

(UNAUDITED BUT REVIEWED)

LAND AND HOUSES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2006

1. GENERAL INFORMATION

1.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standards Pronouncement No. 41 “Interim financial statements”, with the Company choosing to present condensed interim financial statements. However, additional line items are presented in the balance sheets, and the statements of earnings, changes in shareholders’ equity, and cash flows, to bring them into line with the full format used in the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events, and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

1.2 Basis of consolidation

These consolidated interim financial statements are prepared by applying the same basis as that applied for the preparation of the consolidated financial statements for the year ended 31 December 2005, with there being no changes in the structure of shareholding in subsidiaries during the period.

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The consolidated interim financial statements include the account balances of the Company and its subsidiaries. Material intercompany transactions and balances have been eliminated. The Company's holdings in subsidiaries are as follows: -

| | Country of incorporation | Percentage of shareholding (%) | |
|-------------------------------------|-----------------------------|--------------------------------|------------------|
| | | 31 March 2006 | 31 December 2005 |
| Atlantic Real Estate Co., Ltd. | Thailand | 99.99 | 99.99 |
| Pacific Real Estate Co., Ltd. | Thailand | 99.99 | 99.99 |
| Land and Houses North Co., Ltd. | Thailand | 99.99 | 99.99 |
| Land and Houses Northeast Co., Ltd. | Thailand | 99.99 | 99.99 |
| Siam Tanee Property Co., Ltd. | Thailand | 99.99 | 99.99 |
| L H Real Estate Co., Ltd. | Thailand | 99.99 | 99.99 |
| L H Asset Co., Ltd. | Thailand | 99.99 | 99.99 |
| L H Muang Mai Co., Ltd. | Thailand | 55.00 | 55.00 |
| Royal Excellency Co., Ltd. | Thailand | 60.00 | 60.00 |

In addition, the consolidated interim financial statements also include the following companies, accounted balances of subsidiaries in which holds more than 50% of shares.

| | Country of corporation | Percentage of shareholding (%) | |
|--|---------------------------|--------------------------------|------------------|
| | | 31 March 2006 | 31 December 2005 |
| Siam Tanee Property Co., Ltd.'s subsidiary | | | |
| Siam Tanee Real Estate Co., Ltd. | Thailand | 99.99 | 99.99 |
| L H Muang Mai Co., Ltd.'s subsidiaries | | | |
| Phuket Future Plan Co., Ltd. | Thailand | 99.99 | 99.99 |
| Doubletree Co., Ltd. | Thailand | 99.99 | 99.99 |
| Royal Excellency Co., Ltd.'s subsidiary | | | |
| L&H Sathon Co., Ltd. | Thailand | 99.99 | 99.99 |

The consolidated and the Company's interim financial statements for the three-month period ended 31 March 2006 included investments in the following associated companies accounted for under the equity method, and share of profit (loss) from investments in the associated companies under the equity method, determined based on financial statements of those companies which have been reviewed or not been reviewed as stipulated.

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

| Country of incorporation | Percentage of shareholding as at 31 March 2006 (%) | Investments under the equity method as at 31 March 2006 | Share of profit (loss) from investments under the equity method for the three-month period ended 31 March 2006 |
|---|--|---|--|
| | | | |
| Reviewed by auditor and another auditor of the same firm | | | |
| Land and Houses Retail Bank Plc. | Thailand | 43.00 | 557,088 (22,881) |
| Asia Asset Advisory Co., Ltd. | Thailand | 39.99 | 14,635 613 |
| Land and Houses Property Fund | Thailand | 49.94 | 473,236 9,316 |
| Land and Houses Property and Loan Fund II | Thailand | 49.99 | 1,924,909 28,430 |
| Quality Houses Plc. | Thailand | 24.85 | 2,445,556 17,123 |
| Reviewed by other auditors | | | |
| Bangkok Chain Hospital Co., Ltd. | Thailand | 25.79 | 619,931 29,024 |
| Quality Construction Products Plc. | Thailand | 31.41 | 462,780 119 |
| Home Product Center Plc. | Thailand | 26.62 | 755,350 27,725 |
| Unreviewed by auditor | | | |
| Polar Property Holdings Corporation | Philippines | 25.00 | 958,193 8,807 |

1.3 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2005.

2. RELATED PARTY TRANSACTIONS

During the periods, the Company and its subsidiaries had significant business transactions with their related companies (related by ways of common directors and/or common shareholders and managements). The transactions are summarised below: -

(Unit: Million Baht)

| | For the three-month periods ended 31 March | | | | Pricing policy |
|---------------------------------------|--|------|------------------|------|-----------------------|
| | Consolidated | | The Company Only | | |
| | 2006 | 2005 | 2006 | 2005 | |
| Transactions with subsidiaries | | | | | |
| Interest income | - | - | 24.9 | 40.5 | 5 p.a. (2005: 4 p.a.) |
| Interest expense | - | - | 0.2 | 2.8 | 3 p.a. (2005: 4 p.a.) |

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

| | For the three-month periods ended 31 March | | | | Pricing policy |
|--|--|-------------|------------------|-------------|----------------|
| | Consolidated | | The Company Only | | |
| | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> | |
| <u>Transactions with associated companies</u> | | | | | |
| Purchase of goods | 65.1 | 145.2 | 39.7 | 102.9 | Market Price |
| Service expenses | 5.6 | 4.4 | 5.6 | 4.2 | Market Price |
| <u>Transactions with related companies</u> | | | | | |
| Purchase of goods | - | 10.9 | - | 7.4 | Market Price |

The outstanding balances of the above transactions have been presented in the balance sheets as follows: -

