

Land and Houses Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the years ended 31 December 2011 and 2010

1. General 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. The registered office of the Company is at No. 1 South Sathon Road, 37th-38th Floor, Q. House Lumpini Building, Tungmahamek, Sathon, Bangkok.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Land and Houses Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2011 (Percent)	2010 (Percent)
<u>Held by the Company</u>				
Atlantic Real Estate Co., Ltd.	Real estate business	Thailand	99.99	99.99
Pacific Real Estate Co., Ltd.	Real estate business	Thailand	99.99	99.99
Land and Houses North Co., Ltd.	Real estate business	Thailand	99.99	99.99
Land and Houses Northeast Co., Ltd.	Real estate business	Thailand	99.99	99.99
Siam Tanee Property Co., Ltd. and its subsidiary	Real estate business	Thailand	99.99	99.99
L H Real Estate Co., Ltd.	Real estate business	Thailand	99.99	99.99
L H Asset Co., Ltd.	Real estate business	Thailand	99.99	99.99
L H Muang Mai Co., Ltd. and its subsidiaries	Real estate business	Thailand	55.00	55.00
L&H Property Co., Ltd. and its subsidiary	Real estate for lease business	Thailand	60.00	60.00

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2011 (Percent)	2010 (Percent)
<u>Held by subsidiary companies</u>				
Siam Tanee Real Estate Co., Ltd. (99.99 percent held by Siam Tanee Property Co., Ltd.)	Real estate business	Thailand	99.99	99.99
Phuket Future Plan Co., Ltd. (99.99 percent held by L H Muang Mai Co., Ltd.)	Real estate business	Thailand	55.00	55.00
Double Tree Co., Ltd. (99.99 percent held by L H Muang Mai Co., Ltd.)	Real estate business	Thailand	55.00	55.00
L&H Sathon Co., Ltd. (99.99 percent held by L&H Property Co., Ltd.)	Real estate for lease business	Thailand	60.00	60.00

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- e) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements, which present investments in subsidiaries and associates under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards during the year

During the current year, the Company adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period

TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Financial Reporting Standard Interpretations:

TFRIC 15	Agreements for the Construction of Real Estate
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Accounting Standard Interpretations:

SIC 31	Revenue-Barter Transactions Involving Advertising Services
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These accounting standards do not have any significant impact on the financial statements, except for the following accounting standard.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. The Company and its subsidiaries previously accounted for such employee benefits when they were incurred.

The Company and its subsidiaries have changed this accounting policy in the current year and recognise the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current year. The change has the effect of decreasing the profit of the Company and its subsidiaries for the year 2011 by Baht 22 million, (0.002 Baht per share) (The Company only: decreasing profit by Baht 10 million, or 0.001 Baht per share). The cumulative effect of the changes in the accounting policy has been presented in Note 5.

As at 31 December 2011, the Company and its subsidiaries recognised Baht 132 million of such long-term employee benefit liabilities (The Company only: Baht 126 million).

TAS 40 (revised 2009) Investment property

This accounting standard requires entities to classify property held for rental income or obtaining increased value in the future as investment property. There are options for entities to present the investment property at cost (but the entity has to present the fair value in notes to the financial statements) or at fair value which the differences arising from change in the fair value will be recorded as gain or loss in profit or loss.

Since the subsidiary elects to present the investment property at cost, the adoption of this accounting standard in 2011 will affect the financial statements only for reclassification of certain amount in the financial statements for the year ended 31 December 2010 and disclosure of fair value of the investment property in notes to the financial statements.

4. New accounting standards issued during the years not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of

Government Assistance

TAS 21 (revised 2009) The Effects of Changes in Foreign Exchange Rates

Accounting Standard Interpretations:

SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

5. Cumulative effect of changes in accounting policy due to the adoption of new accounting standards

During the current year, the Company and its subsidiaries made the changes to its significant accounting policy described in Note 3 to the financial statements, as a result of the adoption of revised and new accounting standards. The cumulative effect of the changes in the accounting policy has been separately presented in the statements of changes in shareholders' equity.

6. Significant accounting policies

6.1 Revenue recognition

(a) Sales of land and houses and sales of residential condominium units

Sales of land and houses and sales of residential condominium units are recognised as revenue when the construction works are completed and the significant risks and rewards of ownership have been transferred to buyer whereas and the ownerships have been transferred to buyers after all payments received from the buyers.

