

LAND AND HOUSES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

AS AT 31st MARCH 2005 (UNAUDITED/REVIEWED ONLY)

AND AS AT 31st DECEMBER 2004 (AUDITED)

1. PREPARATION OF INTERIM FINANCIAL STATEMENTS BASIS

1.1 These financial statements have been presented in accordance with the notification of the Department of Business Development dated September 14, 2001 regarding the abbreviate items which must be shown in the financial statements for the public company limited and prepared in conformity with the generally accepted accounting principles.

1.2 Notes to interim financial statements have been prepared in conformity with the Accounting Standards no . 41 "Interim Financial Statements" for the propose to provide an update information on the latest complete set of annual financial statements. Accordingly, it focuses on new activities, events, and circumstances and does not duplicate information previously reported. However, the balance sheets, statements of income, statements of changes in shareholders' equity and statements of cash flows are represented the same as previous annual financial statements. Therefore, these interim financial statements should access to the most recent annual financial statements.

2. ACCOUNTING POLICY

These interim financial statements have been prepared by using the accounting policy and estimates of the financial statements for the year ended 31st December 2004.

3. SHORT-TERM LOANS TO RELATED PARTIES

| | <u>31st December 2004</u> | | Increase | Decrease | <u>31st March 2005</u> | |
|-------------------------------------|---------------------------|------------|----------------|------------------|------------------------|------------|
| | Amount of | Rate of | | | Amount of | Rate of |
| | (Thousand Baht) | interest % | | | (Thousand Baht) | interest % |
| Loans to subsidiaries :- | | | | | | |
| Pacific Real Estate Co., Ltd. | 724,000 | 4 | 156,000 | 0 | 880,000 | 4 |
| Land and Houses Northeast Co., Ltd. | 464,000 | 4 | 18,000 | (214,000) | 268,000 | 4 |
| L H Muangmai Co., Ltd. | 171,745 | 3.5 | 6,700 | 0 | 178,445 | 4 |
| Atlantic Real Estate Co., Ltd. | 96,000 | 4 | 0 | 0 | 96,000 | 4 |
| L H Real Estate Co., Ltd. | 1,900,000 | 4 | 536,000 | (150,000) | 2,286,000 | 4 |
| L H Assets Co., Ltd. | 447,500 | 4 | 172,000 | (40,500) | 579,000 | 4 |
| Total | <u>3,803,245</u> | | <u>888,700</u> | <u>(404,500)</u> | <u>4,287,445</u> | |

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

4. INVENTORIES

In the 1st quarter of 2005, the Company separately presented undevelopment land purchased for over 2 years of the Company and subsidiaries including related expenses to be land held for development in non-current assets and will be shown as goods when the development is made. The Company has adjusted the accounts for the period ended 31st December 2004 for comparison purpose.

Some of land are mortgaged as guarantee for loans as mentioned in note 8, 10 and 11.

