

(Unaudited but reviewed)

**Land and Houses Public Company Limited and its subsidiaries**

**Notes to interim financial statements**

**For the three-month and six-month periods ended 30 June 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 registered 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 reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets, 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.

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## 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 30 June |                      |                      |                      | Transfer pricing policy                             |
|---|---|----------------------|----------------------|----------------------|---|
|   | Consolidated                              |                      | Separate             |                      |   |
|   | financial statements                      | financial statements | financial statements | financial statements |   |
|   | 2008                                      | 2007                 | 2008                 | 2007                 |   |
| <u>Transactions with subsidiaries</u>               |   |                      |                      |                      |   |
| (Eliminated from consolidated financial statements) |   |                      |                      |                      |   |
| Interest income                                     | -   | -                    | 11.7                 | 17.4                 | 5.375 - 7.5% per annum (2007: 5.5 - 7.5% per annum) |
| Management fee income                               | -   | -                    | 5.8                  | 6.8                  | Approximate cost                                    |
| Sale of land  | -   | -                    | -                    | 44.6                 | Approximate cost                                    |
| Dividend income                                     | -   | -                    | 214.8                | -                    | As declared   |
| Guarantee fee income                                | -   | -                    | 0.1                  | -                    | 0.35 - 0.50% per annum                              |
| Interest expenses                                   | -   | -                    | 0.8                  | 1.1                  | 5.5% per annum                                      |
| Cash paid for use of land                           | -   | -                    | 6.2                  | 9.0                  | Approximate cost                                    |
| Management fee expenses                             | -   | -                    | 1.8                  | 1.8                  | Approximate cost                                    |
| <u>Transactions with associates</u>                 |   |                      |                      |                      |   |
| Interest income                                     | 8.0                                       | 6.0                  | 6.9                  | 5.4                  | Market rate   |
| Dividend income                                     | 323.3                                     | 287.1                | 323.3                | 287.1                | As declared   |
| Purchase of goods                                   | 35.5                                      | 44.2                 | 32.4                 | 33.5                 | Market price  |
| Sales promotion expenses                            | -   | 2.9                  | -                    | -                    | Market rate   |
| Service expenses                                    | 9.8                                       | 10.8                 | -                    | -                    | Contract price                                      |
| Accounting services                                 |   |                      |                      |                      |   |
| expenses  | 0.3                                       | 0.5                  | -                    | -                    | Contract price                                      |
| Project management fee                              |   |                      |                      |                      |   |
| expenses  | 11.0                                      | 0.8                  | -                    | -                    | Contract price                                      |

(Unaudited but reviewed)

(Unit: Million Baht)

|  | For the three-month periods ended 30 June |                      |                      |                      | 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 related companies</u> |   |                      |                      |                      |   |
| Rental and service expenses                | 10.9                                      | 8.4                  | 10.9                 | 8.4                  | Baht 675 - 725 per square metre per month |
| Guarantee fee expenses                     | 0.1                                       | -                    | -                    | -                    | 0.35 - 0.50% per annum                    |
| Dividend income                            | 5.5                                       | 5.6                  | 5.5                  | 5.6                  | As declared                               |

(Unit: Million Baht)

|   | For the six-month periods ended 30 June |                      |                      |                      | 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</u>               |   |                      |                      |                      |   |
| (Eliminated from consolidated financial statements) |   |                      |                      |                      |   |
| Interest income                                     | -                                       | -                    | 25.1                 | 37.8                 | 5.375 - 7.5% per annum (2007: 5.5 - 7.5% per annum) |
| Management fee income                               | -                                       | -                    | 12.6                 | 13.5                 | Approximate cost                                    |
| Sale of land  | -                                       | -                    | -                    | 46.7                 | Approximate cost                                    |
| Dividend income                                     | -                                       | -                    | 214.8                | 320.2                | As declared   |
| Guarantee fee income                                | -                                       | -                    | 0.7                  | -                    | 0.35 - 0.5% per annum                               |
| Interest expenses                                   | -                                       | -                    | 2.1                  | 3.6                  | 5.5% per annum                                      |
| Cash paid for use of land                           | -                                       | -                    | 6.2                  | 11.0                 | Approximate cost                                    |
| Management fee expenses                             | -                                       | -                    | 3.6                  | 3.6                  | Approximate cost                                    |
| <u>Transactions with associates</u>                 |   |                      |                      |                      |   |
| Interest income                                     | 10.4                                    | 10.0                 | 9.0                  | 9.4                  | Market rate   |
| Dividend income                                     | 324.8                                   | 325.7                | 324.8                | 325.7                | As declared   |
| Purchase of goods                                   | 66.7                                    | 86.3                 | 57.7                 | 65.0                 | Market price  |
| Sales promotion expenses                            | -                                       | 10.7                 | -                    | 7.8                  | Market rate   |
| Service expenses                                    | 19.7                                    | 16.1                 | -                    | -                    | Contract price                                      |
| Accounting services expenses                        | 0.7                                     | 1.0                  | -                    | -                    | Contract price                                      |
| Project management fee expenses                     | 19.4                                    | 0.8                  | -                    | -                    | Contract price                                      |
| <u>Transactions with related companies</u>          |   |                      |                      |                      |   |
| Rental and service expenses                         | 17.1                                    | 16.2                 | 17.1                 | 16.2                 | Baht 675 - 725 per square metre per month           |
| Guarantee fee expenses                              | 0.6                                     | -                    | -                    | -                    | 0.35 - 0.5% per annum                               |
| Dividend income                                     | 11.3                                    | 5.6                  | 11.3                 | 5.6                  | As declared   |

(Unaudited but reviewed)

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

(Unit: Million Baht)

|  | Consolidated financial statements |                     | Separate financial statements |                     |
|--|-----------------------------------|---------------------|-------------------------------|---------------------|
|  | 30 June<br>2008                   | 31 December<br>2007 | 30 June<br>2008               | 31 December<br>2007 |
| <b>Short-term bill of exchange and<br/>deposit at financial institution</b><br>(shown under cash and cash equivalents) |                                   |                     |                               |                     |
| <u>Associate</u>   |                                   |                     |                               |                     |
| Land and Houses Retail Bank Plc.   | 16.2                              | 299.8               | 8.7                           | 285.5               |
| <b>Amounts due from and other receivable - related parties</b>   |                                   |                     |                               |                     |
| Amounts due from and other receivable  |                                   |                     |                               |                     |
| <u>Subsidiaries</u><br>(Eliminated from consolidated financial statements)   |                                   |                     |                               |                     |
| Pacific Real Estate Co., Ltd.  | -                                 | -                   | 2.7                           | 2.0                 |
| Land and Houses Northeast Co., Ltd.  | -                                 | -                   | 0.1                           | 0.2                 |
| L H Asset Co., Ltd.  | -                                 | -                   | 4.7                           | 0.9                 |
| Phuket Future Plan Co., Ltd.   | -                                 | -                   | 0.3                           | -                   |
| Double Tree Co., Ltd.  | -                                 | -                   | 0.4                           | -                   |
|  | -                                 | -                   | 8.2                           | 3.1                 |
| <u>Associates</u>  |                                   |                     |                               |                     |
| Quality Construction Products Plc.   | 5.8                               | 46.1                | 5.8                           | 46.1                |
| Home Product Center Plc.   | 0.4                               | 0.5                 | 0.4                           | 0.5                 |
|  | 6.2                               | 46.6                | 6.2                           | 46.6                |
| Dividend receivable  |                                   |                     |                               |                     |
| <u>Associate</u>   |                                   |                     |                               |                     |
| Polar Property Holdings Corporation  | -                                 | 166.2               | -                             | 166.2               |
| <b>Total</b>   | <b>6.2</b>                        | <b>212.8</b>        | <b>14.4</b>                   | <b>215.9</b>        |

