

(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 2007

1. GENERAL INFORMATION

1.1 Corporate information

Land and Houses Public Company Limited (“the Company”) is a public Company incorporated and domiciled in Thailand. The Company is principally engaged in property development and its address is No. 1 Q. House Lumpini Building, 37th Floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok.

1.2 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, the Company has presented the balance sheets, and the statements of income, changes in shareholders’ equity, and cash flows in the same format as that used for 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.

1.3 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 2006, with there being no changes in the structure of shareholding in subsidiaries during the period.

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1.4 Significant accounting policies

These 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 2006, except for the change in the accounting policy for recording investments in subsidiary and associated companies in the separate financial statements from the equity method to the cost method, as described in Note 2 to the financial statements.

2. CHANGE IN ACCOUNTING POLICY FOR RECORDING INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES IN THE SEPARATE FINANCIAL STATEMENTS

During the current period, the Company changed its accounting policy for recording investments in subsidiary and associated companies in the separate financial statements from the equity method to the cost method, in compliance with Notification No. 26/2549 regarding Accounting Standard No. 44 “Consolidated Financial Statements and Accounting for Investments in Subsidiaries” (Amendment No. 1), issued by the Federation of Accounting Professions, under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method rather than the equity method.

In this regard, the Company has restated the previous period’s separate financial statements as though the investments in the subsidiary and associated companies had originally been recorded using the cost method. The change has the effect of increasing (decreasing) net income and earnings per share in the separate income statements for the three-month periods ended 31 March 2007 and 2006 as follows:

	Separate financial statements	
	2007	2006
Increase (decrease) in net income (million Baht)	131.7	(275.0)
Increase (decrease) in basic earnings per share (Baht per share)	0.016	(0.033)
Increase (decrease) in diluted earnings per share (Baht per share)	0.014	(0.029)

The cumulative effect of the change in accounting policy has been presented under the heading of “Cumulative effect of the change in accounting policy for investments in subsidiary and associated companies” in the separate statements of changes in shareholders’ equity.

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Such change in accounting policy affects only the accounts related to investments in subsidiary and associated companies in the Company's separate financial statements, with no effect to the consolidated financial statements.

3. PRIOR PERIOD ADJUSTMENTS

During the year 2006, the Company changed the accounting policies of the group of associated companies such that they have the same accounting policies. The Company has therefore adjusted the financial statements of an associated company for the purpose of equity taking in the consolidated financial statements, to reflect the change of its accounting policy regarding property, plant and equipment of its hospital from reappraised value to the cost method.

In addition, the Company has adjusted the financial statements of two property funds which are associated companies for equity taking purposes in the consolidated financial statements, to reflect the change in their accounting policy for investments in properties from fair value to the cost method. The Company has therefore restated the consolidated financial statements for the three-month period ended 31 March 2006 presented herein for comparative purposes. This adjustment has the effect of decreasing net income for the three-month period ended 31 March 2006 by Baht 18.6 million (Baht 0.002 per share). The cumulative effect of the adjustment up to the beginning of the year 2006 has been presented in the consolidated statements of changes in shareholders' equity. The Company has also adjusted the retained earnings and the related accounts in shareholders' equity in the consolidated financial statements.

4. RELATED PARTY TRANSACTIONS

During the periods, the Company and its subsidiaries had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Company and those companies. Below is summary of those transactions.

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

	For the three-month periods ended 31 March				Transfer pricing policy
	Consolidated financial statements		Separate financial statements		
	2007	2006	2007	2006	
<u>Transactions with subsidiaries</u>					
Interest income	-	-	20.4	24.9	5.5 - 7.5 p.a. (2006: 5 p.a.)
Interest expenses	-	-	2.5	0.2	5.5 p.a. (2006: 3 p.a.)
Management fee income	-	-	6.8	10.3	Approximate cost
Sale of land	-	-	2.1	0.3	Approximate cost
Cash paid for use of land	-	-	2.0	6.9	Approximate cost
Dividend income	-	-	320.2	-	Declared rate
Management fee expenses	-	-	1.8	-	Approximate cost
<u>Transactions with associated companies</u>					
Purchase of goods	42.1	65.1	31.5	39.7	Market price
Rental and service expenses	-	5.6	-	5.6	Market price
Interest income	4.0	-	4.0	-	Market rate
Sales promotion expenses	8.8	-	7.8	-	Market rate
Dividend income	38.6	49.8	38.6	49.8	Declared rate
Service expenses	5.7	5.3	-	-	Baht 1.9 million per month
<u>Transactions with related companies</u>					
Rental and service expenses	7.8	-	7.8	-	Baht 675 - 725 per square metre per month

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2007	2006	2007	2006
Short-term bill of exchange and deposit at financial institution				
(shown under cash and cash equivalents)				
<u>Associated company</u>				
Land and Houses Retail Bank Plc.	541.8	1,323.7	484.9	1,313.1

