

(Unaudited but reviewed)

Land and Houses Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month period ended 31 March 2008

1. General information

1.1 Corporate information

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

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standards No. 41 (revised 2007) “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 2007, with there being no changes in the structure of shareholding in subsidiaries during the period.

1.4 Accounting Standards which are effective for the current year

TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these accounting standards and believes that TAS 49 (revised 2007) is not relevant to the business of the Company, whereas TAS 25 (revised 2007), TAS 29 (revised 2007), TAS 31 (revised 2007), TAS 33 (revised 2007), TAS 35 (revised 2007), TAS 39 (revised 2007), TAS 41 (revised 2007) and TAS 51 do not have any significant impact on the financial statements for the current period.

The following accounting standards have an impact to the financial statements for the current period.

TAS 43 (revised 2007) “Business Combinations”

TAS 43 (revised 2007) does not require the amortisation of goodwill acquired in a business combination. Such goodwill is instead to be tested for impairment, and measured at cost less accumulated impairment losses. This accounting standard applies to goodwill arising from business combinations for which the agreement date is on or after 1 January 2008. Previously recognised goodwill can be accounted for prospectively, with the Company discontinuing the amortisation of the goodwill and instead testing for impairment, as from the beginning of the first fiscal year starting on or after 1 January 2008.

(Unaudited but reviewed)

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2007, except for the following change in the accounting policy.

Goodwill on business combination

Goodwill on business combination is presented in the balance sheet at cost less accumulated impairment loss (if any).

2. 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 31 March				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	
<u>Transactions with subsidiaries companies</u>					
(Eliminated from consolidated financial statements)					
Interest income	-	-	13.4	20.4	5.375 - 7.5 percent per annum (2007: 5.5 - 7.5 percent per annum)
Management fee income	-	-	6.8	6.8	Approximate cost
Sale of land	-	-	-	2.1	Approximate cost
Dividend income	-	-	-	320.2	Declared rate
Guarantee fee income	-	-	1.8	-	0.35 - 0.50 percent per annum
Interest expenses	-	-	1.3	2.5	5.5 percent per annum
Cash paid for use of land	-	-	-	2.0	Approximate cost
Management fee expenses	-	-	1.8	1.8	Approximate cost
<u>Transactions with associates</u>					
Interest income	2.4	4.0	2.1	4.0	Market rate
Dividend income	1.5	38.6	1.5	38.6	Declared rate
Purchase of goods	31.2	42.1	25.3	31.5	Market price
Sales promotion expenses	-	8.8	-	7.8	Market rate
Service expenses	9.9	5.3	-	-	Contract price
Accounting services					
expenses	0.4	0.5	-	-	Contract price
Building management fee					
expenses	8.4	-	-	-	Contract price

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month periods ended 31 March				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2008	2007	2008	2007	
<u>Transactions with related companies</u>					
Rental and service expenses	6.2	7.8	6.2	7.8	Baht 675 - 725 per square metre per month
Guarantee fee expenses	0.5	-	-	-	0.35 - 0.50 percent per annum

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

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2008	2007	2008	2007
Short-term bill of exchange and deposit at financial institution				
(shown under cash and cash equivalents)				
<u>Associate</u>				
Land and Houses Retail Bank Plc.	478.3	299.8	288.1	285.5
Amounts due from and other receivable - related parties				
Amounts due from and other receivable				
<u>Subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Pacific Real Estate Co., Ltd.	-	-	4.5	2.0
Land and Houses Northeast Co., Ltd.	-	-	0.7	0.2
L H Real Estate Co., Ltd.	-	-	1.0	-
L H Asset Co., Ltd.	-	-	6.1	0.9
L H Muang Mai Co., Ltd.	-	-	1.0	-
Phuket Future Plan Co., Ltd.	-	-	0.6	-
Double Tree Co., Ltd.	-	-	0.7	-
	-	-	14.6	3.1
<u>Associates</u>				
Quality Construction Products Plc.	23.7	46.1	23.7	46.1
Home Product Center Plc.	0.4	0.5	0.4	0.5
Quality Houses Plc.	0.2	-	-	-
	24.3	46.6	24.1	46.6
Dividend receivable				
<u>Associate</u>				
Polar Property Holdings Corporation	-	166.2	-	166.2
Total	24.3	212.8	38.7	215.9

