

(UNAUDITED BUT REVIEWED)

LAND AND HOUSES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 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 Sathon Road, Tungmahamek, Sathon, 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.

1.4 Adoption of new accounting standards during the period

The Federation of Accounting Professions (FAP) has issued Notification No. 9/2550 regarding Thai Accounting Standards (TAS), which was announced in the Royal Gazette. This Notification mandates the use of the following Thai Accounting Standards (Revised 2007) in place of the previous versions, which are cancelled.

TAS 25	Cash Flow Statements
TAS 33	Borrowing Costs
TAS 44	Consolidated Financial Statements and Separate Financial Statements
TAS 45	Investments in Associates
TAS 46	Interests in Joint Ventures
TAS 49	Construction Contracts

a) Thai Accounting Standards effective for the current year

Thai Accounting Standards No. 44, 45 and 46 become effective for the financial statements for fiscal years beginning on or after 1 January 2007. During the first quarter of the current year, the Company changed its accounting policy for recording investments in subsidiary and associated companies in the separate financial statements in order to comply with the revised Thai Accounting Standards No. 44 and 45, as discussed in Note 2.

b) Thai Accounting Standards not effective for the current year

Thai Accounting Standards No. 25, 33 and 49 will become effective for the financial statements for fiscal years beginning on or after 1 January 2008. However, the management has assessed the effect of these revised accounting standards and believes that they will not significantly impact on the financial statements for the year in which they are initially applied.

(UNAUDITED BUT REVIEWED)

1.5 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.

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

During the first quarter of the year 2007, 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 Accounting Standard No. 44 (Revised 2007) regarding “Consolidated Financial Statements and Separate Financial Statements”, under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost 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 and six-month periods ended 30 June 2007 and 2006 as follows:

	Separate financial statements			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2007	2006	2007	2006
Increase (decrease) in net income (million Baht)	166.1	77.1	297.7	(179.2)
Increase (decrease) in basic earnings per share (Baht per share)	0.019	0.009	0.035	(0.021)
Increase (decrease) in diluted earnings per share (Baht per share)	0.017	0.008	0.031	(0.019)

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.

(UNAUDITED BUT REVIEWED)

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, 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, to reflect the change in their accounting policy for investment in property from fair value to the cost method. The cumulative effect of the adjustment up to the beginning of the year 2006 has been presented in the statements of changes in shareholders' equity. The Company has also adjusted the retained earnings and the related accounts in the statements of changes in shareholders' equity.

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.

(Unit: Million Baht)

	For the three-month periods ended 30 June				Transfer pricing policy
	Consolidated financial statements		Separate financial statements		
	2007	2006	2007	2006	
<u>Transactions with subsidiaries</u>					
Interest income	-	-	17.4	25.5	5.5 - 7.5 p.a. (2006: 5 p.a.)
Interest expenses	-	-	1.1	1.2	5.5 p.a. (2006: 3 - 5 p.a.)
Management fee income	-	-	6.8	7.1	Approximate cost
Sale of land	-	-	44.6	26.5	Approximate cost
Cash paid for use of land	-	-	9.0	8.1	Approximate cost
Dividend income	-	-	-	202.9	Declared rate

Management fee expenses	-	-	1.8	-	Approximate cost
-------------------------	---	---	-----	---	------------------

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

	For the three-month periods ended 30 June				Transfer pricing policy
	Consolidated financial statements		Separate financial statements		
	2007	2006	2007	2006	
<u>Transactions with associated companies</u>					
Purchase of goods	44.2	57.0	33.5	29.7	Market price
Rental and service expenses	-	8.4	-	8.4	Market price
Interest income	6.0	-	5.4	-	Market rate
Sales promotion expenses	2.9	-	-	-	Market rate
Dividend income	287.1	206.6	287.1	206.6	Declared rate
Service expenses	5.9	5.5	-	-	Contract price
<u>Transactions with related companies</u>					
Rental and service expenses	8.4	-	8.4	-	Baht 675 - 725 per square metre per month

