	0	(13,910)	0	0	(13,910)
Unrealized gain on securities available for sales	0	0	0	0	0	(295,953)	0	(295,953)
Dividend paid	0	0	0	(4,447,121)	0	0	0	(4,447,121)
Income tax from unpaid dividend	0	0	0	(21,176)	0	0	0	(21,176)
Net profit	0	0	0	5,180,695	0	0	0	5,223,858
Ordinary shares - minority interest	0	0	0	0	0	0	43,163	43,163
Warrants - exercised to purchase ordinary shares	155,594	126,519	0	0	0	0	474,638	474,638
Legal reserve	0	0	259,035	(259,035)	0	0	0	0
Balance as at 31st December 2005	8,311,328	8,919,095	1,064,620	4,045,581	417,525	373,741	684,280	23,816,170

Notes to financial statements are parts of these financial statements.



STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

LAND AND HOUSES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEARS ENDED 31st DECEMBER 2005 AND 2004

งบแสดงการเปลี่ยนแปลงในส่วนของถือหุ้น

Note	(Unit : Thousand Baht)						
	Issued and paid-up share capital	Premium on share capital	Legal reserver	Retained earnings (Deficit)	Other paid-in capital	Unrealized gain on non-current marketable securities	Total
Parent company							
Balance as at 1st January 2004	7,107,566	7,386,019	500,548	5,550,467	132,305	1,952,478	22,629,383
Cumulative adjustment	0	0	0	0	135,147	0	135,147
Balance after adjustment	7,107,566	7,386,019	500,548	5,550,467	267,452	1,952,478	22,764,530
Revaluation increment in assets	0	0	0	0	(1,588)	0	(1,588)
Premium on share capital of affiliates	0	0	0	0	165,571	0	165,571
Unrealized gain on securities available for sales	0	0	0	0	0	(1,282,784)	(1,282,784)
Dividend paid	0	0	0	(7,692,298)	0	0	(7,692,298)
Income tax from unpaid dividend	0	0	0	(48,136)	0	0	(48,136)
Net profit	0	0	0	6,087,222	0	0	6,087,222
Warrants – exercised to purchase ordinary shares	1,048,168	1,406,557	0	0	0	0	2,454,725
Legal reserve	0	0	305,037	(305,037)	0	0	0
Balance as at 31st December 2004	8,155,734	8,792,576	805,585	3,592,218	431,435	669,694	22,447,242
Balance as at 1st January 2005	8,155,734	8,792,576	805,585	3,605,733	296,288	669,694	22,325,610
Cumulative adjustment	0	0	0	(13,515)	135,147	0	121,632
Balance after adjustment	8,155,734	8,792,576	805,585	3,592,218	431,435	669,694	22,447,242
Revaluation increment in assets	0	0	0	0	(13,910)	0	(13,910)
Unrealized gain on securities available for sales	0	0	0	0	0	(295,953)	(295,953)
Dividend paid	0	0	0	(4,447,121)	0	0	(4,447,121)
Income tax from unpaid dividend	0	0	0	(21,176)	0	0	(21,176)
Net profit	0	0	0	5,180,695	0	0	5,180,695
Warrants – exercised to purchase ordinary shares	155,594	126,519	0	0	0	0	282,113
Legal reserve	0	0	259,035	(259,035)	0	0	0
Balance as at 31st December 2005	8,311,328	8,919,095	1,064,620	4,045,581	417,525	373,741	23,131,890

Notes to financial statements are parts of these financial statements.



STATEMENTS OF CASH FLOWS

งบกระแสเงินสด

LAND AND HOUSES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEARS ENDED 31st DECEMBER 2005 AND 2004

(Thousand Baht)

	Consolidated		Parent company	
	2005	2004 (Adjustment)	2005	2004 (Adjustment)
Cash flows from operating activities				
Net profit (loss)	5,180,695	6,087,222	5,180,695	6,087,222
Minority interest	43,163	9,063	0	0
Adjustments of net profit to cash receipt (disbursement) from operations				
Depreciation	151,642	130,616	106,742	102,796
Amortized leasehold	63	38	26	0
Amortization of withholding income tax	0	31,099	0	31,099
Dividend income	(36,255)	(197,188)	(36,217)	(197,113)
Equity (gain) loss from investments in subsidiaries and affiliates	(406,507)	(979,754)	(2,207,058)	(1,651,920)
Loss from impairment of assets (reverse)	(76,277)	(199,526)	(76,277)	(199,526)
Loss from devaluation of inventories	13,147	35,235	0	0
Gain on debt restructuring	(81,860)	0	(45,023)	0
Doubtful accounts	0	(72,500)	0	(72,500)
(Gain) Loss from sales of investments	(314,877)	(1,166,565)	(314,869)	(1,166,560)
(Gain) Loss from sales of assets	3,066	(1,376)	3,376	(1,702)
Unrealized (gain) from exchange rate	0	(2,324)	0	(2,324)
Decrease (Increase) in inventories	(84,625)	(6,198,986)	283,924	(3,520,659)
Decrease (Increase) in other current assets	76,723	(37,504)	111,280	(11,339)
Decrease (Increase) in other non-current assets	(49,122)	37,741	3,450	14,518
Increase (Decrease) in accounts and notes payables	(320,090)	417,797	(219,888)	163,802
Increase (Decrease) in other current liabilities	(445,147)	140,942	(327,186)	(152,480)
Increase (Decrease) in other non-current liabilities	(36,084)	4,847	0	0

Notes to financial statements are parts of these financial statements.

STATEMENTS OF CASH FLOWS (Cont.)

งบกระแสเงินสด (ต่อ)

LAND AND HOUSES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEARS ENDED 31st DECEMBER 2005 AND 2004

(Thousand Baht)

	Consolidated		Parent company	
	2005	2004 (Adjustment)	2005	2004 (Adjustment)
Net cash provided by (used in)				
operating activities	3,617,655	(1,961,123)	2,462,975	(576,686)
Cash flows from investing activities				
Decrease (Increase) in short-term investments	(842,000)	900,000	(842,000)	900,000
Decrease (Increase) in loans to related parties	0	72,500	1,347,245	(1,407,210)
Sales of investments in subsidiaries and affiliates	15	205,813	15	205,813
Purchase of investments in subsidiaries and affiliates	(941,746)	(305,281)	(1,682,307)	(332,781)
Dividend received from subsidiaries and affiliates	327,565	254,892	819,162	404,891
Dividend received from long-term investments	36,255	197,188	36,217	197,113
Sales of long-term investments	614,511	1,307,669	614,460	1,307,590
Cash received from decrease in share capital of affiliates	248,386	0	248,386	0
Purchase of long-term investments	(55,601)	(358,935)	(55,601)	(358,935)
Sales of building and equipment	742	1,853	41	1,853
Purchase of building and equipment	(200,765)	(219,329)	(134,293)	(157,491)
Leasehold land	(504,912)	0	0	0
Net cash provided by (used in) investing activities	(1,317,550)	2,056,370	351,325	760,843

Notes to financial statements are parts of these financial statements.