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2008	2007	2008	2007
Short-term loans to and accrued interests receivable from related parties				
<u>Subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Atlantic Real Estate Co., Ltd.	-	-	217.8	125.5
Pacific Real Estate Co., Ltd.	-	-	-	30.0
Land and Houses Northeast Co., Ltd.	-	-	20.2	25.1
Siam Tanee Property Co., Ltd.	-	-	30.2	28.8
L H Asset Co., Ltd.	-	-	622.3	696.5
L H Muang Mai Co., Ltd.	-	-	52.2	44.4
L&H Property Co., Ltd.	-	-	27.8	-
	-	-	970.5	950.3
<u>Associate</u>				
Land and Houses Retail Bank Plc.	0.4	0.4	0.1	0.4
Total	0.4	0.4	970.6	950.7
Deposit to related party				
<u>Related company</u>				
Quality Houses Property Fund	7.8	7.4	7.8	7.4
Trade accounts payable - related parties				
<u>Associates</u>				
Quality Construction Products Plc.	17.2	16.7	14.8	15.4
Home Product Center Plc.	1.3	1.5	0.5	0.4
Total	18.5	18.2	15.3	15.8
Amounts due to related parties				
<u>Subsidiary</u>				
(Eliminated from consolidated financial statements)				
Land and Houses Northeast Co., Ltd.	-	-	2.0	-
<u>Associates</u>				
Land and Houses Retail Bank Plc.	-	0.8	-	-
Home Product Center Plc.	0.8	5.1	0.6	3.8
Asia Asset Advisory Co., Ltd.	3.3	5.4	-	-
Quality Houses Plc.	3.3	8.8	-	-
L&H Management Co., Ltd.	0.1	0.3	-	-
	7.5	20.4	0.6	3.8
<u>Related company</u>				
Quality Houses Property Fund	0.4	0.4	0.4	0.3
Total	7.9	20.8	3.0	4.1

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2008	2007	2008	2007
Short-term loans from and accrued interests payable to related parties				
<u>Subsidiary</u>				
(Eliminated from consolidated financial statements)				
L H Real Estate Co., Ltd.	-	-	90.8	70.2
<u>Related parties</u>				
Muang Mai Property Co., Ltd.	9.5	9.3	-	-
Reco Resorts Pte Ltd.	18.6	-	-	-
Director of subsidiaries	34.5	28.0	-	-
Total	62.6	37.3	90.8	70.2

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

During the three-month period ended 31 March 2008, movements of loans to/loan from the Company, subsidiaries and related companies were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	1 January 2008	Additional		31 March 2008
		loans	Repayment	
Short-term loans to and accrued interests receivable from related party				
<u>Associate</u>				
Land and Houses Retail Bank Plc.	0.4	2.5	(2.5)	0.4
Short-term loans from and accrued interests payable to related parties				
<u>Related parties</u>				
Muang Mai Property Co., Ltd.	9.3	0.2	-	9.5
Reco Resorts Pte Ltd.	-	18.6	-	18.6
Director of subsidiaries	28.0	6.5	-	34.5
Total	37.3	25.3	-	62.6

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate financial statements			31 March 2008
	1 January 2008	Additional loans	Repayment	
Short-term loans to and accrued interests receivable from related parties				
<u>Subsidiaries</u>				
Atlantic Real Estate Co., Ltd.	125.5	92.3	-	217.8
Pacific Real Estate Co., Ltd.	30.0	0.1	(30.1)	-
Land and Houses Northeast Co., Ltd.	25.1	10.3	(15.2)	20.2
Siam Tanee Property Co., Ltd.	28.8	1.4	-	30.2
L H Asset Co., Ltd.	696.5	679.2	(753.4)	622.3
L H Muang Mai Co., Ltd.	44.4	7.8	-	52.2
L&H Property Co., Ltd.	-	27.8	-	27.8
	<u>950.3</u>	<u>818.9</u>	<u>(798.7)</u>	<u>970.5</u>
<u>Associate</u>				
Land and Houses Retail Bank Plc.	0.4	1.9	(2.2)	0.1
Total	<u>950.7</u>	<u>820.8</u>	<u>(800.9)</u>	<u>970.6</u>
Short-term loans from and accrued interests payable to related parties				
<u>Subsidiaries</u>				
Pacific Real Estate Co., Ltd.	-	60.2	(60.2)	-
L H Real Estate Co., Ltd.	70.2	91.1	(70.5)	90.8
Total	<u>70.2</u>	<u>151.3</u>	<u>(130.7)</u>	<u>90.8</u>

Directors and management's remuneration

In the periods, 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 periods ended 31 March	
	<u>2008</u>	<u>2007</u>
Directors and management's remuneration	13.5	10.8

(Unaudited but reviewed)

Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantees obligations with its related parties, with charges, as described in Note 21.3.