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(Unit: Million Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>31 March</u>	<u>31 December</u>	<u>31 March</u>	<u>31 December</u>
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Amounts due from and accounts receivable - related parties				
<u>Subsidiary companies</u>				
Pacific Real Estate Co., Ltd.	-	-	4.2	5.8
Land and Houses Northeast Co., Ltd.	-	-	0.1	0.1
L H Real Estate Co., Ltd.	-	-	3.7	5.2
L H Asset Co., Ltd.	-	-	4.8	8.3
L H Muang Mai Co., Ltd.	-	-	0.3	0.3
	<u>-</u>	<u>-</u>	<u>13.1</u>	<u>19.7</u>
<u>Associated company</u>				
Home Product Center Plc.	<u>1.3</u>	<u>1.5</u>	<u>1.3</u>	<u>1.4</u>
	<u>1.3</u>	<u>1.5</u>	<u>1.3</u>	<u>1.4</u>
Total	<u>1.3</u>	<u>1.5</u>	<u>14.4</u>	<u>21.1</u>
Short-term loans to and accrued interest receivable from related parties				
<u>Subsidiary companies</u>				
Pacific Real Estate Co., Ltd.	-	-	335.1	470.2
Atlantic Real Estate Co., Ltd.	-	-	105.8	104.4
Siam Tanee Property Co., Ltd.	-	-	25.6	25.2
L H Muang Mai Co., Ltd.	-	-	31.3	30.8
Land and Houses Northeast Co., Ltd.	-	-	80.0	100.1
L H Asset Co., Ltd.	-	-	735.4	792.4
	<u>-</u>	<u>-</u>	<u>1,313.2</u>	<u>1,523.1</u>
<u>Associated company</u>				
Land and Houses Retail Bank Plc.	-	0.6	-	0.6
Total	<u>-</u>	<u>0.6</u>	<u>1,313.2</u>	<u>1,523.7</u>
Deposit - related party				
<u>Related company</u>				
Quality Houses Property Fund	<u>6.6</u>	<u>6.6</u>	<u>6.6</u>	<u>6.6</u>

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>31 March</u>	<u>31 December</u>	<u>31 March</u>	<u>31 December</u>
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Trade accounts payable - related parties				
<u>Associated companies</u>				
Quality Construction Products Plc.	22.6	24.9	17.7	20.5
Home Product Center Plc.	2.6	3.2	0.3	0.2
Total	25.2	28.1	18.0	20.7
Amounts due to related parties				
<u>Associated companies</u>				
Home Product Center Plc.	1.6	0.6	1.6	0.4
Asia Asset Advisory Co., Ltd.	3.8	5.3	-	-
Land and Houses Retail Bank Plc.	3.3	5.0	3.3	1.5
Centre Point Management Co., Ltd.	-	0.3	-	0.3
Total	8.7	11.2	4.9	2.2
<u>Related company</u>				
Quality Houses Property Fund	0.3	1.8	0.3	1.8
Total	9.0	13.0	5.2	4.0
Short-term loans from and accrued interest payable to related parties				
<u>Subsidiary company</u>				
L H Real Estate Co., Ltd.	-	-	-	150.1
Total	-	-	-	150.1
<u>Director of subsidiaries</u>	26.6	26.2	-	-
Total	26.6	26.2	-	150.1

Loans to/loan from related parties are in the form of promissory notes without collateral which are due at call.

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During the three-month period ended 31 March 2007, movements of loans to/loan from the Company, subsidiaries and related companies were as follows:

(Unit: Million Baht)

	Consolidated financial statements			Balance as at 31 March 2007
	Balance as at 1 January 2007	During the three-month period ended 31 March 2007		
		Increase	Decrease	
Short-term loans to and accrued interest receivable from related party				
<u>Associated company</u>				
Land and Houses Retail Bank Plc.	0.6	-	(0.6)	-
Short-term loans from and accrued interest payable to related parties				
<u>Director of subsidiaries</u>	26.2	0.4	-	26.6

(Unit: Million Baht)

	Separate financial statements			Balance as at 31 March 2007
	Balance as at 1 January 2007	During the three-month period ended 31 March 2007		
		Increase	Decrease	
Short-term loans to and accrued interest receivable from related parties				
<u>Subsidiary companies</u>				
Land and Houses Northeast Co., Ltd.	100.1	171.3	(191.4)	80.0
Pacific Real Estate Co., Ltd.	470.2	2,365.9	(2,501.0)	335.1
Atlantic Real Estate Co., Ltd.	104.4	1.4	-	105.8
Siam Tanee Property Co., Ltd.	25.2	0.4	-	25.6
L H Muang Mai Co., Ltd.	30.8	0.5	-	31.3
L H Asset Co., Ltd.	792.4	2,250.5	(2,307.5)	735.4
	1,523.1	4,790.0	(4,999.9)	1,313.2
<u>Associated company</u>				
Land and Houses Retail Bank Plc.	0.6	-	(0.6)	-
Total	1,523.7	4,790.0	(5,000.5)	1,313.2
Short-term loans from and accrued interest payable to related parties				
<u>Subsidiary company</u>				
L H Real Estate Co., Ltd.	150.1	297.5	(447.6)	-
Total	150.1	297.5	(447.6)	-

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Directors and management's remuneration

In the current period, the Company and its subsidiaries paid salaries, bonus, meeting allowance, gratuities and contribution to provident fund to their directors and management totaling Baht 10.8 million (the Company Only: Baht 10.8 million) (2006: Baht 10.3 million, the Company Only: Baht 10.3 million).

Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantees obligations with its related parties, without any charges, as described in Note 21.3 to the financial statements.

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

The Company and its subsidiaries have mortgaged land and structures thereon with net book values as at 31 March 2007 of Baht 3,386.5 million (the Company Only: Baht 3,307.2 million) (31 December 2006: Baht 3,428.8 million, the Company Only: Baht 3,274.2 million) to secure the long-term loans and the overdraft facilities of a subsidiary.

Movements in the provision for loss on diminution in value of projects during the three-month periods ended 31 March 2007 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2007	175,295	105,233
Add: Increase in loss from impairment	2,089	-
Less: Decrease from sales of inventories	(3,650)	(3,307)
Balance as at 31 March 2007	<u>173,734</u>	<u>101,926</u>

(UNAUDITED BUT REVIEWED)

6. INVESTMENTS IN SUBSIDIARY COMPANIES

These represent investment in ordinary shares in the following subsidiary companies.

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements							
			Paid-up capital		Shareholding percentage		Cost		Carrying amounts based on cost method	
			31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
			2007	2006	2007	2006	2007	2006	2007	2006
					(Percent)	(Percent)				
Atlantic Real Estate Co., Ltd.	Real estate business	Thai	15,000	15,000	99.99	99.99	14,998	14,998	14,998	14,998
Pacific Real Estate Co., Ltd.	Real estate business	Thai	371,617	371,617	99.99	99.99	371,614	371,614	371,614	371,614
Land and Houses North Co., Ltd.	Real estate business	Thai	13,500	13,500	99.99	99.99	13,500	13,500	13,500	13,500
Land and Houses Northeast Co., Ltd.	Real estate business	Thai	270,000	270,000	99.99	99.99	269,999	269,999	269,999	269,999
Siam Tanee Property Co., Ltd. and its subsidiary	Real estate business	Thai	100,000	100,000	99.99	99.99	64,859	64,859	64,859	64,859
L H Real Estate Co., Ltd.	Real estate business	Thai	116,000	116,000	99.99	99.99	50,000	50,000	50,000	50,000
L H Asset Co., Ltd.	Real estate business	Thai	100,000	100,000	99.99	99.99	52,734	52,734	52,734	52,734
L H Muang Mai Co., Ltd. and its subsidiaries	Real estate business	Thai	900,000	900,000	55.00	55.00	495,000	495,000	495,000	495,000
L&H Property Co., Ltd. and its subsidiary	Real estate for lease business	Thai	1,378,000	1,258,000	60.00	60.00	922,800	850,800	922,800	850,800
							<u>2,255,504</u>	<u>2,183,504</u>	<u>2,255,504</u>	<u>2,183,504</u>

6.1 L H Muang Mai Company Limited and its subsidiaries

As at 31 March 2007 and 31 December 2006, L H Muang Mai Company Limited pledged the ordinary shares of its subsidiaries, Phuket Future Plan Company Limited and Double Tree Company Limited, as collateral of long-term loans.

6.2 L&H Property Company Limited and its subsidiary

During the current period, L&H Property Company Limited 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 72 million in February and March 2007.

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7. INVESTMENTS IN ASSOCIATED COMPANIES

These represent investment in ordinary shares in the following associated companies.

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements							
			Paid-up capital		Shareholding percentage		Cost		Carrying amounts based on equity method	
			31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
			2007	2006	2007	2006	2007	2006	2007	2006
					(Percent)	(Percent)				
Land and Houses Retail Bank Plc.	Retail bank	Thai	2,600,000	1,900,000	43.00	43.00	1,306,960	1,005,960	986,440	661,216
Bangkok Chain Hospital Plc.	Hospital	Thai	950,000	950,000	28.55	28.55	661,669	661,669	705,925	678,413
Quality Construction Products Plc.	Building material	Thai	400,000	400,000	31.41	31.41	265,980	265,980	430,602	437,354
Home Product Center Plc.	Trading of construction materials	Thai	1,920,324	1,919,818	28.75	28.75	906,328	906,328	1,349,181	1,313,975
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	5,000	5,000	40.00	40.00	2,000	2,000	9,993	10,324
Land and Houses Property Fund	Real estate business	Thai	639,943	639,943	49.94	49.94	328,452	328,452	517,614	514,649
Land and Houses Property and Loan Fund II	Real estate business	Thai	3,215,570	3,215,570	49.99	49.99	1,609,896	1,609,896	1,579,573	1,596,573
Quality Houses Plc.	Real estate business	Thai	7,242,319	7,241,999	23.05	21.91	2,388,481	2,305,233	2,631,127	2,511,311
Polar Property Holdings Corporation	Real estate business	Philippines	4,892,411	4,892,411	25.00	25.00	866,849	866,849	987,258	968,718
							<u>8,336,615</u>	<u>7,952,367</u>	<u>9,197,713</u>	<u>8,692,533</u>

