

LAND AND HOUSES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

AS AT 30th JUNE 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>30th June 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	433,500	5,200	1,152,300	4
Land and Houses Northeast Co., Ltd.	464,000	4	58,000	402,000	120,000	4
L H Muangmai Co., Ltd.	171,745	3.5	10,400	6,700	175,445	4
Atlantic Real Estate Co., Ltd.	96,000	4	0	0	96,000	4
L H Real Estate Co., Ltd.	1,900,000	4	646,000	577,000	1,969,000	4
L H Assets Co., Ltd.	447,500	4	267,000	182,500	532,000	4
Total	<u>3,803,245</u>		<u>1,414,900</u>	<u>1,173,400</u>	<u>4,044,745</u>	

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

4. INVENTORIES

In the 2nd 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)		(Thousand Baht)		(Thousand Baht)		(Thousand Baht)				
	Paid-up capital		% of investment		Cost method		Equity method		Dividend		
	30th Jun.05	31st Dec.04	30th Jun.05	31st Dec.04	30th Jun.05	31st Dec.04	30th Jun.05	31st Dec.04	30th Jun.05	31st Dec.04	
Investments in subsidiaries :-											
- Atlantic Real Estate Co., Ltd.	Real Estate	15.00	15.00	99.99	99.99	14,998	14,998	27,447	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	17,935	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	693,635	610,368	0	0
- Siamtanee Property Co., Ltd. and subsidiaries	Real Estate	100.00	100.00	99.99	99.99	64,859	64,859	373,646	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	679,738	237,365	0	0
- L H Asset Co., Ltd.	Real Estate	100.00	100.00	99.99	99.99	52,734	52,734	127,937	35,216	0	0
- L H Muangmai Co., Ltd.	Real Estate	410.00	360.80	55.00	55.00	225,500	198,440	246,287	203,389	0	0
- Royal Excellency Co., Ltd.	Real Estate for lease	400.00	0.00	60.00	0.00	336,000	0	334,222	0	0	0
Total investments in subsidiaries						1,699,204	1,336,144	2,500,847	1,683,483	193,398	149,998
Investments in affiliates :-											
- Land and Houses Credit Foncier Plc.	Retail bank	1,100.00	0.00	43.00	0.00	661,960	0	663,075	0	0	0
- Bangkok Chain Hospital Co., Ltd.	Hospital	950.00	950.00	25.68	25.68	517,839	517,839	580,736	553,462	0	0
- Quality Construction Products Plc.	Building material	400.00	400.00	31.41	31.41	265,980	265,981	346,047	361,367	31,406	25,125
- Home Products Center Plc.	Trading of construction materials	855.00	756.09	27.58	29.87	316,860	264,360	545,247	459,748	42,473	27,097
- Cameron Global Limited	Investment business	0.04	0.04	40.00	40.00	15	15	37	74	0	0
- Asia Assets Advisory Co., Ltd.	Investment advisor	5.00	12.50	39.99	39.99	2,000	4,999	10,789	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	459,142	451,275	8,949	20,143
- Land and Houses Property Fund II	Real Estate	3,215.57	3,613.00	49.99	49.99	1,609,896	1,808,872	1,987,848	2,163,928	0	177,575
- Quality Houses Plc.	Real Estate	6,263.73	6,113.24	23.14	21.84	2,141,824	1,983,854	2,233,498	2,120,986	101,472	0
- Polar Property Holdings Corporation	Real Estate	4,149.00	2,810.17	29.48	29.48	866,849	866,849	917,410	866,849	0	0
Total investments in affiliates						6,711,675	6,041,221	7,743,829	6,989,020	184,300	254,893
Total investments in subsidiaries and affiliates						8,410,879	7,377,365	10,244,676	8,672,503	377,698	404,891

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 six months ended 30th June 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 Pacific Real Estate Co., Ltd.