3. Trade accounts receivable

The outstanding balances of trade accounts receivable are aged as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2008	2007	2008	2007
<u>Age of receivables</u>				
Not yet due	582	396	-	-
Past due				
Less than 3 month	9,674	6,577	-	-
More than 12 months	189	189	-	-
Total	10,445	7,162	-	-
Less: Allowance for doubtful	(189)	(189)	-	-
Total trade accounts receivable				
- net	10,256	6,973	-	-

4. Inventories - land, construction in progress and utilities

The Company and its subsidiaries have mortgaged land and structures thereon to secure the loans and the overdraft facilities of the Company and its subsidiaries, of which net book values as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2008	2007	2008	2007
Net book value of land and structures				
thereon mortgaged as collateral	4,045	4,063	3,620	3,646

(Unaudited but reviewed)

Movements in the allowance for loss on diminution in value of projects during the three-month period ended 31 March 2008 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2008	156,680	92,037
Add: Allowance made during the period	3,495	-
Less: Allowance reversed from sales of projects	<u>(3,077)</u>	<u>(2,628)</u>
Balance as at 31 March 2008	<u>157,098</u>	<u>89,409</u>

5. Advance payment for debentures and accrued interests

As at 31 March 2008, the Company has made advance payment for unsubordinated and unsecured debentures No. 1/2005 Set 1, together with accrued interest to the Registrar of the debentureholders, because the debentures mature and are to be settled on 1 April 2008.

6. Investments in subsidiaries

(Unit: Thousand Baht)

Company's name	Separate financial statements						Dividend received for the three-month periods ended 31 March	
	Paid-up capital		Shareholding percentage		Cost		2008	2007
	31 March 2008	31 December 2007	31 March 2008 (%)	31 December 2007 (%)	31 March 2008	31 December 2007		
Atlantic Real Estate Co., Ltd.	15,000	15,000	99.99	99.99	14,998	14,998	-	-
Pacific Real Estate Co., Ltd.	371,617	371,617	99.99	99.99	371,614	371,614	-	-
Land and Houses North Co., Ltd.	13,500	13,500	99.99	99.99	13,500	13,500	-	-
Land and Houses Northeast Co., Ltd.	270,000	270,000	99.99	99.99	269,999	269,999	-	-
Siam Tanee Property Co., Ltd. and its subsidiary	100,000	100,000	99.99	99.99	64,859	64,859	-	-
L H Real Estate Co., Ltd.	116,000	116,000	99.99	99.99	50,000	50,000	-	320,158
L H Asset Co., Ltd.	100,000	100,000	99.99	99.99	52,734	52,734	-	-
L H Muang Mai Co., Ltd. and its subsidiaries	900,000	900,000	55.00	55.00	495,000	495,000	-	-
L&H Property Co., Ltd. and its subsidiary	2,170,000	2,170,000	60.00	60.00	1,398,000	1,398,000	-	-
					<u>2,730,704</u>	<u>2,730,704</u>	<u>-</u>	<u>320,158</u>

(Unaudited but reviewed)

L H Muang Mai Company Limited and its subsidiaries

As at 31 March 2008 and 31 December 2007, 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. Investments in associates**7.1 Details of associates**

(Unit: Thousand Baht)

Consolidated financial statements										
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Paid-up capital		Cost		Carrying amounts based on equity method	
			31 March 2008 (%)	31 December 2007 (%)	31 March 2008	31 December 2007	31 March 2008	31 December 2007	31 March 2008	31 December 2007
Land and Houses Retail Bank Plc.	Retail bank	Thai	43.00	43.00	2,600,000	2,600,000	1,306,960	1,306,960	1,047,860	1,016,081
Bangkok Chain Hospital Plc.	Hospital	Thai	28.55	28.55	950,000	950,000	661,669	661,669	776,686	733,411
Quality Construction Products Plc.	Manufacture of construction material	Thai	31.41	31.41	400,000	400,000	265,980	265,980	404,679	404,454
Home Product Center Plc.	Trading of construction materials	Thai	28.84	28.68	1,924,980	1,924,920	921,792	906,328	1,478,369	1,409,056
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	5,000	5,000	2,000	2,000	11,445	10,853
Land and Houses Property Fund	Real estate business	Thai	49.94	49.94	40,316	40,316	20,692	20,692	32,402	32,402
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	3,020,570	3,215,570	1,512,268	1,609,896	1,406,312	1,537,017
Quality Houses Plc.	Real estate business	Thai	22.58	22.85	7,392,424	7,303,723	2,388,481	2,388,481	2,671,906	2,602,852
Polar Property Holdings Corporation	Real estate business	Philippines	25.00	25.00	4,892,411	4,892,411	866,849	866,849	1,063,631	1,109,657
					(Thousand Peso)	(Thousand Peso)				
							<u>7,946,691</u>	<u>8,028,855</u>	<u>8,893,290</u>	<u>8,855,783</u>

(Unit: Thousand Baht)