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer pricing policy
	Consolidated financial statements		Separate financial statements		
	2007	2006	2007	2006	
<u>Transactions with subsidiaries</u>					
Interest income	-	-	37.8	48.2	5.5 - 7.5 p.a. (2006: 5 p.a.)
Interest expenses	-	-	3.6	1.5	5.5 p.a. (2006: 3 - 5 p.a.)
Management fee income	-	-	13.5	17.4	Approximate cost
Sale of land	-	-	46.7	26.8	Approximate cost
Cash paid for use of land	-	-	11.0	15.0	Approximate cost
Dividend income	-	-	320.2	203.0	Declared rate
Management fee expenses	-	-	3.6	-	Approximate cost
<u>Transactions with associated companies</u>					
Purchase of goods	86.3	122.1	65.0	69.4	Market price
Rental and service expenses	-	13.9	-	13.9	Market price
Interest income	10.0	-	9.4	-	Market rate
Sales promotion expenses	10.7	-	7.8	-	Market rate
Dividend income	325.7	256.4	325.7	256.4	Declared rate
Service expenses	12.4	11.0	-	-	Contract price
<u>Transactions with related companies</u>					
Rental and service expenses	16.2	-	16.2	-	Baht 675 - 725 per square metre per month

(UNAUDITED BUT REVIEWED)

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	
	30 June	31 December	30 June	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.	826.0	1,323.7	815.4	1,313.1
Amounts due from and accounts receivable - related parties				
<u>Subsidiary companies</u>				
Pacific Real Estate Co., Ltd.	-	-	4.5	5.8
Land and Houses Northeast Co., Ltd.	-	-	0.1	0.1
L H Real Estate Co., Ltd.	-	-	1.8	5.2
L H Asset Co., Ltd.	-	-	3.8	8.3
L H Muang Mai Co., Ltd.	-	-	-	0.3
	-	-	10.2	19.7
<u>Associated companies</u>				
Home Product Center Plc.	1.3	1.5	1.2	1.4
Quality construction Products Plc.	68.3	-	68.3	-
	69.6	1.5	69.5	1.4
Total	69.6	1.5	79.7	21.1
Short-term loans to and accrued interest receivable from related parties				
<u>Subsidiary companies</u>				
Pacific Real Estate Co., Ltd.	-	-	130.0	470.2
Atlantic Real Estate Co., Ltd.	-	-	107.2	104.4
Siam Tanee Property Co., Ltd.	-	-	25.9	25.2
L H Muang Mai Co., Ltd.	-	-	43.0	30.8
Land and Houses Northeast Co., Ltd.	-	-	81.1	100.1
L H Asset Co., Ltd.	-	-	725.6	792.4
	-	-	1,112.8	1,523.1

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	30 June	31 December	30 June	31 December
	2007	2006	2007	2006
<u>Associated company</u>				
Land and Houses Retail Bank Plc.	0.3	0.6	0.3	0.6
Total	0.3	0.6	1,113.1	1,523.7
Deposit - related party				
<u>Related company</u>				
Quality Houses Property Fund	7.4	6.6	7.4	6.6
Trade accounts payable - related parties				
<u>Associated companies</u>				
Quality Construction Products Plc.	30.4	24.9	23.7	20.5
Home Product Center Plc.	2.3	3.2	0.9	0.2
Total	32.7	28.1	24.6	20.7
Amounts due to related parties				
<u>Subsidiary company</u>				
Land and Houses Northeast Co., Ltd.	-	-	1.9	-
<u>Associated companies</u>				
Home Product Center Plc.	2.9	0.6	2.3	0.4
Asia Asset Advisory Co., Ltd.	9.7	5.3	-	-
Land and Houses Retail Bank Plc.	0.3	5.0	-	1.5
Centre Point Management Co., Ltd.	-	0.3	-	0.3
	12.9	11.2	2.3	2.2
<u>Related company</u>				
Quality Houses Property Fund	0.4	1.8	0.4	1.8
Total	13.3	13.0	4.6	4.0
Short-term loans from and accrued interest payable to related parties				
<u>Subsidiary company</u>				
L H Real Estate Co., Ltd.	-	-	260.1	150.1
	-	-	260.1	150.1
<u>Related company</u>				
Muang Mai Property Co., Ltd.	9.0	-	-	-
<u>Director of subsidiaries</u>				
	27.1	26.2	-	-
Total	36.1	26.2	260.1	150.1

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

(UNAUDITED BUT REVIEWED)

During the six-month period ended 30 June 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 30 June 2007
	Balance as at 1 January 2007	During the six-month period ended 30 June 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	4.1	(4.4)	0.3
Short-term loans from and accrued interest payable to related parties				
<u>Related company</u>				
Maung Mai Property Co., Ltd.	-	9.0	-	9.0
Director of subsidiaries	26.2	1.0	(0.1)	27.1

