

LAND AND HOUSES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2007 AND 2006

Report of Independent Auditor

To the Shareholders of Land and Houses Public Company Limited

I have audited the accompanying consolidated balance sheets of Land and Houses Public Company Limited and its subsidiaries as at 31 December 2007 and 2006, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Land and Houses Public Company Limited for the same years. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits. The consolidated financial statements for the year ended 31 December 2007 include investments in an associate (2006: three associates) which, under the equity method, amounting to Baht 404 million as at 31 December 2007 (2006: Baht 2,430 million), and shares of loss of this associate for the year then ended amounting to Baht 33 million (2006: share of income of Baht 243 million). The value of investments in, and equity in the income (loss) of, these associates are recorded based on financial statements which were audited by other auditors, whose reports have already been furnished to me. My opinion on the financial statements, insofar as it relates to the amounts included for those associates, is based solely on the reports of these other auditors.

Except as discussed in the next paragraphs, I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

During the year ended 31 December 2007, the Company obtained the financial statements for the year ended 31 December 2006 of an associate audited by its auditor, who expressed a qualified opinion on those statements with respect to the scope limitation imposed on his audit. The Company has made the appropriate adjustments for differences to the consolidated financial statements. In addition, significant accounting policies of this associate differ from those of the group of companies, as described in Note 12 to the financial statements. The Company is still unable to quantify the possible impact to the financial statements.

I have yet to receive the audited financial statements of the aforesaid overseas associate for the year ended 31 December 2007. Accordingly, the investment in the associate accounted for under the equity method in the consolidated financial statements as at 31 December 2007, amounting to Baht 1,110 million, and the shares of income from investment accounted for under the equity method in the consolidated financial statements for the year then ended, amounting to Baht 220 million, were determined based on unaudited financial statements which were prepared by the management of this company. In addition, the Company was unable to quantify the possible effect to the financial statements of applying different accounting policies, as discussed in Note 12 to the financial statements.

I have yet to receive the audited financial statements of a domestic associate for the year ended 31 December 2007. Accordingly, the investment in the associate accounted for under the equity method in the consolidated financial statements as at 31 December 2007, amounting to Baht 733 million, and the shares of income from investment accounted for under the equity method in the consolidated financial statements for the year then ended, amounting to Baht 123 million, were determined based on unaudited financial statements which were prepared by the management of this company.

In my opinion, based on my audit and the report of other auditors, except for the effect to the 2007 and 2006 financial statements of the adjustments that might have been required had I been able to audit the value of the investment in an overseas associate discussed in the third and fourth paragraphs, and except for the effect to the 2007 financial statements of the adjustments that might have been required had I been able to audit the value of the investment in a domestic associate discussed in the fifth paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Land and Houses Public Company Limited and its subsidiaries and of Land and Houses Public Company Limited as at 31 December 2007 and 2006, the results of their operations and cash flows for the years then ended, in accordance with generally accepted accounting principles.

Without qualifying my opinion on the above financial statements, I draw attention to the matter as discussed in Note 4 to the financial statements whereby, effective 1 January 2007, the Company changed its accounting policy for recording investments in subsidiaries and associates in the separate financial statements from the equity method to the cost method. The Company has thus restated the separate financial statements as at 31 December 2006 and for the year then ended to reflect this accounting change.

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Certified Public Accountant (Thailand) No. 3516

Ernst & Young Office Limited
Bangkok: 22 February 2008