Separate financial statements												
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Paid-up capital		Cost		Allowance for loss on impairment		Carrying amounts based on cost method - net	
			31 March 2008 (%)	31 December 2007 (%)	31 March 2008	31 December 2007	31 March 2008	31 December 2007	31 March 2008	31 December 2007	31 March 2008	31 December 2007
Land and Houses Retail Bank Plc.	Retail bank	Thai	43.00	43.00	2,600,000	2,600,000	1,306,960	1,306,960	(344,744)	(344,744)	962,216	962,216
Bangkok Chain Hospital Plc.	Hospital	Thai	28.55	28.55	950,000	950,000	661,669	661,669	-	-	661,669	661,669
Quality Construction Products Plc.	Manufacture of construction material	Thai	31.41	31.41	400,000	400,000	265,980	265,980	-	-	265,980	265,980
Home Product Center Plc.	Trading of construction materials	Thai	28.84	28.68	1,924,980	1,924,920	921,792	906,328	-	-	921,792	906,328
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	5,000	5,000	2,000	2,000	-	-	2,000	2,000
Land and Houses Property Fund	Real estate business	Thai	49.94	49.94	40,316	40,316	20,692	20,692	-	-	20,692	20,692
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	3,020,570	3,215,570	1,512,268	1,609,896	-	-	1,512,268	1,609,896
Quality Houses Plc.	Real estate business	Thai	22.58	22.85	7,392,424	7,303,723	2,388,481	2,388,481	-	-	2,388,481	2,388,481
Polar Property Holdings Corporation	Real estate business	Philippines	25.00	25.00	4,892,411	4,892,411	866,849	866,849	-	-	866,849	866,849
					(Thousand Peso)	(Thousand Peso)						
							<u>7,946,691</u>	<u>8,028,855</u>	<u>(344,744)</u>	<u>(344,744)</u>	<u>7,601,947</u>	<u>7,684,111</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of income (loss) from investments in associates for the three-month periods ended 31 March		Dividend received for the three-month periods ended 31 March	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land and Houses Retail Bank Plc.	24,735	(4,601)	-	-
Bangkok Chain Hospital Plc.	43,275	27,357	-	-
Quality Construction Products Plc.	225	(6,752)	-	-
Home Product Center Plc.	53,850	35,206	-	-
Asia Asset Advisory Co., Ltd.	592	(331)	-	-
Land and Houses Property Fund	-	2,965	-	-
Land and Houses Property and Loan Fund-II	17,119	21,579	-	38,578
Quality Houses Plc.	68,075	32,324	-	-
Polar Property Holdings Corporation	34,297	17,706	1,524	-
Total	<u>242,168</u>	<u>125,453</u>	<u>1,524</u>	<u>38,578</u>

7.2 Fair values of investments in associates which are listed companies.

(Unit: Million Baht)

Company's name	Country of listing	Fair values as at	
		31 March <u>2008</u>	31 December <u>2007</u>
Bangkok Chain Hospital Plc.	Thai	1,953	2,265
Quality Construction Products Plc.	Thai	219	209
Home Product Center Plc.	Thai	2,831	2,716
Quality Houses Plc.	Thai	4,574	3,539
Polar Property Holdings Corporation	Philippines	2,005	3,997
Total		<u>11,582</u>	<u>12,726</u>

(Unaudited but reviewed)

7.3 Summarised financial information of associates

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the three-month periods ended 31 March		Net income (loss) for the three-month periods ended 31 March	
	31 March	31 December	31 March	31 December	31 March	31 December	2008	2007	2008	2007
	2008	2007	2008	2007	2008	2007				
Land and Houses Retail Bank Plc.	2,600	2,600	35,927	32,873	33,512	30,532	467	346	58	(10)
Bangkok Chain Hospital Plc.	950	950	4,180	4,180	1,356	1,511	1,011	879	142	102
Quality Construction Products Plc.	400	400	2,228	2,257	940	969	241	273	-	(22)
Home Product Center Plc.	1,925	1,925	12,248	12,274	7,737	7,951	4,502	4,047	187	137
Asia Asset Advisory Co., Ltd.	5	5	35	44	6	17	19	12	1	-
Land and Houses Property Fund*	-	40	-	65	-	-	-	6	-	6
Land and Houses Property and Loan Fund-II	3,021	3,216	4,642	4,887	43	47	81	97	55	74
Quality Houses Plc.	7,392	7,304	25,620	23,858	16,160	14,813	2,449	2,503	307	231
Polar Property Holdings Corporation	4,892	4,892	6,363	6,506	857	1,186	115	383	50	92

* Land and Houses Property Fund registered its termination on 11 December 2007.

7.4 The Company's interim consolidated financial statements for the three-month period ended 31 March 2008 included investments in the following associates accounted for under the equity method, and share of income from investments in the associates under the equity method, determined based on financial statements of those companies which have been reviewed or not been reviewed as stipulated.