STATEMENTS OF CASH FLOWS (Cont.)

งบกระแสเงินสด (ต่อ)

LAND AND HOUSES PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEARS ENDED 31st DECEMBER 2005 AND 2004

(Thousand Baht)

	Consolidated		Parent company	
	2005	2004 (Adjustment)	2005	2004 (Adjustment)
Cash flows from financing activities				
Increase (Decrease) in banks overdraft and loans from financial institutions	(1,522,560)	364,465	(1,502,730)	350,447
Increase in loans from related parties	(1,025)	0	(256,500)	285,000
Cash received from debentures issuance	5,000,000	3,000,000	5,000,000	3,000,000
Cash paid for debentures	(495,000)	(615,000)	(495,000)	(615,000)
Cash received from long-term loans	1,085,700	2,538,659	0	2,085,358
Paid for long-term loans	(2,273,217)	0	(925,839)	0
Warrants - exercised to purchase ordinary shares	282,113	2,454,725	282,113	2,454,725
Dividend paid	(4,447,121)	(7,692,298)	(4,447,121)	(7,692,298)
Increase share capital of minority interest	474,640	22,500	0	0
Subsidiaries paid dividend to minority interest	(2)	0	0	0
Net cash provided by (used in) financing activities	(1,896,472)	73,051	(2,345,077)	(131,768)
Net increase in cash and cash equivalents	403,633	168,298	469,223	52,389
Cash and cash equivalents, beginning of the period	728,805	560,507	419,934	367,545
Cash and cash equivalents, end of the period	1,132,438	728,805	889,157	419,934
Additional disclosure of cash flows information				
Cash paid during the period Interest expenses	409,993	473,418	337,790	417,704
Corporate income tax	1,609,148	1,805,595	1,407,791	1,698,331

Notes to financial statements are parts of these financial statements.

NOTES TO FINANCIAL STATEMENTS

หมายเหตุประกอบงบการเงิน

LAND AND HOUSES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AS AT 31st DECEMBER 2005 AND 2004

FINANCIAL STATEMENTS PREPARATION BASIS

These financial statements have been prepared in conformity with the generally accepted accounting standards in Thailand and presented under the Department of Commercial Registration Notification dated 14th September 2001 regarding "The abbreviate items must be shown in the financial statements" and prepared in conformity with the generally accepted accounting principles as prescribed by the Accounting Act B.E. 2543. The financial statements have been prepared under the historical cost convention, except as transaction disclosed in related accounting policy.

The accounting policies are applied in accordance with the Accounting Standards issued by the Institute of Certified Accountants and Auditors of Thailand (currently named the Federation of Accounting Professions) of which promulgated by the Board of Supervision of Auditing Practices.

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 6.
- 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 Building and equipment, and depreciation

Building and equipment are recorded at cost less accumulated 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.

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. The Company will recognize such different in statements of income when investments were disposed.

2.5.4 Long-term investments in non-marketable equity securities represents as other investments are stated at cost less provision for impairment of investment (if any).

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 Intangible assets

2.7.1 Deferred goodwill was incurred from the excess of investments in subsidiaries and affiliates over than fair value of net assets value of subsidiaries and affiliates at the investment date are presented as goodwill and amortized on a straight-line method within 3 – 10 years.

2.7.2 Leasehold are stated at cost less accumulated amortization and provision for impairment of leasehold. Cost is consist of the payment including interest on borrowing for leasehold acquisition.

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 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 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles required the management to make several estimation and assumption. The Company estimated liabilities in the balance sheets whenever the valuation could be estimated to be trustful. Such estimates, affected the amounts of revenues, expenses, assets and liabilities, the disclosure of assets and contingent liabilities. Consequent actual results may differ from these estimates.

2.12 Impairment of assets

The Company has considered the impairment of investment, property, plant, equipment and intangible assets 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".

2.13 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.

3. SHORT-TERM INVESTMENTS

Short-term investments are in form of

(Thousand Baht)

	Consolidated/Parent company	
	2005	2004
Treasury bill	442,000	600,000
Bill of exchange - commercial bank	300,000	0
Debentures - commercial bank	700,000	0
Total	1,442,000	600,000

4. SHORT-TERM LOANS TO RELATED PARTIES

	2004		2005		Rate of interest %
	Amount of (Thousand Baht)	Increase	Decrease	Amount of (Thousand Baht)	
Loans to subsidiaries :-					
Pacific Real Estate Co., Ltd.	724,000	1,147,000	742,000	1,129,000	4
Land and Houses Northeast Co., Ltd.	464,000	58,000	522,000	0	4
L H Muangmai Co., Ltd.	171,745	10,400	182,145	0	4
Atlantic Real Estate Co., Ltd.	96,000	0	3,000	93,000	4
L H Real Estate Co., Ltd.	1,900,000	996,000	2,516,000	380,000	4
L H Assets Co., Ltd.	447,500	653,000	246,500	854,000	4
Total	3,803,245	2,864,400	4,211,645	2,456,000	

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

5. INVENTORIES

(Thousand Baht)

	Consolidated		Parent company	
	2005	2004 (Adjustment)	2005	2004 (Adjustment)
Land	11,000,341	11,397,149	9,003,729	8,649,193
Land improvements	1,251,788	1,254,047	952,715	897,909
Construction in progress	6,589,726	6,720,268	4,247,013	4,480,764
Deferred interest	2,261,249	2,096,816	1,873,649	1,680,916
Central utilities	1,934,999	1,627,569	1,381,595	1,063,815
Preparation cost	14,233	32,091	3,964	7,683
Houses for sales	53,968	37,321	0	0
Total	23,106,304	23,165,261	17,462,665	16,780,280
Less Allowance for declining value of inventories	(566,349)	(585,612)	(549,879)	(555,426)
Balance	22,539,955	22,579,649	16,912,786	16,224,854

Some of land are mortgaged as guarantee for loans as mentioned in note 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.