(Unit: Million Baht)

| | Consolidated | | The Company Only | |
|--|--------------|-------------|------------------|-------------|
| | 31 March | 31 December | 31 March | 31 December |
| | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> |
| Amount due from and accounts receivable - related parties | | | | |
| <u>Subsidiary companies</u> | | | | |
| Pacific Real Estate Co., Ltd. | - | - | 4.0 | 3.5 |
| Land and Houses Northeast Co., Ltd. | - | - | 1.3 | 1.1 |
| L H Real Estate Co., Ltd. | - | - | 8.9 | 6.7 |
| L H Asset Co., Ltd. | - | - | 2.9 | 2.0 |
| L H Muang Mai Co., Ltd. | - | - | 0.3 | 0.3 |
| Land and Houses North Co., Ltd. | - | - | 0.1 | 0.1 |
| | - | - | 17.5 | 13.7 |

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

| | Consolidated | | The Company Only | |
|---|------------------|---------------------|------------------|---------------------|
| | 31 March 2006 | 31 December 2005 | 31 March 2006 | 31 December 2005 |
| <u>Associated companies</u> | | | | |
| Home Product Center Plc. | 7.1 | 10.3 | 5.6 | 8.1 |
| Quality Houses Plc. | 4.8 | 4.8 | 4.8 | 4.8 |
| | 11.9 | 15.1 | 10.4 | 12.9 |
| Total | 11.9 | 15.1 | 27.9 | 26.6 |
| Short-term loans to and accrued interest receivable from related parties | | | | |
| <u>Subsidiary companies</u> | | | | |
| Pacific Real Estate Co., Ltd. | - | - | 990.1 | 1,151.5 |
| Atlantic Real Estate Co., Ltd. | - | - | 100.3 | 99.2 |
| L H Real Estate Co., Ltd. | - | - | 100.0 | 388.3 |
| L H Asset Co., Ltd. | - | - | 948.5 | 878.4 |
| Total | - | - | 2,138.9 | 2,517.4 |
| Deposit - related company | | | | |
| <u>Related company</u> | | | | |
| Centre Point Management Co., Ltd. | 6.7 | - | 6.7 | - |

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

| | Consolidated | | The Company Only | |
|---|--------------|-------------|------------------|-------------|
| | 31 March | 31 December | 31 March | 31 December |
| | 2006 | 2005 | 2006 | 2005 |
| Trade accounts payable - related parties | | | | |
| <u>Associated companies</u> | | | | |
| Quality Construction Products Plc. | 10.2 | 14.9 | 7.8 | 9.3 |
| Home Product Center Plc. | 5.7 | 16.5 | 2.5 | 6.5 |
| | 15.9 | 31.4 | 10.3 | 15.8 |
| <u>Related company</u> | | | | |
| PCM Construction Material Co., Ltd. | - | 1.1 | - | - |
| Total | 15.9 | 32.5 | 10.3 | 15.8 |
| Accounts payables - related parties | | | | |
| <u>Subsidiary company</u> | | | | |
| Siam Tanee Real Estate Co., Ltd. | - | - | 0.4 | 0.4 |
| <u>Associated companies</u> | | | | |
| Home Product Center Plc. | 0.1 | - | - | - |
| Asia Asset Advisory Co., Ltd. | 5.3 | 4.0 | - | - |
| | 5.4 | 4.0 | - | - |
| Total | 5.4 | 4.0 | 0.4 | 0.4 |
| Short-term loans from and accrued interest payables to related party | | | | |
| <u>Subsidiary company</u> | | | | |
| Land and Houses Northeast Co., Ltd. | - | - | 100.2 | 28.5 |

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

(UNAUDITED BUT REVIEWED)

During the current period, the movements of loans to/from subsidiaries were as follows: -

(Unit: Million Baht)

| | The Company Only | | | |
|--|-------------------------|-----------------|------------------|----------------------|
| | <u>31 December 2005</u> | <u>Increase</u> | <u>Decrease</u> | <u>31 March 2006</u> |
| Short-term loans to and accrued interest receivables from related parties | | | | |
| <u>Subsidiary companies</u> | | | | |
| Pacific Real Estate Co., Ltd. | 1,151.5 | 3,083.3 | (3,244.7) | 990.1 |
| Atlantic Real Estate Co., Ltd. | 99.2 | 101.0 | (99.9) | 100.3 |
| L H Real Estate Co., Ltd. | 388.3 | 1,043.1 | (1,331.4) | 100.0 |
| L H Asset Co., Ltd. | 878.4 | 1,034.3 | (964.2) | 948.5 |
| Total | <u>2,517.4</u> | <u>5,261.7</u> | <u>(5,640.2)</u> | <u>2,138.9</u> |
| Short-term loans from and accrued interest payables to related parties | | | | |
| <u>Subsidiary company</u> | | | | |
| Land and Houses Northeast Co., Ltd. | <u>28.5</u> | <u>100.2</u> | <u>(28.5)</u> | <u>100.2</u> |

3. TRADE ACCOUNTS RECEIVABLES

As at 31 March 2006 and 31 December 2005 trade accounts receivables classified by overdue period are as follow:

(Unit: Million Baht)

| Overdue period | Consolidated | | The Company Only | |
|--|--------------|-------------|------------------|-------------|
| | 31 March | 31 December | 31 March | 31 December |
| | 2006 | 2005 | 2006 | 2005 |
| Trade accounts receivable - properties | | | | |
| Less than 3 months | 6,772 | - | - | - |
| More than 12 months | 174 | 174 | - | - |
| | <u>6,946</u> | <u>174</u> | <u>-</u> | <u>-</u> |

4. LAND, CONSTRUCTION IN PROGRESS AND UTILITIES (INVENTORIES)

As at 31 March 2006, the Company and its subsidiaries have mortgaged land and structures thereon with net book values of Baht 2,054 million (31 December 2005: Baht 2,054 million) to secure the loans and debentures discussed in Notes 8, 9 and 10.