(Unit: Thousand Baht)

	Consolidated financial statements	
	Investments under the equity method as at 31 March 2008	Share of income from investments under the equity method for the three-month period ended 31 March 2008
Reviewed by auditor and another auditor of the same firm		
Land and Houses Retail Bank Plc.	1,047,860	24,735
Home Product Center Plc.	1,478,369	53,850
Asia Asset Advisory Co., Ltd.	11,445	592
Land and Houses Property Fund*	32,402	-
Land and Houses Property and Loan Fund-II	1,406,312	17,119
Quality Houses Plc.	2,671,906	68,075
Reviewed by other auditors		
Bangkok Chain Hospital Plc.	776,686	43,275
Quality Construction Products Plc.	404,679	225
Unreviewed by auditor		
Polar Property Holdings Corporation	1,063,631	34,297
Total	8,893,290	242,168

* Land and Houses Property Fund registered its termination on 11 December 2007.

(Unaudited but reviewed)

During the three-month period ended 31 March 2008, the Company recorded its investment in Polar Property Holdings Corporation, an oversea associate, under the equity method in the consolidated financial statements based on information provided by that company's management, which was not reviewed by its auditor. However, this associate apply the following significant accounting policies which differ from those of the Company.

1. Revenue recognition of sales 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.

- 7.5** Shares of income from investment in two associates accounted for under the equity method in the Company's consolidated financial statements for the year ended 31 December 2007 which were determined from financial statements which had not audited are detailed below:

(Unit: Thousand Baht)

	<u>31 December 2007</u>
Polar Property Holdings Corporation	220,263
Bangkok Chain Hospital Public Company Limited	<u>122,647</u>
Total	<u><u>342,910</u></u>

During the three-month period ended 31 March 2008, the Company obtained audited financial statements of the above two associates for the year ended 31 December 2007 findings can be summarised as follows: -

1. The differences between the audited financial statements of Polar Property Holding Corporation, whose auditor expressed an unqualified opinion on those statements, and the financial statements used for calculation of income sharing under the equity method in the consolidated financial statements were immaterial and the Company therefore adjusted such differences in the income statement for the three-month period ended 31 March 2008. However, the significant accounting policies of the company differ from those of the group of companies and the Company has not adjusted the possible effect of the application of

difference accounting policies, as discussed above, because the Company is unable to quantify these effects.

(Unaudited but reviewed)

2. The differences between the audited financial statements of Bangkok Chain Hospital Public Company Limited, whose auditor expressed an unqualified opinion on those statements, and the financial statements used for calculation of income sharing under the equity method in the consolidated financial statements were immaterial and the Company therefore adjusted such differences in the income statement for the three-month period end 31 March 2008.

7.6 The change of investments in associates

Home Product Center Public Company Limited

During the current period, the Company acquired an additional 3.1 million ordinary shares of Home Product Center Public Company Limited or a total of Baht 15.5 million. As a result, the Company's percentage shareholding in that company has changed from 28.68 percent to 28.84 percent.

Land and Houses Property and Loan Fund-II

On 29 February 2008, a meeting of the unitholders of Land and Houses Property and Loan Fund-II, passed a resolution approving a reduction in capital proportionate to unitholding, amounting to Baht 295.7 million. The Company received proceeds amounting to Baht 147.8 million, in proportion to its 49.99 percent holding in March 2008.

Quality Houses Public Company Limited

During the current period, the warrant holders of Quality Houses Public Company Limited exercised their rights to convert 87.1 million warrants to 88.7 million ordinary shares. As a result, the Company's percentage shareholding in that company has changed from 22.85 percent to 22.58 percent.

(Unaudited but reviewed)

8. Other long-term investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2008	2007	2008	2007
Available-for-sale securities				
Equity securities	435,451	398,250	435,451	398,250
Add: Revaluation surplus in investments	176,915	53,244	176,915	53,244
Total available-for-sale securities	612,366	451,494	612,366	451,494
Held-to-maturity debt securities				
(under debt restructuring plan)	150,000	150,000	-	-
Other investments				
Equity securities	2,064,615	2,083,485	1,989,239	2,008,086
Less: Provision for loss on impairment	(1,369,670)	(1,388,390)	(1,356,607)	(1,375,327)
Total held-to-maturity debt securities and other investment - net	844,945	845,095	632,632	632,759
Total other long-term investments - net	1,457,311	1,296,589	1,244,998	1,084,253

9. Land held for development

The Company and its subsidiaries have mortgaged land held for development to secure the loans with net book value as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2008	2007	2008	2007
Net book value of mortgaged land held for development to secure loan	1,352	1,392	-	40

(Unaudited but reviewed)

10. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2008 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2008	1,160,927	310,999
Acquisitions during period - at cost	48,833	28,491
Disposals during period - net book value at disposal date	(1,809)	(1,719)
Depreciation for period	<u>(54,989)</u>	<u>(28,632)</u>
Net book value as at 31 March 2008	<u>1,152,962</u>	<u>309,139</u>

A subsidiary has placed its buildings, furniture and fixture which located on land sub-leasehold rights which have net book value as at 31 March 2008 of Baht 477 million (31 December 2007: Baht 482 million) as collateral of the long-term loans.