5. 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 | | | |
| | 31 Mar.05 | 31 Dec.04 | 31 Mar.05 | 31 Dec.04 | 31 Mar.05 | 31 Dec.04 | 31 Mar.05 | 31 Dec.04 | 31 Mar.05 | 31 Dec.04 | | |
| Investments in subsidiaries :- | | | | | | | | | | | | |
| - Atlantic Real Estate Co., Ltd. | Real Estate | 15.00 | 15.00 | 99.99 | 99.99 | 14,998 | 14,998 | 28,432 | 29,319 | 0 | 0 | |
| - Pacific Real Estate Co., Ltd. | Real Estate | 371.62 | 371.62 | 99.99 | 99.99 | 371,614 | 371,614 | 0 | 0 | 0 | 0 | |
| - Land and Houses North Co., Ltd. | Real Estate | 13.50 | 13.50 | 99.99 | 99.99 | 13,500 | 13,500 | 16,517 | 45,404 | 29,999 | 24,999 | |
| - Land and Houses Northeast Co., Ltd. | Real Estate | 570.00 | 570.00 | 99.99 | 99.99 | 569,999 | 569,999 | 658,799 | 610,368 | 0 | 0 | |
| - Siamtanee Property Co., Ltd. and subsidiaries | Real Estate | 100.00 | 100.00 | 99.99 | 99.99 | 64,859 | 64,859 | 377,845 | 522,422 | 163,399 | 124,999 | |
| - L H Real Estate Co., Ltd. | Real Estate | 116.00 | 116.00 | 99.99 | 99.99 | 50,000 | 50,000 | 441,033 | 237,365 | 0 | 0 | |
| - L H Asset Co., Ltd. | Real Estate | 100.00 | 100.00 | 99.99 | 99.99 | 52,734 | 52,734 | 48,171 | 35,216 | 0 | 0 | |
| - L H Muangmai Co., Ltd. | Real Estate | 400.00 | 360.80 | 55.00 | 55.00 | 220,000 | 198,440 | 229,451 | 203,389 | 0 | 0 | |
| Total investments in subsidiaries | | | | | | | <u>1,357,704</u> | <u>1,336,144</u> | <u>1,800,248</u> | <u>1,683,483</u> | <u>193,398</u> | <u>149,998</u> |
| Investments in affiliates :- | | | | | | | | | | | | |
| - Bangkok Chain Hospital Co., Ltd. | Hospital | 950.00 | 950.00 | 25.68 | 25.68 | 517,839 | 517,839 | 567,981 | 553,462 | 0 | 0 | |
| - Quality Construction Products Plc. | Building material | 400.00 | 400.00 | 31.41 | 31.41 | 265,980 | 265,981 | 373,606 | 361,367 | 0 | 25,125 | |
| - Home Products Center Plc. | Trading of construction materials | 800.72 | 756.09 | 29.47 | 29.87 | 316,860 | 264,360 | 542,989 | 459,748 | 0 | 27,097 | |
| - Cameron Global Limited | Investment business | 0.04 | 0.04 | 40.00 | 40.00 | 15 | 15 | 74 | 74 | 0 | 0 | |
| - Asia Assets Advisory Co., Ltd. | Investment advisor | 12.50 | 12.50 | 39.99 | 39.99 | 5,000 | 4,999 | 12,534 | 11,331 | 0 | 4,953 | |
| - Land and Houses Property Fund I | Real Estate | 639.94 | 639.94 | 49.94 | 49.94 | 328,452 | 328,452 | 460,529 | 451,275 | 0 | 20,143 | |
| - Land and Houses Property Fund II | Real Estate | 3,613.00 | 3,613.00 | 49.99 | 49.99 | 1,808,872 | 1,808,872 | 2,209,038 | 2,163,928 | 0 | 177,575 | |
| - Quality Houses Plc. | Real Estate | 6,225.24 | 6,113.24 | 23.17 | 21.84 | 2,141,824 | 1,983,854 | 2,295,752 | 2,120,986 | 0 | 0 | |
| - Polar Property Holdings Corporation | Real Estate | 2,893.15 | 2,810.17 | 29.48 | 29.48 | 866,849 | 866,849 | 890,348 | 866,849 | 0 | 0 | |
| Total investments in affiliates | | | | | | | <u>6,251,691</u> | <u>6,041,221</u> | <u>7,352,851</u> | <u>6,989,020</u> | <u>0</u> | <u>254,893</u> |
| Total investments in subsidiaries and affiliates | | | | | | | <u>7,609,395</u> | <u>7,377,365</u> | <u>9,153,099</u> | <u>8,672,503</u> | <u>193,398</u> | <u>404,891</u> |

5.1 Investments in subsidiaries

5.1.1 The financial statements of the aforementioned subsidiaries which were brought into the preparation for consolidated financial statements and net profit of subsidiaries for three months ended 31st March 2005 and 2004 were brought into the computation of investments under the equity method, were taken from their respective reviewed financial statements.

