

(UNAUDITED BUT REVIEWED)

LAND AND HOUSES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 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**

The Federation of Accounting Professions (FAP) has issued Notifications No. 9/2550 and 38/2550 regarding Thai Accounting Standards, and these have been published in the Royal Gazette. The Notifications mandates the use of the following Thai Accounting Standards (Revised 2007) in place of the previous versions, which are cancelled.

**a) Thai Accounting Standards (revised version) which are effective for the current year**

TAS 44	Consolidated Financial Statements and Separate Financial Statements
TAS 45	Investments in Associates
TAS 46	Interests in Joint Ventures

These accounting standards 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 (revised version) which are not effective for the current year**

TAS 25	Cash Flow Statements
TAS 33	Borrowing Costs
TAS 35	Presentation of Financial Statements
TAS 39	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41	Interim Financial Reporting
TAS 49	Construction Contracts

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these revised accounting standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

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### 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 nine-month periods ended 30 September 2007 and 2006 as follows:

	Separate financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2007	2006	2007	2006
Increase (decrease) in net income (million Baht)	(45.5)	133.4	252.2	(45.9)
Increase (decrease) in basic earnings per share (Baht per share)	(0.005)	0.016	0.029	(0.005)
Increase (decrease) in diluted earnings per share (Baht per share)	(0.005)	0.014	0.026	(0.005)

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, 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 September				Transfer pricing policy
	Consolidated financial statements		Separate financial statements		
	2007	2006	2007	2006	
<u>Transactions with subsidiaries</u>					
Interest income	-	-	13.8	25.9	5.5 - 7.5 p.a. (2006: 5 p.a.)
Interest expenses	-	-	2.9	4.3	5.5 p.a. (2006: 3 - 5 p.a.)
Management fee income	-	-	5.8	7.7	Approximate cost
Cash paid for use of land	-	-	-	18.4	Approximate cost
Dividend income	-	-	350.3	301.6	Declared rate
Management fee expenses	-	-	1.9	-	Approximate cost

Guarantee fee income	-	-	1.4	-	0.35 - 0.50 p.a.
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## (UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

For the three-month periods ended 30 September					
	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2007	2006	2007	2006	
<u>Transactions with associated companies</u>					
Purchase of goods	30.5	103.6	23.6	43.2	Market price
Rental and service expenses	-	9.3	-	9.3	Market price
Interest income	12.7	-	12.2	-	Market rate
Sales promotion expenses	0.3	-	-	-	Market rate
Dividend income	59.2	73.1	59.2	73.1	Declared rate
Service expenses	9.7	5.8	-	-	Contract price
<u>Transactions with related companies</u>					
Rental and service expenses	9.3	-	9.3	-	Baht 675 - 725 per square metre per month
Guarantee fee expenses	1.2	-	-	-	0.35 - 0.50 p.a.

(Unit: Million Baht)

For the nine-month periods ended 30 September					
	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2007	2006	2007	2006	
<u>Transactions with subsidiaries</u>					
Interest income	-	-	51.6	74.1	5.5 - 7.5 p.a. (2006: 5 p.a.)
Interest expenses	-	-	6.5	5.8	5.5 p.a. (2006: 3 - 5 p.a.)
Management fee income	-	-	19.3	25.1	Approximate cost
Sale of land	-	-	46.7	26.8	Approximate cost
Cash paid for use of land	-	-	11.0	33.4	Approximate cost
Dividend income	-	-	670.5	504.6	Declared rate
Management fee expenses	-	-	5.5	-	Approximate cost
Guarantee fee income	-	-	1.4	-	0.35 - 0.50 p.a.
<u>Transactions with associated companies</u>					
Purchase of goods	116.8	225.7	88.6	112.6	Market price
Rental and service expenses	-	23.2	-	23.2	Market price
Interest income	22.7	-	21.6	-	Market rate
Sales promotion expenses	11.0	-	7.8	-	Market rate
Dividend income	384.9	329.5	384.9	329.5	Declared rate
Service expenses	28.2	17.4	-	-	Contract price
<u>Transactions with related companies</u>					
Rental and service expenses	25.5	-	25.5	-	Baht 675 - 725 per square metre per month
Guarantee fee expenses	1.2	-	-	-	0.35 - 0.50 p.a.