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		
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	
Investments in subsidiaries :-											
- Atlantic Real Estate Co., Ltd.	15.00	15.00	99.99	99.99	14,998	14,998	17,909	29,319	0	0	
- Pacific Real Estate Co., Ltd.	371.62	371.62	99.99	99.99	371,614	371,614	379,567	0	0	0	
- Land and Houses North Co., Ltd.	13.50	13.50	99.99	99.99	13,500	13,500	18,998	45,404	29,999	24,999	
- Land and Houses Northeast Co., Ltd.	570.00	570.00	99.99	99.99	569,999	569,999	588,947	610,368	148,200	0	
- Siamtanee Property Co., Ltd. and subsidiaries	100.00	100.00	99.99	99.99	64,859	64,859	235,597	522,422	313,398	124,999	
- L H Real Estate Co., Ltd.	116.00	116.00	99.99	99.99	50,000	50,000	1,307,418	237,365	0	0	
- L H Asset Co., Ltd.	100.00	100.00	99.99	99.99	52,734	52,734	160,116	35,216	0	0	
- L H Muangmai Co., Ltd. and subsidiaries	900.00	360.80	55.00	55.00	495,000	198,440	557,170	203,389	0	0	
- Royal Excellency Co., Ltd. and subsidiaries	580.00	0.00	60.00	0.00	444,000	0	433,701	0	0	0	
Total investments in subsidiaries											
		2,076,704		1,336,144		3,699,423		1,683,483		491,597	149,998
Investments in affiliates :-											
- Land and Houses Retail bank Plc.	1,100.00	0.00	43.00	0.00	661,690	0	580,457	0	0	0	
- Bangkok Chain Hospital Co., Ltd.	950.00	950.00	25.79	25.68	520,479	517,839	592,787	553,462	24,400	0	
- Quality Construction Products Plc.	400.00	400.00	31.41	31.41	265,981	265,981	462,661	482,999	31,406	25,125	
- Home Products Center Plc.											
- Trading of construction materials	947.31	756.09	26.62	29.87	410,795	264,360	714,088	459,748	42,473	27,097	
- Cameron Global Limited	0.00	0.04	0.00	40.00	0	15	0	74	0	0	
- Asia Assets Advisory Co., Ltd.	5.00	12.50	39.99	39.99	1,999	4,999	14,021	11,331	0	4,953	
- Land and Houses Property Fund I	639.94	639.94	49.94	49.94	328,452	328,452	473,551	451,275	23,331	20,143	
- Land and Houses Property Fund II	3,215.57	3,613.00	49.99	49.99	1,609,896	1,808,872	1,938,621	2,163,928	104,483	177,575	
- Quality Houses Plc.	6,270.73	6,113.24	24.02	21.84	2,208,445	1,983,854	2,359,424	2,120,986	101,472	0	
- Polar Property Holdings Corporation	4,892.41	2,810.17	25.00	29.48	866,849	866,849	963,321	866,849	0	0	
Total investments in affiliates											
		6,874,586		6,041,221		8,098,931		7,110,652		327,565	254,893
Total investments in subsidiaries and affiliates											
		8,951,290		7,377,365		11,798,354		8,794,135		819,162	404,891

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 the year ended 31st December 2005 and 2004 were brought into the computation of investments under the equity method, were taken from their respective audited financial statements.

6.1.2 Pacific Real Estate Co., Ltd.

The financial statements for the year ended 31st December 2005 of Pacific Real Estate Co., Ltd. which was brought into the computation of investments under equity method, had operating gain of Baht 425.96 million,

In the balance sheets as at 31st December 2004, such subsidiary has negative capital, the Company, therefore, presented the excess loss over investments in subsidiaries of Baht 46.38 million as other liabilities in "excess loss from investments in subsidiaries. In the financial statements as at 31st December 2005, there are no excess loss from investments in subsidiaries.

6.1.3 L H Muangmai Co., Ltd.

On 1st February 2005, L H Muangmai Co., Ltd. passed the resolution to call for payment of increase share capital from Baht 9.02 per share to Baht 10 per share by calling for payment amounting to Baht 21.56 million. According to minutes the shareholders' extraordinary meeting in March 2005 of L H Muangmai Co., Ltd., passed the resolution to increase its share capital from Baht 400 million to Baht 900 million. Some increase share capital was taken to make repayment for debt restructuring. Therefore, L H Muangmai Co., Ltd. has gain on debt restructuring of Baht 81.86 million and the Company has shown such gain net of minority interest of Baht 45.02 million as extraordinary items in statements of income.

On 15th August 2005, the Board of directors of L H Muangmai Co., Ltd., passed the resolution to purchase 2,099,994 common shares at Baht 100 each equal to 99.99% of Phuket Future Plan Co., Ltd. in the amount of Baht 210 million and purchase 1,899,994 common shares of Baht 100 each equal to 99.99% of Double Three Co., Ltd. in the amount of Baht 190 million from Tantipiriyakit group, a major shareholder of L H Muangmai Co., Ltd.

Details of investment are as follows :

Company's name	Paid-up share capital	Percentage of investment	(Baht : Million)	
			Cost	Equity
Phuket Future Plan Co., Ltd.	210	99.99	210	204.30
Double Three Co., Ltd.	190	99.99	190	185.71
			400	390.01

The financial statements of two subsidiaries and net profit of subsidiaries in 2005 which were taken into the computation of investments were consolidated from their audited financial statements.

- 6.1.4 Siamtanee Property Co., Ltd., a subsidiary has investment in Siam Tanee Real Estate Co., Ltd. which operated in real estate business, by holding 99.99% both in 2005 and 2004.

The financial statements of the aforementioned subsidiaries which were brought into the preparation for consolidated financial statements and net profit of the subsidiaries in 2005 and 2004 were brought into the computation of investments under the equity method, were taken from their respective audited financial statements.

- 6.1.5 Royal Excellency Co., Ltd.