5.1.2 The financial statements for three months ended 31st March 2005 of Pacific Real Estate Co., Ltd. which was brought into the computation of investments under equity method, had capital deficiency. The Company recorded the investments balance equal to zero and recognized the excess of loss over investments in subsidiaries of Baht 54.71 million as other liabilities in "excess loss from investments in subsidiaries and affiliates" and had equity loss of Baht 8.32 million.

5.1.3 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 of Baht 0.98 per share amounting to Baht 21.56 million.

5.1.4 The financial statements of subsidiaries of Siamtanee Property Co., Ltd. which were brought into the preparation for consolidated financial statements and net profit of subsidiaries for three months ended 31st March 2005 were brought into the computation of investments under the equity method, were taken from their respective reviewed financial statements.

5.2 Investments in affiliates

5.2.1 Net profit (loss) of 9 affiliates for three months ended 31st March 2005 and 2004 which were brought into the computation of investment under equity method, were taken from their respective reviewed financial statements of 4 affiliates, the remaining were computed from unreviewed financial statements, the equity gain (loss) are as follows :

| | (Baht : Thousand) | |
|-----------------------------------------------------|-------------------|---------------|
| | 2005 | 2004 |
| Bangkok Chain Hospital Plc. | 23,532 | 25,779 |
| Land and Houses Property Fund I | 9,287 | 7,201 |
| Land and Houses Property Fund II | 36,104 | -1,023 |
| Cameron Global Limited | 0 | -41 |
| Polar Property Holdings Corporation | 664 | 0 |
| Total equity gain of affiliates under equity method | <u>69,587</u> | <u>31,916</u> |

5.2.2 In the first quarter of 2005, the Company has converted 10 million units of warrants of Home Products Center Public Company Limited, an affiliate into 10,152,100 common shares from the warrant holders exercised right to purchase common shares resulting to increase in common shares by Baht 52.50 million, therefore, the percentage of investments was decreased to 29.47%.

As at 31st March 2005, investments in Home Products Center Public Company Limited, a listed company in the Stock Exchange of Thailand, had total market value of Baht 1,297.79 million (as at 31st December 2004, had market value of Baht 1,007.11 million).

5.2.3 As at 31st March 2005, investments in Quality Construction Products Public Company Limited, a listed company in the Stock Exchange of Thailand had total market value of Baht 1,162.31 million (as at 31st December 2004, had market value of Baht 1,407 million).

5.2.4 In the first quarter of 2005, the Company converted 112,500,000 units of warrants of Quality House Public Company Limited into 114,273,000 common shares by amounting to Baht 157.97 million, therefore, the percentage of investments was increased to 23.17%.

As at 31st December 2004, investments in Quality House Public Company Limited, a listed company in the Stock Exchange of Thailand, had total market value of Baht 1,725.03 million (as at 31st December 2004, had market value of Baht 1,562.34 million).

5.2.5 In 2004, the Company has entered into contract in November 2004 to buy share capital of Polar Property Holdings Corporation for 1,223,102,790 shares at par value of Peso 1, totalling Peso 1,223.10 million. At present, such shares are under the process of listing in the Stock Exchange of Philippines.

6. LONG-TERM INVESTMENTS

As at 31st March 2005

| | Consolidated | | | (Thousand Baht) | | | Parent Company | | |
|-----------------------------------|---------------------------|--------------------|--------------------|---------------------------|--------------------|--------------------|---------------------------|-------------------|-------|
| | Securities held for sales | Other investments | Total | 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 | 150000 | 150,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Equity security | 405,770 | 2,104,486 | 2,510,256 | 405,770 | 2,028,701 | 2,434,471 | | | |
| Less Provision for unrealized | | | | | | | | | |
| gain (loss) of investment | 246,162 | 0 | 246162 | 246,162 | 0 | 246162 | | | |
| Provision for impairment | | | | | | | | | |
| of assets - investment | <u>(73,890)</u> | <u>(1,380,108)</u> | <u>(1,453,998)</u> | <u>(73,890)</u> | <u>(1,380,108)</u> | <u>(1,453,998)</u> | | | |
| Total | <u>578,042</u> | <u>874,378</u> | <u>1,452,420</u> | <u>578,042</u> | <u>648,593</u> | <u>1,226,635</u> | | | |