(b) Rendering of services

Rental of area in buildings and related services income are recognised on an accrual basis over the period of contract.

Service revenue is recognised when services have been rendered taking into account the stage of completion.

(c) Interest income

Interest income is recognised on an accrual basis based on the effective rate.

(d) Dividends

Dividends are recognised when the right to receive the dividends is established.

6.2 Cost of land and houses sold and cost of residential condominium units sold

Cost of land and houses sold and cost of residential condominium unit sold consist of cost of land, land improvement, design fees, public utilities, construction and direct related interest and expense cost.

In determining the cost of land and houses sold and cost of residential condominium units sold, the anticipated total development costs (taking into account actual costs incurred to date) are attributed to land and houses sold and residential condominium units sold on the basis of the salable area.

Selling expenses directly associated with projects, such as specific business tax and transfer fee are recognised when sale incurred.

6.3 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest costs are determined by applying a capitalisation rate to the expenditures on that project. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the year.

6.4 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

6.5 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

6.6 Inventories

Land and construction in progress are stated at lower of cost and net realisable value. The details of cost calculation are as follows:

- Land - Cost of land using the weighted average method, calculating it separately for each project.
- Construction in progress - Construction in progress consists of the cost of construction, public utility costs and borrowing cost capitalised to cost of projects. The Company and its subsidiaries record cost of construction and public utilities based on the actual cost incurred.

The Company and its subsidiaries recognise loss on diminution in value of projects (if any) in profit or loss.

6.7 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholders' equity, and will be recorded in profit or loss when the securities are sold.
- b) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- c) Investments in non-marketable equity securities, which the Company classifies as other investments, are valued at cost net of allowance for loss on impairment (if any).
- d) Investment in associates are accounted for in the consolidated financial statements using the equity method.

- e) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on the yield rates quoted by the Thai Bond Market Association.

Loss on impairment (if any) of investments in available-for-sale securities, debt securities expected to be held to maturities and other investments are included in profit or loss.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

6.8 Land held for development

Land held for development is stated at cost less allowance for loss on diminution in value of projects. It is consist of cost of land, land improvement, public utilities cost, project development cost and borrowing cost which occurred during the developed period in the past.

6.9 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 - 33 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

6.10 Property, plant and equipment/Depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of clubhouse, pool and tennis court is calculated on the basis of salable area. And depreciation of building and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

Building and building improvement	20	years
Office equipment	3 - 10	years
Furniture, fixture and equipment	5	years
Motor vehicles	5	years

Others

5 - 20 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

The cost of linen, crockery, glass and utensils purchased to meet the normal requirements of the subsidiary's hotel operations have been regarded as a base stock. Subsequent purchases for replacement are expensed when incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

6.11 Intangible assets

The intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	5 and 10 years

The subsidiary amortised the right to the use of the connecting walkway between Bangkok Mass Transit System and Terminal 21 Shopping Mall based on the remaining concession period granted by Bangkok Metropolitan Administration.

6.12 Long-term lease

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

6.13 Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation. The subsidiaries amortise leasehold rights on a straight-line basis over the leasehold period.

The amortisation expense is charged to profit or loss.

6.14 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

6.15 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

6.16 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities dominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

6.17 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment, land held for development, investment properties, leasehold rights, investments and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and subsidiaries also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

6.18 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company, subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

For the first-time adoption of TAS 19 Employee Benefits, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in the current year.

6.19 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

6.20 Income tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

7. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercises judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

Impairment of equity investments

The Company and its subsidiaries treat available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

Property plant and equipment / Investment properties/Depreciation

In determining depreciation of building and equipment and investment properties, the management is required to make estimates of the useful lives and residual values of the Company and subsidiaries’ building and equipment and investment properties and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment and investment properties for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill and other intangible assets

The initial recognition and measurement of goodwill and other intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Litigations

The Company and its subsidiaries have contingent liabilities as a result of litigations. The Company and its subsidiaries' management have used judgment to assess of the results of the litigation and provision for the related liabilities has been recorded as at the end of reporting period. However, actual results could differ from the estimates.