The financial statements for six months ended 30th June 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 53.86 million as other liabilities in "excess loss from investments in subsidiaries and affiliates" and had equity loss of Baht 7.47 million.

5.1.3 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 of Baht 0.98 per share amounting to Baht 21.56 million. According to minutes the shareholders' extraordinary meeting of L H Muangmai Co., Ltd. passed the resolution to increase its share capital from Baht 400 million to Baht 900 million. 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 1 million common shares of Baht 10.00 each amounting to Baht 10 million. Thus, the Company's proportion of shareholding is increased to 550,000 shares total amount of Baht 5,500,000. In June 2005, L H Muangmai Co., Ltd. call for payment of the second increase share capital in proportion of shareholding which belonging to the Company for 825,000 shares of Baht 8.25 million and the Company has already paid for such amount. At present, the increase share capital is under the registration with the Ministry of Commerce. The Company has recorded such amount as other current assets.

5.1.4 Siamtanee Property Co., Ltd.

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 six months ended 30th June 2005 were brought into the computation of investments under the equity method, were taken from their respective reviewed financial statements.

5.1.5 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 shares 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 investment paid of Baht 336 million of the purchasing date. Such company has investment in leasehold land amount of Baht 306.58 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. Thus, as at 30th June 2005, the Company has recorded leasehold land of Baht 402.98 million which belong to the Company amount of Baht 279.95 million and minority interest of Baht 123.03 million.

5.2 Investments in affiliates

5.2.1 Net profit (loss) of 10 affiliates for six months ended 30th June 2005 which were brought into the computation of investment under equity method, were taken from their respective reviewed financial statements of 6 affiliates, the remaining were computed from unreviewed financial statements, the equity gain (loss) are as follows :

	(Baht : Thousand)	
	2005	2004
Bangkok Chain Hospital Plc.	38,116	0
Land and Houses Property Fund I	16,915	14,379
Land and Houses Property Fund II	0	14,441
Cameron Global Limited	(37)	(41)
Polar Property Holdings Corporation	1,992	0
Total equity gain of affiliates under equity method	56,986	28,779

5.2.2 Home Products Center Public Company Limited

In 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, amount to Baht 52.50 million. The other warrant holders exercised right to purchase common shares too, therefore, the percentage of investments as at 30th June 2005 was decreased to 27.58%.

As at 30th June 2005, investments in Home Products Center Public Company Limited, a listed company in the Stock Exchange of Thailand, had total market value of Baht 1,533.75 million (as at 31st December 2004, had market value of Baht 1,007.11 million).

5.2.3 Quality Construction Products Public Company Limited

As at 30th June 2005, investments in Quality Construction Products Public Company Limited, a listed company in the Stock Exchange of Thailand had total market value of Baht 610.54 million (as at 31st December 2004, had market value of Baht 1,407 million).

5.2.4 Quality House Public Company Limited

In 2005, the Company converted 112,500,000 units of warrants of Quality House Public Company Limited into 14,273,000 common shares by amounting to Baht 157.97 million, therefore, the percentage of investments as at 30th June 2005 was increased to 23.14%.

As at 30th June 2005, investments in Quality House Public Company Limited, a listed company in the Stock Exchange of Thailand, had total market value of Baht 1,609.06 million (as at 31st December 2004, had market value of Baht 1,562.34 million).

5.2.5 Polar Property Holding Corporation

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.

5.2.6 Land & Houses Credit Foncier Public Company Limited

The Company has investment in Land & Houses Credit Foncier Public Company Limited (LHCF) for the total amount of Baht 661.36 million 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 share. As a result, the percentage of Company's shareholding in LHCF will increase from 0.60% to 43%. The Company has changed the accounting record from long-term investments to investment in affiliates.

5.2.7 Land and Houses Property Fund II

On 28th June 2005, Land and Houses Property Fund II has decreased investment unit in the proportion of investment of unitholder, the Company's unitholding will reduce 19,867,100 units from 180,610,000 units to 160,742,900 units which recovered the money of Baht 245.39 million, Baht 12.3514 per unit.