(Unit: Million Baht)

	Separate financial statements			Balance as at 30 June 2007
	Balance as at 1 January 2007	During the six-month period ended 30 June 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	172.4	(191.4)	81.1
Pacific Real Estate Co., Ltd.	470.2	3,979.5	(4,319.7)	130.0
Atlantic Real Estate Co., Ltd.	104.4	2.8	-	107.2
Siam Tanee Property Co., Ltd.	25.2	0.7	-	25.9
L H Muang Mai Co., Ltd.	30.8	12.2	-	43.0
L H Asset Co., Ltd.	792.4	4,536.2	(4,603.0)	725.6
	1,523.1	8,703.8	(9,114.1)	1,112.8
<u>Associated company</u>				
Land and Houses Retail Bank Plc.	0.6	4.1	(4.4)	0.3
Total	1,523.7	8,707.9	(9,118.5)	1,113.1
Short-term loans from and accrued interest payable to related parties				
<u>Subsidiary company</u>				
L H Real Estate Co., Ltd.	150.1	1,233.6	(1,123.6)	260.1

(UNAUDITED BUT REVIEWED)

Directors and management's remuneration

During the six-month period ended 30 June 2007, the Company and its subsidiaries paid salaries, bonus, meeting allowance, gratuities and contribution to provident fund to their directors and management totaling Baht 20.0 million (the Company Only: Baht 20.0 million) (for the six-month period ended 30 June 2006: Baht 22.8 million, the Company Only: Baht 22.8 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 23.3.

5. TRADE ACCOUNTS RECEIVABLES

The outstanding balances of trade accounts receivables as at 30 June 2007 and 31 December 2006 are aged, based on due date, as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Age of receivables				
Not yet due	81	-	-	-
Past due				
Less that 1 month	1,443	-	-	-
Total	<u>1,524</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

The Company and its subsidiaries have mortgaged land and structures thereon with net book values as at 30 June 2007 of Baht 3,021.8 million (the Company Only: Baht 2,901.7 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.

(UNAUDITED BUT REVIEWED)

Movements in the provision for loss on diminution in value of projects during the six-month periods ended 30 June 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	5,079	-
Less: Decrease from sales of inventories	(7,696)	(6,515)
Balance as at 30 June 2007	<u>172,678</u>	<u>98,718</u>

7. 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	
			30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 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	1,778,000	1,258,000	60.00	60.00	1,162,800	850,800	1,162,800	850,800
							<u>2,495,504</u>	<u>2,183,504</u>	<u>2,495,504</u>	<u>2,183,504</u>

(UNAUDITED BUT REVIEWED)

7.1 L H Muang Mai Company Limited and its subsidiaries

As at 30 June 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.

7.2 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 called portion of share amounting to Baht 162 million.

In addition, the Extraordinary General Meeting of L&H Property Company Limited's shareholders held on 9 April 2007 approved an increase in its registered share capital from Baht 1,600 million to Baht 2,600 million through the issuance of 10,000,000 ordinary shares at a par value of Baht 100, with Baht 25 per share to be called up. The Company purchased 6,000,000 of the additional shares, in proportion to its existing shareholdings and already paid up totally Baht 150 million in May 2007. L&H Property Company Limited registered the increase in its share capital with the Ministry of Commerce on 4 May 2007.

8. 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	
			30 June	31 December	30 June	31 December	30 June	31 December	30 June	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	985,027	661,216
Bangkok Chain Hospital Plc.	Hospital	Thai	950,000	950,000	28.55	28.55	661,669	661,669	691,903	678,413
Quality Construction Products Plc.	Manufacture of construction material	Thai	400,000	400,000	31.41	31.41	265,980	265,980	423,661	437,354
Home Product Center Plc.	Trading of construction materials	Thai	1,924,584	1,919,818	28.68	28.75	906,328	906,328	1,325,808	1,313,975
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	5,000	5,000	40.00	40.00	2,000	2,000	9,545	10,324
Land and Houses Property Fund	Real estate business	Thai	40,316	639,943	49.94	49.94	20,692	328,452	31,539	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	1,569,241	1,596,573
Quality Houses Plc.	Real estate business	Thai	7,248,208	7,241,999	23.03	21.91	2,388,481	2,305,233	2,515,047	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	1,044,867	968,718
			('000 Peso)	('000 Peso)						
							<u>8,028,855</u>	<u>7,952,367</u>	<u>8,596,638</u>	<u>8,692,533</u>