Impairment of land, construction in progress and public utilities, land held for development and leasehold rights

The Company and its subsidiaries treat land, construction in progress and public utilities, land held for development and leasehold rights as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost. The management determines the devaluation of such land, construction in progress and public utilities, land held for development and leasehold rights based on net realisable value. The determination of what is "significant" and such devaluation requires the management to exercise judgment.

Project development costs estimation

In calculating cost of land and houses sold and residential condominium units, the Company and its subsidiaries have to estimate all project development costs, comprising land and land improvement costs, design and construction costs, public utility costs, borrowing costs and other related costs. The management estimates these costs based on their business experience and revisit the estimations on a periodical basis or when the actual costs incurred significantly vary from the estimated costs.

Provision for after-sale maintenance expense/repairment of houses after flood

The Company and its subsidiaries estimate provision for after-sale maintenance expenses based on actual historical maintenance expenses and/or currently available information related to the cost of various types of repairment work.

Provision for public utilities maintenance

The Company and its subsidiaries' estimates of provision for public utilities maintenance, management considered historical data and/or currently available information related to the cost of various types of repairment work.

Compensation for Housing Estate Juristic Persons

The Company and its subsidiaries estimate the compensation for Housing Estate Juristic Persons using the rate specified by the regulator and the budgeted public utilities costs as a basis for the calculation.

8. Related party transactions

The relationships between the Company and its related parties are summarised below.

<u>Name of related parties</u>	<u>Relationship</u>
Atlantic Real Estate Co., Ltd.	Subsidiary
Pacific Real Estate Co., Ltd.	Subsidiary
Land and Houses North Co., Ltd.	Subsidiary
Land and Houses Northeast Co., Ltd.	Subsidiary
Siam Tanee Property Co., Ltd.	Subsidiary
Siam Tanee Real Estate Co., Ltd.	Subsidiary (99.99 percent held by Siam Tanee Property Co., Ltd.)
L H Real Estate Co., Ltd.	Subsidiary
L H Asset Co., Ltd.	Subsidiary
L H Muang Mai Co., Ltd.	Subsidiary
Phuket Future Plan Co., Ltd.	Subsidiary (99.99 percent held by

Name of related parties	Relationship
Double Tree Co., Ltd.	L H Muang Mai Co., Ltd.) Subsidiary (99.99 percent held by L H Muang Mai Co., Ltd.)
L&H Property Co., Ltd.	Subsidiary
L&H Sathon Co., Ltd.	Subsidiary (99.99 percent held by L&H Property Co., Ltd.)
LH Financial Group Plc.	Associate
Land and Houses Retail Bank Plc.	Associate (99.99 percent held by LH Financial Group Plc.)
Bangkok Chain Hospital Plc.	Associate (The Company sold all investments in this company in March 2011.)
Quality Construction Products Plc.	Associate
Home Product Center Plc.	Associate
Asia Asset Advisory Co., Ltd.	Associate
L&H Management Co., Ltd.	Associate (99.99 percent held by Asia Asset Advisory Co., Ltd.)
Land and Houses Property Fund	Associate
Land and Houses Property and Loan Fund-II	Associate
Quality Houses Plc.	Associate
Q.H. International Co., Ltd.	Associate (99.99 percent held by Quality Houses Plc.)
Quality Houses Leasehold Property Fund (Formerly known as "Quality Houses Property Fund")	Associate of Quality Houses Plc.
Polar Property Holdings Corporation	Associate
Muang Mai Property Co., Ltd.	Shareholder of subsidiary
Reco Resorts Pte Ltd.	Shareholder of subsidiary
Siam Retail Development Co., Ltd.	Common shareholder