In June 2005, the Company has purchased 2,399,994 shares of Royal Excellency Co., Ltd. at par value of Baht 100.00, paid-up of Baht 25.00 each in the amount of Baht 156 million, Baht 65.00 per share or equal to 60% of paid-up share capital which was paid for the remaining of Baht 180 million, of Baht 75 per share total Baht 336 million of the purchasing date. Such company has investment in leasehold land amount of Baht 306.98 million which belong to the Company amount of Baht 183.95 million or 60% and minority interest of Baht 122.63 million or 40%. In the consolidated financial statements, the Company recorded the exceeding cost of such investment over net book value of such company in the amount of Baht 96 million as leasehold land. As at 31st December 2005, the Company has recorded leasehold land of Baht 398.18 million.

On 1st and 16th July 2005, the shareholders' extraordinary meeting of Royal Excellency Co., Ltd., passed the resolution to increase additional its share capital for the amount of Baht 600 million by issuing 6 million common shares of Baht 100.00 each. The Board of directors shall be authorized to determine the issuance of common shares at intervals. In the first, the Board of directors passed the resolution to increase 150 million common shares. The Company held the increase share capital in the existing proportion of Baht 90 million.

On 28th July 2005, Royal Excellency Co., Ltd. has purchased 679,994 common shares of Baht 100.00 each of L & H Sathorn Co., Ltd. (formerly named Siam Sindhorn City Co., Ltd.) at Baht 20.59 per share, amounting to Baht 14 million equal to 99.99% of paid-up share capital. Royal Excellency Co., Ltd. recorded the exceeding cost of such investment over net book value in the amount of Baht 13.99 million as leasehold land of which estimated the provision for impairment in whole amount and also has resolution to increase share capital from Baht 68 million to Baht 268 million and offering to Royal Excellency Co., Ltd. in total amount. The amounts of increase share capital was taken to pay for accrued leasehold. As at 31st December 2005, L&H Sathorn Co., Ltd. has leasehold of Baht 197.93 million.

6.2 Investments in affiliates

6.2.1 Net profit (loss) of affiliates for the year ended 31st December 2005 and 2004 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)	
	2005	2004
Land and Houses Retail Bank Plc.	(82,026)	-
Bangkok Chain Hospital Co., Ltd.	-	136,368
Land and Houses Property Fund I	36,140	30,279
Land and Houses Property Fund II	109,822	454,917
Cameron Global Limited	-	(41)
Polar Property Holdings Corporation	17,576	-
Total equity gain of affiliates under equity method	81,512	621,523

6.2.2 Bangkok Chain Hospital Plc.

In 2004, Bangkok Chain Hospital Plc. passed the special resolution to change to public company and increase its share capital for the amount of Baht 610 million and Baht 100.00 million by issuing new 100 ordinary shares of Baht 1.00 each and offering to the existing shareholders at Baht 3.70 per share. The Company exercised right to subscribe such increasing shares in total in the amount of Baht 148 million and the shareholders' extraordinary meeting of Bangkok Chain Hospital Plc. no. 2/2004 held on 9th April 2004, passed the resolution to increase its share capital of Baht 240 million by issuing common shares for 240 million shares of Baht 1.00 each and offer to the public, directors, administrator and the employees at Baht 3.80 each, total authorized share capital of Baht 950 million. This offering

common shares of Bangkok Chain Hospital Plc., the Company also offer common share which the Company held for 40 million shares to the public at Baht 3.80 each, resulted the percentage of investment of the Company reduced from 36.07% to 25.68%. From this increase share capital, Bangkok Chain Hospital Plc. has premium on common shares of Baht 644.64 million. The Company recognized the percentage of investment of Baht 165.57 million which presented as premium on share capital of affiliated in shareholders' equity.

6.2.3 Home Products Center Public Company Limited

In the first quarter of 2004, the Company has sold investment in Home Products Center Public Company Limited, an affiliate for 5.54 million shares and during the year, the warrant holders exercised right to purchase common shares resulting to increase in common shares by 3.09 million shares, therefore, the percentage of investments was decreased from 30.72% to 29.87%.

In 2005, the Company has converted 22,050,000 units of warrants of Home Products Center Public Company Limited, an affiliate into 22,385,380 common shares and purchased the increase 4,007,200 common shares, the Company's investment under cost method was increased amount to Baht 146.43 million. From exercise of warrants and purchase of common shares, the percentage of investments in Home Products Center Public Company Limited as at 31st December 2005 equal to 26.62%.

6.2.4 Land & Houses Retail Bank Public Company Limited

In June 2005, the Company has purchased the increase 4,724,000 shares in Land & Houses Retail Bank Public Company Limited (formerly named Land & Houses Credit Foncier Public Company Limited) (par value of Baht 100.00 each) in the amount of Baht 140.00 each, total amount of Baht 661.36 million. As a result, the percentage of Company's shareholding in LHRB will increase from 0.60% to 43%. The Company has changed the accounting record from long-term investments to investment in affiliates.

6.2.5 On 3rd August 2005, the Company has entered into contract to sell common shares of Cameron Global Limited for 400 shares at the cost of Baht 36,523.14 at US\$ 1 each, amounting to US\$ 400 in worth Baht 16,400.00, resulted in loss from sales of investment of Baht 21,242.14 for the purpose to reduce the immaterial investment of the Company. On 11th August 2005, the Company has fully received the payment for such shares.

6.2.6 Asia Asset Advisory Co., Ltd.

In May 2005, Asia Asset Advisory Co., Ltd. has decreased share capital for the amount of Baht 7.50 million by reducing share capital in the proportion of shareholding. The Company recovered the money for the amount of Baht 3 million.

6.2.7 Land and Houses Property Fund II

On 28th June 2005, Land and Houses Property Fund II has decreased investment unit for 39,743,000 units of Baht 397.43 million by reducing the proportion of investment of unitholder. The Company recovered the money in the proportion of 49.99% for the amount of Baht 245.39 million.

6.2.8 Quality Houses Public Company Limited

In the second and third quarter of 2004, the Company has additionally purchased share capital of Quality Houses Public Company Limited, thus, the percentage of shareholding of the Company increased from 31st March 2004 at 18.65% to 21.87%. The Company, therefore, changed the presentation of investments in Quality Houses Public Company Limited from "investment in other companies" to "investments in affiliates" and recognized gain under equity method in 2004.