(Unaudited but reviewed)

(Unit: Million Baht)

|   | Consolidated financial statements |             | Separate financial statements |             |
|---|-----------------------------------|-------------|-------------------------------|-------------|
|   | 30 June                           | 31 December | 30 June                       | 31 December |
|   | 2008                              | 2007        | 2008                          | 2007        |
| <b>Short-term loans to and accrued interest receivable from related parties</b> |                                   |             |                               |             |
| <u>Subsidiaries</u>   |                                   |             |                               |             |
| (Eliminated from consolidated financial statements)                             |                                   |             |                               |             |
| Atlantic Real Estate Co., Ltd.  | -                                 | -           | 241.0                         | 125.5       |
| Pacific Real Estate Co., Ltd.   | -                                 | -           | -                             | 30.0        |
| Land and Houses Northeast Co., Ltd.   | -                                 | -           | -                             | 25.1        |
| Siam Tanee Property Co., Ltd.   | -                                 | -           | 30.5                          | 28.8        |
| L H Asset Co., Ltd.   | -                                 | -           | 345.3                         | 696.5       |
| L H Muang Mai Co., Ltd.   | -                                 | -           | 53.1                          | 44.4        |
| L&H Property Co., Ltd.  | -                                 | -           | 220.5                         | -           |
|   | -                                 | -           | 890.4                         | 950.3       |
| <u>Associate</u>  |                                   |             |                               |             |
| Land and Houses Retail Bank Plc.  | -                                 | 0.4         | -                             | 0.4         |
| Total   | -                                 | 0.4         | 890.4                         | 950.7       |
| <b>Deposit to related party</b>   |                                   |             |                               |             |
| <u>Related company</u>  |                                   |             |                               |             |
| Quality Houses Property Fund  | 7.8                               | 7.4         | 7.8                           | 7.4         |
| <b>Trade accounts payable - related parties</b>                                 |                                   |             |                               |             |
| <u>Associates</u>   |                                   |             |                               |             |
| Quality Construction Products Plc.  | 21.9                              | 16.7        | 21.4                          | 15.4        |
| Home Product Center Plc.  | 1.9                               | 1.5         | 1.2                           | 0.4         |
| Total   | 23.8                              | 18.2        | 22.6                          | 15.8        |
| <b>Amounts due to related parties</b>   |                                   |             |                               |             |
| <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.  | 2.3                               | 5.1         | 1.6                           | 3.8         |
| Asia Asset Advisory Co., Ltd.   | 3.4                               | 5.4         | -                             | -           |
| Quality Houses Plc.   | 1.5                               | 8.8         | -                             | -           |
| L&H Management Co., Ltd.  | -                                 | 0.3         | -                             | -           |
|   | 7.2                               | 20.4        | 1.6                           | 3.8         |
| <u>Related companies</u>  |                                   |             |                               |             |
| Quality Houses Property Fund  | 0.4                               | 0.4         | 0.4                           | 0.3         |
| Muang Mai Property Co., Ltd.  | 0.6                               | -           | -                             | -           |
|   | 1.0                               | 0.4         | 0.4                           | 0.3         |
| Total   | 8.2                               | 20.8        | 4.0                           | 4.1         |

(Unaudited but reviewed)

(Unit: Million Baht)

|  | Consolidated financial statements |             | Separate financial statements |             |
|--|-----------------------------------|-------------|-------------------------------|-------------|
|  | 30 June                           | 31 December | 30 June                       | 31 December |
|  | 2008                              | 2007        | 2008                          | 2007        |
| <b>Short-term loans from and accrued interest payable to related parties</b> |                                   |             |                               |             |
| <u>Subsidiaries</u>  |                                   |             |                               |             |
| (Eliminated from consolidated financial statements)                          |                                   |             |                               |             |
| Pacific Real Estate Co., Ltd.  | -                                 | -           | 170.3                         | -           |
| Land and Houses Northeast Co., Ltd.  | -                                 | -           | 15.0                          | -           |
| L H Real Estate Co., Ltd.  | -                                 | -           | 87.3                          | 70.2        |
|  | -                                 | -           | 272.6                         | 70.2        |
| <u>Related parties</u>   |                                   |             |                               |             |
| Muang Mai Property Co., Ltd.   | 9.6                               | 9.3         | -                             | -           |
| Reco Resorts Pte Ltd.  | 42.9                              | -           | -                             | -           |
| Director of subsidiaries   | 35.2                              | 28.0        | -                             | -           |
|  | 87.7                              | 37.3        | -                             | -           |
| Total  | 87.7                              | 37.3        | 272.6                         | 70.2        |

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

During the six-month period ended 30 June 2008, movements of loans to/loans from the Company, subsidiaries and related parties were as follows.

(Unit: Million Baht)

|   | Consolidated financial statements |       |           |              |
|---|-----------------------------------|-------|-----------|--------------|
|   | Additional                        |       |           |              |
|   | 1 January 2008                    | loans | Repayment | 30 June 2008 |
| <b>Short-term loans to and accrued interest receivable from related party</b> |                                   |       |           |              |
| <u>Associate</u>  |                                   |       |           |              |
| Land and Houses Retail Bank Plc.  | 0.4                               | 5.7   | (6.1)     | -            |
| <b>Short-term loans from and accrued interest payable to related parties</b>  |                                   |       |           |              |
| <u>Related parties</u>  |                                   |       |           |              |
| Muang Mai Property Co., Ltd.  | 9.3                               | 0.3   | -         | 9.6          |
| Reco Resorts Pte Ltd.   | -                                 | 42.9  | -         | 42.9         |
| Director of subsidiaries  | 28.0                              | 7.2   | -         | 35.2         |
| Total   | 37.3                              | 50.4  | -         | 87.7         |