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	2011	2010	2011	2010	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	47.1	44.6	MLR - 1.5 and 5 - 7.5% p.a.
Management fee income	-	-	14.5	11.6	Approximate cost
Dividend income	-	-	407.7	24.8	Declared rate
Guarantee fee income	-	-	-	0.2	0.5% p.a.
Sales of land	-	-	2.9	120.0	Approximate cost
Cash paid for use of land	-	-	2.8	77.7	Approximate cost
Purchases of land	-	-	-	0.4	Approximate cost
Interest expenses	-	-	3.1	8.8	3.0% p.a.
Rental and service expenses	-	-	4.2	-	Market price
<u>Transactions with associates</u>					
Interest income	13.3	5.0	11.8	3.2	Market rate
Dividend income	432.3	613.7	432.3	613.7	Declared rate
Purchases of goods	109.8	104.9	93.1	92.8	Market price
Sale promotion expenses	5.9	15.7	5.9	13.7	Market rate
Services expenses	1.5	0.8	-	-	Contract price
Accounting services expenses	2.0	1.9	-	-	Contract price
Project management fee expenses	76.5	60.7	-	-	Contract price
Commission expenses	0.5	0.5	-	-	Contract price
Rental expenses	-	8.3	-	-	Market price
<u>Transactions with related companies</u>					
Dividend income	18.4	21.4	18.4	21.4	Declared rate
Rental and services expenses	39.7	39.9	39.7	39.9	Baht 500 - 798 per square meter per month
Guarantee fee expenses	-	0.1	-	-	0.5% p.a.
Interest expenses	29.0	17.9	-	-	MLR - 1.5 and 7 - 7.5% p.a.
Commission expenses	0.6	-	-	-	Contract price
Project management fee expenses	8.2	-	-	-	Contract price
<u>Transactions with directors of subsidiaries</u>					
Interest expenses	2.2	2.2	-	-	7 - 7.50% p.a.

As at 31 December 2011 and 2010, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Short-term bill of exchange and deposit at financial institution (shown under cash and cash equivalents)				
<u>Associate</u>				
Land and Houses Retail Bank Plc.	661.2	1,200.7	530.3	1,115.4
Amount due from and accounts receivables - related parties (Note 10)				
<u>Subsidiaries</u> (Eliminated from the consolidated financial statements)				
L H Asset Co., Ltd.	-	-	0.1	2.4
Atlantic Real Estate Co., Ltd.	-	-	0.1	1.4
L H Muang Mai Co., Ltd.	-	-	-	0.1
	-	-	0.2	3.9
<u>Associates</u>				
Home Product Center Plc.	0.1	0.1	0.1	0.1
Quality Houses Plc.	0.4	-	-	-
Land and Houses Property and Loan Fund-II	2.9	-	-	-
Land and Houses Retail Bank Plc.	0.2	-	-	-
	3.6	0.1	0.1	0.1
Total	3.6	0.1	0.3	4.0
Short-term loans to and accrued interest receivables from related parties				
<u>Subsidiaries</u> (Eliminated from the consolidated financial statements)				
Siam Tanee Property Co., Ltd.	-	-	3.1	23.4
Land and Houses North Co., Ltd.	-	-	2.0	-
L H Muang Mai Co., Ltd.	-	-	65.3	61.8
L&H Property Co., Ltd.	-	-	1,024.5	651.9
	-	-	1,094.9	737.1
<u>Associate</u>				
Land and Houses Retail Bank Plc.	0.3	0.3	-	0.3
Total	0.3	0.3	1,094.9	737.4
Deposit to related company				
<u>Related company</u>				
Quality Houses Leasehold Property Fund (Formerly known as "Quality Houses Property Fund")	8.5	8.5	8.5	8.5

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Trade accounts payables - related parties (Note 22)				
<u>Associates</u>				
Quality Construction Products Plc.	2.4	12.3	2.4	12.3
Home Product Center Plc.	0.7	0.7	0.6	0.1
Total	3.1	13.0	3.0	12.4
Amounts due to related parties (Note 22)				
<u>Subsidiary</u>				
(Eliminated from consolidated financial statements)				
L&H Property Co., Ltd.	-	-	4.2	-
<u>Associates</u>				
Asia Asset Advisory Co., Ltd.	1.6	-	-	-
Home Product Center Plc.	1.0	2.4	0.8	2.0
Quality Houses Plc.	16.5	10.8	-	-
Total	19.1	13.2	0.8	2.0
<u>Related companies</u>				
Quality Houses Leasehold Property Fund (Formerly known as "Quality Houses Property Fund")	-	0.4	-	0.4
Siam Retail Development Co., Ltd.	3.3	-	-	-
Total	3.3	0.4	-	0.4
Total	22.4	13.6	5.0	2.4
Short-term loans from and accrued interest payables to related parties				
<u>Subsidiary</u>				
(Eliminated from consolidated financial statements)				
Pacific Real Estate Co., Ltd.	-	-	-	120.8
<u>Related companies</u>				
Muang Mai Property Co., Ltd.	11.8	11.2	-	-
Reco Resorts Pte Ltd.	682.9	434.5	-	-
Directors of subsidiaries	43.0	40.7	-	-
Total	737.7	486.4	-	-
Total	737.7	486.4	-	120.8