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements							
			Paid-up capital		Shareholding percentage		Cost		Carrying amounts based on cost method	
			31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
			2007	2006	2007	2006	2007	2006	2007	2006
					(Percent)	(Percent)				
Land and Houses Retail Bank Plc.	Retail bank	Thai	2,600,000	1,900,000	43.00	43.00	1,306,960	1,005,960	962,216	661,216
Bangkok Chain Hospital Plc.	Hospital	Thai	950,000	950,000	28.55	28.55	661,669	661,669	661,669	661,669
Quality Construction Products Plc.	Building material	Thai	400,000	400,000	31.41	31.41	265,980	265,980	265,980	265,980
Home Product Center Plc.	Trading of construction materials	Thai	1,920,324	1,919,818	28.75	28.75	906,328	906,328	906,328	906,328
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	5,000	5,000	40.00	40.00	2,000	2,000	2,000	2,000
Land and Houses Property Fund	Real estate business	Thai	639,943	639,943	49.94	49.94	328,452	328,452	328,452	328,452
Land and Houses Property and Loan Fund II	Real estate business	Thai	3,215,570	3,215,570	49.99	49.99	1,609,896	1,609,896	1,609,896	1,609,896
Quality Houses Plc.	Real estate business	Thai	7,242,319	7,241,999	23.05	21.91	2,388,481	2,305,233	2,388,481	2,305,233
Polar Property Holdings Corporation	Real estate business	Philippines	4,892,411	4,892,411	25.00	25.00	866,849	866,849	866,849	866,849
							<u>8,336,615</u>	<u>7,952,367</u>	<u>7,991,871</u>	<u>7,607,623</u>

(UNAUDITED BUT REVIEWED)

The Company's interim consolidated financial statements for the three-month period ended 31 March 2007 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.

(Unit: Thousand Baht)

	Consolidated financial statements	
	Investments under the equity method as at 31 March 2007	Share of profit (loss) from investments under the equity method for the three-month period ended 31 March 2007
Reviewed by auditor and another auditor of the same firm		
Land and Houses Retail Bank Plc.	986,440	(4,601)
Asia Asset Advisory Co., Ltd.	9,993	(331)
Land and Houses Property Fund	517,614	2,965
Land and Houses Property and Loan Fund II	1,579,573	21,579
Quality Houses Plc.	2,631,127	32,324
Home Product Center Plc.	1,349,181	35,206
Reviewed by other auditors		
Bangkok Chain Hospital Co., Ltd.	705,925	27,357
Quality Construction Products Plc.	430,602	(6,752)

During the current period, the Company did not receive the financial statements for the three-month period ended 31 March 2007 of Polar Property Holdings Corporation, an overseas associated company. The Company did not record share of profit from investment in that associated company accounted for under the equity method in the consolidated financial statements for the three-month period ended 31 March 2007.

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Shares of profit from investment in associated company accounted for under the equity method in the Company's consolidated financial statements for the year ended 31 December 2006 which were determined from financial statements which had not audited are detailed below:

(Unit: Thousand Baht)

	<u>31 December 2006</u>
Polar Property Holdings Corporation	50,230
Total	<u>50,230</u>

During the current period, the Company obtained audited financial statements of Polar Property Holdings Corporation for the year ended 31 December 2006 which have the differences between the audited financial statements of Polar Property Holdings Corporation and the financial statements used for calculation of profit sharing under the equity method in the consolidated financial statements were immaterial and the Company therefore adjusted such differences in the consolidated income statements of the current period. However, that financial statements had been audited by its auditor, who expressed a qualified opinion on those statements with respect to the scope limitation on auditing the real estate properties for sale account and the amount of the estimated land development cost relating to unsold units, since he unable to obtain sufficient appropriate audit evidence. The Company has not adjusted the possible effect to the financial statements of the scope limitation, or the effect of the application of different accounting policies, as discussed above, because the Company is unable to quantify these effects.

7.1 Land and Houses Retail Bank Public Company Limited

During the current period, Land and Houses Retail Bank Plc. increased its 7 million ordinary shares, with a par value of Baht 100 each, of which 3.01 million ordinary shares, was acquired by the Company of Baht 301 million to retain its shareholding proportion.

7.2 Bangkok Chain Hospital Public Company Limited

As at 31 March 2007, investment in Bangkok Chain Hospital Public Company Limited, a company listed on the Stock Exchange of Thailand, had a total market value of Baht 2,346 million (31 December 2006: Baht 2,007 million).

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7.3 Quality Construction Products Public Company Limited

As at 31 March 2007, investment in Quality Construction Products Public Company Limited, a company listed on the Stock Exchange of Thailand, had a total market value of Baht 234 million (31 December 2006: Baht 246 million).

7.4 Home Product Center Public Company Limited

As at 31 March 2007, the investment in Home Product Center Plc., a company listed on the Stock Exchange of Thailand, had a total market value of Baht 2,694 million (31 December 2006: Baht 3,147 million).

7.5 Quality Houses Public Company Limited

During the current period, the Company acquired an additional 82.8 million ordinary shares of Quality Houses Public Company Limited or a total of Baht 83.2 million. As a result, the Company's percentage shareholding in that company has changed from 21.91 percent to 23.05 percent.