(UNAUDITED BUT REVIEWED)

5. INVESTMENTS IN SUBSIDIARY COMPANIES

(Unit: Thousand Baht)

| The Company Only | | | | | | | |
|--|--------------------------------|----------------------------|-----------------|--|------------------|------------------|----------|
| As at 31 March 2006 | | | | | | | |
| Company's name | Nature of business | Type of relation | Paid-up capital | Percentage owned by the Company (Percent) | Investment | | Dividend |
| | | | | | Cost method | Equity method | |
| Atlantic Real Estate Co., Ltd. | Real estate business | Shareholders and directors | 15,000 | 99.99 | 14,998 | 9,472 | - |
| Pacific Real Estate Co., Ltd. | Real estate business | Shareholders and directors | 371,616 | 99.99 | 371,614 | 470,395 | - |
| Land and Houses North Co., Ltd. | Real estate business | Shareholders and directors | 13,500 | 99.99 | 13,500 | 19,074 | - |
| Land and Houses Northeast Co., Ltd. | Real estate business | Shareholders and directors | 570,000 | 99.99 | 569,999 | 595,769 | - |
| Siam Tanee Property Co., Ltd. and its subsidiary | Real estate business | Shareholders and directors | 100,000 | 99.99 | 64,859 | 220,902 | - |
| L H Real Estate Co., Ltd. | Real estate business | Shareholders and directors | 116,000 | 99.99 | 50,000 | 1,434,846 | - |
| L H Asset Co., Ltd. | Real estate business | Shareholders and directors | 100,000 | 99.99 | 52,734 | 161,953 | - |
| L H Muang Mai Co., Ltd. and its subsidiaries | Real estate business | Shareholders and directors | 900,000 | 55.00 | 495,000 | 585,582 | - |
| Royal Excellency Co., Ltd. and its subsidiary | Real estate for lease business | Shareholders and directors | 1,000,000 | 60.00 | 696,000 | 679,896 | - |
| | | | | | <u>2,328,704</u> | <u>4,177,889</u> | <u>-</u> |

(Unit: Thousand Baht)

| The Company Only | | | | | | | |
|--|--------------------------------|----------------------------|-----------------|--|------------------|------------------|----------------|
| As at 31 December 2005 | | | | | | | |
| Company's name | Nature of business | Type of relation | Paid-up capital | Percentage owned by the Company (Percent) | Investment | | Dividend |
| | | | | | Cost method | Equity method | |
| Atlantic Real Estate Co., Ltd. | Real estate business | Shareholders and directors | 15,000 | 99.99 | 14,998 | 17,909 | - |
| Pacific Real Estate Co., Ltd. | Real estate business | Shareholders and directors | 371,616 | 99.99 | 371,614 | 379,567 | - |
| Land and Houses North Co., Ltd. | Real estate business | Shareholders and directors | 13,500 | 99.99 | 13,500 | 18,998 | 29,999 |
| Land and Houses Northeast Co., Ltd. | Real estate business | Shareholders and directors | 570,000 | 99.99 | 569,999 | 588,947 | 148,200 |
| Siam Tanee Property Co., Ltd. and its subsidiary | Real estate business | Shareholders and directors | 100,000 | 99.99 | 64,859 | 235,597 | 313,398 |
| L H Real Estate Co., Ltd. | Real estate business | Shareholders and directors | 116,000 | 99.99 | 50,000 | 1,307,418 | - |
| L H Asset Co., Ltd. | Real estate business | Shareholders and directors | 100,000 | 99.99 | 52,734 | 160,116 | - |
| L H Muang Mai Co., Ltd. and its subsidiaries | Real estate business | Shareholders and directors | 900,000 | 55.00 | 495,000 | 557,170 | - |
| Royal Excellency Co., Ltd. and its subsidiary | Real estate for lease business | Shareholders and directors | 580,000 | 60.00 | 444,000 | 433,701 | - |
| | | | | | <u>2,076,704</u> | <u>3,699,423</u> | <u>491,597</u> |

(UNAUDITED BUT REVIEWED)

During the current period, Royal Excellency Company Limited, the Company's subsidiary, called up the remaining uncalled portion of its share price from its shareholders. The Company therefore paid in the uncalled portion of share amounting to Baht 252 million in February and March 2006.

As at 31 March 2006, L H Muang Mai Company Limited pledged the ordinary shares of Phuket Future Plan Company Limited and Doubletree Company Limited as collateral of long-term loans as discussed in Note 9.

6. INVESTMENTS IN ASSOCIATED COMPANIES

(Unit: Thousand Baht)

| | | Consolidated and The Company Only | | | | | |
|---|-----------------------------------|-----------------------------------|-----------------|---------------------------------|------------------|------------------|---------------|
| | | As at 31 March 2006 | | | | | |
| Company's name | Nature of business | Type of relationship | Paid-up capital | Percentage owned by the Company | Investment | | Dividend |
| | | | | | Cost method | Equity method | |
| | | | | (Percent) | | | |
| Land and Houses Retail Bank Plc. | Retail bank | Shareholders and directors | 1,100,000 | 43.00 | 661,960 | 557,088 | - |
| Bangkok Chain Hospital Plc. | Hospital | Shareholders and directors | 950,000 | 25.79 | 520,479 | 619,931 | - |
| Quality Construction Products Plc. | Building material | Shareholders and directors | 400,000 | 31.41 | 265,980 | 462,780 | - |
| Home Product Center Plc. | Trading of construction materials | Shareholders and directors | 954,086 | 26.62 | 424,333 | 755,350 | - |
| Asia Asset Advisory Co., Ltd. | Investment advisor | Shareholders and directors | 5,000 | 39.99 | 2,000 | 14,635 | - |
| Land and Houses Property Fund | Real estate business | Shareholders and directors | 639,943 | 49.94 | 328,452 | 473,236 | 9,588 |
| Land and Houses Property and Loan Fund II | Real estate business | Shareholders and directors | 3,215,570 | 49.99 | 1,609,896 | 1,924,909 | 40,186 |
| Quality Houses Plc. | Real estate business | Shareholders and directors | 6,285,285 | 24.85 | 2,277,455 | 2,445,556 | - |
| Polar Property Holdings Corporation | Real estate business | Shareholders and directors | 4,892,411 | 25.00 | 866,849 | 958,193 | - |
| | | | | | <u>6,957,404</u> | <u>8,211,678</u> | <u>49,774</u> |