(UNAUDITED BUT REVIEWED)

(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	
			30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
			<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
					(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	962,217	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.	Manufacture of construction 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	1,924,584	1,919,818	28.68	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	40,316	639,943	49.94	49.94	20,692	328,452	20,692	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	7,248,208	7,241,999	23.03	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
			('000 Peso)	('000 Peso)						
							<u>8,028,855</u>	<u>7,952,367</u>	<u>7,684,112</u>	<u>7,607,623</u>

Summary financial information of associated companies is as follow:

Company's name	Shareholding percentage as at		Total assets as at		Total liabilities as at		Total revenue for the six-month periods ended		Net income (loss) for the six-month periods ended	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	30 June	30 June	30 June
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Land and Houses Retail Bank Plc.	43.00	43.00	26,190	21,798	23,923	20,278	752	337	8	(86)
Bangkok Chain Hospital Plc.	28.55	28.55	4,496	4,259	1,582	1,364	1,744	1,589	194	187
Quality Construction Products Plc.	31.41	31.41	2,436	2,500	1,084	1,105	482	420	(44)	(33)
Home Product Center Plc.	28.68	28.75	12,065	11,893	8,065	7,975	8,053	6,968	309	276
Asia Asset Advisory Co., Ltd.	40.00	40.00	33	40	9	14	30	25	3	-
Land and Houses Property Fund	49.94	49.94	71	1,037	7	7	8	76	5	43
Land and Houses Property and Loan Fund II	49.99	49.99	3,930	3,929	42	47	184	159	143	113
Quality Houses Plc.	23.03	21.91	23,193	20,478	14,775	11,901	5,130	4,063	474	225
Polar Property Holdings Corporation	25.00	25.00	4,943	5,973	872	1,939	318	329	155	38

The Company's interim consolidated financial statements for the six-month period ended 30 June 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.

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

	Consolidated financial statements	
	Investments under the equity method as at 30 June 2007	Share of profit (loss) from investments under the equity method for the six-month period ended 30 June 2007
Reviewed by auditor and another auditor of the same firm		
Land and Houses Retail Bank Plc.	985,027	2,840
Asia Asset Advisory Co., Ltd.	9,545	1,021
Land and Houses Property Fund	31,539	2,433
Land and Houses Property and Loan Fund II	1,569,241	39,376
Quality Houses Plc.	2,515,047	67,754
Home Product Center Plc.	1,325,808	78,076
Reviewed by other auditors		
Bangkok Chain Hospital Co., Ltd.	691,903	54,017
Quality Construction Products Plc.	423,661	(13,694)
Unreviewed by auditor		
Polar Property Holdings Corporation	1,044,867	60,907

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	<u>50,230</u>
Total	<u>50,230</u>

(UNAUDITED BUT REVIEWED)

During the first quarter of the year 2007, 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.

During the second quarter of the year 2007, 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, this associated company apply the following significant accounting policies which differ from those of the Company.

1. Income tax accounting
2. Employee benefits accounting
3. Revenue recognition of sale of real estate properties

The Company unable to quantify the possible effect to the financial statements regarding to the different accounting policies.

8.1 Land and Houses Retail Bank Public Company Limited

During the current period, Land and Houses Retail Bank Public Company Limited 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. The Company fully paid in such shares.

8.2 Bangkok Chain Hospital Public Company Limited

As at 30 June 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 2,170 million (31 December 2006: Baht 2,007 million).

8.3 Quality Construction Products Public Company Limited

As at 30 June 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 261 million (31 December 2006: Baht 246 million).

8.4 Home Product Center Public Company Limited

As at 30 June 2007, the investment in Home Product Center Public Company Limited, a company listed on the Stock Exchange of Thailand, had a total market value of Baht 3,064 million (31 December 2006: Baht 3,147 million).

8.5 Land and Houses Property Fund

During the current period, a meeting of the unitholders of Land and Houses Property Fund passed a resolution approving a reduction in capital proportionate to unitholding of each unitholder. The Company received proceeds amounting to Baht 485 million, in proportion to its 49.94 percent holding.