As at 31 March 2007, investment in Quality Houses Public Company Limited, a company listed on the Stock Exchange of Thailand, had a total market value of Baht 2,053 million (31 December 2006: Baht 1,793 million).

7.6 Polar Property Holdings Corporation

As at 31 March 2007, the investment in Polar Property Holdings Corporation listed, a company listed on the Stock Exchange of Philippines, had a total market value of Baht 2,256 million (31 December 2006: Baht 1,238 million)

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8. OTHER LONG-TERM INVESTMENTS

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	31 March	31 December	31 March	31 December
	2007	2006	2007	2006
Available-for-sale securities				
Equity securities	398,250	398,250	398,250	398,250
Less: Unrealised loss on investment	(62,960)	(48,650)	(62,960)	(48,650)
Available-for-sale securities - net	335,290	349,600	335,290	349,600
Debt securities held for maturity	150,000	150,000	-	-
Other investments				
Equity securities	2,103,276	2,172,462	2,027,517	2,027,670
Less: Provision for impairment of investment	(1,407,821)	(1,476,945)	(1,394,758)	(1,394,850)
Net	845,455	845,517	632,759	632,820
Total	1,180,745	1,195,117	968,049	982,420

9. LAND HELD FOR DEVELOPMENT

The subsidiaries have mortgaged land held for development with net book value as at 31 March 2007 of Baht 1,352.5 million (31 December 2006: Baht 1,352.5 million) to secure the long-term loans.

10. PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment account during the three-month period ended 31 March 2007 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2007	1,569,423	348,261
Acquisitions during period - at cost	588,528	13,688
Disposals during period - net book value at disposal date	(20)	(20)
Depreciation for period	(35,327)	(27,172)
Net book value as at 31 March 2007	2,122,604	334,757

(UNAUDITED BUT REVIEWED)

Two subsidiaries have placed their land leasehold rights and land sub-leasehold rights, with assets under construction thereon which has net book value as at 31 March 2007 of Baht 1,720 million (31 December 2006 of Baht 1,146 million) as collateral of the long-term loans.

11. LEASEHOLD RIGHTS

Two subsidiary companies have pledged their land leasehold rights and land sub-leasehold rights with a total net book value as at 31 March 2007 of Baht 478.7 million (31 December 2006: Baht 482.5million) as collateral for long-term loans.

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Bank overdrafts	2,791	4,517	-	-
Bill of exchange	1,745,000	2,335,000	1,745,000	2,335,000
Promissory note	900,000	900,000	900,000	900,000
Less: Prepaid interest	(18,037)	(31,569)	(18,037)	(31,569)
Net	<u>2,629,754</u>	<u>3,207,948</u>	<u>2,626,963</u>	<u>3,203,431</u>

Bank overdrafts of a subsidiary are secured by the mortgage land and construction thereon of the subsidiary.

(UNAUDITED BUT REVIEWED)

13. LONG-TERM LOANS

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2007	2006	2007	2006
Long-term loans	5,657,813	5,313,935	3,953,260	3,947,201
Less: Current portion	(2,573,737)	(2,567,665)	(2,356,210)	(2,350,151)
Net	<u>3,084,076</u>	<u>2,746,270</u>	<u>1,597,050</u>	<u>1,597,050</u>

Movements in the long-term loans during the three-month period ended 31 March 2007 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2007	5,313,935	3,947,201
Add: Additional borrowings on old loan agreements	389,600	-
Amortisation of deferred interest	19,308	19,308
Less: Repayment	(65,030)	(13,249)
Balance as at 31 March 2007	<u>5,657,813</u>	<u>3,953,260</u>

Most loan agreements contain certain covenants and restrictions imposed by the lenders regarding, the proportion of shareholding of the major shareholders, changes in directors, guarantees to loans or aval to promissory notes of any other persons or other companies, dividend payments, merger or consolidation with any other companies, and the maintenance of certain financial ratios.

Long-term loans from financial institutions of the Company and its subsidiaries are secured by the mortgage land of project of the Company and its subsidiaries and pledged of land leasehold rights and land sub-leasehold rights with building under construction of the projects of subsidiaries.

(UNAUDITED BUT REVIEWED)

14. DEBENTURES

Details of debentures of the Company are as follows:

Type of debenture	Interest rate	Age	Repayment	Maturity date	Consolidated and separate financial statements			
					Number of debenture (shares)		Amount (Thousand Baht)	
					31 March 2007	31 December 2006	31 March 2007	31 December 2006
Unsecured debentures								
- No. 1/2004								
- Set 2	Fixed rate 3.25%	3 years	At maturity	4 March 2007	-	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
- Set 3	Fixed rate 4.25% for 1st - 3rd year, fixed rate 5.5% for 4th year and fixed rate 6.5% for 5th year	5 years	At maturity	1 April 2010	2,000,000	2,000,000	2,000,000	2,000,000
Total					<u>6,000,000</u>	<u>7,000,000</u>	<u>6,000,000</u>	<u>7,000,000</u>
Less: Current portion of debentures							<u>(1,000,000)</u>	<u>(1,000,000)</u>
Net							<u>5,000,000</u>	<u>6,000,000</u>

(UNAUDITED BUT REVIEWED)

Movements in the debentures during the three-month period ended 31 March 2007 are summarised below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements
Balance as at 1 January 2007	7,000,000
Less: Repayment	(1,000,000)
Balance as at 31 March 2007	<u>6,000,000</u>

15. SHARE CAPITAL

The increase in share capital of the Company during the three-month period end 31 March 2007 resulting from exercising of warrants are summarised below.