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

| | | Consolidated and The Company Only | | | | | |
|---|-----------------------------------|-----------------------------------|-----------------|---------------------------------|-------------|---------------|----------|
| | | As at 31 December 2005 | | | | | |
| Company's name | Nature of business | Type of relationship | Paid-up capital | Percentage owned by the Company | Investment | | Dividend |
| | | | | | Cost method | Equity method | |
| | | | | (Percent) | | | |
| Land and Houses Retail Bank Plc. | Retail bank | Shareholders and directors | 1,100,000 | 43.00 | 661,960 | 580,457 | - |
| Bangkok Chain Hospital Co., Ltd. | Hospital | Shareholders and directors | 950,000 | 25.79 | 520,479 | 592,787 | 24,400 |
| Quality Construction Products Plc. | Building material | Shareholders and directors | 400,000 | 31.41 | 265,980 | 462,661 | 31,406 |
| Home Product Center Plc. | Trading of construction materials | Shareholders and directors | 947,310 | 26.62 | 410,795 | 714,088 | 42,473 |
| Asia Asset Advisory Co., Ltd. | Investment advisor | Shareholders and directors | 5,000 | 39.99 | 2,000 | 14,021 | - |
| Land and Houses Property Fund | Real estate business | Shareholders and directors | 639,940 | 49.94 | 328,452 | 473,551 | 23,331 |
| Land and Houses Property and Loan Fund II | Real estate business | Shareholders and directors | 3,215,570 | 49.99 | 1,609,896 | 1,938,621 | 104,483 |
| Quality Houses Plc. | Real estate business | Shareholders and directors | 6,270,733 | 24.02 | 2,208,445 | 2,359,424 | 101,472 |
| Polar Property Holdings Corporation | Real estate business | Shareholders and directors | 4,892,410 | 25.00 | 866,849 | 963,321 | - |
| | | | | | 6,874,856 | 8,098,931 | 327,565 |

The Company recorded its investment in Polar Property Holdings Corporation, an oversea associated company, under the equity method based on information provided by that company's management, which was not reviewed by its auditor. However, such amount is not material to the financial statements.

Shares of profits (losses) from investments in associated companies accounted for under the equity method for the year ended 31 December 2005 which were determined from financial statements which had not audited are detailed below:

(Unit: Thousand Baht)

| | <u>31 December 2006</u> |
|--|-------------------------|
| Land and Houses Retail Bank Public Company Limited | (82,026) |
| Land and Houses Property Fund | 36,140 |
| Land and Houses Property and Loan Fund II | 109,822 |
| Polar Property Holdings Corporation | 17,576 |
| Total | <u>81,512</u> |

(UNAUDITED BUT REVIEWED)

The differences between the audited financial statements of the above associated companies and the financial statements used for calculation of profit (loss) sharing under the equity method were immaterial and the Company has therefore adjusted such differences in the statement of earnings of the current period.

6.1 Home Product Center Plc.

As at 31 March 2006, the investment in Home Products Center Plc., a company listed on the Stock Exchange of Thailand, had a total market value of Baht 2,539 million (31 December 2005: Baht 2,030 million).

During the current period, the Company acquired an additional 1.7 million ordinary shares of Home Product Center Plc., or a total of Baht 13.5 million.

In addition, during the current period, the warrant holders of Home Product Center Plc. exercised their rights to convert 6.8 million warrants to 6.8 million ordinary shares. As a result, the Company's percentage shareholding in that company still equal to 26.62 percent.

6.2 Bangkok Chain Hospital Plc.

As at 31 March 2006, investment in Bangkok Chain Hospital Plc., a company listed on the Stock Exchange of Thailand, had a total market value of Baht 980 million (31 December 2005: Baht 657 million).

6.3 Quality Construction Products Plc.

As at 31 March 2006, investment in Quality Construction Products Plc., a company listed on the Stock Exchange of Thailand, had a total market value of Baht 332 million (31 December 2005: Baht 344 million).

6.4 Quality Houses Plc.

As at 31 March 2006, investment in Quality Houses Plc., a company listed on the Stock Exchange of Thailand, had a total market value of Baht 2,015 million (31 December 2005: Baht 1,747 million).

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During the current period, the Company acquired on additional 56 million ordinary shares of Quality Houses Plc. or a total of Baht 69 million.

In addition, during the current period, the warrant holders of Quality Houses Plc. exercised their rights to convert 14.5 million warrants to 14.5 million ordinary shares. As a result, the Company's percentage shareholding in that company has changed from 24.02 percent to 24.85 percent.

6.5 Polar Property Holdings Corporation

During the current period, Polar Property Holdings Corporation listed in the Stock Exchange of Philippines. As at 31 March 2006, its market value is Baht 2,199 million.