8.6 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 23.03 percent.

As at 30 June 2007, investment in Quality Houses Public Company Limited, a company listed on the Stock Exchange of Thailand, had a total market value of Baht 2,554 million (31 December 2006: Baht 1,793 million).

(UNAUDITED BUT REVIEWED)

8.7 Polar Property Holdings Corporation

As at 30 June 2007, the investment in Polar Property Holdings Corporation, a company listed on the Stock Exchange of Philippines, had a total market value of Baht 6,101 million (31 December 2006: Baht 1,238 million)

9. OTHER LONG-TERM INVESTMENTS

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	30 June	31 December	30 June	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	(13,005)	(48,650)	(13,005)	(48,650)
Available-for-sale securities - net	385,245	349,600	385,245	349,600
Held-to-maturity debt securities	150,000	150,000	-	-
Other investments				
Equity securities	2,102,917	2,172,462	2,027,518	2,027,670
Less: Provision for impairment of investment	(1,407,821)	(1,476,945)	(1,394,759)	(1,394,850)
Net	845,096	845,517	632,759	632,820
Total	1,230,341	1,195,117	1,018,004	982,420

10. LAND HELD FOR DEVELOPMENT

The subsidiaries have mortgaged land held for development with net book value as at 30 June 2007 of Baht 1,352.5 million (31 December 2006: Baht 1,352.5 million) to secure the long-term loans.

(UNAUDITED BUT REVIEWED)

11. PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment account during the six-month period ended 30 June 2007 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2007	1,569,423	348,261
Acquisitions during period - at cost	1,131,423	44,548
Disposals during period - net book value at disposal date	(20)	(20)
Depreciation for period	(79,876)	(58,065)
Net book value as at 30 June 2007	2,620,950	334,724

Two subsidiary companies have placed their land leasehold rights and land sub-leasehold rights, with buildings, furniture and fixture and assets under construction thereon which has total net book value as at 30 June 2007 of Baht 2,171 million (31 December 2006 of Baht 1,146 million) as collateral of the long-term loans.

12. LEASEHOLD RIGHTS

Two subsidiary companies have pledged their land leasehold rights and land sub-leasehold rights with a total net book value as at 30 June 2007 of Baht 474.9 million (31 December 2006: Baht 482.5 million) as collateral for long-term loans.

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Bank overdrafts	4,785	4,517	-	-
Bill of exchange	2,570,000	2,335,000	2,570,000	2,335,000
Promissory note	-	900,000	-	900,000
Less: Prepaid interest	(26,702)	(31,569)	(26,702)	(31,569)
Net	2,548,083	3,207,948	2,543,298	3,203,431

(UNAUDITED BUT REVIEWED)

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

14. LONG-TERM LOANS

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2007	2006	2007	2006
Long-term loans	5,957,378	5,313,935	4,018,856	3,947,201
Less: Current portion	(1,954,015)	(2,567,665)	(1,814,743)	(2,350,151)
Net	<u>4,003,363</u>	<u>2,746,270</u>	<u>2,204,113</u>	<u>1,597,050</u>

Movements in the long-term loans during the six-month period ended 30 June 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	1,418,600	750,700
Amortisation of deferred interest	37,191	37,191
Less: Repayment	(812,348)	(716,236)
Balance as at 30 June 2007	<u>5,957,378</u>	<u>4,018,856</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.

(UNAUDITED BUT REVIEWED)

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, furniture and fixture and assets under construction of the projects of subsidiaries.

15. 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)	
					30 June 2007	31 December 2006	30 June 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>(2,500,000)</u>	<u>(1,000,000)</u>
Net							<u>3,500,000</u>	<u>6,000,000</u>

(UNAUDITED BUT REVIEWED)

Movements in the debentures during the six-month period ended 30 June 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 30 June 2007	6,000,000

The Annual General Meeting of the Company's shareholders held on 26 April 2007 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 maximum terms of 10 years, to be issued in Thailand or offshore, in one or several tranches by way of public offerings and/or private placements and/or placements with institutional investors, in accordance with the relevant Notification of the Office of the Securities and Exchange Commission. The Office of the Securities and Exchange Commission approved the Company's offering of a new issue of debt securities (excluding embedded derivative debentures), setting a period of 3 years for the issue of such debentures to general investors and by private placement, commencing from 26 April 2007.