As at 31st December 2004

| | Consolidated | | | (Thousand Baht) | | | Parent Company | | |
|-----------------------------------|---------------------------|--------------------|--------------------|---------------------------|--------------------|--------------------|---------------------------|-------------------|-------|
| | Securities held for sales | Other investments | Total | 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 | 150000 | 150,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Equity security | 456,051 | 2,104,486 | 2,560,537 | 456,051 | 2,028,701 | 2,484,752 | | | |
| Less Provision for unrealized | | | | | | | | | |
| gain (loss) of investment | 402,285 | 0 | 402285 | 402,285 | 0 | 402285 | | | |
| Provision for impairment | | | | | | | | | |
| of assets - investment | <u>(76,277)</u> | <u>(1,380,108)</u> | <u>(1,456,385)</u> | <u>(76,277)</u> | <u>(1,380,108)</u> | <u>(1,456,385)</u> | | | |
| Total | <u>782,059</u> | <u>874,378</u> | <u>1,656,437</u> | <u>782,059</u> | <u>648,593</u> | <u>1,430,652</u> | | | |

7. PROPERTY, PLANT AND EQUIPMENT - NET

| Consolidated | (Baht : Thousand) | | | |
|------------------------------------------------|--------------------|---------------|--------------|------------------|
| | 31st December 2004 | Increase | Decrease | 31st March 2005 |
| Cost : | | | | |
| Office building | 55,838 | 0 | 0 | 55,838 |
| Office equipment | 87,158 | 4,720 | 27 | 91,851 |
| Office and club furnitures | 101,470 | 38 | 2,831 | 98,677 |
| Machinery and equipment | 1,273 | 0 | 0 | 1,273 |
| Vehicles | 39,527 | 3,179 | 814 | 41,892 |
| Kindergarten | 931 | 0 | 0 | 931 |
| Nursery garden | 96 | 0 | 0 | 96 |
| Club houses, swimming pool and tennis court | 906,120 | 34,258 | 0 | 940,378 |
| Leasehold | 26,658 | 0 | 0 | 26,658 |
| Other assets | 29,963 | 734 | 0 | 30,697 |
| Assets in progress | 14,641 | 4,764 | 0 | 19,405 |
| Total | 1,263,675 | 47,693 | 3,672 | 1,307,696 |
| Accumulated depreciation : | | | | |
| Office building | 28,592 | 501 | 0 | 29,093 |
| Office equipment | 54,244 | 4,619 | 14 | 58,849 |
| Office and club furnitures | 57,392 | 3,625 | 2,831 | 58,186 |
| Machinery and equipment | 1,122 | 8 | 0 | 1,130 |
| Vehicles | 12,553 | 1,902 | 424 | 14,031 |
| Kindergarten | 514 | 11 | 0 | 525 |
| Nursery garden | 78 | 1 | 0 | 79 |
| Club houses, swimming pool and tennis court | 729,508 | 18,214 | 0 | 747,722 |
| Leasehold | 25,815 | 20 | 0 | 25,835 |
| Other assets | 21,091 | 804 | 0 | 21,895 |
| Total | 930,909 | 29,705 | 3,269 | 957,345 |