7. OTHER LONG-TERM INVESTMENTS

(Unit: Thousand Baht)

| | Consolidated | | The Company Only | |
|--|------------------|---------------------|------------------|---------------------|
| | 31 March 2006 | 31 December 2005 | 31 March 2006 | 31 December 2005 |
| Securities available-for-sale | | | | |
| Equity security - Domestic | 105,789 | 118,801 | 105,789 | 118,801 |
| Add: Unrealised gain (loss) on investment | (48,659) | 2,499 | (48,659) | 2,499 |
| | <u>57,130</u> | <u>121,300</u> | <u>57,130</u> | <u>121,300</u> |
| Other investments | | | | |
| Debt securities held for maturity | | | | |
| Bangkok Mass Transit System Plc. | 150,000 | 150,000 | | |
| Equity securities - Indonesia | 1,962,768 | 1,963,199 | 1,962,768 | 1,963,199 |
| Equity securities - Domestic | 140,643 | 140,643 | 64,902 | 64,902 |
| Less: Provision for impairment of investment | | | | |
| - Equity securities - Indonesia | (1,340,699) | (1,340,957) | (1,340,699) | (1,340,957) |
| - Equity securities - Domestic | (39,151) | (39,151) | (39,151) | (39,151) |
| | <u>873,561</u> | <u>873,734</u> | <u>647,820</u> | <u>647,993</u> |
| Total | <u>930,691</u> | <u>995,034</u> | <u>704,950</u> | <u>769,293</u> |

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8. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

(Unit: Thousand Baht)

| | Consolidated | | The Company Only | |
|------------------------|------------------|---------------------|------------------|---------------------|
| | 31 March 2006 | 31 December 2005 | 31 March 2006 | 31 December 2005 |
| Banks overdraft | 25,063 | 10,554 | 6,137 | 10,554 |
| Bill of exchange | 734,463 | 304,463 | 734,463 | 304,463 |
| Less: Prepaid interest | (13,648) | (3,501) | (13,648) | (3,501) |
| Net | <u>745,878</u> | <u>311,516</u> | <u>726,952</u> | <u>311,516</u> |

Bank overdrafts and short-term loans from financial institution have been secured by the mortgage land and construction thereon of the Company and its subsidiaries, as discussed in Note 4.

9. LONG-TERM LOANS

(Unit: Thousand Baht)

| | Consolidated | | The Company Only | |
|---|------------------|---------------------|------------------|---------------------|
| | 31 March 2006 | 31 December 2005 | 31 March 2006 | 31 December 2005 |
| Long-term loans | 4,612,599 | 4,773,965 | 3,703,379 | 3,816,576 |
| Less: Current portion of long-term loans | (2,095,259) | (1,394,779) | (1,289,998) | (1,380,559) |
| Prepaid interest | (127,914) | (156,949) | (127,914) | (156,949) |
| Net | <u>2,389,426</u> | <u>3,222,237</u> | <u>2,285,467</u> | <u>2,279,068</u> |

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Details of long-term loans of the Company and its subsidiaries are as follows: -

(Unit: Million Baht)

| Borrower | 31 March 2006 | | 31 December 2005 | | Repayment conditions | Guarantee by |
|---|---------------|---|------------------|---|--|--|
| | Credit amount | Interest rate | Credit amount | Interest rate | | |
| Loans of the Company | | | | | | |
| Domestic bank | 2,292.2 | 3.00 - 3.90 | 2,301.7 | 3.00 - 3.90 | Repayment from June 2006 to July 2007 | - |
| Domestic finance companies | 1,411.2 | 2.75 - 3.93 | 1,514.9 | 2.75 - 3.97 | Repayment from October 2006 to September 2007 | - |
| Total | 3,703.4 | | 3,816.6 | | | |
| Loans of the subsidiaries | | | | | | |
| Domestic bank | 909.2 | MLR - 1.5 in first year MLR - 1 thereafter | 957.4 | MLR - 1.5 in first year MLR - 1 thereafter | Repayments to be made each time land is sold, with repayment to be completed by September 2009 | Mortgage of land and construction of each project and shares of subsidiaries |
| Total | 909.2 | | 957.4 | | | |
| Total long-term loans of the Company and subsidiaries | 4,612.6 | | 4,774.0 | | | |

10. DEBENTURES

| | Interest rate | Age | Repayment | Maturity | Consolidated and the Company Only | | | |
|----------------------|--|---------|-------------|--------------|-----------------------------------|------------------|------------------------|------------------|
| | | | | | Number of debenture (shares) | | Amount (Thousand Baht) | |
| | | | | | 31 March 2006 | 31 December 2005 | 31 March 2006 | 31 December 2005 |
| Unsecured debentures | | | | | | | | |
| - No. 1/2004 | | | | | | | | |
| - Set 1 | Fixed rate 2.8% | 2 years | At maturity | 4 March 2006 | - | 1,000,000 | - | 1,000,000 |
| - Set 2 | Fixed rate 3.25% | 3 years | At maturity | 4 March 2007 | 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 years | At maturity | 4 March 2008 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| - No. 1/2005 | | | | | | | | |
| - Set 1 | Fixed rate 4.25% | 3 years | At maturity | 1 April 2008 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |
| - Set 2 | Fixed rate 4.25% for 1st - 3rd year and fixed rate 5.5% for 4th year | 4 years | At maturity | 1 April 2009 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |

(UNAUDITED BUT REVIEWED)

| | | | | | Consolidated and the Company Only | | | |
|-------------------------------------|-----------------------|---------|----------------|-----------------|-----------------------------------|------------------|------------------------|------------------|
| | | | | | Number of debenture (shares) | | Amount (Thousand Baht) | |
| | | | | | 31 March | 31 December | 31 March | 31 December |
| | | | | | 2006 | 2005 | 2006 | 2005 |
| - Set 3 | Interest rate | Age | Repayment | Maturity | | | | |
| | Fixed rate 4.25% for | 5 years | At maturity | 1 April 2010 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| | 1st - 3rd year, fixed | | | | | | | |
| | rate 5.5% for 4th | | | | | | | |
| | year and fixed rate | | | | | | | |
| | 6.5% for 5th year | | | | | | | |
| Secured debentures | | | | | | | | |
| - No. 1/2001 | Maximum rate of 3 | 5 years | Every 3 months | 4 December 2006 | 1,500,000 | 1,500,000 | 281,250 | 375,000 |
| | months fixed deposit | | | | | | | |
| | of Bangkok Bank | | | | | | | |
| | Plc. + 3% | | | | | | | |
| Total | | | | | <u>8,500,000</u> | <u>9,500,000</u> | <u>7,281,250</u> | <u>8,375,000</u> |
| Less: Current portion of debentures | | | | | | | (1,281,250) | (1,375,000) |
| Net | | | | | | | <u>6,000,000</u> | <u>7,000,000</u> |

Plots of land of the Company have pledged for secured debentures as discussed in Note 4.