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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 September	31 December	30 September	31 December
	2007	2006	2007	2006
<b>Short-term bill of exchange and deposit at financial institution</b>				
(shown under cash and cash equivalents)				
<u>Associated company</u>				
Land and Houses Retail Bank Plc.	2,082.6	1,323.7	1,968.9	1,313.1
<b>Amounts due from and accounts receivable - related parties</b>				
<u>Subsidiary companies</u>				
Pacific Real Estate Co., Ltd.	-	-	3.8	5.8
Land and Houses Northeast Co., Ltd.	-	-	0.3	0.1
L H Real Estate Co., Ltd.	-	-	1.7	5.2
L H Asset Co., Ltd.	-	-	4.0	8.3
L H Muang Mai Co., Ltd.	-	-	0.7	0.3
Phuket Future Plan Co., Ltd.	-	-	0.4	-
Double Tree Co., Ltd.	-	-	0.4	-
	-	-	11.3	19.7
<u>Associated companies</u>				
Home Product Center Plc.	0.8	1.5	0.8	1.4
Quality construction Products Plc.	65.7	-	65.7	-
	66.5	1.5	66.5	1.4
Total	66.5	1.5	77.8	21.1
<b>Short-term loans to and accrued interest receivable from related parties</b>				
<u>Subsidiary companies</u>				
Pacific Real Estate Co., Ltd.	-	-	-	470.2
Atlantic Real Estate Co., Ltd.	-	-	111.2	104.4
Siam Tanee Property Co., Ltd.	-	-	28.4	25.2
L H Muang Mai Co., Ltd.	-	-	43.7	30.8
Land and Houses Northeast Co., Ltd.	-	-	50.1	100.1
L H Asset Co., Ltd.	-	-	622.8	792.4
	-	-	856.2	1,523.1

## (UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2007	2006	2007	2006
<u>Associated company</u>				
Land and Houses Retail Bank Plc.	4.0	0.6	3.7	0.6
Total	4.0	0.6	859.9	1,523.7
<b>Deposit - related party</b>				
<u>Related company</u>				
Quality Houses Property Fund	7.4	6.6	7.4	6.6
<b>Trade accounts payable - related parties</b>				
<u>Associated companies</u>				
Quality Construction Products Plc.	17.5	24.9	13.7	20.5
Home Product Center Plc.	0.7	3.2	0.5	0.2
Total	18.2	28.1	14.2	20.7
<b>Amounts due to related parties</b>				
<u>Subsidiary company</u>				
Land and Houses Northeast Co., Ltd.	-	-	1.9	-
<u>Associated companies</u>				
Home Product Center Plc.	0.5	0.6	-	0.4
Asia Asset Advisory Co., Ltd.	4.8	5.3	-	-
Land and Houses Retail Bank Plc.	-	5.0	-	1.5
Centre Point Management Co., Ltd.	-	0.3	-	0.3
Quality Houses Plc.	0.3	-	-	-
	5.6	11.2	-	2.2
<u>Related companies</u>				
Quality Houses Property Fund	0.5	1.8	0.5	1.8
Muang Mai Property Co., Ltd.	1.2	-	-	-
	1.7	1.8	0.5	1.8
Total	7.3	13.0	2.4	4.0
<b>Short-term loans from and accrued interest payable to related parties</b>				
<u>Subsidiary company</u>				
L H Real Estate Co., Ltd.	-	-	-	150.1
	-	-	-	150.1
<u>Related company</u>				
Muang Mai Property Co., Ltd.	9.1	-	-	-
<u>Director of subsidiaries</u>				
	27.6	26.2	-	-
Total	36.7	26.2	-	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 nine-month period ended 30 September 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 September 2007
	Balance as at 1 January 2007	During the nine-month period ended 30 September 2007		
		Increase	Decrease	
<b>Short-term loans to and accrued interest receivable from related party</b>				
<u>Associated company</u>				
Land and Houses Retail Bank Plc.	0.6	16.4	(13.0)	4.0
<b>Short-term loans from and accrued interest payable to related parties</b>				
<u>Related company</u>				
Maung Mai Property Co., Ltd.	-	9.1	-	9.1
Director of subsidiaries	26.2	1.4	-	27.6