Date of exercise	Type of warrant	Number of exercised warrants (Unit)	Ordinary shares issued for exercised warrants (Shares)	Exercise price (Baht per share)	Date of registration of share capital with the Ministry of Commerce	Date of the Stock Exchange of Thailand approved ordinary shares as listed securities
29 Dec 06	ESOP-5	121,300	1,213,000*	1.0	10 Jan 07	12 Jan 07
29 Dec 06	LH-W2	3,176,670	3,954,508*	2.089	10 Jan 07	12 Jan 07
31 Jan 07	ESOP-4	7,000	70,000	1.0	8 Feb 07	13 Feb 07
Total			<u>5,237,508</u>			

* As at 31 December 2006, the Company was separately presented the cash received of Baht 9,473,967 in respect of the increase in share capital in the balance sheet under the caption "Cash receipts from share subscription".

(UNAUDITED BUT REVIEWED)

Reconciliation of number of ordinary shares

(Unit: Shares)

	Consolidated and separate financial statements	
	For the three-month periods ended 31 March	
	<u>2007</u>	<u>2006</u>
<u>Registered ordinary shares</u>	10,806,737,200	10,806,737,200
<u>Issued and paid-up ordinary shares</u>		
Number of ordinary shares at the beginning of period	8,476,271,216	8,297,412,718
Increase due to exercise of warrants	5,237,508	18,916,688
Number of ordinary shares at the end of period	<u>8,481,508,724</u>	<u>8,316,329,406</u>

As at 31 March 2007, the registered ordinary shares which are not issued and paid-up are the ordinary shares reserved for the following purposes:

(Unit: Shares)

Conversion of convertible debentures ⁽¹⁾	120,000,000
Conversion of Euro Convertible Debenture ⁽¹⁾	32,468,530
Private placement	1,000,000,000
Exercise of warrants	1,172,759,946
	<u>2,325,228,476</u>

⁽¹⁾ The ordinary shares, reserved for the conversion of convertible debenture and Euro Convertible Debenture, are those shares remaining after the conversions of these debentures, which have already matured.

(UNAUDITED BUT REVIEWED)

16. CASH RECEIPTS FROM SHARE SUBSCRIPTION

On 30 March 2007, there are 195,150 ESOP-5 warrants and 140,803,568 LH-W2 exercised options to purchase 1,951,500 ordinary shares and 175,280,722 ordinary shares at an exercise price of Baht 1 and Baht 2.089 per share, respectively. The Company received payment of additional share capital totalling Baht 368,112,928 in March 2007. However, the Company registered the increase in its share capital to Baht 8,658,740,946 with the Ministry of Commerce on 9 April 2007. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities on 11 April 2007. Consequently, as at 31 March 2007, the Company was separately presented the cash received of Baht 368,112,928 in respect of the increase in share capital in the balance sheet under the caption "Cash receipts from share subscription".

17. WARRANTS

The Company's warrants are as follows:

Type of warrant	Exercise price per share	Exercise ratio per 1 warrant	Number of warrants outstanding as at 1 January 2007	Number of warrants exercised during the period	Number of warrants outstanding as at 31 March 2007
	(Baht)		(Unit)	(Unit)	(Unit)
ESOP- 4	1.0	1:10	91,600	7,000	84,600
ESOP- 5	1.0	1: 10	1,690,250	195,150	1,495,100
LH- W2	2.089	1: 1.24486	1,231,197,989	140,803,568	1,090,394,421

18. REVALUATION DEFICIT IN INVESTMENTS

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Difference between book value and fair value of investment in available-for-sale securities				(Restated)
- Associated companies' investments	33,309	(725)	-	-
- Company's investments	(62,960)	(48,650)	(62,960)	(48,650)
Total	(29,651)	(49,375)	(62,960)	(48,650)

(UNAUDITED BUT REVIEWED)

19. EARNINGS PER SHARE

Reconciliation between basic earnings per share and diluted earnings per share is presented below:

Consolidated financial statements						
For the three-month periods ended 31 March						
Net income		Weighted average number of ordinary shares		Earnings per share		
<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
	(Restated)				(Restated)	
Basic earnings per share						
Net income	530,037	712,668	8,485,424	8,315,769	0.06	0.09
Effect of dilutive potential ordinary shares						
ESOP-4	-	-	733	4,354		
ESOP-5	-	-	14,212	12,188		
LH-W2	-	-	1,027,423	1,215,050		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>530,037</u>	<u>712,668</u>	<u>9,527,792</u>	<u>9,547,361</u>	0.06	0.07
Separate financial statements						
For the three-month periods ended 31 March						
Net income		Weighted average number of ordinary shares		Earnings per share		
<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
	(Restated)				(Restated)	
Basic earnings per share						
Net income	661,725	456,330	8,485,424	8,315,769	0.08	0.05
Effect of dilutive potential ordinary shares						
ESOP-4	-	-	733	4,354		
ESOP-5	-	-	14,212	12,188		
LH-W2	-	-	1,027,423	1,215,050		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>661,725</u>	<u>456,330</u>	<u>9,527,792</u>	<u>9,547,361</u>	0.07	0.05

(UNAUDITED BUT REVIEWED)

20. 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.