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

During the year 2011, movements of loans to/loan from the Company, subsidiaries and related companies were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2010	Increase	Decrease	31 December 2011
Short-term loans to and accrued interest receivables from related parties				
<u>Associate</u>				
Land and Houses Retail Bank Plc.	0.3	13.3	(13.3)	0.3
Short-term loans from and accrued interest payables to related parties				
<u>Related companies</u>				
Muang Mai Property Co., Ltd.	11.2	0.6	-	11.8
Reco Resorts Pte Ltd.	434.5	248.4	-	682.9
Directors of subsidiaries	40.7	2.3	-	43.0
Total	486.4	251.3	-	737.7

(Unit: Million Baht)

	Separate financial statements			
	31 December 2010	Increase	Decrease	31 December 2011
Short-term loans to and accrued interest receivables from related parties				
<u>Subsidiaries</u>				
Atlantic Real Estate Co., Ltd.	-	73.5	(73.5)	-
Siam Tanee Property Co., Ltd.	23.4	0.4	(20.7)	3.1
L H Asset Co., Ltd.	-	45.1	(45.1)	-
L H Muang Mai Co., Ltd.	61.8	3.5	-	65.3
Land and Houses North Co., Ltd.	-	2.0	-	2.0
L&H Property Co., Ltd.	651.9	372.6	-	1,024.5
	737.1	497.1	(139.3)	1,094.9
<u>Associate</u>				
Land and Houses Retail Bank Plc.	0.3	11.8	(12.1)	-
Total	737.4	508.9	(151.4)	1,094.9
Short-term loans from and accrued interest payables to related parties				
<u>Subsidiaries</u>				
Pacific Real Estate Co., Ltd.	120.8	84.5	(205.3)	-
Atlantic Real Estate Co., Ltd.	-	379.9	(379.9)	-
Land and Houses Northeast Co., Ltd.	-	112.0	(112.0)	-
L H Asset Co., Ltd.	-	428.0	(428.0)	-
Total	120.8	1,004.4	(1,125.2)	-

Directors and management's benefits

During the year ended 31 December 2011 and 2010, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2011	2010
Short-term employee benefits	89,074	63,872
Post-employment benefits	512	1,019
Total	<u>89,586</u>	<u>64,891</u>

Guarantee obligations with related parties

L&H Property Company Limited has outstanding guarantee obligations with its subsidiary, as described in Note 35.3 to the financial statements.

9. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash	4,068	2,242	1,654	1,524
Bank deposits	731,313	1,028,974	621,781	768,917
Bills of exchange	464,000	800,000	260,000	800,000
Treasury bills	-	299,880	-	299,880
Total	<u>1,199,381</u>	<u>2,131,096</u>	<u>883,435</u>	<u>1,870,321</u>

As at 31 December 2011, bank deposits, bills of exchange and treasure bill carried interests between 0.25 and 3 percent per annum (2010: between 0.25 and 1.91 percent per annum).

10. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	13,835	2,225	-	-
Past due				
Less than 3 months	49,350	15,726	-	-
3 - 6 months	3,084	210	-	-
6 - 9 months	1,670	41	-	-
9 - 12 months	6	3	-	-
Over 12 months	230	283	-	-
Total	68,175	18,488	-	-
Less: Allowance for doubtful debts	(173)	(173)	-	-
Total trade receivables - unrelated parties, net	68,002	18,315	-	-
<u>Other receivables</u>				
Amount due from and account receivables				
- related parties	3,607	103	281	4,001
Other	32,902	30,621	31,696	29,034
Other receivables	36,509	30,724	31,977	33,035
Total trade and other receivables - net	104,511	49,039	31,977	33,035

11. Land, construction in progress and utilities (inventories)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Land	19,776,750	17,312,279	19,322,058	16,737,368
Land improvements	1,238,262	1,233,140	1,205,394	1,173,439
Construction in progress	6,920,441	5,428,030	6,605,696	5,007,395
Interest cost	1,508,162	1,361,843	1,454,601	1,269,390
Public utilities	2,039,953	1,757,446	1,918,519	1,581,851
Deferred development cost	2,433	3,681	522	545
Houses held for sales	60,042	45,003	-	-
Total	31,546,043	27,141,422	30,506,790	25,769,988