(Unit: Million Baht)

	Separate financial statements			Balance as at 30 September 2007
	Balance as at 1 January 2007	During the nine-month period ended 30 September 2007		
		Increase	Decrease	
<b>Short-term loans to and accrued interest receivable from related parties</b>				
<u>Subsidiary companies</u>				
Pacific Real Estate Co., Ltd.	470.2	4,160.2	(4,630.4)	-
Atlantic Real Estate Co., Ltd.	104.4	114.5	(107.7)	111.2
Siam Tanee Property Co., Ltd.	25.2	29.1	(25.9)	28.4
L H Muang Mai Co., Ltd.	30.8	12.9	-	43.7
Land and Houses Northeast Co., Ltd.	100.1	223.4	(273.4)	50.1
L H Asset Co., Ltd.	792.4	5,240.6	(5,410.2)	622.8
	1,523.1	9,780.7	(10,447.6)	856.2
<u>Associated company</u>				
Land and Houses Retail Bank Plc.	0.6	16.1	(13.0)	3.7
Total	1,523.7	9,796.8	(10,460.6)	859.9
<b>Short-term loans from and accrued interest payable to related parties</b>				
<u>Subsidiary company</u>				
L H Real Estate Co., Ltd.	150.1	1,236.5	(1,386.6)	-

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### Directors and management's remuneration

During the nine-month period ended 30 September 2007, the Company and its subsidiaries paid salaries, bonus, meeting allowance, gratuities and contribution to provident fund to their directors and management as follows:

(Unit: Million Baht)

	Consolidated and Separate financial statements			
	For the three-month period		For the nine-month period	
	ended 30 September		ended 30 September	
	2007	2006	2007	2006
Directors and management's remuneration	14.1	10.5	34.1	33.3

### Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantees obligations with their related parties, with charges as described in Note 23.3.

## 5. TRADE ACCOUNTS RECEIVABLES

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2007	2006	2007	2006
Age of receivables				
Not yet due	689	-	-	-
Past due less than 1 month	39	-	-	-
Total	728	-	-	-

(UNAUDITED BUT REVIEWED)

## 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 September 2007 of Baht 2,960.3 million (the Company Only: Baht 2,858.8 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.

Movements in the provision for loss on diminution in value of projects during the nine-month periods ended 30 September 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	6,269	-
Less: Decrease from sales of inventories	(20,266)	(9,727)
Balance as at 30 September 2007	<u>161,298</u>	<u>95,506</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 September 2007	31 December 2006	30 September 2007 (Percent)	31 December 2006 (Percent)	30 September 2007	31 December 2006	30 September 2007	31 December 2006 (Restated)
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	1,940,000	1,258,000	60.00	60.00	1,260,000	850,800	1,260,000	850,800
							2,592,704	2,183,504	2,592,704	2,183,504

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## 7.1 L H Muang Mai Company Limited and its subsidiaries

As at 30 September 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 205.2 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 34 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 204 million in May and September 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 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 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	1,007,090	661,216
Bangkok Chain Hospital Plc.	Hospital	Thai	950,000	950,000	28.55	28.55	661,669	661,669	696,394	678,413
Quality Construction Products Plc.	Manufacture of construction material	Thai	400,000	400,000	31.41	31.41	265,980	265,980	418,112	437,354
Home Product Center Plc.	Trading of construction materials	Thai	1,924,893	1,919,818	28.68	28.75	906,328	906,328	1,367,316	1,313,975
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	5,000	5,000	40.00	40.00	2,000	2,000	9,147	10,324
Land and Houses Property Fund	Real estate business	Thai	40,316	639,943	49.94	49.94	20,692	328,452	32,460	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	1,551,954	1,596,573
Quality Houses Plc.	Real estate business	Thai	7,303,390	7,241,999	22.85	21.91	2,388,481	2,305,233	2,557,522	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	1,228,237	968,718
			(Thousand Peso)(Thousand Peso)							
							<u>8,028,855</u>	<u>7,952,367</u>	<u>8,868,232</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 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
			2007	2006	2007	2006	2007	2006	2007	2006
					(Percent)	(Percent)			(Restated)	
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	1,924,893	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	7,303,390	7,241,999	22.85	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
			(Thousand Peso)	(Thousand 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:

(Unit: Million Baht)

Company's name	Shareholding percentage as at		Total assets as at		Total liabilities as at		Total revenue for the nine-month periods ended		Net income (loss) for the nine-month periods ended	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September	30 September	30 September	2006
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	(Percent)	(Percent)								
Land and Houses Retail Bank Plc.	43.00	43.00	29,590	21,798	27,271	20,278	1,158	661	64	(119)
Bangkok Chain Hospital Plc.	28.55	28.55	4,471	4,259	1,517	1,364	2,681	2,486	308	296
Quality Construction Products Plc.	31.41	31.41	2,361	2,500	1,027	1,105	704	701	(62)	(54)
Home Product Center Plc.	28.68	28.75	12,213	11,893	8,051	7,975	12,221	10,721	470	418
Asia Asset Advisory Co., Ltd.	40.00	40.00	37	40	13	14	43	41	2	4
Land and Houses Property Fund	49.94	49.94	65	1,037	-	7	8	117	7	66
Land and Houses Property and Loan Fund II	49.99	49.99	3,977	3,929	92	47	268	246	206	179
Quality Houses Plc.	22.85	21.91	23,666	20,478	14,909	11,901	7,685	6,072	758	326
Polar Property Holdings Corporation	25.00	25.00	7,083	9,548	782	4,311	1,542	744	1,064	82
			(Million Peso)							

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The Company's interim consolidated financial statements for the nine-month period ended 30 September 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 30 September 2007	Share of profit (loss) from investments under the equity method for the nine-month period ended 30 September 2007
<b>Reviewed by auditor and another auditor of the same firm</b>		
Land and Houses Retail Bank Plc.	1,007,090	26,520
Asia Asset Advisory Co., Ltd.	9,147	624
Land and Houses Property Fund	32,460	3,354
Land and Houses Property and Loan Fund II	1,551,954	54,237
Quality Houses Plc.	2,557,522	110,483
Home Product Center Plc.	1,367,316	119,583
<b>Reviewed by other auditors</b>		
Bangkok Chain Hospital Plc.	696,394	85,630
Quality Construction Products Plc.	418,112	(19,242)
<b>Unreviewed by auditor</b>		
Polar Property Holdings Corporation	1,228,237	217,800

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>

(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 liabilities for property development, 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 nine-month period ended 30 September 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. Revenue recognition of sale of real estate properties
2. Income tax accounting
3. Employee benefits accounting

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.

(UNAUDITED BUT REVIEWED)

## **8.2 Bangkok Chain Hospital Public Company Limited**

As at 30 September 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 2,590 million (31 December 2006: Baht 2,007 million).

## **8.3 Quality Construction Products Public Company Limited**

As at 30 September 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 224 million (31 December 2006: Baht 246 million).

## **8.4 Home Product Center Public Company Limited**

During the current period, the warrant holders of Home Product Center Plc. exercised their rights to convert 4.6 million warrants to 5.1 million ordinary shares. As a result, the Company's percentage shareholding in that company has changed from 28.75 percent to 28.68 percent.

As at 30 September 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 2,760 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 486 million, in proportion to its 49.94 percent holding.



(UNAUDITED BUT REVIEWED)

## 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. In addition, during the current period, the warrant holders of Quality Houses Public Company Limited exercised their rights to convert 60.5 million warrants to 61.4 million ordinary shares. As a result, the Company's percentage shareholding in that company has changed from 21.91 percent to 22.85 percent.

As at 30 September 2007, investment in Quality Houses Public Company Limited, a company listed on the Stock Exchange of Thailand, had a total market value of Baht 2,938 million (31 December 2006: Baht 1,793 million).