5.2.8 Asia Asset Advisory Co., Ltd.

In May 2005, Asia Asset Advisory Co., Ltd. has decreased capital in the proportion of shareholding by reducing the Company's shareholding from 499,994 shares to 199,994 shares. The Company recovered the money for the amount of Baht 3 million.

6. LONG-TERM INVESTMENTS

As at 30th June 2005

	Consolidated			Parent Company		
	Securities held for sales	Other investments	(Thousand Baht) 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	304,195	140,639	444,834	304,195	64,901	369,096
Less Provision for unrealized gain (loss) of investment	47,563	0	47,563	47,563	0	47,563
Provision for impairment of assets - investment						
- Indonesia	0	(1,340,957)	(1,340,957)	0	(1,340,957)	(1,340,957)
- Domestic	(43,026)	(39,151)	(82,177)	(43,026)	(39,151)	(82,177)
Total	308,732	873,730	1,182,462	308,732	647,992	956,724

As at 31st December 2004

	Consolidated			Parent Company		
	Securities held for sales	Other investments	(Thousand Baht) 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
Less Provision for unrealized gain (loss) of investment	402,285	0	402,285	402,285	0	402,285
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

7. PROPERTY, PLANT AND EQUIPMENT - NET

Consolidated	(Baht : Thousand)			
	31st December 2004	Increase	Decrease	30th June 2005
Cost :				
Office building	55,838	0	0	55,838
Office equipment	87,158	7,948	27	95,079
Office and club furnitures	101,470	1,365	2,831	100,004
Machinery and equipment	1,273	0	0	1,273
Vehicles	39,527	5,879	814	44,592
Kindergarten	931	0	0	931
Nursery garden	96	0	0	96
Club houses, swimming pool				
and tennis court	906,120	68,543	0	974,663
Leasehold	26,658	0	0	26,658
Other assets	29,963	4,650	0	34,613
Assets in progress	14,641	8,743	0	23,384
Total	<u>1,263,675</u>	<u>97,128</u>	<u>3,672</u>	<u>1,357,131</u>
Accumulated depreciation :				
Office building	28,592	1,007	0	29,599
Office equipment	54,244	9,082	14	63,312
Office and club furnitures	57,392	7,221	2,831	61,782
Machinery and equipment	1,122	15	0	1,137
Vehicles	12,553	3,944	424	16,073
Kindergarten	514	23	0	537
Nursery garden	78	2	0	80
Club houses, swimming pool				
and tennis court	729,508	44,370	0	773,878
Leasehold	25,815	29	0	25,844
Other assets	21,091	1,778	0	22,869
Total	<u>930,909</u>	<u>67,471</u>	<u>3,269</u>	<u>995,111</u>

Consolidated				(Baht : Thousand)
	31st December 2004	Increase	Decrease	30th June 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			353,853
Parent's financial statements				(Baht : Thousand)
	31st December 2004	Increase	Decrease	30th June 2005
Cost :				
Office building	37,587	0	0	37,587
Office equipment	79,132	6,867	27	85,972
Office and club furnitures	81,170	322	2,831	78,661
Vehicles	33,449	3,296	34	36,711
Kindergarten	931	0	0	931
Nursery garden	59	0	0	59
Club houses, swimming pool				
and tennis court	719,444	46,339	0	765,783
Leasehold	25,475	0	0	25,475
Other assets	22,636	2,118	0	24,754
Assets in progress	7,604	6,599	0	14,203
Total	1,007,487	65,541	2,892	1,070,136
Accumulated depreciation :				
Office building	11,944	932	0	12,876
Office equipment	47,704	8,833	14	56,523
Office and club furnitures	39,867	6,643	2,831	43,679

Parent's financial statements

(Baht : Thousand)