11. Leasehold rights

Two subsidiary companies have placed their land leasehold rights and land sub-leasehold rights with a total net book value as at 31 March 2008 of Baht 2,379 million (31 December 2007: Baht 2,376 million) as collateral for long-term loans.

12. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
Bank overdrafts	29,513	8,870	-	-
Bill of exchange	500,000	-	500,000	-
Less: Prepaid interest	<u>(11,322)</u>	<u>-</u>	<u>(11,322)</u>	<u>-</u>
Net	<u>518,191</u>	<u>8,870</u>	<u>488,678</u>	<u>-</u>

(Unaudited but reviewed)

Bank overdrafts and short-term loans from financial institutions are secured by the mortgage land, land leasehold rights, land sub-leasehold rights and construction thereon of the subsidiaries.

13. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2008	2007	2008	2007
Long-term loans	5,741,477	5,770,730	3,509,644	3,509,644
Less: Current portion	(643,619)	(32,716)	(412,090)	-
Net	<u>5,097,858</u>	<u>5,738,014</u>	<u>3,097,554</u>	<u>3,509,644</u>

Movements in the long-term loans during the three-month period ended 31 March 2008 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2008	5,770,730	3,509,644
Less: Repayment	(29,253)	-
Balance as at 31 March 2008	<u>5,741,477</u>	<u>3,509,644</u>

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

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

(Unaudited but reviewed)

14. Debentures

					Consolidated and separate financial statements			
					Number of debenture		Amount (Thousand Baht)	
					(Thousand shares)			
					31 March	31 December	31 March	31 December
					2008	2007	2008	2007
	Interest rate	Age	Repayment	Maturity				
Unsubordinated and unsecured debentures								
- No. 1/2004								
- 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	-	1,000,000
- No. 1/2005								
- Set 1	Fixed rate 4.25%	3 years	At maturity	1 April 2008	1,500	1,500	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	1,500	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	2,000	2,000,000	2,000,000
- No. 1/2007	Fixed rate 4.60%	4 years	At maturity	13 September 2011	2,000	2,000	2,000,000	2,000,000
Total					<u>7,000</u>	<u>8,000</u>	<u>7,000,000</u>	<u>8,000,000</u>
Less: Current portion of debentures							<u>(1,500,000)</u>	<u>(2,500,000)</u>
Net							<u>5,500,000</u>	<u>5,500,000</u>

Movements in the debentures during the three-month period ended 31 March 2008 are summarised below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements
Balance as at 1 January 2008	8,000,000
Less: Repayment	<u>(1,000,000)</u>
Balance as at 31 March 2008	<u>7,000,000</u>

(Unaudited but reviewed)

15. Share capital

The increase in share capital of the Company during the three-month period end 31 March 2008 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
28 Dec 07	ESOP-5	87,400	874,000*	1.0	8 Jan 08	10 Jan 08
28 Dec 07	LH-W2	7,070,440	9,018,484*	2.039	8 Jan 08	10 Jan 08
31 Jan 08	ESOP-4	5,000	50,000	1.0	6 Feb 08	11 Feb 08
Total			<u>9,942,484</u>			

* As at 31 December 2007, the Company was separately presented the cash received of Baht 19.3 million 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 three-month periods ended 31 March	
	<u>2008</u>	<u>2007</u>
<u>Registered ordinary shares</u>	<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	8,673,061,416	8,476,271,216
Increase due to exercise of warrants	<u>9,942,484</u>	<u>5,237,508</u>
Number of ordinary shares at the end of period	<u>8,683,003,900</u>	<u>8,481,508,724</u>

As at 31 March 2008, the registered ordinary shares which are not issued and paid-up are the ordinary shares reserved for exercise of warrants.

(Unaudited but reviewed)

16. Warrants

The Company's warrants are as follows:

Type of warrant	Exercise price per share (Baht)	Exercise ratio per 1 warrant	Number of warrants outstanding as at 1 January 2008 (Unit)	Number of warrants exercised during the period (Unit)	Number of warrants outstanding as at 31 March 2008 (Unit)
ESOP- 4	1.0	1: 10	11,600	(5,000)	6,600
ESOP- 5	1.0	1: 10	1,064,900	(927,600)	137,300
LH- W2	2.039	1: 1.27552	1,075,295,896	(962,578,345)	112,717,551

17. Cash receipts from share subscription

During March 2008, the Company received cash from exercise of warrants to purchase its ordinary shares as follows:

Type of warrant	Number of warrants (Unit)	Exercise price (Baht per share)	Number of ordinary shares purchased (Share)	Cash receipts from share subscription (Million Baht)
ESOP-5	927,600	1	9,276,000	9.3
LH-W2	962,578,345	2.039	1,227,787,909	2,503.4
Total			1,237,063,909	2,512.7

The Company registered the increase in its share capital to Baht 9,920 million with the Ministry of Commerce on 4 April 2008. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities on 10 April 2008.