| Consolidated | | | | (Baht : Thousand) |
|------------------------------------------------|--------------------|---------------|--------------|-------------------|
| | 31st December 2004 | Increase | Decrease | 31st March 2005 |
| Provision for impairment of assets : | | | | |
| Building and construction | 1,178 | 0 | 0 | 1,178 |
| Club houses, swimming pool and tennis court | 6,989 | 0 | 0 | 6,989 |
| Total | 8,167 | 0 | 0 | 8,167 |
| Net book value | 324,599 | | | 342,184 |
| Parent's financial statements | | | | (Baht : Thousand) |
| | 31st December 2004 | Increase | Decrease | 31st March 2005 |
| Cost : | | | | |
| Office building | 37,587 | 0 | 0 | 37,587 |
| Office equipment | 79,132 | 3,782 | 27 | 82,887 |
| Office and club furnitures | 81,170 | 38 | 2,831 | 78,377 |
| Vehicles | 33,449 | 1,307 | 34 | 34,722 |
| Kindergarten | 931 | 0 | 0 | 931 |
| Nursery garden | 59 | 0 | 0 | 59 |
| Club houses, swimming pool and tennis court | 719,444 | 26,045 | 0 | 745,489 |
| Leasehold | 25,475 | 0 | 0 | 25,475 |
| Other assets | 22,636 | 674 | 0 | 23,310 |
| Assets in progress | 7,604 | 4,153 | 0 | 11,757 |
| Total | 1,007,487 | 35,999 | 2,892 | 1,040,594 |
| Accumulated depreciation : | | | | |
| Office building | 11,944 | 463 | 0 | 12,407 |
| Office equipment | 47,704 | 4,492 | 14 | 52,182 |
| Office and club furnitures | 39,867 | 3,306 | 2,831 | 40,342 |

Parent's financial statements

(Baht : Thousand)

| | 31st December 2004 | Increase | Decrease | 31st March 2005 |
|------------------------------------------------|--------------------|---------------|--------------|-----------------|
| Vehicles | 10,203 | 1,576 | 34 | 11,745 |
| Kindergarten | 514 | 11 | 0 | 525 |
| Nursery garden | 59 | 0 | 0 | 59 |
| Club houses, swimming pool and tennis court | 612,970 | 11,683 | 0 | 624,653 |
| Leasehold | 25,449 | 10 | 0 | 25,459 |
| Other assets | 14,583 | 737 | 0 | 15,320 |
| Total | 763,293 | 22,278 | 2,879 | 782,692 |
| Net book value | 244,194 | | | 257,902 |

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

As at 31st March 2005 and 31st December 2004, plant and equipment before accumulated depreciation which were fully depreciated amounting to Baht 61.00 million and Baht 57.63 million, respectively are still being operated.

8. BANKS OVERDRAFT AND LOANS FROM FINANCIAL INSTITUTIONS

| | Consolidated | | Parent company | |
|-----------------------|--------------------------------|------------------|--------------------------------|------------------|
| | 31st Mar. 2005 (Thousand Baht) | 31st Dec. 2004 | 31st Mar. 2005 (Thousand Baht) | 31st Dec. 2004 |
| Banks overdraft | 1,220 | 23,115 | 1,220 | 3,285 |
| Bill of exchange | 2,094,463 | 1,814,463 | 2,094,463 | 1,814,463 |
| Less Prepaid interest | -22,396 | -22,311 | -22,396 | -22,311 |
| Net | 2,073,287 | 1,815,267 | 2,073,287 | 1,795,437 |

9. SHORT-TERM LOANS FROM SUBSIDIARIES - PROMISSORY NOTES

As at 31st March 2005 and 31st December 2004, the Company have loans from subsidiaries - promissory notes of Baht 218 million and Baht 285 million, respectively by issuing promissory notes due at call at the interest rate of 4% per annum without collaterals.

10. LONG-TERM LOANS

| | Consolidated | | Parent company | |
|--------------------------|--------------------------------|------------------|--------------------------------|------------------|
| | 31st Mar. 2005 (Thousand Baht) | 31st Dec. 2004 | 31st Mar. 2005 (Thousand Baht) | 31st Dec. 2004 |
| Long-term loans | 5,199,385 | 6,043,342 | 4,429,372 | 4,742,416 |
| Less Current portion due | | | | |
| within 1 year | -707,421 | -903,082 | -707,421 | -903,082 |
| Prepaid interest | -254,540 | -291,031 | -254,540 | -291,031 |
| Total | <u>4,237,424</u> | <u>4,849,229</u> | <u>3,467,411</u> | <u>3,548,303</u> |