(Unaudited but reviewed)

(Unit: Million Baht)

|   | Separate financial statements |                  |                  |              |
|---|-------------------------------|------------------|------------------|--------------|
|   | 1 January 2008                | Additional loans | Repayment        | 30 June 2008 |
| <b>Short-term loans to and accrued interest receivable from related parties</b> |                               |                  |                  |              |
| <u>Subsidiaries</u>   |                               |                  |                  |              |
| Atlantic Real Estate Co., Ltd.  | 125.5                         | 120.6            | (5.1)            | 241.0        |
| Pacific Real Estate Co., Ltd.   | 30.0                          | 0.1              | (30.1)           | -            |
| Land and Houses Northeast Co., Ltd.   | 25.1                          | 10.4             | (35.5)           | -            |
| Siam Tanee Property Co., Ltd.   | 28.8                          | 1.7              | -                | 30.5         |
| L H Asset Co., Ltd.   | 696.5                         | 3,218.7          | (3,569.9)        | 345.3        |
| L H Muang Mai Co., Ltd.   | 44.4                          | 8.7              | -                | 53.1         |
| L&H Property Co., Ltd.  | -                             | 220.5            | -                | 220.5        |
|   | <u>950.3</u>                  | <u>3,580.7</u>   | <u>(3,640.6)</u> | <u>890.4</u> |
| <u>Associate</u>  |                               |                  |                  |              |
| Land and Houses Retail Bank Plc.  | 0.4                           | 4.2              | (4.6)            | -            |
| Total   | <u>950.7</u>                  | <u>3,584.9</u>   | <u>(3,645.2)</u> | <u>890.4</u> |
| <b>Short-term loans from and accrued interest payable to related parties</b>    |                               |                  |                  |              |
| <u>Subsidiaries</u>   |                               |                  |                  |              |
| Pacific Real Estate Co., Ltd.   | -                             | 256.0            | (85.7)           | 170.3        |
| Land and Houses Northeast Co., Ltd.   | -                             | 15.0             | -                | 15.0         |
| L H Real Estate Co., Ltd.   | 70.2                          | 208.6            | (191.5)          | 87.3         |
| Total   | <u>70.2</u>                   | <u>479.6</u>     | <u>(277.2)</u>   | <u>272.6</u> |

### Directors and management's remuneration

During 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 six-month periods ended 30 June        |             |
|   | <u>2008</u>                                    | <u>2007</u> |
| Directors and management's remuneration | 27.0   | 20.0        |



(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 |             |
|                                 | 30 June              | 31 December | 30 June              | 31 December |
|                                 | 2008                 | 2007        | 2008                 | 2007        |
| <u>Age of receivables</u>       |                      |             |                      |             |
| Not yet due                     | 1,402                | 396         | -                    | -           |
| Past due                        |                      |             |                      |             |
| Less than 3 month               | 8,900                | 6,577       | -                    | -           |
| 3 - 6 months                    | 115                  | -           | -                    | -           |
| More than 12 months             | 189                  | 189         | -                    | -           |
| Total                           | 10,606               | 7,162       | -                    | -           |
| Less: Allowance for doubtful    |                      |             |                      |             |
| account                         | (189)                | (189)       | -                    | -           |
| Total trade accounts receivable |                      |             |                      |             |
| - net                           | 10,417               | 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 |             |
|                                       | 30 June              | 31 December | 30 June              | 31 December |
|                                       | 2008                 | 2007        | 2008                 | 2007        |
| Net book value of land and structures |                      |             |                      |             |
| thereon mortgaged as collateral       | 4,046                | 4,063       | 3,699                | 3,646       |

(Unaudited but reviewed)

Movements in the allowance for loss on diminution in value of projects during the six-month period ended 30 June 2008 are summarised below.

(Unit: Thousand Baht)

|   | Consolidated<br>financial statements | Separate<br>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 | (11,224)                             | (5,690)                          |
| Balance as at 30 June 2008                      | <u>148,951</u>                       | <u>86,347</u>                    |

## 5. Investments in subsidiaries

(Unit: Thousand Baht)

| Company's name                                      | Separate financial statements |                     |                            |                            |                  |                     | Dividend received<br>for the six-month<br>periods ended 30 June |                |
|---|-------------------------------|---------------------|----------------------------|----------------------------|------------------|---------------------|---|----------------|
|   | Paid-up capital               |                     | Shareholding<br>percentage |                            | Cost             |                     | 2008  | 2007           |
|   | 30 June<br>2008               | 31 December<br>2007 | 30 June<br>2008<br>(%)     | 31 December<br>2007<br>(%) | 30 June<br>2008  | 31 December<br>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             | 185,807   | -              |
| Land and Houses North Co., Ltd.                     | 13,500                        | 13,500              | 99.99                      | 99.99                      | 13,500           | 13,500              | -   | -              |
| Land and Houses Northeast<br>Co., Ltd.              | 270,000                       | 270,000             | 99.99                      | 99.99                      | 269,999          | 269,999             | -   | -              |
| Siam Tanee Property Co., Ltd.<br>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              | 29,000  | 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.<br>and its subsidiaries     | 900,000                       | 900,000             | 55.00                      | 55.00                      | 495,000          | 495,000             | -   | -              |
| L&H Property Co., Ltd.<br>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>214,807</u>  | <u>320,158</u> |

(Unaudited but reviewed)

## L H Muang Mai Company Limited and its subsidiaries

As at 30 June 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.