## 8.7 Polar Property Holdings Corporation

As at 30 September 2007, the investment in Polar Property Holdings Corporation, a company listed on the Stock Exchange of Philippines, had a total market value of Baht 3,987 million (31 December 2006: Baht 1,238 million)

## 9. OTHER LONG-TERM INVESTMENTS

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006
<b>Available-for-sale securities</b>				
Equity securities	398,250	398,250	398,250	398,250
Add (less): Changes in fair value of securities	43,791	(48,650)	43,791	(48,650)
Available-for-sale securities - net	442,041	349,600	442,041	349,600
<b>Held-to-maturity debt securities</b>	150,000	150,000	-	-
<b>Other investments</b>				
Equity securities	2,083,485	2,172,462	2,008,087	2,027,670
Less: Provision for impairment of investment	(1,388,390)	(1,476,945)	(1,375,327)	(1,394,850)
Other investment - net	695,095	695,517	632,760	632,820
Total	1,287,136	1,195,117	1,074,801	982,420

(UNAUDITED BUT REVIEWED)

## 10. LAND HELD FOR DEVELOPMENT

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

## 11. PROPERTY, PLANT AND EQUIPMENT

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

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
<b>Net book value as at 1 January 2007</b>	1,569,423	348,261
Acquisitions during period - at cost	1,600,395	77,387
Disposals during period - net book value at disposal date	(20)	(20)
Depreciation for period	(128,457)	(89,560)
<b>Net book value as at 30 September 2007</b>	<u>3,041,341</u>	<u>336,068</u>

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 September 2007 of Baht 2,591 million (31 December 2006: 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 September 2007 of Baht 469.8 million (31 December 2006: Baht 482.5 million) as collateral for long-term loans.

(UNAUDITED BUT REVIEWED)

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2007	2006	2007	2006
Bank overdrafts	8,345	4,517	-	-
Bill of exchange	975,000	2,335,000	975,000	2,335,000
Promissory note	-	900,000	-	900,000
Less: Prepaid interest	(6,287)	(31,569)	(6,287)	(31,569)
Net	<u>977,058</u>	<u>3,207,948</u>	<u>968,713</u>	<u>3,203,431</u>

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 September	31 December	30 September	31 December
	2007	2006	2007	2006
Long-term loans	5,978,370	5,313,935	3,718,801	3,947,201
Less: Current portion	(97,459)	(2,567,665)	-	(2,350,151)
Net	<u>5,880,911</u>	<u>2,746,270</u>	<u>3,718,801</u>	<u>1,597,050</u>

(UNAUDITED BUT REVIEWED)

Movements in the long-term loans during the nine-month period ended 30 September 2007 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2007	5,313,935	3,947,201
Add: Additional borrowings on old loan agreements	1,786,200	750,700
Additional borrowings on new loan agreements	2,000,000	2,000,000
Amortisation of deferred interest	45,461	45,461
Less: Repayment	(3,167,226)	(3,024,561)
Balance as at 30 September 2007	<u>5,978,370</u>	<u>3,718,801</u>

During the nine-month period ended 30 September 2007, the Company entered into new uncollateralized loan agreement with a commercial bank. Details of the new loan are as follows:

Loan facilities per loan agreement	Baht 2,000 million
Drawdown amount as at 30 September 2007	Baht 2,000 million
Interest rate	4.375 percent per annum
Principal repayment	Repayment all principal on 6 July 2010

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

(UNAUDITED BUT REVIEWED)

## 15. DEBENTURES

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.

On 13 September 2007 the Company issued debenture, as detailed below:

Name of debenture	Unsubordinated and unsecured debentures of Land and Houses Public Company Limited No. 1/2007
Type	Unsecured, registered and unsubordinated, with debentureholder representation
Quantity	2,000,000 units
Par value	Baht 1,000 per unit
Offering price	Baht 1,000 per unit
Age	4 years
Redemption date	13 September 2011
Interest rate	Fixed interest rate of 4.60 percent per annum payable every three months

(UNAUDITED BUT REVIEWED)

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 September 2007	31 December 2006	30 September 2007	31 December 2006
Unsubordinated and 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
- No. 1/2007	Fixed rate 4.60%	4 years	At maturity	13 September 2011	2,000,000	-	2,000,000	-
Total					<u>8,000,000</u>	<u>7,000,000</u>	<u>8,000,000</u>	<u>7,000,000</u>
Less: Current portion of debentures							<u>(2,500,000)</u>	<u>(1,000,000)</u>
Net							<u>5,500,000</u>	<u>6,000,000</u>

Movements in the debentures during the nine-month period ended 30 September 2007 are summarised below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements
Balance as at 1 January 2007	7,000,000
Add: Issue of new debentures	2,000,000
Less: Repayment	(1,000,000)
Balance as at 30 September 2007	<u>8,000,000</u>