18. Revaluation surplus in investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
Difference between book value and fair value of investments in available-for-sale securities				
- Associates' investments	23,258	13,647	-	-
- Company's investments	176,915	53,244	176,915	53,244
Total	200,173	66,891	176,915	53,244

(Unaudited but reviewed)

19. Reconciliation of diluted earnings per share

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

Consolidated financial statements						
For the three-month periods ended 31 March						
Net income		Weighted average number of ordinary shares		Earnings per share		
<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
Basic earnings per share						
Net income attributable to equity holders of the parent						
676,786	530,037	8,696,582*	8,485,424	0.08	0.06	
Effect of dilutive potential ordinary shares						
ESOP-4	-	72	733			
ESOP-5	-	9,264	14,212			
LH-W2	-	1,021,195	1,027,423			
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares						
<u>676,786</u>	<u>530,037</u>	<u>9,727,113</u>	<u>9,527,792</u>	0.07	0.06	

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

Separate financial statements						
For the three-month periods ended 31 March						
Net income		Weighted average number of ordinary shares		Earnings per share		
<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
Basic earnings per share						
Net income attributable to equity holders of the parent						
358,834	661,725	8,696,582*	8,485,424	0.04	0.08	
Effect of dilutive potential ordinary shares						
ESOP-4	-	72	733			
ESOP-5	-	9,264	14,212			
LH-W2	-	1,021,195	1,027,423			
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares						
<u>358,834</u>	<u>661,725</u>	<u>9,727,113</u>	<u>9,527,792</u>	0.04	0.07	

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

20. Financial information by segment

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

(Unaudited but reviewed)

21. Commitment and contingent liabilities

21.1 Commitments

21.1.1 The Company and its subsidiaries have commitments under construction contracts as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2008	2007	2008	2007
Commitments under construction				
contracts	2,184.6	2,417.9	1,756.2	1,921.0

21.1.2 The Company has commitment related to rental and services agreements with a related company which future payments are required in the amounts as follows:

(Unit: Million Baht)

	<u>31 March 2008</u>	<u>31 December 2007</u>
Pay within:		
1 year	22.9	29.5
2-5 years	4.4	5.2
Total	<u>27.3</u>	<u>34.7</u>

21.1.3 As at 31 March 2008 and 31 December 2007, L&H Property Company Limited and its subsidiary have the following commitments under land and construction lease agreement and land sub-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

(Unaudited but reviewed)

c) Land lease agreement

Agreement date	Agreement period	Leasehold rights fee and rental fee
10 March 2006	30 years ⁽¹⁾	<ul style="list-style-type: none">- Leasehold rights fee of Baht 500 million which has already been fully 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- 21st - 25th total rental of Baht 35.25 million- 26th - 30th total rental of Baht 40.54 million

⁽¹⁾ The agreement runs from 1 September 2010 to 31 August 2040. However, 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.

21.1.4 As at 31 March 2008 and 31 December 2007, the Company had outstanding commitment of Baht 258 million in respect of uncalled portion of investments in L&H Property Company Limited.

21.1.5 As at 31 March 2008, L&H Property Company Limited and its subsidiary are committed to pay Asia Asset Advisory Company Limited, which is an associate of the Company, management fees at the rates as follow:

- Project under construction: Baht 1.9 million per month (31 December 2007: Baht 22.7 million per year).
- Operating project: Baht 17.7 million per annum (31 December 2007: 0.7 percent per annum of the project value).

21.1.6 As at 31 March 2008 and 31 December 2007, L&H Property Company Limited is committed to pay L&H Management Company Limited which is a subsidiary of Asia Asset Advisory Company Limited management fees at actual expenses related to project management plus margin of 15 percent.

21.1.7 As at 31 March 2008, L&H Sathon Company Limited had outstanding commitment of Baht 4.1 million in respect of management fees paid to Q.H. International Company Limited (31 December 2007: Baht 5.1 million).

(Unaudited but reviewed)

21.1.8 As at 31 March 2008, L&H Property Company Limited is committed to pay Quality Houses Public Company Limited accounting services fee amounting to Baht 2.2 million (31 December 2007: Baht 2.5 million).

21.1.9 As at 31 March 2008 and 31 December 2007, the Company and its subsidiaries has commitment related to purchase of land as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2008	2007	2008	2007
Commitment to purchase of land	674.6	1,262.4	656.4	1,173.8

21.1.10 As at 31 March 2008 and 31 December 2007, L&H Sathon Co., Ltd. is committed to pay Quality Houses Public Company Limited, which is an associate of the Company, commissions for finding lessees for the L&H Villa Project, as per the conditions specified in the relevant agreement.