16. SHARE CAPITAL

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

- 16.1) 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 registered the reduction in share capital with the Ministry of Commerce on 18 May 2007.
- 16.2) 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 registered the increase in share capital with the Ministry of Commerce on 21 May 2007.

(UNAUDITED BUT REVIEWED)

16.3) 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).

The increase in share capital of the Company during the six-month period end 30 June 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
30 Mar 07	ESOP-5	195,150	1,951,500	1.0	9 Apr 07	11 Apr 07
30 Mar 05	LH-W2	140,803,568	175,280,722	2.089	9 Apr 07	11 Apr 07
30 Apr 07	ESOP-4	1,000	10,000	1.0	9 May 07	11 May 07
Total			<u>182,479,730</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".

Reconciliation of number of ordinary shares

(Unit: Shares)

	Consolidated and separate financial statements	
	For the six-month periods ended 30 June	
	<u>2007</u>	<u>2006</u>
<u>Registered ordinary shares</u>		
Number of ordinary shares at the beginning of period	10,806,737,200	10,806,737,200
Decrease of registered share capital	(1,152,468,530)	-
Increase of registered share capital	700,000,000	-
Number of ordinary shares at the end of period	<u>10,354,268,670</u>	<u>10,806,737,200</u>
<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	<u>182,479,730</u>	<u>105,855,047</u>

Number of ordinary shares at the end of period	<u>8,658,750,946</u>	<u>8,403,267,765</u>
--	----------------------	----------------------

(UNAUDITED BUT REVIEWED)

As at 30 June 2007, the registered ordinary shares which are not issued and paid-up are the ordinary shares reserved for exercise of warrants.

17. CASH RECEIPTS FROM SHARE SUBSCRIPTION

On 29 June 2007, there are 75,500 ESOP-5 warrants and 5,215,455 LH-W2 exercised options to purchase 755,000 ordinary shares and 6,574,910 ordinary shares at an exercise price of Baht 1 and Baht 2.063 per share, respectively. The Company received payment of additional share capital totalling Baht 14,319,039 in June 2007. The Company registered the increase in its share capital to Baht 8,666,080,856 with the Ministry of Commerce on 9 July 2007. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities on 11 July 2007. Consequently, as at 30 June 2007, the Company was separately presented the cash received of Baht 14,319,039 in respect of the increase in share capital in the balance sheet under the caption "Cash receipts from share subscription".

18. WARRANTS

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
3 May 2007	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

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 30 June 2007
	(Baht)		(Unit)	(Unit)	(Unit)
ESOP- 4	1.0	1:10	91,600	8,000	83,600
ESOP- 5	1.0	1: 10	1,690,250	270,650	1,419,600
LH- W2	2.063	1: 1.26066	1,231,197,989	146,019,023	1,085,178,966

(UNAUDITED BUT REVIEWED)

19. REVALUATION SURPLUS (DEFICIT) IN INVESTMENTS

(Unit: Thousand Baht)

	Consolidated		Separate		financial	
	financial statements		statements			
	30 June	31 December	30 June	31 December		
	2007	2006	2007	2006		(Restated)
Difference between book value and fair value of investment in available-for-sale securities						
- Associated companies' investments	23,171	(725)	-	-		
- Company's investments	(13,005)	(48,650)	(13,005)	(48,650)		
Total	<u>10,166</u>	<u>(49,375)</u>	<u>(13,005)</u>	<u>(48,650)</u>		

20. 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 30 June					
	Net income		Weighted average number of ordinary shares		Earnings per share	
2007	2006	2007	2006	2007	2006	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
Basic earnings per share						
Net income	699,935	725,942	8,658,909	8,403,606	0.08	0.09
Effect of dilutive potential ordinary shares						
ESOP-4	-	-	719	2,686		
ESOP-5	-	-	12,801	34,415		
LH-W2	-	-	969,396	1,115,827		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>699,935</u>	<u>725,942</u>	<u>9,641,825</u>	<u>9,556,534</u>	0.07	0.08

(UNAUDITED BUT REVIEWED)