21. COMMITMENT AND CONTINGENT LIABILITIES

21.1 Commitments

21.1.1 As at 31 March 2007, the Company and its subsidiaries have commitments of Baht 2,072.6 million with construction contracts (the Company Only: Baht 1,095.0 million) (31 December 2006: Baht 1,976.3 million, the Company Only: Baht 1,115.8 million).

21.1.2 As at 31 March 2007, the Company has commitment related to rental and services agreements with a related company which future payments are required in the amounts as follows:

(Unit: Million Baht)

	<u>31 March 2007</u>	<u>31 December 2006</u>
Payable within:		
1 year	26.3	26.2
2 years	19.7	26.3
Total	<u>46.0</u>	<u>52.5</u>

21.1.3 As at 31 March 2007, L&H Property Company Limited has commitment related to construction management amounting to Baht 5.1 million (31 December 2006: Baht 7.1 million).

21.1.4 As at 31 March 2007, L&H Property Company Limited and its subsidiaries have the following commitments under land and construction lease agreement as follows:

(UNAUDITED BUT REVIEWED)

a) 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, L&H Property 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 security expenses at the rate of Baht 11,160 per month throughout the period of construction and the period of the lease.

b) Land sub-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 - 23rd year, total rental of Baht 43.20 million- 24th - 28th year, total rental of Baht 51.84 million- 29th - 33rd year, total rental of Baht 62.21 million

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c) 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, L&H Property 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 L&H Property Company Limited and registers the rental agreement.

21.1.5 As at 31 March 2007, the Company had outstanding commitment of Baht 133.2 million in respect of uncalled portion of investments in L&H Property Company Limited (31 December 2006: Baht 205.2 million).

21.1.6 As at 31 March 2007, L&H Property Company Limited and its subsidiary are committed to pay Asia Asset Advisory Company Limited which is an associated company of the Company, management fees at a rate of Baht 22.7 million per annum and other fees as specified in the agreement, until notice of termination of the agreement is given (31 December 2006: Baht 21.2 million).

21.1.7 As at 31 March 2007, the Company have commitment related to purchase of land amounting to Baht 515.1 million (31 December 2006: Baht 298.5 million, the Company Only: Baht 262.3 million).

(UNAUDITED BUT REVIEWED)

21.1.8 Obligation and commitment to complete projects on hand

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Number of projects on hand at beginning of period/year	39	34	29	21
Number of projects closed	-	(6)	-	-
Number of new projects	-	11	-	8
Number of projects on hand at end of period/year	<u>39</u>	<u>39</u>	<u>29</u>	<u>29</u>
Accumulative value of sales already contracted (Million Baht)	57,159	59,562	45,190	42,199
As percentage of total sales of projects on hand	57.0	55.6	56.5	52.6
Value of sales already contracted during period/year (Million Baht)	3,978	17,160	2,949	11,922
As percentage of total sales of projects on hand	4.0	16.0	3.7	14.9

The Company and its subsidiaries have commitments totalling Baht 526.6 million (the Company Only: Baht 410.0 million) in respect of the installation of central utilities of projects on hand (31 December 2006: Baht 663.8 million, the Company Only: Baht 542.7 million).

21.1.9 As at 31 March 2007, the subsidiaries have servitude over land of approximately 32 rai of which the cost is included in the cost of projects (31 December 2006: 33 rai).

21.2 Bank guarantees

As at 31 March 2007, there were the outstanding bank guarantees for Baht 1,330.5 million (the Company Only: Baht 980.9 million) (31 December 2006: Baht 1,810.7 million, the Company Only: 1,430.7 million) issued by the banks in respect of certain performance bonds required in the normal course of business by the Company and its subsidiaries.