11. WARRANTS

11.1 The Employee Stock Ownership Program (ESOP)

The Annual General Meeting of the Company's shareholders No.1/2544 held on 30 April 2001 passed a resolution approving the Company's issue of 30,000,000 warrants free of charge to the directors and employees of the Company and its subsidiaries under the Employee Stock Ownership Program over a period of 5 years, with 6,000,000 warrants allocated each year.

11.1.1 The Employee Stock Ownership Program No. 4 to the directors and employees of the Company and its subsidiaries (ESOP-4)

On 8 April 2005 the Company issued 6,028,150 registered and non-transferable warrants to be allocated free of charge to the directors and employees of the Company and its subsidiaries under Employee Stock Ownership Program No.4 (ESOP-4). Of these, 5,964,350 warrants were allocated. The warrants have an exercise price of Baht 1 per share, an exercise ratio of 1 warrant to 10 new ordinary shares, and can be exercised every three months, for a period of 3 years, from the first exercise date of 29 April 2005 until the final exercise date of 7 April 2008. The exercise price and/or exercise ratio may be adjusted if certain events stipulated in the prospectus occur.

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During the current period, 500,150 ESOP-4 warrants were exercised to purchase 5,001,500 ordinary shares at an exercise price of Baht 1 each (cumulative number of warrants exercised as of 31 December 2005 was 5,141,300). Therefore as at 31 March 2006, there are 322,900 ESOP-4 warrants still unexercised (31 December 2005: 823,050).

11.1.2 The Employee Stock Ownership Program No. 5 to directors and employees of the Company and its subsidiaries (ESOP-5)

On 8 March 2006, the Company issued 5,968,019 registered and non-transferable warrants to be allocated free of charge to the directors and employees of the Company and its subsidiaries under the Employee Stock Ownership Program No.5 (ESOP-5). Of these, 5,968,000 warrants have been allocated. The warrants have an exercise price of Baht 1 per share and an exercise ratio of 1 warrant to 10 new ordinary share, and can be exercised every three months, for a period of 3 years, from the first exercise date of 31 March 2006, with a final exercise date of 7 April 2009. The exercise price and/or exercise ratio may be adjusted if certain events stipulated in the prospectus occur.

On 31 March 2006, there are 1,971,050 ESOP-5 warrants exercised options to purchase 19,710,500 ordinary shares at an exercise price of Baht 1 per share. As at 31 March 2006, there are 3,996,950 warrants still unexercised. The Company received payment of additional share capital amounting to Baht 19,710,500 in March 2006 and registered the increase in its share capital with the Ministry of Commerce on 11 April 2006. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities on 20 April 2006. As at 31 March 2006, the Company separately presented the cash received of Baht 19,710,500 in respect of the increase in share capital in the balance sheet under the caption "Cash receipts from share subscription".

(UNAUDITED BUT REVIEWED)

11.2 LH-W2

On 3 September 2001, the Company issued of 311,808,956 registered and transferable warrants free of charge to existing shareholders (LH-W2) in a ratio of 1 warrant to every 2 shares. These warrants have an exercise price of Baht 26 per share, an exercise ratio of 1 warrant to 1 new ordinary share, and can be exercised on the last working day of every March, June, September and December, for a period of 7 years from the issue date, beginning on 28 December 2001 and with a final exercise date of 2 September 2008. Of these, 307,656,855 warrants have been allocated. The Stock Exchange of Thailand accepted the warrants as listed securities, to be traded as from 26 September 2001.

However, in the year 2003, the Company changed the par value of the Company's ordinary shares from Baht 10 per share to Baht 1 per share. Consequently, these warrants (LH-W2) were split from 1 warrant to 10 warrants. In addition, the exercise price and exercise ratio have been adjusted a number of times since the events stipulated in the prospectus occurred.

During the current period, the Company adjusted the exercise ratio and the exercise price of LH-W2 warrants as follows: -

| Date | Adjusted items | Previous | New | Remark |
|--------------|----------------|--|--|------------------------------|
| 8 March 2006 | Exercise ratio | 1 warrant grants entitlement to purchase 1.19460 new ordinary shares | 1 warrant grants entitlement to purchase 1.20223 new ordinary shares | Result of issuance of ESOP-5 |
| | Exercise price | Baht 2.177 per share | Baht 2.163 per share | Result of issuance of ESOP-5 |

(UNAUDITED BUT REVIEWED)

On 31 March 2006, there are 55,769,589 LH-W2 warrants exercised options to purchase 67,047,859 ordinary shares at an exercise price of Baht 2.163 per share (cumulative number of warrants exercised as of 31 December 2005: 1,746,847,007). Therefore as at 31 March 2006, there are 1,273,951,954 LH-W2 warrants are still unexercised (31 December 2005: 1,329,721,543). The Company received payment of additional share capital amounting to Baht 145,024,519 in March 2006. However, the Company registered the increase in its share capital to Baht 8,403,087,765 with the Ministry of Commerce on 11 April 2006. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities on 20 April 2006. Consequently, as at 31 March 2006, the Company was separately presented the cash received of Baht 145,024,519 in respect of the increase in share capital in the balance sheet under the caption "Cash receipts from share subscription".