6.2.9 Polar Property Holdings Corporation

The Company has entered into contract in November 2004 to buy share capital of Polar Property Holdings Corporation, a listed company in Philippines for 1,223,102,790 shares at par value of Peso 1, totalling Peso 1,223.10 million. At present, such company has applied to be list in the Stock Exchange of Philippines but it is under the comply with the certain conditions to be trade in the Stock Exchange.

6.2.10 Some affiliates are listed in the Stock Exchange of Thailand had the total market value as follows :

Company's name	(Million Baht)	
	2005	2004
Bangkok Chain Hospital Plc.	657	698
Quality Construction Products Plc.	344	1,407
Home Products Center Plc.	2,030	1,007
Quality Houses Plc.	1,747	1,562

7. LONG-TERM INVESTMENTS

As at 31st December 2005

	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 – Indonesia	0	1,963,199	1,963,199	0	1,963,199	1,963,199
– Domestic	118,801	140,643	259,444	118,801	64,902	183,703
Add Unrealized gain of investment	2,499	0	2,499	2,499	0	2,499
Less Provision for impairment of assets investment – Indonesia	0	(1,340,957)	(1,340,957)	0	(1,340,957)	(1,340,957)
– Domestic	0	(39,151)	(39,151)	0	(39,151)	(39,151)
Total	121,300	873,734	995,034	121,300	647,993	769,293

As at 31st December 2004

	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 – Indonesia	0	1,963,199	1,963,199	0	1,963,199	1,963,199
– Domestic	456,051	141,287	597,338	456,051	65,502	521,553
Add Unrealized gain of investment	402,285	0	402,285	402,285	0	402,285
Less Provision for impairment of assets investment – Indonesia	0	(1,340,957)	(1,340,957)	0	(1,340,957)	(1,340,957)
– Domestic	(76,277)	(39,151)	(115,428)	(76,277)	(39,151)	(115,428)
Total	782,059	874,378	1,656,437	782,059	648,593	1,430,652

In 2005, the Company has sold investments in securities available for sales and reversed the provided impairment from investment of Baht 76.28 million to be gain in statements of income.

8. 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. The Company determined the provision for impairment of that agreement of Baht 56.45 million.

9. PROPERTY, PLANT AND EQUIPMENT – NET

(Baht : Thousand)

Consolidated	31st December 2004	Increase	Decrease	31st December 2005
Cost :				
Leased office building improvement	55,838	4,266	6,039	54,065
Office equipment	87,158	15,032	27	102,163
Office and club furnitures	101,470	14,366	4,787	111,049
Machinery and equipment	1,273	5	0	1,278
Vehicles	39,527	8,445	1,169	46,803
Kindergarten	931	0	0	931
Nursery garden	96	0	0	96
Club houses, swimming pool and tennis court	906,120	119,731	203,545	822,306
Other assets	30,023	7,747	489	37,281
Assets in progress	14,641	43,202	12,029	45,814
Total	1,237,077	212,794	228,085	1,221,786
Accumulated depreciation :				
Leased office building improvement	28,592	1,939	2,634	27,897
Office equipment	54,244	17,635	14	71,865
Office and club furnitures	57,392	15,032	4,787	67,637
Machinery and equipment	1,122	31	0	1,153
Vehicles	12,553	8,315	779	20,089
Kindergarten	514	46	0	560
Nursery garden	78	4	0	82
Club houses, swimming pool and tennis court	729,508	104,674	203,545	630,637
Other assets	21,151	3,966	489	24,628
Total	905,154	151,642	212,248	844,548

Provision for impairment of assets :

(Baht : Thousand)

Consolidated	31st December 2004	Increase	Decrease	31st December 2005
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	323,756			369,071

(Baht : Thousand)

Parent's financial statements	31st December 2004	Increase	Decrease	31st December 2005
Cost :				
Leased office building improvement	37,587	4,266	6,039	35,814
Office equipment	79,132	13,454	27	92,559
Office and club furnitures	81,170	7,399	2,831	85,738
Vehicles	33,449	5,111	34	38,526
Kindergarten	931	0	0	931
Nursery garden	59	0	0	59
Club houses, swimming pool and tennis court	719,444	86,794	203,545	602,693
Other assets	22,636	4,338	489	26,485
Assets in progress	7,604	19,660	6,729	20,535
Total	982,012	141,022	219,694	903,340
Accumulated depreciation :				
Leased office building improvement	11,944	1,787	2,634	11,097
Office equipment	47,704	17,022	14	64,712
Office and club furnitures	39,867	13,587	2,831	50,623
Vehicles	10,203	6,823	34	16,992

(Baht : Thousand)

Parent's financial statements	31st December 2004	Increase	Decrease	31st December 2005
Kindergarten	514	46	0	560
Nursery garden	59	0	0	59
Club houses, swimming pool and tennis court	612,970	64,189	203,545	473,614
Other assets	14,583	3,288	489	17,382
Total	737,844	106,742	209,547	635,039
Net book value	244,168			268,301

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

As at 31st December 2005 and 31st December 2004, plant and equipment before accumulated depreciation which were fully depreciated amounting to Baht 83.38 million and Baht 57.63 million, respectively are still being operated.

Leasehold

(Thousand Baht)

	Consolidated		Parent company	
	2005	2004	2005	2004
Land and Houses Plc.	0	1,576	0	1,576
Land and Houses Northeast Co., Ltd.	1,123	1,123	0	0
Royal Excellency Co., Ltd. and subsidiaries	596,112	0	0	0
Total	597,235	2,699	0	1,576
Amortized leasehold	(343)	(1,856)	0	(1,550)
Net asset value	596,892	843	0	26

10. BANKS OVERDRAFT AND LOANS FROM FINANCIAL INSTITUTIONS

(Thousand Baht)

	Consolidated		Parent company	
	2005	2004	2005	2004
Banks overdraft	10,554	23,115	10,554	3,285
Bill of exchange	304,463	1,814,463	304,463	1,814,463
Less Prepaid interest	(3,501)	(22,311)	(3,501)	(22,311)
Net	311,516	1,815,267	311,516	1,795,437

In 2005 and 2004, the Company has banks overdraft lines of Baht 61 million and Baht 81 million, respectively and the subsidiaries' credit lines of Baht 60 million and Baht 88 million, respectively. Loans from banks in the form of bill of exchange have the period from 3 months to 1 year.

Banks overdraft and loans from banks are guaranteed by land with construction (inventory).