	31st December 2004	Increase	Decrease	30th June 2005
Vehicles	10,203	3,271	34	13,440
Kindergarten	514	23	0	537
Nursery garden	59	0	0	59
Club houses, swimming pool and tennis court	612,970	28,067	0	641,037
Leasehold	25,449	19	0	25,468
Other assets	14,583	1,544	0	16,127
Total	763,293	49,332	2,879	809,746
Net book value	244,194			260,390

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

As at 30th June 2005 and 31st December 2004, plant and equipment before accumulated depreciation which were fully depreciated amounting to Baht 63.78 million and Baht 57.63 million, respectively are still being operated.

8. BANKS OVERDRAFT AND LOANS FROM FINANCIAL INSTITUTIONS

	Consolidated		Parent company	
	30th Jun. 2005 (Thousand Baht)	31st Dec. 2004	30th Jun. 2005 (Thousand Baht)	31st Dec. 2004
Banks overdraft	13,983	23,115	7,305	3,285
Bill of exchange	2,094,536	1,814,463	2,094,536	1,814,463
Less Prepaid interest	(12,692)	(22,311)	(12,692)	(22,311)
Net	2,095,827	1,815,267	2,089,149	1,795,437

9. SHORT-TERM LOANS FROM SUBSIDIARIES - PROMISSORY NOTES

As at 31st December 2004, the Company have loans from subsidiaries - promissory notes of 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	
	30th Jun. 2005 (Thousand Baht)	31st Dec. 2004	30th Jun. 2005 (Thousand Baht)	31st Dec. 2004
Long-term loans	4,783,508	6,043,342	4,075,074	4,742,416
Less Current portion due				
within 1 year	(367,400)	(903,082)	(367,400)	(903,082)
Prepaid interest	(220,499)	(291,031)	(220,499)	(291,031)
Total	4,195,609	4,849,229	3,487,175	3,548,303

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
	30th Jun. 2005		31st Dec. 2004			
	Credit amount	Interest	Credit amount	Interest		
One bank	2,356.46	2.25 - 3.90	2,375.11	3	Repayment from October 2005 to November 2007	-
Finance companies	1,718.61	2.25 - 3.97	2,367.31	2.43 - 3.97	Repayment from April 2004 to June 2007	-
Total	4,075.07		4,742.42			

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

Company	Balance		Interest rate	Repayment conditions	Guarantee by
	30th Jun.05	31st Dec.04			
	(Million Baht)		%		
1. L H Muangmai Co., Ltd.	311.43	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	708.43	1,300.92			
Total long-term loans of the Company and subsidiaries	4,783.50	6,043.34			

11. DEBENTURES - DOMESTIC

	Number of debenture		Amount	
	(shares)		(Thousand Baht)	
	30th Jun. 2005	31st Dec. 2004	30th Jun. 2005	31st 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
- # 1/2005				
- # 1	1,500,000	0	1,500,000	0
- # 2	1,500,000	0	1,500,000	0
- # 3	2,000,000	0	2,000,000	0
Secured debentures				
- # 1/2001	1,125,000	1,500,000	562,500	750,000
Balance	<u>9,125,000</u>	<u>5,300,000</u>	<u>8,562,500</u>	<u>3,870,000</u>
Less Current portion of liabilities			<u>(1,375,000)</u>	<u>(495,000)</u>
Balance			<u><u>7,187,500</u></u>	<u><u>3,375,000</u></u>

12. WARRANTS

The detail of warrants issuance to the existing shareholders in 2001, as at 30th June 2005, one unit of warrant has exercise right to purchase 1.16857 ordinary shares at Baht 2.225 each.