Separate financial statements						
For the three-month periods ended 30 June						
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	865,990	803,044	8,658,909	8,403,606	0.10	0.10
Effect of dilutive potential ordinary shares						
ESOP-4	-	-	719	2,686		
ESOP-5	-	-	12,801	34,415		
LH-W2	-	-	969,396	1,115,827		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>865,990</u>	<u>803,044</u>	<u>9,641,825</u>	<u>9,556,534</u>	0.09	0.08
Consolidated financial statements						
For the six-month periods ended 30 June						
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)	
Basic earnings per share						
Net income	1,229,972	1,438,610	8,572,646	8,359,859	0.14	0.17
Effect of dilutive potential ordinary shares						
ESOP-4	-	-	726	3,508		
ESOP-5	-	-	13,509	24,406		
LH-W2	-	-	1,007,933	1,181,454		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>1,229,972</u>	<u>1,438,610</u>	<u>9,594,814</u>	<u>9,569,227</u>	0.13	0.15

(UNAUDITED BUT REVIEWED)

Separate financial statements						
For the six-month periods ended 30 June						
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	1,527,715	1,259,374	8,572,646	8,359,859	0.18	0.15
Effect of dilutive potential ordinary shares						
ESOP-4	-	-	726	3,508		
ESOP-5	-	-	13,509	24,406		
LH-W2	-	-	1,007,933	1,181,454		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>1,527,715</u>	<u>1,259,374</u>	<u>9,594,814</u>	<u>9,569,227</u>	0.16	0.13

21. 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.

22. DIVIDEND

At the 2007 Annual General Meeting of the Shareholders held on 26 April 2007, it was resolved that the Company pay an addition dividend for the year 2006 of Baht 0.15 per share. Together with the interim dividend of Baht 0.17 per share previously approved by the Board of Directors, the total dividend declared for 2006 was thus Baht 0.32 per share. This additional Baht 0.15 per share dividend amounted to a total of Baht 1,298.8 million. However, since Baht 10.5 million of the dividend was for shareholders who have no right to receive dividend, only Baht 1,288.3 million has actually been paid to the shareholders.

(UNAUDITED BUT REVIEWED)

23. COMMITMENT AND CONTINGENT LIABILITIES

23.1 Commitments

23.1.1 As at 30 June 2007, the Company and its subsidiaries have commitments of Baht 1,651.4 million with construction contracts (the Company Only: Baht 961.5 million) (31 December 2006: Baht 1,976.3 million, the Company Only: Baht 1,115.8 million).

23.1.2 As at 30 June 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>30 June 2007</u>	<u>31 December 2006</u>
Payable within:		
1 year	29.3	26.2
2 years	20.0	26.3
Total	<u>49.3</u>	<u>52.5</u>

23.1.3 As at 30 June 2007, L&H Property Company Limited has commitment related to construction management amounting to Baht 2.8 million (31 December 2006: Baht 7.1 million).

23.1.4 As at 30 June 2007, L&H Property Company Limited and its subsidiaries have 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

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 has already been paid - 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⁾ from 1 September 2010, the lessor consented to allow L&H Property Company Limited to develop or construct on the leased land between 1 September 2007 and 31 August 2010, and L&H Property Company Limited agreed to make additional leasehold rights payment of Baht 160,000 per month.

- 23.1.5 As at 30 June 2007, the Company had outstanding commitment of Baht 493.2 million in respect of uncalled portion of investments in L&H Property Company Limited (31 December 2006: Baht 205.2 million).
- 23.1.6 As at 30 June 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 for the project under construction, management fee at the rate of 0.7 percent per annum of the project value for the operating project, and other fees as specified in the agreement, until notice of termination of the agreement is given (31 December 2006: Baht 21.2 million).
- 23.1.7 As at 30 June 2007, L&H Property Company Limited is committed to pay L&H Management Company Limited which is a subsidiary company of Asia Asset Advisory Co., Ltd., management fees at actual expenses plus margin of 5%.
- 23.1.8 As at 30 June 2007, L&H Sathorn Company Limited had outstanding commitment of Baht 7.6 million in respect of management fees paid to Q.H. International Company Limited.

(UNAUDITED BUT REVIEWED)

23.1.9 As at 30 June 2007, the Company have commitment related to purchase of land amounting to Baht 242.3 million (31 December 2006: Baht 298.5 million, the Company Only: Baht 262.3 million).