11. SHORT-TERM LOANS FROM SUBSIDIARIES

As at 31st December 2005 and 2004, the Company have loans from subsidiaries – promissory notes of Baht 28.5 million and Baht 285 million, respectively by issuing promissory notes due at call at the interest rate of 4% per annum without collaterals.

12. LONG-TERM LOANS

(Thousand Baht)

	Consolidated		Parent company	
	2005	2004	2005	2004
Long-term loans	4,773,965	6,043,342	3,816,576	4,742,416
Less Current portion due within 1 year	(1,427,734)	(903,082)	(1,413,514)	(903,082)
Prepaid interest	(123,994)	(291,031)	(123,994)	(291,031)
Total	3,222,237	4,849,229	2,279,068	3,548,303

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	2005		2004		Repayment conditions	Guarantee by
	Credit amount	Interest %	Credit amount	Interest %		
One bank	2,301.72	3.00-3.90	2,375.11	3	Repayment from October 2005 to November 2007	-
Domestic finance companies	1,514.86	2.75-3.97	2,367.31	2.43-3.97	Repayment from April 2004 to June 2007	-
Total	3,816.58		4,742.42			

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

(Million Baht)

	Balance		Interest rate %	Repayment conditions	Guarantee by
	2005	2004			
1. L H Muangmai Co., Ltd. and subsidiaries	957.39	0.00	MLR-1.5 in 1st year MLR-1 thereafter	Repay under the period and land selling	Mortgage land and construction of each project and share capital of subsidiaries
	-	408.05	MLR	Repayment in total in 2005	
2. Pacific Real Estate Estate Co., Ltd.	-	397.00	3.75-5.75	Due repayment in 2008	Mortgage land and construction of each project
3. L H Real Estate Co., Ltd.	-	495.87	Fix+2.75	Due repayment in 2008	Mortgage land and construction of each project
Total	957.39	1,300.92			
Total long-term loans of the Company and subsidiaries	4,773.97	6,043.34			

In 2005, L H Muangmai Co., Ltd. has fully repaid principal to the bank creditor according to the debt restructuring agreement (note 6.1.3).

13. DEBENTURES – DOMESTIC

(Thousand Baht)

	Interest rate (percentage/year)	Age (Year)	Principal repay- ment	Maturity	Number of shares (share)		Amount	
					2005	2004	2005	2004
Non-secured debentures								
- No. 1/2000	8.5% for 1st and 2nd year MLR of 3 banks - 0.25 for 3rd - 5th year	5	Every 6 months	30th Jun. 05	0	800,000	0	120,000
- No. 1/2004								
- Set 1	Fixed rate 2.8%	2	At maturity	4th Mar. 06	1,000,000	1,000,000	1,000,000	1,000,000
- Set 2	Fixed rate 3.25%	3	At maturity	4th Mar. 07	1,000,000	1,000,000	1,000,000	1,000,000
- Set 3	Fixed rate 3.25% for 1st - 3rd year and fixed rate 4.5% for 4th year	4	At maturity	4th Mar. 08	1,000,000	1,000,000	1,000,000	1,000,000
- No. 1/2005								
- Set 1	Fixed rate 4.25%	3	At maturity	1st Apr. 08	1,500,000	0	1,500,000	0
- Set 2	Fixed rate 4.25% for 1st - 3rd year and fixed rate 5.5% for 4th year	4	At maturity	1st Apr. 09	1,500,000	0	1,500,000	0
- Set 3	Fixed rate 4.25% for 1st - 3rd year, fixed rate 5.5% for 4th year and fixed rate 6.5% for 5th year	5	At maturity	1st Apr. 10	2,000,000	0	2,000,000	0
Secured debentures								
- No. 1/2001	Maximum rate of 3 months fixed deposit of BBL + 3%	5	Every 3 months	4th Dec. 06	1,500,000	1,500,000	375,000	750,000
Balance					9,500,000	5,300,000	8,375,000	3,870,000
Less Current portion of liabilities							(1,375,000)	(495,000)
Balance							7,000,000	3,375,000

14. WARRANTS

14.1 Warrants issuance to the existing shareholders

On 10th March 2004, the Company changed the exercise price to be 1 unit of warrant has a right to purchase 1.04725 ordinary shares, price from Baht 2.560 each to Baht 2.483 each. The Company has also issued 5,994,350 units of warrants to the employees.

As the Company's declaration to pay dividend in note 23, 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 1.13390 ordinary shares at Baht 2.293 per share since 30th September 2004 onwards.

On 8th April 2005, the Company changed the exercise price to be 1 unit of warrant has a right to purchase 1.14120 ordinary shares from Baht 2.293 each to Baht 2.278 each. The Company has also issued 5,964,350 units of warrants to the employees.

As the Company's declaration to pay dividend in note 23, 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 1.19460 ordinary shares at Baht 2.177 per share since 25th August 2005 onwards.

As at 31st December 2005, the remaining warrants are as follows :

Number of total warrants	3,076,568,550	units
The number of exercised warrants up to 31st December 2005	<u>1,746,847,007</u>	units
Balance number of warrants	<u>1,329,721,543</u>	units

14.2 Warrants to the employees (including directors who are employees)

On 3rd March 2004, the Company issued 6,022,500 units of warrants (the third) 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 5,994,350 units of warrants have been allocated.

As the Company's declaration to pay dividend in note 23, resulted to the new exercise ratio to be 1 unit of warrant has a right to purchase 10.75912 ordinary shares at Baht 1.00 per share since 30th September 2004 onwards.

On 27th January 2005, the Company issued 6,028,150 units of warrants to the directors who are employees of the Company and subsidiaries (if any) according to the resolution of the shareholders' extraordinary meeting no. 1/2005. 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 5,964,350 units of warrants have been allocated.

As at 31st December 2005, the remaining warrants for the employees (including the directors who is are employees) are as follows :

Number of total warrants	11,958,700	units
The number of exercised warrants up to 31st December 2005	<u>11,135,650</u>	units
Balance number of warrants	<u>823,050</u>	units

15. SHARE CAPITAL

As at 31st December 2005, the Company's paid-up share capital was changed from 8,155.73 million shares to 8,311.33 million shares or increasing 155.60 million shares arose from conversion of warrants issued to the existing shareholders and also issued to the employees.

16. 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.