### 6. Investments in associates

#### 6.1 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 |                  |
|   |                                      |                                   | 30 June 2008 (%)        | 31 December 2007 (%) | 30 June 2008    | 31 December 2007 | 30 June 2008     | 31 December 2007 | 30 June 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        | 1,030,695                               | 1,016,081        |
| Bangkok Chain Hospital Plc.               | Hospital                             | Thai                              | 28.71                   | 28.55                | 950,000         | 950,000          | 673,335          | 661,669          | 775,271                                 | 733,411          |
| Quality Construction Products Plc.        | Manufacture of construction material | Thai                              | 31.41                   | 31.41                | 400,000         | 400,000          | 265,980          | 265,980          | 398,874                                 | 404,454          |
| Home Product Center Plc.                  | Trading of construction materials    | Thai                              | 30.18                   | 28.68                | 1,933,174       | 1,924,920        | 1,071,617        | 906,328          | 1,583,802                               | 1,409,056        |
| Asia Asset Advisory Co., Ltd.             | Investment advisor                   | Thai                              | 40.00                   | 40.00                | 5,000           | 5,000            | 2,000            | 2,000            | 7,844                                   | 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        | 1,376,316                               | 1,537,017        |
| Quality Houses Plc.                       | Real estate business                 | Thai                              | 22.64                   | 22.85                | 7,673,085       | 7,303,723        | 2,537,662        | 2,388,481        | 2,788,033                               | 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>8,257,363</u> | <u>8,028,855</u> | <u>9,056,868</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 |                  |
|   |                                      |                               | 30 June 2007 (%)        | 31 December 2007 (%) | 30 June 2007    | 31 December 2007 | 30 June 2007     | 31 December 2007 | 30 June 2007                     | 31 December 2007 | 30 June 2007                                | 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                          | 28.71                   | 28.55                | 950,000         | 950,000          | 673,335          | 661,669          | -                                | -                | 673,335                                     | 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                          | 30.18                   | 28.68                | 1,933,174       | 1,924,920        | 1,071,617        | 906,328          | -                                | -                | 1,071,617                                   | 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                          | 22.64                   | 22.85                | 7,673,085       | 7,303,723        | 2,537,662        | 2,388,481        | -                                | -                | 2,537,662                                   | 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>8,257,363</u> | <u>8,028,855</u> | <u>(344,744)</u>                 | <u>(344,744)</u> | <u>7,912,619</u>                            | <u>7,684,111</u> |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| Company's name                            | Consolidated<br>financial statements   |                | Separate<br>financial<br>statements                             |                |
|---|--|----------------|---|----------------|
|   | Share of income (loss) from<br>investments in associates<br>for the six-month periods<br>ended 30 June |                | Dividend received<br>for the six-month periods<br>ended 30 June |                |
|   | <u>2008</u>  | <u>2007</u>    | <u>2008</u>   | <u>2007</u>    |
| Land and Houses Retail Bank Plc.          | 57,039   | 2,840          | -   | -              |
| Bangkok Chain Hospital Plc.               | 84,436   | 54,017         | 54,243  | 40,682         |
| Quality Construction Products Plc.        | (5,580)  | (13,694)       | -   | -              |
| Home Product Center Plc.                  | 112,393  | 78,076         | 102,936   | 66,243         |
| Asia Asset Advisory Co., Ltd.             | 991  | 1,021          | 4,000   | 1,800          |
| Land and Houses Property Fund             | -  | 2,433          | -   | -              |
| Land and Houses Property and Loan Fund-II | 32,422   | 39,376         | 45,298  | 66,708         |
| Quality Houses Plc.                       | 158,889  | 67,754         | 116,842   | 150,226        |
| Polar Property Holdings Corporation       | 34,297   | 60,907         | 1,524   | -              |
| Total                                     | <u>474,887</u>   | <u>292,730</u> | <u>324,843</u>  | <u>325,659</u> |

## 6.2 Fair values of investments in associates which are listed companies.

(Unit: Million Baht)

| Company's name                      | Country of<br>listing | Fair values as at      |                            |
|-------------------------------------|-----------------------|------------------------|----------------------------|
|                                     |                       | 30 June<br><u>2008</u> | 31 December<br><u>2007</u> |
| Bangkok Chain Hospital Plc.         | Thai                  | 2,073                  | 2,265                      |
| Quality Construction Products Plc.  | Thai                  | 225                    | 209                        |
| Home Product Center Plc.            | Thai                  | 2,836                  | 2,716                      |
| Quality Houses Plc.                 | Thai                  | 3,753                  | 3,539                      |
| Polar Property Holdings Corporation | Philippines           | 1,402                  | 3,997                      |
| Total                               |                       | <u>10,289</u>          | <u>12,726</u>              |

(Unaudited but reviewed)

**6.3 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 six-month periods ended 30 June |       | Net income (loss) for the six-month periods ended 30 June |      |
|---|-----------------------|-------------|--------------------|-------------|-------------------------|-------------|--|-------|---|------|
|   | 30 June               | 31 December | 30 June            | 31 December | 30 June                 | 31 December | 2008   | 2007  | 2008  | 2007 |
|   | 2008                  | 2007        | 2008               | 2007        | 2008                    | 2007        |  |       |   |      |
| Land and Houses Retail Bank Plc.          | 2,600                 | 2,600       | 38,357             | 32,873      | 35,982                  | 30,532      | 981  | 752   | 133   | 8    |
| Bangkok Chain Hospital Plc.               | 950                   | 950         | 4,240              | 4,180       | 1,455                   | 1,511       | 2,045  | 1,744 | 286   | 194  |
| Quality Construction Products Plc.        | 400                   | 400         | 2,197              | 2,257       | 927                     | 969         | 455  | 482   | (18)  | (44) |
| Home Product Center Plc.                  | 1,933                 | 1,925       | 12,239             | 12,274      | 7,856                   | 7,951       | 9,229  | 8,053 | 387   | 306  |
| Asia Asset Advisory Co., Ltd.             | 5                     | 5           | 28                 | 44          | 10                      | 17          | 32   | 30    | 2   | 3    |
| Land and Houses Property Fund*            | -                     | 40          | -                  | 65          | -                       | -           | -  | 8     | -   | 5    |
| Land and Houses Property and Loan Fund-II | 3,021                 | 3,216       | 4,608              | 4,887       | 49                      | 47          | 158  | 184   | 125   | 143  |
| Quality Houses Plc.                       | 7,673                 | 7,304       | 26,180             | 23,858      | 16,507                  | 14,813      | 5,484  | 5,130 | 738   | 474  |
| Polar Property Holdings Corporation       | 4,892                 | 4,892       | 4,675              | 6,506       | 642                     | 1,186       | 115  | 318   | 50  | 155  |

(Million Peso) (Million Peso)

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

**6.4** The Company's interim consolidated financial statements for the six-month period ended 30 June 2008 included investments in the following associates accounted for under the equity method, and share of income (loss) 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 30 June 2008 | Share of income (loss) from investments under the equity method |   |
|   |  | For the three-month period ended 30 June 2008                   | For the six-month period ended 30 June 2008 |
|   |  |   |   |
| <b>Reviewed by auditor and another auditor of the same firm</b> |  |   |   |
| Land and Houses Retail Bank Plc.                                | 1,030,695  | 32,304  | 57,039                                      |
| Home Product Center Plc.  | 1,583,802  | 58,543  | 112,393                                     |
| Asia Asset Advisory Co., Ltd.                                   | 7,844  | 399   | 991   |
| Land and Houses Property Fund*                                  | 32,402   | -   | -   |
| Land and Houses Property and Loan Fund-II                       | 1,376,316  | 15,303  | 32,422                                      |
| Quality Houses Plc.   | 2,788,033  | 90,814  | 158,889                                     |
| <b>Reviewed by other auditors</b>                               |  |   |   |
| Bangkok Chain Hospital Plc.                                     | 775,271  | 41,161  | 84,436                                      |
| Quality Construction Products Plc.                              | 398,874  | (5,805)   | (5,580)                                     |
| <b>Unreviewed by auditor</b>                                    |  |   |   |
| Polar Property Holdings Corporation**                           | 1,063,631  | -   | 34,297                                      |
| <b>Total</b>  | <b>9,056,868</b>                                       | <b>232,719</b>  | <b>474,887</b>                              |

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

\*\* The Company recorded investments accounted for under the equity method based on the financial statements for the three-month period ended 31 March 2008.