21.1.11 Obligation and commitment to complete projects on hand

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2008	2007	2008	2007
Number of projects on hand at beginning of period/year	47	39	35	29
Number of closed projects	(16)	-	(12)	-
Number of new projects	2	8	2	6
Number of projects on hand at end of period/year	33	47	25	35
Accumulative value of sales already contracted (Million Baht)	75,600	71,948	59,727	56,863
As percentage of total sales of projects on hand	69.8	70.0	68.4	69.5
Value of sales already contracted during period/year (Million Baht)	3,651	18,594	2,826	14,610
As percentage of total sales of projects on hand	3.4	18.1	3.2	17.9
Commitments in respect of the installation of central utilities of projects on hand (Million Baht)	449.6	381.2	387.2	297.3

(Unaudited but reviewed)

21.1.12 As at 31 March 2008, the subsidiaries have servitude over land of approximately 57 rai of which the cost is included in the cost of projects (31 December 2007: 55 rai).

21.2 Bank guarantees

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		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2008	2007	2008	2007
Bank guarantees	1,213.1	1,249.4	1,045.1	1,041.0

21.3 Guarantees

The Company and its subsidiaries have the following obligations in respect of guarantees.

(Unit: Million Baht)

Guarantor	Guarantee	31 March	31 December
		2008	2007
Land and Houses Plc.	L H Muangmai Co., Ltd.	54.8	79.3
	Phuket Future Plan Co., Ltd.	128.7	128.7
	Double Tree Co., Ltd.	148.5	148.5
	Customers	0.9	1.0
Total		<u>332.9</u>	<u>357.5</u>
L H Muangmai Co., Ltd.	Double Tree Co., Ltd.	270.0	270.0
	Phuket Future Plan Co., Ltd.	234.0	234.0
Total		<u>504.0</u>	<u>504.0</u>
L&H Property Co.,Ltd.	L&H Sathon Co., Ltd.	<u>390.0</u>	<u>390.0</u>

21.4 Litigation

The Company and its subsidiaries

The following lawsuits had been filed against the Company and its subsidiaries.

- a) As at 31 March 2008 and 31 December 2007, there is significant litigation involving the Company and a subsidiary. Two housing estate juristic persons have sued the Company and a subsidiary for a total of Baht 1,013.5 million in relation to access to public thoroughfares. 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) As at 31 March 2008, the Company and its subsidiaries have been sued for a total of approximately Baht 169.6 million (31 December 2007: Baht 22.4 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 6.2 million (31 December 2007: Baht 6.9 million). The Company and its subsidiaries have set aside provision of Baht 6.2 million (31 December 2007: Baht 6.9 million) for liabilities arising as a result of these cases, based on the opinion of their legal department.

Associate

Land and Houses Property Fund (“the Fund”) has been sued as second defendant in a civil case in which the plaintiff claims the Fund illegally received the transfer of the land and construction thereon of the “Langsuan Ville” condominium project from Wave Development Company Limited, a debtor of the plaintiff. On 27 July 2004, the Court of First Instance dismissed the lawsuit. As at 11 December 2007 (liquidation date), the case is being heard by the Appeal Court. However, the Fund’s legal advisor believes that the outcome of the case will not adversely affect the Fund, as the Fund was a preferred creditor and thus had a preferential right to receipt of payment from the mortgaged assets. In addition, the prices at which the assets were transferred in settlement of debt were those appraised by an independent appraisal firm and thus can be held to be fair price.

(Unaudited but reviewed)

22. Subsequent events

- 22.1 The Annual General Meeting of the Company's shareholders held on 29 April 2008 passed a resolution to approve payment of a dividend of Baht 0.25 per share, or a total of Baht 2,480 million, to be paid on 26 May 2008.
- 22.2 On 4 April 2008, the holders of the ESOP-4 warrants allocated to the directors and employees of the Company and its subsidiaries exercised total of 6,600 warrants to purchase 66,000 ordinary shares at an exercise price of Baht 1 each increasing the Company's paid up share capital from Baht 9,920.0 million to Baht 9,920.1 million. The Company received payment for the additional shares in April 2008 and registered the increase in its issued and paid-up share capital with the Ministry of Commerce on 18 April 2008. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities on 23 April 2008.
- 22.3 On 6 May 2008, the Company adjusted the exercise ratio and the exercise price of LH-W2 as follows, as a result of dividend payment exceeding 30 percent of net income.

Adjusted items	Previous	New
Exercise ratio	1 warrant grants entitlement to purchase 1.27552 new ordinary shares	1 warrant grants entitlement to purchase 1.30397 new ordinary shares
Exercise price	Baht 2.039 per share	Baht 1.995 per share

23. Reclassification

Certain amounts in the financial statements for the prior period have been reclassified to conform to the current year's classification with no effect on previously reported net income or shareholders' equity.

24. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 13 May 2008.