21.3 Guarantees

- 21.3.1 As at 31 March 2007 and 31 December 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 Company Limited and its subsidiaries.
- 21.3.2 As at 31 March 2007 and 31 December 2006, the Company has provided loan guarantees to financial institutions for loans of customers amounting to Baht 9.1 million.
- 21.3.3 As at 31 March 2007, Pacific Real Estate Company Limited, a subsidiary, has provided guarantees for debts of another company amounting to Baht 31.9 million (31 December 2006: Baht 31.5 million).
- 21.3.4 As at 31 March 2007 and 31 December 2006, Phuket Future Plan Company Limited, which is a subsidiary of L H Muangmai Company Limited, has contingent obligations amounting to Baht 400 million and Baht 270 million to a bank in respect of its acting as a guarantor for L H Muangmai Company Limited and Double Tree Company Limited, respectively.
- 21.3.5 As at 31 March 2007 and 31 December 2006, Double Tree Company Limited, which is a subsidiary of L H Muangmai Company Limited, has contingent obligations amounting to Baht 400 million and Baht 280 million to a bank in respect of its acting as a guarantor for L H Muangmai Company Limited and Phuket Future Plan Company Limited, respectively.
- 21.3.6 As at 31 March 2007 and 31 December 2006, L H Muangmai Company Limited has contingent obligations amounting to Baht 550 million to a bank in respect of its acting as guarantor for 2 subsidiaries.
- 21.3.7 As at 31 March 2007 and 31 December 2006, L&H Property Company Limited, which is a subsidiary of the Company, has contingent obligations amounting to Baht 390 million to a bank in respect of its acting as a guarantor for L&H Sathorn Company Limited.

21.4 Litigation

As at 31 March 2007, there is significant litigation involving the Company and a subsidiary. Two housing estate juristic persons have sued the Company and a subsidiary for a total of Baht 1,013.5 million in relation to access to public thoroughfares. The Company, the subsidiary and the committees of the housing estate have already negotiated an initial compromise, whereby the Company will pay Baht 20 million to the housing estate juristic persons for use in maintenance of utilities of the housing estate and pay compensation to build an office for the housing estate juristic person. Consequently, the Company has set aside provision of Baht 25.0 million for liabilities arising as a result of this case.

In addition, as at 31 March 2007, the Company and its subsidiaries have been sued for a total of approximately Baht 28.5 million in various cases, in respect of breaches of contracts. To date, the Court of the First Instance and the Appeal Court have ordered the Company and its subsidiaries to pay compensation plus interest totaling Baht 6.7 million. The Company and its subsidiaries have set aside provision of Baht 6.7 million for liabilities arising as a result of these cases, based on the opinion of their legal department.

22. SUBSEQUENT EVENTS

22.1 The Annual General Meeting of the Company's shareholders held on 26 April 2007 passed the following significant resolutions:

- 22.1.1) Approved payment of a dividend of Baht 0.15 per share, or a total of Baht 1,298.8 million, to be paid on 25 May 2007 and the appropriation of Baht 16.1 million of the legal reserve.
- 22.1.2) Approved a reduction in the Company's registered share capital from Baht 10,806,737,200 to Baht 9,654,268,670 by cancelling the 1,152,468,530 shares with a par value of Baht 1 each which are registered but have not yet been issued. The Company is in the process of registration of the reduction in share capital with the Ministry of Commerce.

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- 22.1.3) Approved to increase the Company's registered share capital from Baht 9,654,268,670 to Baht 10,354,268,670 through the issuance of 700,000,000 ordinary shares with a par value of Baht 1 each. The Company is in the process of registration of the increase in share capital with the Ministry of Commerce.
- 22.1.4) Approved the allocation of the aforesaid 700,000,000 additional shares to be reserved for the exercise of warrants to be allotted to existing shareholders (LH-W2).
- 22.1.5) Approved the issuance and offer of debentures in an amount of up to Baht 5,000 million or the equivalent in any other currency, with a maximum terms of 10 years, and may be issued in one or several tranches by way of public offering and/or private placement and/or to institutional investors in Thailand or offshore, in accordance with the relevant Notification of the Office of Securities and Exchange Commission.
- 22.2 On 30 April 2007, the holders of the ESOP-4 warrants allocated to the directors and employees of the Company and its subsidiaries exercised total of 1,000 warrants to purchase 10,000 ordinary shares at an exercise price of Baht 1 each increasing the Company's paid up share capital from Baht 8,658,740,946 to Baht 8,658,750,946. The Company received payment for the additional shares in April 2007 and registered the increase in its issued and paid-up share capital with the Ministry of Commerce on 9 May 2007. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities on 11 May 2007.
- 22.3 On 18 April 2007, a meeting of the unitholders of Land and Houses Property and Loan Fund II, which is the associated company of the Company, passed a resolution approving a reduction in capital proportionate to unitholding of each unitholder, amounting to Baht 971 million. The Company received proceeds amounting to Baht 485 million, in proportion to its 49.94 percent holding.

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22.4 On 3 May 2007, the Company adjusted the exercise ratio and the exercise price of LH-W2 as follows:

Adjusted items	Previous	New	Remark
Exercise ratio	1 warrant grants entitlement to purchase 1.24486 new ordinary shares	1 warrant grants entitlement to purchase 1.26066 new ordinary shares	Result of dividend payment is greater than 30 percent of net income
Exercise price	Baht 2.089 per share	Baht 2.063 per share	Result of dividend payment is greater than 30 percent of net income

23. RECLASSIFICATION

In addition to the change in accounting policy as mentioned in Note 2 and Note 3 to financial statements, which affects the previously reported net income and shareholders' equity, certain other amounts in the financial statements for the prior period have been reclassified to conform to the current period's classification, but with no effect to previously reported net income or shareholders' equity other than from the change in accounting policy.

24. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorised for issue by the Company's Board of Directors on 14 May 2007.