(Unaudited but reviewed)

During the current period, the Company did not receive the financial statements for the three-month and six-month periods ended 30 June 2008 of Polar Property Holdings Corporation, an overseas associate. The Company therefore recorded investments in that associate and share of income from investments accounted for under the equity method in the consolidated financial statements for the six-month period ended 30 June 2008 based on the financial statements for the three-month period ended 31 March 2008 provided by that company's management, which was not reviewed by its auditor. In addition, this associate applies significant accounting policies that differ from those of the group of companies, such as those for revenue recognition from sales of real estate, income tax accounting and employee benefits accounting. The Company is unable to quantify the possible effect to the financial statements of the different accounting policies.

- 6.5** Shares of income from investment in the 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)

|                                     |                |
|-------------------------------------|----------------|
| Polar Property Holdings Corporation | 220,263        |
| Bangkok Chain Hospital Plc.         | 122,647        |
| Total                               | <u>342,910</u> |

During the six-month period ended 30 June 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 consolidated income statement for the six-month period ended 30 June 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 consolidated income statement for the six-month period end 30 June 2008.

## **6.6 The change of investments in associates**

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

During the current period, the Company acquired an additional 1.5 million ordinary shares of Bangkok Chain Hospital Public Company Limited or a total of Baht 11.7 million. As a result, the Company's percentage shareholding in that company has changed from 28.55% to 28.71%.

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

During the current period, the Company acquired an additional 31.5 million ordinary shares of Home Product Center Public Company Limited or a total of Baht 165.3 million. Moreover, the warrant holders of that company exercised their rights to convert warrants to 8.3 million ordinary shares. As the results, the Company's percentage shareholding in that company has changed from 28.68% to 30.18%.

### **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 Company acquired an additional 68.2 million ordinary shares of Quality Houses Public Company Limited or a total of Baht 149.2 million. Moreover, the warrant holders of that company exercised their rights to convert warrants to 369.4 million ordinary shares. As the results, the Company's percentage shareholding in that company has changed from 22.85% to 22.64%.

(Unaudited but reviewed)

## 7. Other long-term investments

(Unit: Thousand Baht)

|  | Consolidated         |             | Separate             |             |
|--|----------------------|-------------|----------------------|-------------|
|  | financial statements |             | financial statements |             |
|  | 30 June              | 31 December | 30 June              | 31 December |
|  | 2008                 | 2007        | 2008                 | 2007        |
| <b>Available-for-sale securities</b>                               |                      |             |                      |             |
| Equity securities  | 567,023              | 398,250     | 567,023              | 398,250     |
| Add: Revaluation surplus in investments                            | 30,290               | 53,244      | 30,290               | 53,244      |
| Total available-for-sale securities                                | 597,313              | 451,494     | 597,313              | 451,494     |
| <b>Held-to-maturity debt securities</b>                            |                      |             |                      |             |
| (under debt restructuring plan)                                    | 150,000              | 150,000     | -                    | -           |
| <b>Other investments</b>   |                      |             |                      |             |
| 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 investments - net | 844,945              | 845,095     | 632,632              | 632,759     |
| Total other long-term investments - net                            | 1,442,258            | 1,296,589   | 1,229,945            | 1,084,253   |

## 8. 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 |             |
|   | 30 June              | 31 December | 30 June              | 31 December |
|   | 2008                 | 2007        | 2008                 | 2007        |
| Net book value of mortgaged land held for development to secure loans | 1,352                | 1,392       | -                    | 40          |



(Unaudited but reviewed)

## 9. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2008 are summarised below.

(Unit: Thousand Baht)

|  | Consolidated<br>financial statements | Separate<br>financial statements |
|--|--------------------------------------|----------------------------------|
| <b>Net book value as at 1 January 2008</b>   | 1,160,927                            | 310,999                          |
| Acquisitions during period - at cost   | 277,191                              | 55,681                           |
| Disposals during period - net book value at disposal date                          | (2,302)                              | (1,740)                          |
| Transfer to leasehold rights during period - net book value<br>at transferred date | (794)                                | -                                |
| Depreciation for period  | (116,575)                            | (62,024)                         |
| <b>Net book value as at 30 June 2008</b>   | <u>1,318,447</u>                     | <u>302,916</u>                   |

A subsidiary has placed its buildings, clubhouses, furniture and fixture which located on land sub-leasehold rights which have net book value as at 30 June 2008 of Baht 473 million (31 December 2007: Baht 482 million) as collateral of the long-term loans.

## 10. Leasehold rights

Two subsidiaries have placed their land leasehold rights and land sub-leasehold rights with a total net book value as at 30 June 2008 of Baht 2,358 million (31 December 2007: Baht 2,376 million) as collateral for long-term loans.

## 11. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

|                        | Consolidated<br>financial statements |                     | Separate<br>financial statements |                     |
|------------------------|--------------------------------------|---------------------|----------------------------------|---------------------|
|                        | 30 June<br>2008                      | 31 December<br>2007 | 30 June<br>2008                  | 31 December<br>2007 |
| Bank overdrafts        | 11,852                               | 8,870               | -                                | -                   |
| Bills of exchange      | 1,910,000                            | -                   | 1,910,000                        | -                   |
| Less: Prepaid interest | (15,775)                             | -                   | (15,775)                         | -                   |
| <b>Net</b>             | <u>1,906,077</u>                     | <u>8,870</u>        | <u>1,894,225</u>                 | <u>-</u>            |

(Unaudited but reviewed)

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

## 12. Long-term loans

(Unit: Thousand Baht)

|                       | Consolidated         |                  | Separate             |                  |
|-----------------------|----------------------|------------------|----------------------|------------------|
|                       | financial statements |                  | financial statements |                  |
|                       | 30 June              | 31 December      | 30 June              | 31 December      |
|                       | 2008                 | 2007             | 2008                 | 2007             |
| Long-term loans       | 5,790,478            | 5,770,730        | 3,652,705            | 3,509,644        |
| Less: Current portion | (1,048,782)          | (32,716)         | (900,586)            | -                |
| Net                   | <u>4,741,696</u>     | <u>5,738,014</u> | <u>2,752,119</u>     | <u>3,509,644</u> |

Movements in the long-term loans during the six-month period ended 30 June 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            |
| Add: Additional loans        | 160,000              | 160,000              |
| Less: Repayment              | (140,252)            | (16,939)             |
| Balance as at 30 June 2008   | <u>5,790,478</u>     | <u>3,652,705</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 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 and clubhouses of the projects of subsidiaries.