Number of total warrants	3,076,568,550	Units
The number of exercised warrants up to 30th June 2005	<u>1,694,694,577</u>	Units
Balance number of warrants	<u><u>1,381,873,973</u></u>	Units

The warrants issuance to directors and employees (ESOP) in April 2005, one unit of warrant has exercise right to purchase 10 ordinary shares at Baht 1.00 each as detailed following :

Number of total warrants	5,964,350	Units
The number of exercised warrants up to 30th June 2005	<u>2,352,300</u>	Units
Balance number of warrants	<u><u>3,612,050</u></u>	Units

13. SHARE CAPITAL

During the first six months of 2005 ended June 30, 2005, the Company's paid-up share capital was changed from 8.155.73 million shares to 8,221.13 million shares or increasing 65.40 million shares arose from conversion of warrants issued to the existing shareholders and also issued to the employees.

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	
	30th Jun. 2005 (Thousand Baht)	31st Dec. 2004	30th Jun. 2005 (Thousand Baht)	31st Dec. 2004
Different between book value and fair value of investment available for sales				
- Affiliates' investment	267,526	267,409	267,526	267,409
- Company's investment	47,563	402,285	47,563	402,285
Gain from exchange rates of investment in overseas affiliates	48,569	0	48,569	0
Total	363,658	669,694	363,658	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 six months ended 30th June 2005 and 2004 amount of Baht 3.06 million and Baht 2.58 million.

16. EARNINGS PER SHARE

Consolidated and parent's financial statements

	For three months ended 30th June 2005		
	Profit (Thousand Baht)	Number of share weight average	Baht/share
<u>Basic earnings per share</u>			
Net profit of common share	1,441,527	8,202,561,762	0.18
Effects of diluted potential common share			
- Exercise rights		1,117,247,683	-
<u>Diluted earnings per share</u>			
Profit of common shareholders assumed as conversion to common share	1,441,527	9,319,809,445	0.15

Consolidated and parent's financial statements

	For six months ended 30th June 2005		
	Profit (Thousand Baht)	Number of share weight average	Baht/share
<u>Basic earnings per share</u>			
Net profit of common share	2,539,339	8,179,445,078	0.31
Effects of diluted potential common share			
- Exercise rights		1,117,247,683	-
<u>Diluted earnings per share</u>			
Profit of common shareholders assumed as conversion to common share	2,539,339	9,296,692,761	0.27

Consolidated and parent's financial statements

	For three months ended 30th June 2004		
	Profit (Thousand Baht)	Number of share weight average	Baht/share
<u>Basic earnings per share</u>			
Net profit of common share	1,745,305	7,766,750,602	0.22
Effects of diluted potential common share			
- Exercise rights		1,230,622,376	-
<u>Diluted earnings per share</u>			
Profit of common shareholders assumed as conversion to common share	1,745,305	8,997,372,978	0.19

Consolidated and parent's financial statements

	For six months ended 30th June 2004		
	Profit (Thousand Baht)	Number of share weight average	Baht/share
<u>Basic earnings per share</u>			
Net profit of common share	2,956,691	7,440,762,194	0.40
Effects of diluted potential common share			
- Exercise rights		1,230,622,376	-
<u>Diluted earnings per share</u>			
Profit of common shareholders assumed as conversion to common share	2,956,691	8,671,384,570	0.34

17. APPROPRIATED PROFIT AND DIVIDEND PAID

According to the minutes of shareholders' general meeting no. 1/2005 held on April 19, 2005, the Company passed the resolution to pay additional dividend for the year 2004 from appropriated its profit at Baht 0.30 per share amounting to Baht 2,455.85 which was paid on 11th May 2005 for the amount of Baht 2,417.34 million, the remaining of Baht 38.51 million is belong to the shareholders of which has not a right to receive dividend.