(UNAUDITED BUT REVIEWED)

## 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.

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 nine-month period end 30 September 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 07	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
29 Jun 07	ESOP-5	75,500	755,000	1.0	9 Jul 07	11 Jul 07
29 Jun 07	LH-W2	5,215,455	6,574,910	2.063	9 Jul 07	11 Jul 07
31 Jul 07	ESOP-4	32,000	320,000	1.0	9 Aug 07	14 Aug 07
Total			<u>190,129,640</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 nine-month periods ended 30 September	
	<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	190,129,640	142,547,052
Number of ordinary shares at the end of period	<u>8,666,400,856</u>	<u>8,439,959,770</u>

As at 30 September 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 28 September 2007, there are 267,300 ESOP-5 warrants and 2,812,630 LH-W2 exercised options to purchase 2,673,000 ordinary shares and 3,587,560 ordinary shares at an exercise price of Baht 1 and Baht 2.039 per share, respectively. The Company received payment of additional share capital totaling Baht 9,988,035 in September 2007. The Company registered the increase in its share capital to Baht 8,672,661,416 with the Ministry of Commerce on 4 October 2007. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities on 8 October 2007. Consequently, as at 30 September 2007, the Company was separately presented the cash received of Baht 9,988,035 in respect of the increase in share capital in the balance sheet under the caption “Cash receipts from share subscription”.



(UNAUDITED BUT REVIEWED)

## 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
24 August 2007	Exercise ratio	1 warrant grants entitlement to purchase 1.26066 new ordinary shares	1 warrant grants entitlement to purchase 1.27552 new ordinary shares	Result of dividend payment is greater than 30 percent of net income
	Exercise price	Baht 2.063 per share	Baht 2.039 per share	Result of dividend payment is greater than 30 percent of net income

The Company's warrants are detailed 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 September 2007
	(Baht)		(Unit)	(Unit)	(Unit)
ESOP- 4	1.0	1:10	91,600	40,000	51,600
ESOP- 5	1.0	1: 10	1,690,250	537,950	1,152,300
LH- W2	2.039	1: 1.27552	1,231,197,989	148,831,653	1,082,366,336

(UNAUDITED BUT REVIEWED)

## 19. REVALUATION SURPLUS (DEFICIT) IN INVESTMENTS

(Unit: Thousand Baht)

	Consolidated		Separate		financial
	financial statements		statements		
	30 September	31 December	30 September	31 December	
	2007	2006	2007	2006	
					(Restated)
Difference between book value and fair value of investment in available-for-sale securities					
- Associated companies' investments	21,300	(725)	-	-	
- Company's investments	43,791	(48,650)	43,791	(48,650)	
Total	<u>65,091</u>	<u>(49,375)</u>	<u>43,791</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 September					
	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)	
<b>Basic earnings per share</b>						
Net income	1,176,086	531,965	8,666,501*	8,440,370	0.14	0.06
<b>Effect of dilutive potential ordinary shares</b>						
ESOP-4	-	-	536	1,988		
ESOP-5	-	-	12,194	16,981		
LH-W2	-	-	1,001,136	1,111,589		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>1,176,086</u>	<u>531,965</u>	<u>9,680,367</u>	<u>9,570,928</u>	0.12	0.06

\*Included ordinary shares from exercise of warrants described in Note 17.

## (UNAUDITED BUT REVIEWED)

Separate financial statements						
For the three-month periods ended 30 September						
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)	
<b>Basic earnings per share</b>						
Net income	1,130,579	665,315	8,666,501*	8,440,370	0.13	0.08
<b>Effect of dilutive potential ordinary shares</b>						
ESOP-4	-	-	536	1,988		
ESOP-5	-	-	12,194	16,981		
LH-W2	-	-	1,001,136	1,111,589		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>1,130,579</u>	<u>665,315</u>	<u>9,680,367</u>	<u>9,570,928</u>	0.12	0.07

\*Included ordinary shares from exercise of warrants described in Note 17.