(Unaudited but reviewed)

### 13. Debentures

|   |  |           |             |                   | Consolidated and separate financial statements |              |                        |                    |
|---|--|-----------|-------------|-------------------|--|--------------|------------------------|--------------------|
|   |  |           |             |                   | Number of debenture                            |              | Amount (Thousand Baht) |                    |
|   |  |           |             |                   | (Thousand shares)                              |              |                        |                    |
|   |  |           |             |                   | 30 June  | 31 December  | 30 June                | 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<br>- 3rd year and fixed<br>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        | -                      | 1,500,000          |
| - Set 2                                 | Fixed rate 4.25% for 1st<br>- 3rd year and fixed<br>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<br>- 3rd year, fixed rate<br>5.5% for 4th year and<br>fixed rate 6.5% for<br>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>5,500</u>                                   | <u>8,000</u> | <u>5,500,000</u>       | <u>8,000,000</u>   |
| Less: Current portion of debentures     |  |           |             |                   |  |              | <u>(1,500,000)</u>     | <u>(2,500,000)</u> |
| Net                                     |  |           |             |                   |  |              | <u>4,000,000</u>       | <u>5,500,000</u>   |

Movements in the debentures during the six-month period ended 30 June 2008 are summarised below.

(Unit: Thousand Baht)

|                              | Consolidated and<br>separate financial<br>statements |
|------------------------------|--|
| Balance as at 1 January 2008 | 8,000,000  |
| Less: Redemption             | (2,500,000)  |
| Balance as at 30 June 2008   | <u>5,500,000</u>                                     |

(Unaudited but reviewed)

#### 14. Share capital

The increase in share capital of the Company during the period resulting from exercising of warrants are summarised below.

| Date of exercise | Type of warrant | Number of exercised warrants<br>(Unit) | Ordinary shares issued for exercised warrants<br>(Shares) | Exercise price<br>(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 December 2007 | ESOP-5          | 87,400                                 | 874,000*  | 1.0                                | 8 January 2008  | 10 January 2008  |
| 28 December 2007 | LH-W2           | 7,070,440                              | 9,018,484*  | 2.039                              | 8 January 2008  | 10 January 2008  |
| 31 January 2008  | ESOP-4          | 5,000                                  | 50,000  | 1.0                                | 6 February 2008   | 11 February 2008   |
| 31 March 2008    | ESOP-5          | 927,600                                | 9,276,000   | 1.0                                | 4 April 2008  | 10 April 2008  |
| 31 March 2008    | LH-W2           | 962,578,345                            | 1,227,787,909   | 2.039                              | 4 April 2008  | 10 April 2008  |
| 4 April 2008     | ESOP-4          | 6,600                                  | 66,000  | 1.0                                | 18 April 2008   | 23 April 2008  |
| Total            |                 |  | 1,247,072,393   |                                    |   |  |

\* As at 31 December 2007, the Company was separately presented the cash received of Baht 19.3 million in respect of the exercising of warrants in the balance sheet under the caption "Cash receipts from share subscription".

Reconciliation of number of ordinary shares during the six-month period ended 30 June 2008 are summarised below.

|  | (Unit: Shares)        |
|--|-----------------------|
| <u>Registered ordinary shares</u>              | <u>10,354,268,670</u> |
| <u>Issued and paid-up ordinary shares</u>      |                       |
| Number of ordinary shares as at 1 January 2008 | 8,673,061,416         |
| Increase due to exercise of warrants           | <u>1,247,072,393</u>  |
| Number of ordinary shares as at 30 June 2008   | <u>9,920,133,809</u>  |

As at 30 June 2008, the registered ordinary shares which are not issued and paid-up are the ordinary shares reserved for exercise of warrants.

(Unaudited but reviewed)

## 15. Warrants

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% of net income.

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

The Company's warrants are as follows.

| Type of warrant | Exercise price per share<br>(Baht) | Exercise ratio per 1 warrant | Number of warrants outstanding as at 1 January 2008<br>(Unit) | Number of warrants exercised during the period<br>(Unit) | Number of warrants outstanding as at 30 June 2008<br>(Unit) |
|-----------------|------------------------------------|------------------------------|---|--|---|
| ESOP-4          | 1.0                                | 1: 10                        | 11,600  | (11,600)   | -   |
| ESOP-5          | 1.0                                | 1: 10                        | 1,064,900   | (991,600)  | 73,300  |
| LH-W2           | 1.995                              | 1: 1.30397                   | 1,075,295,896   | (973,410,574)  | 101,885,322   |

## 16. Cash receipts from share subscription

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

| Type of warrant | Number of warrants<br>(Unit) | Exercise price<br>(Baht per share) | Number of ordinary shares purchased<br>(Share) | Cash receipts from share subscription<br>(Thousand Baht) |
|-----------------|------------------------------|------------------------------------|--|--|
| ESOP-5          | 64,000                       | 1.0                                | 640,000  | 640  |
| LH-W2           | 10,832,229                   | 1.995                              | 14,124,791                                     | 28,179   |
| Total           |                              |                                    | 14,764,791                                     | 28,819   |

(Unaudited but reviewed)

## 17. Revaluation surplus (deficit) in investments

(Unit: Thousand Baht)

|  | Consolidated         |               | Separate             |               |
|--|----------------------|---------------|----------------------|---------------|
|  | financial statements |               | financial statements |               |
|  | 30 June              | 31 December   | 30 June              | 31 December   |
|  | 2008                 | 2007          | 2008                 | 2007          |
| Difference between book value and fair value of investments in available-for-sale securities |                      |               |                      |               |
| - Associates' investments  | (33,237)             | 13,647        | -                    | -             |
| - the Company's investments  | 30,290               | 53,244        | 30,290               | 53,244        |
| Total  | <u>(2,947)</u>       | <u>66,891</u> | <u>30,290</u>        | <u>53,244</u> |

## 18. Earnings per share

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

|  | Consolidated financial statements         |                   |  |                  |                    |      |
|--|---|-------------------|--|------------------|--------------------|------|
|  | For the three-month periods ended 30 June |                   |  |                  |                    |      |
|  | Net income                                |                   | Weighted average number of ordinary shares |                  | Earnings per share |      |
| 2008   | 2007                                      | 2008              | 2007                                       | 2008             | 2007               |      |
| (Thousand Baht)  | (Thousand Baht)                           | (Thousand shares) | (Thousand shares)                          | (Baht)           | (Baht)             |      |
| <b>Basic earnings per share</b>  |   |                   |  |                  |                    |      |
| Net income attributable to equity holders of the parent                                    | 1,115,153                                 | 699,935           | 9,920,295*                                 | 8,658,909        | 0.11               | 0.08 |
| <b>Effect of dilutive potential ordinary shares</b>  |   |                   |  |                  |                    |      |
| ESOP-4   | -   | -                 | 1  | 719              |                    |      |
| ESOP-5   | -   | -                 | 1,205                                      | 12,801           |                    |      |
| LH-W2  | -   | -                 | 112,242                                    | 969,396          |                    |      |
| <b>Diluted earnings per share</b>  |   |                   |  |                  |                    |      |
| Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares | <u>1,115,153</u>                          | <u>699,935</u>    | <u>10,033,743</u>                          | <u>9,641,825</u> | 0.11               | 0.07 |

\*Included ordinary shares from exercise of warrants described in Note 16.