Less : Allowance for reduce cost to

net realisable value	<u>(74,216)</u>	<u>(87,168)</u>	<u>(37,286)</u>	<u>(53,662)</u>
Inventories - net	<u>31,471,827</u>	<u>27,054,254</u>	<u>30,469,504</u>	<u>25,716,326</u>

During the year 2009, the Company hired an independent valuer to appraise the fair value of the Company and its subsidiaries' land and construction in progress, using the Market Comparison Approach, the Hypothetical development or residual valuation and the Cost Approach. The fair values of the land and construction in progress appraised by the independent appraiser exceeded their net carrying amount of project values.

During the years, the Company and its subsidiaries included borrowing costs in cost of land and construction in progress. These were determined by applying a capitalisation rate which is the weighted average of the financial charges on total borrowings during the years as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Borrowing costs included in cost of land and construction in progress (Million Baht)	677	534	669	513
Capitalisation rate (Percent)	3.9	4.1	4.1	4.2

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Net book value of land and structures thereon mortgaged as collateral	6,345	7,056	5,938	6,644

Movements in the allowance for loss on diminution in value of projects during the year ended 31 December 2011 are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
Balance as at 1 January 2011		87,168		53,662
Add: Additional set up		13,824		-

Less: Reversal of allowance of diminution in value of projects due to sale and write-off	(26,776)	(16,376)
Balance as at 31 December 2011	<u>74,216</u>	<u>37,286</u>

12. Investments in subsidiaries

12.1 Details of investments in subsidiaries as presented in the separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment		Carrying amount based on cost method		Dividend received during the years	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
			(Percent)	(Percent)								
Atlantic Real Estate Co., Ltd.	15,000	15,000	99.99	99.99	14,998	14,998	-	-	14,998	14,998	149,979	-
Pacific Real Estate Co., Ltd.	5,810	92,904	99.99	99.99	5,810	92,904	-	-	5,810	92,904	7,756	24,787
Land and Houses North Co., Ltd.	13,500	13,500	99.99	99.99	13,500	13,500	-	-	13,500	13,500	-	-
Land and Houses Northeast Co., Ltd.	150,000	150,000	99.99	99.99	149,999	149,999	(50,000)	(50,000)	99,999	99,999	-	-
Siam Tanee Property Co., Ltd. and its subsidiary	100,000	100,000	99.99	99.99	64,859	64,859	-	-	64,859	64,859	-	-
L H Real Estate Co., Ltd.	58,000	58,000	99.99	99.99	25,000	25,000	-	-	25,000	25,000	-	-
L H Asset Co., Ltd.	100,000	100,000	99.99	99.99	52,734	52,734	-	-	52,734	52,734	249,998	-
L H Muang Mai Co., Ltd. and its subsidiaries	900,000	900,000	55.00	55.00	495,000	495,000	-	-	495,000	495,000	-	-
L&H Property Co., Ltd. and its subsidiary	2,450,000	2,170,000	60.00	60.00	1,566,000	1,398,000	-	-	1,566,000	1,398,000	-	-
					<u>2,387,900</u>	<u>2,306,994</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>2,337,900</u>	<u>2,256,994</u>	<u>407,733</u>	<u>24,787</u>

12.2 L H Muang Mai Company Limited and its subsidiaries

As at 31 December 2011 and 2010, 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.

12.3 Reduction of share capital of subsidiaries

During the year 2011 and 2010, there are reductions of share capital of subsidiaries as detailed below:

(Unit: Million Baht)

Company's name	Date of approval the share capital reduction by the Extraordinary General Meeting of subsidiaries	Date of registration of reduction of share capital at the Ministry of Commerce	Paid up share capital		
			Old	Reduction	New
			Pacific Real Estate Co., Ltd.	9 August 2010	22 September 2010
	10 January 2011	11 March 2011	92.9	(69.7)	23.2
	18 April 2011	2 June 2011	23.2	(17.4)	5.8
Land and Houses	9 August 2010	27 September 2010	270.0	(120.0)	150.0

Northeast Co., Ltd.					
L H Real Estate Co., Ltd.	9 August 2010	22 September 2010	116.0	(58.0)	58.0

The Company received the proceed from such share capital reductions. The reductions of share capital of L H Real Estate Co., Ltd. resulted in Baht 33.0 million gain from investment in the year 2010 which derived from the lower of investment acquisition cost in comparing with its par values.