12. SHARE CAPITAL

On 30 December 2005, the holders of 11,648,410 LH-W2 warrants exercised options to purchase 13,915,188 ordinary shares at an exercise price of Baht 2.177 each, resulting in an increase in the Company's paid up share capital from Baht 8,297,412,718 to Baht 8,311,327,906. The Company received payment of the additional share capital, amounting to Baht 30,293,364 in December 2005 and registered the increase in share capital with the Ministry of Commerce on 11 January 2006. The Stock Exchange of Thailand approved the additional ordinary share as listed securities on 16 January 2006. Consequently, as at 31 December 2005, the Company separately presented the cash received in respect of the increase in share capital in the balance sheet under the caption "Cash receipts from share subscription".

On 31 January 2006, the holders of the ESOP-W4 warrants allocated to the Company's directors and employees exercised a total of 500,150 warrants to purchase 5,001,500 ordinary shares at an exercise price of Baht 1 each, resulting in an increase in the Company's paid up share capital from Baht 8,311,327,906 to Baht 8,316,329,406. The Company received payment of the additional share capital in January 2006 and registered the increase in share capital with the Ministry of Commerce on 7 February 2006. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities on 10 February 2006.

(UNAUDITED BUT REVIEWED)

Reconciliation of number of ordinary shares

(Unit: Shares)

| | <u>Consolidated and the Company Only</u> | |
|--|--|----------------------|
| | <u>For the three-month periods</u> | |
| | <u>ended 31 March</u> | |
| | <u>2006</u> | <u>2005</u> |
| <u>Issued and paid-up share capital</u> | | |
| Number of ordinary shares at the beginning of the period | 8,297,412,718 | 8,090,953,934 |
| Increase due to exercise warrants | 18,916,688 | 64,780,643 |
| Number of ordinary shares at the end of the period | <u>8,316,329,406</u> | <u>8,155,734,577</u> |

13. REVALUATION SURPLUS IN INVESTMENTS

(Unit: Thousand Baht)

| | <u>Consolidated</u> | | <u>The Company Only</u> | |
|---|---------------------|--------------------|-------------------------|--------------------|
| | <u>31 March</u> | <u>31 December</u> | <u>31 March</u> | <u>31 December</u> |
| | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> |
| Difference between book value and fair value of investment in available-for-sale securities | | | | |
| - Associated companies' investments | 354,778 | 371,242 | 354,778 | 371,242 |
| - Company's investment | (48,659) | 2,499 | (48,659) | 2,499 |
| Total | <u>306,119</u> | <u>373,741</u> | <u>306,119</u> | <u>373,741</u> |

(UNAUDITED BUT REVIEWED)

14. RECONCILIATION OF DILUTED EARNINGS PER SHARE

| For the three-month periods ended 31 March | | | | | | |
|--|--------------------|--|----------------------|-----------------------|-------------|------|
| Net earnings | | Weighted average number of ordinary shares | | Earnings per share | | |
| <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> | |
| (Thousand Baht) | (Thousand Baht) | (Thousand shares) | (Thousand shares) | (Baht) | (Baht) | |
| Basic earnings per share | | | | | | |
| Net earnings | 731,297 | 1,097,812 | 8,315,769 | 8,156,072 | 0.09 | 0.13 |
| Effect of dilutive potential ordinary shares | | | | | | |
| ESOP - 4 | - | - | 4,354 | - | | |
| ESOP - 5 | - | - | 12,188 | - | | |
| LH - W2 | - | - | 1,215,050 | 1,198,058 | | |
| Diluted earnings per share | | | | | | |
| Net earnings of ordinary shareholders assuming the conversion of warrants to ordinary shares | <u>731,297</u> | <u>1,097,812</u> | <u>9,547,361</u> | <u>9,354,130</u> | 0.08 | 0.12 |

15. COMMITMENT AND CONTINGENT LIABILITIES

- 15.1 As at 31 March 2006, the Company and its subsidiaries have commitments of Baht 2,725 million with construction contracts (31 December 2005: Baht 1,192.5 million) with these of the Company only amounting to Baht 919.6 million (31 December 2005: Baht 829.8 million).
- 15.2 As at 31 March 2006, the Company has commitment related to rental and services agreements totally Baht 72.2 million and the capital expenditure totally Baht 23.7 million.
- 15.3 As at 31 March 2006, Royal Excellency Co., Ltd. has commitment related to construction management amounting to Baht 11.8 million.

(UNAUDITED BUT REVIEWED)

15.4 As at 31 March 2006, Royal Excellency Co., Ltd. and its subsidiaries have the following commitments under land and construction lease agreement as follows:

15.4.1 Land and construction lease agreement

| Agreement date | Agreement period | Maturity date | Rental rate |
|----------------|------------------|---------------|--|
| 7 June 2005 | 30 years | 31 May 2038 | <ul style="list-style-type: none">- From 1 June 2008 or the date of completion of building, the following rental is to be paid in monthly installments- 1st - 5th 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 - 30th year, total rental payment of Baht 112.27 million. |

In addition, Royal Excellency Company Limited is committed to pay of compensation of Baht 350,000 per month from the agreement date to the date of completion of construction work and to pay securities expenses at the rate of Baht 11,160 per month throughout the period of construction and the period of the lease.

15.4.2 Land lease agreement

| Agreement date | Agreement period | Maturity date | Rental rate |
|----------------|------------------|---------------|---|
| 28 July 2005 | 33 years | 28 July 2038 | <ul style="list-style-type: none">- 1st - 3rd year, paid of Baht 3.00 million (already paid)- 4th - 8th year, total rental of Baht 25.00 million- 9th - 13th year, total rental of Baht 30.00 million- 14th - 18th year, total rental of Baht 36.00 million- 19th - 23th year, total rental of Baht 43.20 million- 24th - 28th year, total rental of Baht 51.84 million- 29th - 33th year, total rental of Baht 62.21 million |

(UNAUDITED BUT REVIEWED)