(Unaudited but reviewed)

| Separate financial statements  |                 |  |                   |                    |        |  |
|--|-----------------|--|-------------------|--------------------|--------|--|
| For the three-month periods ended 30 June  |                 |  |                   |                    |        |  |
| Net income   |                 | Weighted average number of ordinary shares |                   | Earnings per share |        |  |
| 2008   | 2007            | 2008                                       | 2007              | 2008               | 2007   |  |
| (Thousand Baht)  | (Thousand Baht) | (Thousand shares)                          | (Thousand shares) | (Baht)             | (Baht) |  |
| <b>Basic earnings per share</b>  |                 |  |                   |                    |        |  |
| Net income attributable to equity holders of the parent                                    |                 |  |                   |                    |        |  |
| 1,197,706  | 865,990         | 9,920,295*                                 | 8,658,909         | 0.12               | 0.10   |  |
| <b>Effect of dilutive potential ordinary shares</b>  |                 |  |                   |                    |        |  |
| ESOP-4   | -               | -  | 1                 | 719                |        |  |
| ESOP-5   | -               | -  | 1,205             | 12,801             |        |  |
| LH-W2  | -               | -  | 112,242           | 969,396            |        |  |
| <b>Diluted earnings per share</b>  |                 |  |                   |                    |        |  |
| Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares |                 |  |                   |                    |        |  |
| 1,197,706  | 865,990         | 10,033,743                                 | 9,641,825         | 0.12               | 0.09   |  |

\*Included ordinary shares from exercise of warrants described in Note 16.

| Consolidated financial statements  |                 |  |                   |                    |        |  |
|--|-----------------|--|-------------------|--------------------|--------|--|
| For the six-month periods ended 30 June  |                 |  |                   |                    |        |  |
| Net income   |                 | Weighted average number of ordinary shares |                   | Earnings per share |        |  |
| 2008   | 2007            | 2008                                       | 2007              | 2008               | 2007   |  |
| (Thousand Baht)  | (Thousand Baht) | (Thousand shares)                          | (Thousand shares) | (Baht)             | (Baht) |  |
| <b>Basic earnings per share</b>  |                 |  |                   |                    |        |  |
| Net income attributable to equity holders of the parent                                    |                 |  |                   |                    |        |  |
| 1,791,939  | 1,229,972       | 9,308,438*                                 | 8,572,646         | 0.19               | 0.14   |  |
| <b>Effect of dilutive potential ordinary shares</b>  |                 |  |                   |                    |        |  |
| ESOP-4   | -               | -  | 37                | 726                |        |  |
| ESOP-5   | -               | -  | 5,243             | 13,509             |        |  |
| LH-W2  | -               | -  | 570,692           | 1,007,933          |        |  |
| <b>Diluted earnings per share</b>  |                 |  |                   |                    |        |  |
| Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares |                 |  |                   |                    |        |  |
| 1,791,939  | 1,229,972       | 9,884,410                                  | 9,594,814         | 0.18               | 0.13   |  |

\*Included ordinary shares from exercise of warrants described in Note 16.

| Separate financial statements  |                 |  |                   |                    |        |  |
|--|-----------------|--|-------------------|--------------------|--------|--|
| For the six-month periods ended 30 June  |                 |  |                   |                    |        |  |
| Net income   |                 | Weighted average number of ordinary shares |                   | Earnings per share |        |  |
| 2008   | 2007            | 2008                                       | 2007              | 2008               | 2007   |  |
| (Thousand Baht)  | (Thousand Baht) | (Thousand shares)                          | (Thousand shares) | (Baht)             | (Baht) |  |
| <b>Basic earnings per share</b>  |                 |  |                   |                    |        |  |
| Net income attributable to equity holders of the parent                                    |                 |  |                   |                    |        |  |
| 1,556,540  | 1,527,715       | 9,308,438*                                 | 8,572,646         | 0.17               | 0.18   |  |
| <b>Effect of dilutive potential ordinary shares</b>  |                 |  |                   |                    |        |  |
| ESOP-4   | -               | -  | 37                | 726                |        |  |
| ESOP-5   | -               | -  | 5,243             | 13,509             |        |  |
| LH-W2  | -               | -  | 570,692           | 1,007,933          |        |  |
| <b>Diluted earnings per share</b>  |                 |  |                   |                    |        |  |
| Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares |                 |  |                   |                    |        |  |
| 1,556,540  | 1,527,715       | 9,884,410                                  | 9,594,814         | 0.16               | 0.16   |  |

\*Included ordinary shares from exercise of warrants described in Note 16.

(Unaudited but reviewed)

## 19. Financial information by segment

The Company and its subsidiaries' operations involve a significant 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 income and assets as reflected in these financial statements pertain to the aforementioned business segment and geographic area.

## 20. Dividend paid

At the Annual General Meeting of the Shareholders held on 29 April 2008, it was resolved that the Company pay an addition dividend for the year 2007 of Baht 0.25 per share. Together with the interim dividend of Baht 0.12 per share previously approved by the Board of Directors, the total dividend declared for 2007 was thus Baht 0.37 per share. This addition Baht 0.25 per share dividend amounted to a total of Baht 2,480 million. However, since Baht 14 million of the dividend was for shareholders who have no right to receive dividend, only Baht 2,466 million has actually been paid to the shareholders.

## 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 |             |
|                                | 30 June              | 31 December | 30 June              | 31 December |
|                                | 2008                 | 2007        | 2008                 | 2007        |
| Commitments under construction |                      |             |                      |             |
| Contracts                      | 1,935.7              | 2,417.9     | 1,567.7              | 1,921.0     |



(Unaudited but reviewed)

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>30 June 2008</u> | <u>31 December 2007</u> |
|-------------|---------------------|-------------------------|
| Pay within: |                     |                         |
| 1 year      | 16.4                | 29.5                    |
| 2-5 years   | <u>3.6</u>          | <u>5.2</u>              |
| Total       | <u>20.0</u>         | <u>34.7</u>             |

21.1.3 As at 30 June 2008 and 31 December 2007, L&H Property Company Limited and its subsidiary have the following commitments under land lease agreement, land and construction lease agreement and land sub-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, 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, as at 30 June 2008 L&H Property Company Limited is committed to pay security expenses at the rate of Baht 11,160 per month throughout the period of construction and the period of the lease.