12.4 L&H Property Company Limited

During the year 2011, L&H Property Company Limited called up the remaining uncalled portion of its share price from its shareholders totaling Baht 280 million. The Company therefore paid in the uncalled portion of share amounting to Baht 168 million in July and August 2011.

13. Investments in associates

13.1 Details of investments in associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2011 (Percent)	2010 (Percent)	2011	2010	2011	2010
LH Financial Group Plc.	Holding company	Thai	35.43	40.95	4,254,008	2,447,320	4,726,443	2,523,759
Bangkok Chain Hospital Plc.	Hospital	Thai	-	25.06	-	588,399	-	862,856
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	21.16	179,178	179,178	304,873	283,968
Home Product Center Plc.	Trading of construction materials	Thai	30.07	30.24	1,175,060	1,175,060	2,777,661	2,245,291
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	2,000	2,000	1,387	6,421
Land and Houses Property Fund	Real estate business	Thai	49.94	49.94	20,692	20,692	32,402	32,402
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	1,512,269	1,512,269	1,260,648	1,346,866
Quality Houses Plc.	Real estate business	Thai	24.86	24.86	3,252,802	3,252,802	4,126,857	4,177,830
Polar Property Holdings Corporation	Real estate business	Philippines	25.00	25.00	866,849	866,849	1,148,654	1,045,359
					<u>11,262,858</u>	<u>10,044,569</u>	<u>14,378,925</u>	<u>12,524,752</u>

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements					
			Shareholding percentage		Cost		Carrying amounts based on cost method	
			2011 (Percent)	2010 (Percent)	2011	2010	2011	2010
LH Financial Group Plc.	Holding company	Thai	35.43	40.95	4,254,008	2,447,320	4,254,008	2,447,320
Bangkok Chain Hospital Plc.	Hospital	Thai	-	25.06	-	588,399	-	588,399
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	21.16	179,178	179,178	179,178	179,178
Home Product Center Plc.	Trading of construction materials	Thai	30.07	30.24	1,175,060	1,175,060	1,175,060	1,175,060
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	2,000	2,000	2,000	2,000
Land and Houses Property Fund	Real estate business	Thai	49.94	49.94	20,692	20,692	20,692	20,692
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	1,512,269	1,512,269	1,512,269	1,512,269
Quality Houses Plc.	Real estate business	Thai	24.86	24.86	3,252,802	3,252,802	3,252,802	3,252,802
Polar Property Holdings Corporation	Real estate business	Philippines	25.00	25.00	866,849	866,849	866,849	866,849

11,262,858	10,044,569	11,262,858	10,044,569
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13.2 Share of income (loss) and dividend received

During the years, the Company has recognised its share of income (loss) from investments in associate companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

Company's name	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	Share of income (loss) from investments in associates during the years		Dividend received during the years	
	2011	2010	2011	2010
LH Financial Group Plc.	192,329	150,179	-	16,938
Bangkok Chain Hospital Plc.	29,886	178,115	-	119,396
Quality Construction Products Plc.	28,035	13,405	4,231	-
Home Product Center Plc.	605,421	502,253	49,816	200,322
Asia Asset Advisory Co., Ltd.	(77)	347	-	-
Land and Houses Property Fund*	-	-	-	-
Land and Houses Property and Loan Fund-II	39,108	43,461	125,326	24,159
Quality Houses Plc.	212,064	469,633	252,905	252,905
Polar Property Holdings Corporation	49,371	111,221	-	-
Total	1,156,137	1,468,614	432,278	613,720

* Registered its termination on 11 December 2007.