17. OTHER PAID-IN CAPITAL

(Thousand Baht)

	Consolidated/Parent Company	
	2005	2004
Paid-in capital from asset revaluation		
– Bangkok Chain Hospital Plc.	116,807	130,717
Premium on share capital of affiliates		
– Bangkok Chain Hospital Plc.	165,571	165,571
– Quality Construction Products Plc.	135,147	135,147
Total	300,718	300,718

18. UNREALIZED GAIN (LOSS) OF INVESTMENTS

(Thousand Baht)

	Consolidated		Parent company	
	2005	2004	2005	2004
Different between book value and fair value of investment available for sales				
– Affiliates' investment	371,242	267,409	371,242	267,409
– Company's investment	2,499	402,285	2,499	402,285
Total	373,741	669,694	373,741	669,694

19. PRIOR YEAR ADJUSTMENT ERRORS CORRECTION

In 2003, Quality Construction Products Public Company Limited, an affiliate has increased and offered its share capital at the over than book value. But the Company did not purchase such share, resulted changing in percentage of shareholding and "unrealized gain on changing in percentage of investment". The Company has recorded such gain as negative goodwill and gradually recognized as income on a straight-line basis. Therefore, in 2005, the Company has adjusted the prior errors by adjusting beginning retained earnings of year 2005 and made retroactive adjustment the 2004 financial statements. From the adjustment to the financial statements as follows :

(Baht : Thousand)

Transaction in financial statements	31st December 2005	31st December 2004
Decrease in beginning retained earnings	13,515	0
Decrease in negative goodwill	108,118	121,633
Increase in premium on share capital from affiliate	135,147	135,147
Decrease in revenues under equity	13,515	13,514

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 year ended 31st December 2005 and 2004 is Baht 4.08 million and Baht 3.60 million, respectively.

21. LOSS FROM IMPAIRMENT

For the year ended 31st December 2005 and 2004, loss on declining value of inventories with servitude and houses for sell of 2 subsidiaries.

22. EARNINGS PER SHARE

Consolidated and parent's financial statements

For the year ended 31st December 2005

	Profit (Thousand Baht)	Number of share weighted average	Baht/share
<u>Basic earnings per share of common shareholders</u>			
Net profit before extraordinary items	5,135,672	8,224,382,980	0.62
Gain on debt restructuring (net of minority interest)	45,023		0.01
Net profit	5,180,695		0.63
Effects of diluted potential common share			
- Exercise rights		1,181,582,548	
Profit of common shareholders assumed as conversion to common share			
Profit before extraordinary items	5,135,672	9,405,965,528	0.55
Gain on debt restructuring (net of minority interest)	45,023		0.00
Net profit	5,180,695		0.55

For the year ended 31st December 2005

	Profit (Thousand Baht)	Number of share weighted aver- age	Baht/share
Consolidated and parent's financial statements			
Diluted earnings per shares			
<u>Basic earnings per share</u>			
Net profit of common share (adjustment)	6,087,222	7,760,533,583	0.78
Effects of diluted potential common share			
- Exercise rights		1,243,299,572	-
<u>Diluted earnings per share</u>			
Profit of common shareholders assumed as			
conversion to common share	6,087,222	9,003,833,155	0.68

23. APPROPRIATION OF RETAINED EARNINGS AND DIVIDENDS

- 23.1 According to the minutes of Board of directors no. 4/2005 held on 15th August 2005, the Company passed the resolution to pay interim dividend for the results of operation for the first six months of 2005 at Baht 0.25 per share, amounting to Baht 2,061.86 million. The payment of dividend is made on 13th September 2005 for the amount of Baht 2,029.79 million, the remaining of Baht 32.07 million belonging to the shareholders whose have not a right to receive dividend.
- 23.2 According to the minutes of shareholders' ordinary meeting no. 1/2005 held on 19th April 2005, the Company passed the resolution to appropriate net profit by paying additional dividends from the result of its operations for the year 2004 at Baht 0.30 per share, amounting to Baht 2,455.84 which was paid on 11th May 2005 for the amount of Baht 2,417.33 million and the amount of Baht 38.51 million belonging to the shareholders whose have not a right to receive dividend, included with the interim dividend payment for the first six months operation which was paid on 13th September 2004 at Baht 0.30 per share, so the dividend payment for the result of its operations of year 2004 is Baht 0.60 per share.

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 :

(Million Baht)

Related by		Consolidated		Parent company	
		2005	2004	2005	2004
Purchase goods					
Quality Construction Products Plc.	Common shareholders and directorship	205.43	280.43	134.19	225.57
Home Products Center Plc.	Common shareholders and directorship	347.81	311.16	218.88	248.77
Asian Property Development Plc. and subsidiaries	Common shareholders and directorship	0.00	38.88	0.00	34.46
Pre Built Co., Ltd. and subsidiaries	Subsidiary of related company	33.39	0.00	21.78	0.00
Total		586.63	630.47	374.85	508.80
Services					
Quality Houses Plc.	Common shareholders and directorship	23.61	16.73	23.14	15.96
Total		23.61	16.73	23.14	15.96
Trade accounts payable					
Quality Construction Products Plc.	Common shareholders and directorship	12.14	23.34	9.39	16.38
Home Products Center Plc.	Common shareholders and directorship	13.08	29.29	3.97	20.87
Quality Houses Plc.	Common shareholders and directorship	1.83	1.78	1.83	0.00
Asian Property Development Plc. and subsidiaries	Common shareholders and directorship	0.00	3.08	0.00	3.07
Pre Built Co., Ltd. and subsidiaries	Subsidiary of related company	2.21	0.00	1.95	0.00
Total		29.26	57.49	17.14	40.32

25. LITIGATION

As at 31st December 2005 and 2004, the Company has no material litigation.

26. 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.

27. COMMITMENT AND CONTINGENT LIABILITIES

27.1 The Company has contingent liabilities to several financial institutions for acting as a guarantor for L H Muangmai Co., Ltd. and the Company's subsidiaries as at 31st December 2005 for the amount of Baht 523.33 million and for Bangkok Chain Hospital Plc., an affiliate as at 31st December 2004 for the amount of Baht 791 million. This guarantee is based on the proportion of shareholding.

27.2 As at 31st December 2005, 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 1,472.66 million (as at 31st December 2004, the amount was Baht 1,773.85 million).