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

| Institute | (Million Baht) | | Repayment conditions | Guarantee by |
|-------------------|-----------------|----------------------|----------------------|----------------------------------------------|
| | 31 Mar. 2005 | 31 Dec. 2004 | | |
| | Credit amount | Interest amount | | |
| One bank | 2,365.76 | 2.25 - 3.90 2,375.11 | 3 | Repayment from October 2005 to November 2007 |
| Finance companies | 2,063.61 | 2.94 - 3.97 2,367.31 | 2.43 - 3.97 | Repayment from April 2004 to June 2007 |
| Total | <u>4,429.37</u> | <u>4,742.42</u> | | |

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

| Company | Balance | | Interest rate | Repayment conditions | Guarantee by |
|-------------------------------------------------------|-----------------|-----------------|---------------|-----------------------------------------------|------------------------------------------------|
| | (Million Baht) | | | | |
| | 31 Mar.05 | 31 Dec.04 | % | | |
| 1. L H Muangmai Co., Ltd. | 373.01 | 408.05 | MLR | 55% of selling price of land and construction | Mortgage land and construction of each project |
| 2. Pacific Real Estate Estate Co., Ltd. | 397.00 | 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 | <u>770.01</u> | <u>1,300.92</u> | | | |
| Total long-term loans of the Company and subsidiaries | <u>5,199.38</u> | <u>6,043.34</u> | | | |

11. DEBENTURES - DOMESTIC

| | Number of debenture | | Amount | |
|-------------------------------------|---------------------|------------------|-------------------|------------------|
| | (shares) | | (Thousand Baht) | |
| | 31 Mar. 2005 | 31 Dec. 2004 | 31 Mar. 2005 | 31 Dec. 2004 |
| Unsecured debentures | | | | |
| - # 1/2000 | 0 | 800,000 | 0 | 120,000 |
| - # 1/2004 | | | | |
| - # 1 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| - # 2 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| - # 3 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Secured debentures | | | | |
| - # 1/2001 | 1,500,000 | 1,500,000 | 656,250 | 750,000 |
| Balance | <u>4,500,000</u> | <u>5,300,000</u> | 3,656,250 | 3,870,000 |
| Less Current portion of liabilities | | | <u>-1,375,000</u> | <u>-495,000</u> |
| Balance | | | <u>2,281,250</u> | <u>3,375,000</u> |

12. WARRANTS

The detail of warrants issuance to the existing shareholders in 2001 are as follows :

On 31st March 2005, one unit of warrant has exercise right to purchase 1.1339 ordinary shares at Baht 2.293 each.

| | | |
|--------------------------------------------------------|----------------------|-------|
| Number of total warrants | 3,076,568,550 | Units |
| The number of exercised warrants up to 31st March 2005 | <u>1,684,885,167</u> | Units |
| Balance number of warrants | <u>1,391,683,383</u> | Units |

13. OTHER PAID-IN CAPITAL

Revaluation increment in assets and premium on share capital of affiliates is belong to Bangkok Chain Hospital Plc. in which the Company recognized under the equity method.

14. UNREALIZED GAIN (LOSS) OF INVESTMENTS

The difference between book value and fair value of investments available for sales are as follows :

| | Consolidated | | Parent company | |
|-------------------------------------------------------------------------------|--------------------------------|----------------|--------------------------------|----------------|
| | 31st Mar. 2005 (Thousand Baht) | 31st Dec. 2004 | 31st Mar. 2005 (Thousand Baht) | 31st Dec. 2004 |
| Different between book value and fair value of investment available for sales | | | | |
| - Affiliates' investment | 276,379 | 267,409 | 276,379 | 267,409 |
| - Company's investment | 246,162 | 402,285 | 246,162 | 402,285 |
| Gain from exchange rates of investment in overseas affiliates | 22,835 | 0 | 22,835 | 0 |
| Total | 545,376 | 669,694 | 545,376 | 669,694 |

15. 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 for three months ended 31st March 2005 and 2004 amount of Baht 2.55 million and Baht 2.07 million.