18. TRANSACTION WITH ITS RELATED PARTIES

	Type of business	Relationship		
	Consolidated	Parent company		
	30th Jun. 2005 (Million Bah)	31st December 2004	30th Jun. 2005 (Million Bah)	31st December 2004
Quality Construction Products Plc.	Construction material manufacturer	Affiliate of Company and directorship		
Home Products Center Plc.	Construction material retailer	Affiliate of Company and directorship		
Quality Houses Plc.	Real Estate	Affiliate of Company and directorship		
Asian Property Development Plc. and subsidiaries	Real Estate	Company is a shareholder and directorship		

Purchase goods

Quality Construction Products Plc.	115.35	112.43	74.25	101.02
Home Products Center Plc.	175.39	148.76	121.57	121.16
Asian Property Development Plc. and subsidiaries	18.64	21.24	11.48	21.24
Total	309.38	282.43	207.30	243.42

	Consolidated		Parent company	
	30th Jun. 2005 (Million Bah)	31st December 2004	30th Jun. 2005 (Million Bah)	31st December 2004
Services				
Quality Houses Plc.	8.76	7.82	8.30	7.44
Total	8.76	7.82	8.30	7.44
Trade accounts payable				
Quality Construction Products Plc.	16.09	23.34	10.08	16.38
Home Products Center Plc.	31.43	29.29	17.48	20.87
Quality Houses Plc.	0.15	1.78	0.00	0.00
Asian Property Development Plc. and subsidiaries	1.89	3.08	1.48	3.07
Total	49.56	57.49	29.04	40.32

19. LITIGATION

As at 30th June 2005, the Company has no material litigation.

20. COMMITMENT AND CONTINGENT LIABILITIES

20.1 The Company has contingent liabilities to several financial institutions for acting as a guarantor for Bangkok Chain Hospital Plc. an affiliate as at 30th June 2005 and 31st December 2004 for the amount of Baht 669.78 million and Baht 791 million, respectively. This guarantee is based on the proportion of shareholding.

20.2 As at 30th June 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 1,411.63 million (as at 31st December 2004, the amount was Baht 1,773.85 million).

20.3 As at 30th June 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).

20.4 Pacific Real Estate Co., Ltd., a subsidiary, has guaranteed the another company's debts of Baht 29.09 million as at 30th June 2005 (as at 31st December 2004, the amount was Baht 28.28 million).

20.5 As at 30th June 2005 and as at 31st December 2004, the Company and subsidiaries has commitment in compliance with construction contracts to be completed in the amount of Baht 1,657.52 million and Baht 1,384.67 million, respectively.

21. OBLIGATION AND COMMITMENT TO COMPLETE PROJECTS ON HAND

	Consolidated		Parent company	
	30th June 2005	31st December 2004	30th June 2005	31st December 2004
Number of project on hand, beginning of the period	36	31	26	23
Number of closing project	(9)	(10)	(9)	(7)
Number of new project	6	15	3	10
Number of project on hand, ending of the period	33	36	20	26
Contracted sales value (million Baht)	43,617	44,085	34,477	38,143
% Sales value of project on hand	55.57%	56.95%	57.09%	60.52%

The Company has obligation and commitment to complete all central utilities of developing projects on hand in the amount of Baht 648.85 million (as at 31st December 2004, the amount was Baht 727.42 million).

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 30th June 2005 for the consolidated and the Company financial statements in the amount of Baht 887.91 million and Baht 569.80 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 30th June 2005 are close to their estimated fair value. Except for short-term loans of Baht 2,449.24 million, long-term loans of Baht 3,487.18 million and debentures of Baht 8,562.50 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 2,433.04 million, Baht 3,357.76 million and Baht 8,207.35 million, respectively. Furthermore, the management believes that there is no material risk financial instruments.

23. SUBSEQUENT EVENTS

During June to July 2005, Land and Houses Credit Foncier Public Company Limited, an affiliate, submitted the tender offer for securities of The Book Club Finance Public Company Limited, as part of the plan for establishment of retail bank. At the end of tender offer period, ordinary shares and convertible preferred shares offered to sell are 273,416,284 shares from total 283,670,743 shares equal to 96.38% of total share capital at Baht 4.51 per share.

24. RECLASSIFICATION

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

24.2 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