(Unaudited but reviewed)

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> |

c) Land lease agreement

| Agreement date | Agreement period        | Leasehold rights 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 which has already been fully 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>- 21st - 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> 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 30 June 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 30 June 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 annum).
- Operating project: Baht 17.7 million per annum (31 December 2007: 0.7% per annum of the project value).

(Unaudited but reviewed)

21.1.6 As at 30 June 2008 and 31 December 2007, L&H Property Company Limited is committed to pay project management fees to the following associates.

| Associates  | Service rate   |
|---|--|
| L&H Management Company Limited<br>(a subsidiary of Asia Asset Advisory Company Limited) | - Actual expenses related to project management plus margin of 15%   |
| Quality Houses Public Company Limited   | - 2% of total revenue and additional 5.5% of operating income, and actual expenses related to project management |

21.1.7 As at 30 June 2008, L&H Sathon Company Limited had outstanding commitment of Baht 3.2 million in respect of management fees paid to Q.H. International Company Limited (31 December 2007: Baht 5.1 million).

21.1.8 As at 30 June 2008, L&H Property Company Limited is committed to pay Quality Houses Public Company Limited accounting services fee amounting to Baht 1.8 million (31 December 2007: Baht 2.5 million).

21.1.9 As at 30 June 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 |             |
|                                | 30 June              | 31 December | 30 June              | 31 December |
|                                | 2008                 | 2007        | 2008                 | 2007        |
| Commitment to purchase of land | 1,093.5              | 1,262.4     | 1,093.5              | 1,173.8     |

21.1.10 As at 30 June 2008 and 31 December 2007, L&H Sathon Company Limited 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.

(Unaudited but reviewed)

### 21.1.11 Obligation and commitment to complete projects on hand

|  | Consolidated         |                     | Separate             |                     |
|--|----------------------|---------------------|----------------------|---------------------|
|  | financial statements |                     | financial statements |                     |
|  | 30 June<br>2008      | 31 December<br>2007 | 30 June<br>2008      | 31 December<br>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   | 4                    | 8                   | 4                    | 6                   |
| Number of projects on hand at end of period/year   | <u>35</u>            | <u>47</u>           | <u>27</u>            | <u>35</u>           |
| Accumulative value of sales already contracted (Million Baht)                                      | 80,290               | 71,948              | 63,370               | 56,863              |
| As percentage of total sales of projects on hand   | 72.9                 | 70.0                | 71.1                 | 69.5                |
| Value of sales already contracted during period/year (Million Baht)                                | 8,341                | 18,594              | 6,469                | 14,610              |
| As percentage of total sales of projects on hand   | 7.6                  | 18.1                | 7.3                  | 17.9                |
| Commitments in respect of the installation of central utilities of projects on hand (Million Baht) | 420.2                | 381.2               | 357.9                | 297.3               |

22.1.12 As at 30 June 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 guarantees 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 |                     |
|                 | 30 June<br>2008      | 31 December<br>2007 | 30 June<br>2008      | 31 December<br>2007 |
| Bank guarantees | 1,429.0              | 1,249.4             | 1,265.1              | 1,041.0             |

(Unaudited but reviewed)

### 21.3 Guarantees

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

(Unit: Million Baht)

| Guarantor              | Guarantee                    | 30 June<br>2008 | 31 December<br>2007 |
|------------------------|------------------------------|-----------------|---------------------|
| Land and Houses Plc.   | L H Muangmai Co., Ltd.       | -               | 79.3                |
|                        | Phuket Future Plan Co., Ltd. | 114.6           | 128.7               |
|                        | Double Tree Co., Ltd.        | 148.5           | 148.5               |
|                        | Customers                    | 1.0             | 1.0                 |
| Total                  |                              | <u>264.1</u>    | <u>357.5</u>        |
| L H Muangmai Co., Ltd. | Double Tree Co., Ltd.        | 270.0           | 270.0               |
|                        | Phuket Future Plan Co., Ltd. | 208.4           | 234.0               |
| Total                  |                              | <u>478.4</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 significant lawsuits had been filed against the Company and its subsidiaries.

- a) As at 30 June 2008 and 31 December 2007, significant litigation involving the Company and a subsidiary comprises the lawsuit brought by two housing estate juristic persons, who 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. The Company has set aside provision of Baht 25 million for liabilities arising as a result of this case.

(Unaudited but reviewed)

- b) As at 30 June 2008, the Company and its subsidiaries have been sued for a total of approximately Baht 163.2 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 2.5 million (31 December 2007: Baht 6.9 million). The Company and its subsidiaries have set aside provision of Baht 2.5 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.

### Associates

The following significant lawsuits had been filed against the associates:

- a) 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.
- b) Land and Houses Property and Loan Fund-II (“the Fund”) has been sued as defendant in a civil case in which the plaintiff claims the Fund illegally encroached on the land of the plaintiff to provide a thoroughfare to Soi Sukhumvit 55. On 18 July 2006, the South Bangkok Civil Court dismissed the lawsuit on the grounds that this land is a public road and the plaintiff therefore had no right to sue the defendant. On 13 September 2006, the plaintiff appealed this judgement with the Appeal Court and on 8 November 2006, the Fund filed a defence of the appeal. As at 30 June 2008, the case is being heard by the Appeal Court.

## **22. Subsequent events**

### **22.1 The registration of the issued and paid-up share capital from the exercising of warrants**

On 7 July 2008, the Company registered the increase in its issued and paid-up share capital as a result of the warrant holders exercising their rights to convert warrants to ordinary shares in June 2008, as described in Note 16, which increased the Company's paid-up share capital from Baht 9,920 million to Baht 9,935 million. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities on 10 July 2008.

### **22.2 The issuance of debentures**

On 24 July 2008, the Company issued the Baht 3,000 million debentures detailed below:

|                       |  |
|-----------------------|--|
| Name of debenture     | Unsubordinated and unsecured debentures of Land and Houses Public Company Limited No. 1/2008, maturing in 2012                 |
| Type                  | Unsecured, registered and unsubordinated, with debentureholder representation  |
| Quantity              | 3,000,000 units  |
| Par value             | Baht 1,000 per unit  |
| Offering price        | Baht 1,000 per unit  |
| Term                  | 4 years  |
| Redemption date       | 24 July 2012   |
| Interest rate         | 1st - 2nd year: Fixed interest rate of 5.33 percent per annum<br>3rd - 4th year: Fixed interest rate of 6.50 percent per annum |
| Interest payment term | Quarterly  |

## **23. Reclassification**

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

(Unaudited but reviewed)

**24. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 8 August 2008.