23.1.10 Obligation and commitment to complete projects on hand

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2007	2006	2007	2006
Number of projects on hand at beginning of period/year	39	34	29	21
Number of projects closed	-	(6)	-	-
Number of new projects	1	11	1	8
Number of projects on hand at end of period/year	40	39	30	29
Accumulative value of sales already contracted (Million Baht)	61,890	59,562	48,772	42,199
As percentage of total sales of projects on hand	61.2	55.6	60.3	52.6
Value of sales already contracted during period/year (Million Baht)	8,719	17,160	6,531	11,922
As percentage of total sales of projects on hand	8.6	16.0	8.0	14.9

As at 30 June 2007, the Company and its subsidiaries have commitments totalling Baht 383.8 million (the Company Only: Baht 315.8 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).

23.1.11 As at 30 June 2007, the subsidiaries have servitude over land of approximately 57 rai of which the cost is included in the cost of projects (31 December 2006: 33 rai).

(UNAUDITED BUT REVIEWED)

23.2 Bank guarantees

As at 30 June 2007, there were the outstanding bank guarantees for Baht 1,431.8 million (the Company Only: Baht 1,104.1 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.

23.3 Guarantees

As at 30 June 2007 and 31 December 2006, the Company and its subsidiaries have the following obligations in respect of guarantees.

		(Unit: Million Baht)	
Guarantor	Guarantee	30 June 2007	31 December 2006
<u>The Company</u>			
Land and Houses Plc.	L H Muangmai Co., Ltd.	522.5	522.5
	Customers	9.1	9.1
Total		<u>531.6</u>	<u>531.6</u>
<u>The subsidiaries</u>			
Pacific Real Estate Co., Ltd.	Other company	<u>32.4</u>	<u>31.5</u>
Phuket Future Plan Co., Ltd.	L H Muangmai Co., Ltd.	400.0	400.0
	Double Tree Co., Ltd.	<u>270.0</u>	<u>270.0</u>
Total		<u>670.0</u>	<u>670.0</u>
Double Tree Co., Ltd.	L H Muangmai Co., Ltd.	400.0	400.0
	Phuket Future Plan Co., Ltd.	<u>280.0</u>	<u>280.0</u>
Total		<u>680.0</u>	<u>680.0</u>
L H Muangmai Co., Ltd.	Double Tree Co., Ltd.	270.0	270.0
	Phuket Future Plan Co., Ltd.	<u>280.0</u>	<u>280.0</u>
Total		<u>550.0</u>	<u>550.0</u>
L&H Property Co.,Ltd.	L&H Sathon Co., Ltd.	<u>390.0</u>	<u>390.0</u>

23.4 Litigation

As at 30 June 2007, the following lawsuits had been filed against the Company and its subsidiaries.

- a) 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 persons. Consequently, the Company has set aside provision of Baht 25.0 million for liabilities arising as a result of this case.
- b) The Company and its subsidiaries have been sued for a total of approximately Baht 31.1 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 6.8 million. The Company and its subsidiaries have set aside provision of Baht 6.8 million for liabilities arising as a result of these cases, based on the opinion of their legal department.

24. SUBSEQUENT EVENTS

24.1 On 31 July 2007, the holders of the ESOP-4 warrants allocated to the directors and employees of the Company and its subsidiaries exercised total of 32,000 warrants to purchase 320,000 ordinary shares at an exercise price of Baht 1 each increasing the Company's paid up share capital from Baht 8,666,080,856 to Baht 8,666,400,856. The Company received payment for the additional shares in July 2007 and registered the increase in its issued and paid-up share capital with the Ministry of Commerce on 9 August 2007. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities on 14 August 2007.

(UNAUDITED BUT REVIEWED)

24.2 The meeting of the Board of Directors of L&H Property Company Limited held on 23 July 2007 passed a resolution to call up additional share capital of Baht 12 per share, or a total of 72 million. The Company paid in the called up share capital in proportion to its holding, or a total of Baht 43.2 million, in July 2007. L&H Property Company Limited registered the increase in its share capital with the Ministry of Commerce on 3 August 2007.

24.3 On 14 August 2007, a meeting of the Company's Board of Directors approved a resolution to pay an interim dividend from the income for six-month period ended 30 June 2007, at a rate of Baht 0.12 per share, amounted to a total of Baht 1,039.9 million. This dividend will be paid on 14 September 2007.

25. RECLASSIFICATION

In addition to the change in accounting policy as mentioned in Note 2 and Note 3, 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.

26. APPROVAL OF INTERIM FINANCIAL STATEMENTS

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