16. EARNINGS PER SHARE

Consolidated and parent's financial statements

| | For three months year ended 31st March 2005 | | |
|---------------------------------------------------------------------|---------------------------------------------|--------------------------------|------------|
| | Profit (Thousand Baht) | Number of share weight average | Baht/share |
| <u>Basic earnings per share</u> | | | |
| Net profit of common share | 1,097,812 | 8,156,071,544 | 0.13 |
| Effects of diluted potential common share | | | |
| - Exercise rights | | 1,198,057,939 | - |
| <u>Diluted earnings per share</u> | | | |
| Profit of common shareholders assumed as conversion to common share | 1,097,812 | 9,354,129,483 | 0.12 |

Consolidated and parent's financial statements

| | For the year ended 31st December 2004 | | |
|------------------------------------------------------------------------|---------------------------------------|-----------------------------------|------------|
| | Profit (Thousand Baht) | Number of share weight average | Baht/share |
| <u>Basic earnings per share</u> | | | |
| Net profit of common share | 1,211,386 | 7,114,773,786 | 0.17 |
| Effects of diluted potential common share | | | |
| - Exercise rights | | 1,458,984,134 | - |
| <u>Diluted earnings per share</u> | | | |
| Profit of common shareholders assumed as conversion to common share | 1,211,386 | 8,573,757,920 | 0.14 |

17. TRANSACTION WITH ITS RELATED PARTIES

| Related by | Consolidated | | Parent company | | |
|--------------------------------------------------------|-----------------------------------------|------------------|------------------------------|------------------|--------|
| | 31 March 2005 (Million Baht) | 31 December 2004 | 31 March 2005 (Million Baht) | 31 December 2004 | |
| Purchase goods | | | | | |
| Quality Construction Products Plc. | Common shareholders and directorship | 64.21 | 47.15 | 41.32 | 42.83 |
| Home Products Center Plc. | Common shareholders and directorship | 80.97 | 93.97 | 61.55 | 60.27 |
| Asian Property Development Plc. and subsidiaries | Common shareholders and directorship | 10.88 | 11.69 | 7.42 | 11.69 |
| Total | | 156.06 | 152.81 | 110.29 | 114.79 |
| Services | | | | | |
| Quality Houses Plc. | Common shareholders and directorship | 4.39 | 3.87 | 4.19 | 3.68 |
| Total | | 4.39 | 3.87 | 4.19 | 3.68 |

| | | Consolidated | | Parent company | |
|-------------------------------|---------------------|------------------------------|------------------|------------------------------|------------------|
| | | 31 March 2005 (Million Baht) | 31 December 2004 | 31 March 2005 (Million Baht) | 31 December 2004 |
| Trade accounts payable | | | | | |
| Quality Construction | Common shareholders | | | | |
| Products Plc. | and directorship | 15.85 | 23.34 | 10.32 | 16.38 |
| Home Products Center | Common shareholders | | | | |
| Plc. | and directorship | 22.11 | 29.29 | 15.95 | 20.87 |
| Quality Houses Plc. | Common shareholders | | | | |
| | and directorship | 0.00 | 1.78 | 0.00 | 0.00 |
| Asian Property | Common shareholders | | | | |
| Development Plc. | and directorship | | | | |
| and subsidiaries | | 1.73 | 3.08 | 0.93 | 3.07 |
| Total | | 39.69 | 57.49 | 27.20 | 40.32 |

18. LITIGATION

As at 31st March 2005, the Company has no material litigation .

19. COMMITMENT AND CONTINGENT LIABILITIES

19.1 The Company has contingent liabilities to several financial institutions for acting as a guarantor for Bangkok Chain Hospital Plc . an affiliate as at 31st March 2005 and 31st December 2004 for the amount of Baht 783.90 million and Baht 791 million, respectively. This guarantee is based on the proportion of shareholding .

19.2 As at 31st March 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 1,860.93 million (as at 31st December 2004, the amount was Baht 1,773.85 million).

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

19.4 Pacific Real Estate Co., Ltd., a subsidiary, has guaranteed the another company's debts of Baht 28.68 million as at 31st March 2005 (as at 31st December 2004, the amount was Baht 28.28 million).