Consolidated financial statements						
For the nine-month periods ended 30 September						
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)	
<b>Basic earnings per share</b>						
Net income	2,406,058	1,970,575	8,604,275*	8,386,991	0.28	0.23
<b>Effect of dilutive potential ordinary shares</b>						
ESOP-4	-	-	663	2,987		
ESOP-5	-	-	13,084	21,856		
LH-W2	-	-	1,019,376	1,172,153		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>2,406,058</u>	<u>1,970,575</u>	<u>9,637,398</u>	<u>9,583,987</u>	0.25	0.21

\*Included ordinary shares from exercise of warrants described in Note 17.

## (UNAUDITED BUT REVIEWED)

Separate financial statements						
For the nine-month periods ended 30 September						
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)	
<b>Basic earnings per share</b>						
Net income	2,658,294	1,924,689	8,604,275*	8,386,991	0.31	0.23
<b>Effect of dilutive potential ordinary shares</b>						
ESOP-4	-	-	663	2,987		
ESOP-5	-	-	13,084	21,856		
LH-W2	-	-	1,019,376	1,172,153		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>2,658,294</u>	<u>1,924,689</u>	<u>9,637,398</u>	<u>9,583,987</u>	0.28	0.20

\*Included ordinary shares from exercise of warrants described in Note 17.

## 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)

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 1,040.0 million. However, since Baht 11.0 million of the dividend was for shareholders who have no rights to receive dividend, only Baht 1,029.0 million has actually paid the shareholders. This dividend will be paid on 14 September 2007.

## 23. COMMITMENT AND CONTINGENT LIABILITIES

### 23.1 Commitments

23.1.1 As at 30 September 2007, the Company and its subsidiaries have commitments under construction contracts as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006
Commitments under construction contracts	2,027.2	1,976.3	1,570.5	1,115.8

23.1.2 As at 30 September 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 September 2007</u>	<u>31 December 2006</u>
Payable within:		
1 year	29.5	26.2
2 years	12.6	26.3
Total	<u>42.1</u>	<u>52.5</u>

23.1.3 As at 30 September 2007, L&H Property Company Limited has no commitment related to construction management (31 December 2006: Baht 7.1 million).

(UNAUDITED BUT REVIEWED)

23.1.4 As at 30 September 2007, L&H Property Company Limited and its subsidiaries have commitments under lease agreement as follows:

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"><li>- From 1 June 2008 or the date of completion of building, the following rental is to be paid in monthly installments</li><li>- 1st - 5th year, total rental payment of Baht 33.15 million.</li><li>- 6th - 10th year, total rental payment of Baht 42.31 million.</li><li>- 11th - 15th year, total rental payment of Baht 54.00 million.</li><li>- 16th - 20th year, total rental payment of Baht 68.92 million.</li><li>- 21th - 25th year, total rental payment of Baht 87.97 million.</li><li>- 26th - 30th year, total rental payment of Baht 112.27 million.</li></ul>

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"><li>- 1st - 3rd year, paid of Baht 3.00 million (already paid)</li><li>- 4th - 8th year, total rental of Baht 25.00 million</li><li>- 9th - 13th year, total rental of Baht 30.00 million</li><li>- 14th - 18th year, total rental of Baht 36.00 million</li><li>- 19th - 23rd year, total rental of Baht 43.20 million</li><li>- 24th - 28th year, total rental of Baht 51.84 million</li><li>- 29th - 33rd year, total rental of Baht 62.21 million</li></ul>

(UNAUDITED BUT REVIEWED)

c) Land lease agreement

Agreement date	Agreement period	Leasehold right fee and rental fee
10 March 2006	30 years <sup>(1)</sup>	<ul style="list-style-type: none"><li>- Leasehold rights fee of Baht 500 million of which has already been paid</li><li>- Rental fee is to be monthly paid as follows:<ul style="list-style-type: none"><li>- 1st - 5th total rental of Baht 20.16 million</li><li>- 6th - 10th total rental of Baht 23.18 million</li><li>- 11th - 15th total rental of Baht 26.66 million</li><li>- 16th - 20th total rental of Baht 30.66 million</li><li>- 21th - 25th total rental of Baht 35.25 million</li><li>- 26th - 30th total rental of Baht 40.54 million</li></ul></li></ul>

<sup>(1)</sup> 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 September 2007, the Company had outstanding commitment of Baht 396 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 September 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 (31 December 2006: Baht 21.2 million) 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.
- 23.1.7 As at 30 September 2007, L&H Property Company Limited is committed to pay L&H Management Company Limited which is a subsidiary company of Asia Asset Advisory Company Limited management fees at actual expenses plus margin of 5%.
- 23.1.8 As at 30 September 2007, L&H Sathon Company Limited had outstanding commitment of Baht 6 million in respect of management fees paid to Q.H. International Company Limited (31 December 2006: nil).