27.3 As at 31st December 2005, the Company has guaranteed customers' loans to financial institutions of Baht 9.03 million (as at 31st December 2004, the amount was Baht 13.17 million).

27.4 Pacific Real Estate Co., Ltd., a subsidiary, has guaranteed the another company's debts of Baht 29.91 million as at 31st December 2005 (as at 31st December 2004, the amount was Baht 28.28 million).

27.5 As at 31st December 2005 and 2004, the Company and subsidiaries have commitment in compliance with construction contracts to be completed in the amount of Baht 1,192.52 million and Baht 2,008.67 million, respectively and balance in the Company only approximately Baht 829.77 million and Baht 1,384.67 million.

27.6 As at 31st December 2005, Royal Excellency Co., Ltd. and subsidiaries which are the Company's subsidiaries have commitment under land and construction lease agreement as follows :

27.6.1 Land and construction rease agreement

Agreement date	Agreement period	Maturity date	Rental rate
June 7, 2005	30 years	May 31, 2038	<ul style="list-style-type: none"> - Since June 1, 2008 or the date of completion of building completion by making monthly rental payment at the additional rate : - 1st – 5 the year, total rental payment of Baht 33.15 million. - 6th – 10th year, total rental payment of Baht 42.31 million. - 11th – 15th year, total rental payment of Baht 54.00 million. - 16th – 20th year, total rental payment of Baht 68.92 million. - 21th – 25th year, total rental payment of Baht 87.97 million. - 26th – 305th year, total rental payment of Baht 112.27 million.

27.6.2 Land lease agreement

Agreement date	Agreement period	Maturity date	Rental rate
July 28, 2005	33 years	July 28, 2038	<ul style="list-style-type: none"> 1st – 3rd year, paid of Baht 3 million 4th–8th year, total rental payment of Baht 25 million 9th–13th year, total rental payment of Baht 30 million 14th–18th year, total rental payment of Baht 36 million 19th–23th year, total rental payment of Baht 43.20 million 24th–27th year, total rental payment of Baht 51.84 million 28th–33th year, total rental payment of Baht 62.21 million



28. OBLIGATION AND COMMITMENT TO COMPLETE PROJECTS ON HAND

	Consolidated		Parent company	
	2005	2004	2005	2004
Number of project on hand, beginning of the period	36	31	26	23
Number of closing project	(15)	(10)	(13)	(7)
Number of new project	13	15	8	10
Number of project on hand, ending of the period	34	36	21	26
Contracted sales value (million Baht)	43,892	44,085	31,068	38,143
% Sales value of project on hand	50.98%	56.95%	48.78%	60.52%

The Company has obligation and commitment to complete all central utilities of developing projects on hand in the amount of Baht 596.60 million. (as at 31st December 2004, the amount was Baht 727.42 million).

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 fund manager which complied with the determination of Provident Fund Act B.E. 2542.

30. NON-CASH TRANSACTIONS

In 2004, the Company received the payment of other receivables by receiving investments in Polar Property Holdings Corporation.

31. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

31.1 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.

31.2 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.

31.3 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 2005 for the consolidated and the Company financial statements in the amount of Baht 1,342.94 million and Baht 305.55 million, respectively, indicated the floating interest rate (as at 31st December 2004, the amounts were Baht 2,143.12 million and Baht 1,047.56 million, respectively).

31.4 Foreign currencies exchange rate risk

The Company has no risk from foreign currencies exchange rate risk.

31.5 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 2005 are close to their estimated fair value. Except for short-term loans of Baht 1,681.52 million, long-term loans of Baht 2,279.07 million and debentures of Baht 8,375 million, were charged interest at the fixed rate which is lower than market rate, if those loans were charged interest at market rate of 6.8094% until the repayment date, the fair value of such loans are equal to Baht 1,636.69 million, Baht 2,180.83 million and Baht 7,906.37 million, respectively. Furthermore, the management believes that there is no material risk financial instruments.

32. RECLASSIFICATION

32.1 In 2005, the Company has reclassified advance to contractors from accounts and notes receivable to be other current assets and cheque in transit to cash and cash equivalents, and the accounts in the financial statements as at 31st December 2004 for comparison purpose as follows :

	Consolidated		Parent company	
	New	Old	New	Old
Cash and cash equivalents	728,805	378,854	419,934	155,861
Trade accounts and notes receivable	0	360,805	0	274,927
Cash and cash equivalents	243,632	232,778	130,240	119,386
Total	972,437	972,437	550,174	550,174

32.2 Inventories as at 31st December 2004 have been reclassified for comparison purpose as following :

	Consolidated		Parent company	
	New	Old	New	Old
Inventories	22,579,649	25,958,346	16,224,854	19,247,089
Land held for development	3,378,697	0	3,022,235	0
Total	25,958,346	25,958,346	19,247,089	19,247,089

32.3 Land, building and equipment – net as at 31st December 2004 have been reclassified for comparison purpose as follows :

	Consolidated		Parent company	
	New	Old	New	Old
Land, building and equipment – net	323,756	324,594	244,168	244,194
Leasehold	843	0	26	0
Total	324,599	324,594	244,194	244,194

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 2005 and 2004, the Company has 661 and 606 staff, respectively, the Company and subsidiaries have 704 and 672 staff, respectively.
- 33.4 In 2005 and 2004, the Company's staff expenses was Baht 433.80 million and Baht 373.31 million, respectively, the Company and subsidiaries' staff expenses were Baht 455.88 million and Baht 402.82 million, respectively.

34. FINANCIAL STATEMENTS APPROVAL

These financial statements have been approved to be publicize by the Company's authorized directors on 28th February 2006.

Other References

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	Pages
1 General Information	
1.1 Company	Back Cover
1.2 Corporate that The Company Held Over 10% Shares	10
1.3 Other References	198
2. Summary of The Company's Financial Information	
2.1 Financial Information	1, 106
2.2 Financial Ratios	106
3. Business Operation	
3.1 Overall picture of businesses of the company and its subsidiaries and affiliates	7
3.2 Revenue Structure	8
4. Risk Factors	14
5. Shareholders and Management	
5.1 Shareholders.....	34
5.2 Executive Officers	46
5.3 Remuneration for the Executives	56
6. Related Parties and Connected Transactions	76
7. Explanations and Analysis of the Financial Position Operating Results	86
8. Financial Statements	110

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