15.4.3 Land lease agreement

| Agreement date | Agreement period | Leasehold right fee and rental fee |
|----------------|-------------------------|---|
| 10 March 2006 | 30 years ⁽¹⁾ | <ul style="list-style-type: none"> - Leasehold rights fee of Baht 500 million of which Baht 250 million has already been paid and the remainder is to be paid when the lessor is able to move out the current tenants and registers the rental agreement - Within 3 years counting from the registration date of the rental agreement, Royal Excellency Company Limited is to be paid addition leasehold rights totaling Baht 5.76 million - Rental fee is to be monthly paid as follows: <ul style="list-style-type: none"> - 1st - 5th total rental of Baht 20.16 million - 6th - 10th total rental of Baht 23.18 million - 11th - 15th total rental of Baht 26.66 million - 16th - 20th total rental of Baht 30.66 million - 21th - 25th total rental of Baht 35.25 million - 26th - 30th total rental of Baht 40.54 million |

⁽¹⁾ counting from a date 3 years after the lessor has moved out the current tenants, delivered the land to Royal Excellency Company Limited and registers the rental agreement.

16. OBLIGATION AND COMMITMENT TO COMPLETE PROJECTS ON HAND

| | Consolidated | | The Company Only | |
|---|------------------|---------------------|------------------|---------------------|
| | 31 March 2006 | 31 December 2005 | 31 March 2006 | 31 December 2005 |
| Number of projects on hand at beginning of period | 34 | 36 | 21 | 26 |
| Number of projects closed | (1) | (15) | - | (13) |
| Number of new projects | - | 13 | - | 8 |
| Number of projects on hand at end of period | <u>33</u> | <u>34</u> | <u>21</u> | <u>21</u> |
| Accumulative value of sales already contracted (Million Baht) | 45,818 | 42,402 | 32,699 | 30,267 |
| As percentage of total sales of projects on hand | 53.17% | 49.21% | 51.35% | 47.53% |

(UNAUDITED BUT REVIEWED)

| | Consolidated | | The Company only | |
|---|---|-------|---|-------|
| | For the three-month periods ended 31 March | | For the three-month periods ended 31 March | |
| | 2006 | 2005 | 2006 | 2005 |
| Value of sales already contracted during the period (Million Baht) | 3,416 | 6,221 | 2,423 | 3,644 |
| As percentage of total sales of projects on hand | 3.96% | 8.04% | 3.82% | 5.57% |

The Company has commitments totalling Baht 434.1 million in respect of the installation of central utilities of projects on hand (31 December 2005: Baht 596.6 million).

17. GUARANTEES

- 17.1 As at 31 March 2006, the Company has contingent obligations amounting to Baht 522.5 million in respect of its several banks and financial institutions in respect of its acting as a guarantor for L H Muangmai Co., Ltd. and its subsidiaries (31 December 2005: Baht 523.3 million).
- 17.2 As at 31 March 2006, the Company has provided loan guarantees to financial institutions for loans of customers amounting to Baht 10.4 million (31 December 2005: Baht 9.0 million).
- 17.3 As at 31 March 2006, Pacific Real Estate Company Limited, a subsidiary, has provided guarantees for debts of another company amounting to Baht 29.9 million (31 December 2005: Baht 29.9 million).
- 17.4 As at 31 March 2006, there were the outstanding bank guarantees for Baht 1,500.5 million (31 December 2005: Baht 1,472.7 million) issued by the banks in respect of certain performance bonds required in the normal course of business by the Company and its subsidiaries.

(UNAUDITED BUT REVIEWED)

18. FINANCIAL INFORMATION BY SEGMENT

The Company and its subsidiaries' operations involve a single business segment, the development of real estate which comprises of land and house projects and residential condominium projects and are carried on the single geographic area of Thailand. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned business segment and geographic area.

19. SUBSEQUENT EVENTS

- 19.1 The Extraordinary Meeting No. 1/2006 of the shareholders of Royal Excellency Company Limited held on 20 April 2006 approved an increase in its registered share capital from Baht 1,000 million to Baht 1,600 million through the issuance of 6,000,000 ordinary shares at par value of Baht 100, with Baht 30 per share to be called up. The Company purchased 3,600,000 of the additional shares, in proportion to its existing shareholdings and already paid up in April 2006. Royal Excellency Company Limited registered the increase in its share capital with the Ministry of Commerce on 21 April 2006.
- 19.2 The Annual General Meeting of the Company's shareholders No. 1/2549 held on 27 April 2006 approved the payment of a dividend of Baht 0.25 per share, or a total of Baht 2,100.77 million, to be paid within 26 May 2006.
- 19.3 On 30 April 2006, the holders of the ESOP-4 warrants allocated to the directors and employees of the Company and its subsidiary exercised total of 18,000 warrants to purchase 180,000 ordinary shares at an exercise price of Baht 1 each increasing the Company's paid up share capital from Baht 8,403,087,765 to Baht 8,403,267,765. The Company received payment for the additional shares in April 2006 and is in the process of registering the increase in its issued and paid-up share capital with the Ministry of Commerce.

(UNAUDITED BUT REVIEWED)

19.4 On 4 May 2006, the Company adjusted the exercise ratio and the exercise price of LH-W2 as follows: -

| <u>Adjusted items</u> | <u>Previous</u> | <u>New</u> | <u>Remark</u> |
|-----------------------|--|--|---|
| Exercise ratio | 1 warrant grants entitlement to purchase 1.20223 new ordinary shares | 1 warrant grants entitlement to purchase 1.22484 new ordinary shares | Result of dividend payment is greater than 30 percent of net earnings |
| Exercise price | Baht 2.163 per share | Baht 2.123 per share | Result of dividend payment is greater than 30 percent of net earnings |

20. RECLASSIFICATION

Certain amounts in the financial statements presented herein for comparative purposes have been reclassified to conform to the current period's classifications, with no effect on the net earnings or shareholders' equity previously reported by another auditor.

21. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements have authorised for issue by the Company's Board of Directors on 15 May 2006.