19.5 As at 31st March 2005 and as at 31st December 2004, the Company has commitment in compliance with construction contracts to be completed in the amount of Baht 1,197.75 million and Baht 1,384.67 million, respectively.

20. OBLIGATION AND COMMITMENT TO COMPLETE PROJECTS ON HAND

| | Consolidated | | Parent company | |
|-------------------------------------------------------|---------------|------------------|----------------|------------------|
| | 31 March 2005 | 31 December 2004 | 31 March 2005 | 31 December 2004 |
| Number of project on hand, beginning of the period | 36 | 31 | 26 | 23 |
| Number of closing project | (7) | (10) | (7) | (7) |
| Number of new project | 3 | 15 | 1 | 10 |
| Number of project on hand, ending of the period | 32 | 36 | 20 | 26 |
| Contracted sales value (million Baht) | 50,306 | 44,085 | 41,787 | 38,143 |
| % Sales value of project on hand | 60.76% | 56.95% | 63.92% | 60.52% |

The Company has obligation and commitment to complete all central utilities of developing projects on hand in the amount of Baht 495.78 million. (as at 31st December 2004, the amount was Baht 727.42 million).

21. SUBSEQUENT EVENTS

21.1 As at 1st April 2005, the Company issued debentures total amount of Baht 5,000 million divided into 3 tranches details are as following :

| Name of debentures | Periods | Interest Rate |
|-------------------------------------------------------------------------------------------------------------|---------|-----------------------------------------------------------------------------------------------------------------------|
| Land and Houses Plc.'s debentures No. 1/2005 with gradually made principal repayment which redeemed in 2008 | 3 years | At 4.25% per annum |
| Land and Houses Plc.'s debentures No. 1/2005 with gradually made principal repayment which redeemed in 2009 | 4 years | At 4.25% per annum for the 1st-3rd year At 5.50% per annum for the 4th year |
| Land and Houses Plc.'s debentures No. 1/2005 with gradually made principal repayment which redeemed in 2010 | 5 years | At 4.25% per annum for the 1st-3rd year At 5.50% per annum for the 4th year At 6.50% per annum for the 5th year |

21.2 The Annual General Meeting no . 1/2005 held on 19th April 2005 passed the resolution as follows :

21 .2.1 Approve the investment in the newly of Land & Houses Credit Foncier Company Limited (LHCF) for the total amount of Baht 661,360,000.00 which is the connected transaction by acquiring 4,724,000 newly issued ordinary shares of LHCF (par value of Baht 10.00 each) at Baht 140.00 per shares . As a result, the percentage of Company's shareholding in LHCF will increase from 0.60% to 43%. Land & Houses Credit Fincier Company Limited will merge with The Book Club Finance in order to Company Limited change the their status to commercial bank.

21 .2.2 Pass to pay dividend for the operation for the year 2004 from annual net profit at Baht 0.60 per share but the Board of director had agreed and paid the interim dividend at Baht 0.30 per share, the remaining of Baht 0.30 per share will be paid on 11th May 2005 to the shareholder and share register book will be closed on 27th April 2005 at 12.00 noon in order to determine the right of the shareholders to receive the dividend at Baht 0.30 per share.

22. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

22.1 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.

22.2 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.

22.3 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 March 2005 for the consolidated and the Company financial statements in the amount of Baht 1,427.48 million and Baht 657.47 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).

22.4 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 March 2005 are close to their estimated fair value. Except for short-term loans of Baht 2,813.00 million, long-term loans of Baht 3,710.83 million and debentures of Baht 3,656.25 million, were charged interest at the fixed rate which is lower than market rate, if those loans were charged interest at market rate of 5.7% until the repayment date, the fair value of such loans are equal to Baht 2,784.10 million, Baht 3,595.95 million and Baht 3,523.12 million, respectively. Furthermore, the management believes that there is no material risk financial instruments.

23. RECLASSIFICATION

23.1 Cash and cash equivalents, trade accounts and notes receivable as at 31st December 2004 have been reclassified for comparison purpose as following :

| | 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 |

23.2 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 |