(UNAUDITED BUT REVIEWED)

23.1.9 As at 30 September 2007, L&H Property Company Limited is committed to pay Quality Houses Public Company Limited accounting services fee amounting to Baht 2.9 million (31 December 2006: Baht 0.6 million).

23.1.10 As at 30 September 2007, the Company have commitment related to purchase of land amounting to Baht 901.7 million (31 December 2006: Baht 298.5 million, the Company Only: Baht 262.3 million).

23.1.11 Obligation and commitment to complete projects on hand

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	30 September	31 December	30 September	31 December
	2007	2006	2007	2006
Number of projects on hand at beginning of period/year	39	34	29	21
Number of closed projects	(1)	(6)	-	-
Number of new projects	4	11	4	8
Number of projects on hand at end of period/year	<u>42</u>	<u>39</u>	<u>33</u>	<u>29</u>
Accumulative value of sales already contracted (Million Baht)	67,625	59,562	53,412	42,199
As percentage of total sales of projects on hand	65.2	55.6	63.7	52.6
Value of sales already contracted during period/year (Million Baht)	14,270	17,160	11,160	11,922
As percentage of total sales of projects on hand	13.8	16.0	13.3	14.9
Commitments in respect of the installation of central utilities of project on hand	369.2	663.8	316.8	542.7

23.1.12 As at 30 September 2007, the subsidiaries have servitude over land of approximately 55 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 September 2007, there were the outstanding bank issued by the banks in respect of certain performance bonds required in the normal course of business by the Company and its subsidiaries as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006
Bank guarantees	1,462.0	1,810.7	1,150.8	1,430.7

### 23.3 Guarantees

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

(Unit: Million Baht)

Guarantor	Guarantee	30 September 2007	31 December 2006
<b><u>The Company</u></b>			
Land and Houses Plc.	L H Muangmai Co., Ltd.	117.2	220.0
	Phuket Future Plan Co., Ltd.	128.7	154.0
	Double Tree Co., Ltd.	148.5	148.5
	Customers	1.0	9.1
Total		395.4	531.6
<b><u>The subsidiaries</u></b>			
Pacific Real Estate Co., Ltd.	Other company	32.7	31.5
Phuket Future Plan Co., Ltd.	L H Muangmai Co., Ltd.	-	400.0
	Double Tree Co., Ltd.	-	270.0
Total		-	670.0
Double Tree Co., Ltd.	L H Muangmai Co., Ltd.	-	400.0
	Phuket Future Plan Co., Ltd.	-	280.0
Total		-	680.0

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

Guarantor	Guarantee	30 September 2007	31 December 2006
L H Muangmai Co., Ltd.	Double Tree Co., Ltd.	270.0	270.0
	Phuket Future Plan Co., Ltd.	234.0	280.0
Total		<u>504.0</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 September 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. Currently, the lawsuit is in the process of being investigated by the court. 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 32.3 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 6.9 million. The Company and its subsidiaries have set aside provision of Baht 6.9 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 October 2007, the holders of the ESOP-4 warrants allocated to the directors and employees of the Company and its subsidiaries exercised total of 40,000 warrants to purchase 400,000 ordinary shares at an exercise price of Baht 1 each increasing the Company's paid up share capital from Baht 8,672,661,416 to Baht 8,673,061,416. The Company received payment for the additional shares in October 2007 and registered the increase in its issued and paid-up share capital with the Ministry of Commerce on

November 2007. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities on 9 November 2007.

(UNAUDITED BUT REVIEWED)

24.2 The meeting of the Board of Directors of L&H Property Company Limited held on 17 October 2007 passed a resolution to call up additional share capital of Baht 14 per share, or a total of 140 million. The Company paid in the called up share capital in proportion to its holding, or a total of Baht 84.0 million, in October 2007. L&H Property Company Limited registered the increase in its share capital with the Ministry of Commerce on 2 November 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 13 November 2007.