13.3 Fair values of investments in listed associates

In respect of investments in associated companies that are listed companies on the Stock Exchange, their fair values are as follows:

Company's name	Country of listing	(Unit: Million Baht)	
		Fair values as at 31 December	
		2011	2010
LH Financial Group Plc.	Thai	5,650	-
Bangkok Chain Hospital Plc.	Thai	-	2,645
Quality Construction Products Plc.	Thai	504	345
Home Product Center Plc.	Thai	19,303	11,582
Quality Houses Plc.	Thai	3,140	4,426

Polar Property Holdings Corporation	Philippines	2,034	4,554
Total		30,631	23,552

13.4 Summarised financial information of associates

- a) Financial information (after adjust the impact of using the different accounting policies) of the domestic associates is summaries below:

(Unit: Million Baht)

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues for the		Profit for the	
	as at 31 December		as at 31 December		as at 31 December		years ended		years ended	
	2011	2010	2011	2010	2011	2010	31 December		31 December	
LH Financial Group Plc.	11,472	5,516	81,189	62,223	67,877	56,083	3,545	2,424	537	367
Bangkok Chain Hospital Plc.	-	1,662	-	5,493	-	1,809	-	4,428	-	807
Quality Construction Products Plc.	400	400	1,794	1,796	353	454	1,553	1,203	133	63
Home Product Center Plc.	5,837	4,353	20,650	16,592	12,529	10,277	30,502	25,915	2,005	1,652
Asia Asset Advisory Co., Ltd.	5	5	37	33	34	16	86	78	-	1
Land and Houses Property and Loan Fund-II	3,021	3,021	2,557	2,724	35	30	238	254	78	87
Quality Houses Plc.	8,477	8,477	37,991	30,549	24,823	17,176	10,671	14,174	853	2,003

- b) Financial information of an overseas associate is summarised below:

(Unit: Million Peso)

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues for the		Profit for the	
	as at 30 September		as at 30 September		as at 30 September		nine-month periods		nine-month periods	
	2011	2010	2011	2010	2011	2010	ended 30 September		ended 30 September	
Polar Property Holdings Corporation	4,892	4,892	6,339	6,031	135	114	216	179	204	165

13.5 The Company's consolidated financial statements for the years ended 31 December 2011 and 2010 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 audited or not been audited as stipulated.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Investments under the equity method as at 31 December		Share of income (loss) from investments under the equity method for the years ended 31 December	
	2011	2010	2011	2010
Audited by auditor and another auditor of the same firm				
LH Financial Group Plc.	4,726,443	2,523,759	192,329	150,179
Home Product Center Plc.	2,777,661	2,245,291	605,421	502,253
Asia Asset Advisory Co., Ltd.	1,387	6,421	(77)	347
Land and Houses Property Fund ⁽¹⁾	32,402	32,402	-	-
Land and Houses Property and Loan Fund-II	1,260,648	1,346,866	39,108	43,461
Quality Houses Plc.	4,126,857	4,177,830	212,064	469,633
Audited by other auditors				
Bangkok Chain Hospital Plc.	-	862,856	29,886	178,115
Quality Construction Products Plc.	304,873	283,968	28,035	13,405
Unaudited by auditor				
Polar Property Holdings Corporation	1,148,655 ⁽²⁾	1,045,359 ⁽³⁾	49,371 ⁽²⁾	111,221 ⁽³⁾

⁽¹⁾ Registered its termination on 11 December 2007

⁽²⁾ Determined based on the financial statements for the nine-month period ended 30 September 2011 prepared by the management

⁽³⁾ Determined based on the financial statements for the nine-month period ended 30 September 2010 prepared by the management

Polar Property Holdings Corporation

During the year 2010, the Company did not receive the financial statements for the year ended 31 December 2010 of Polar Property Holdings Corporation. The value of investment of this associate accounted for under the equity method in the consolidated financial statements as at 31 December 2010, amounting to Baht 1,045 million and share of income from this associate accounted for under the equity method in the consolidated financial statements for the year then ended Baht 111 million were determined based on the financial statements for the nine-month period ended 30 September 2010 provided by that company's management, which were not reviewed by its auditor. In addition, the Company has not adjusted for the possible effect of application of different accounting policies.

During the current year, the Company received the audited financial statements for the year ended 31 December 2010 of Polar Property Holdings Corporation whose auditor expressed an unqualified opinion on those statements. In addition, the Company received the financial statements for the nine-month period ended 30 September 2011 of the aforesaid associate which were prepared by the management of such associate. The Company used such financial statements for the nine-month period ended 30 September 2011 to calculate share of income under the equity method for the purposes of the consolidated financial statements for the year ended 31 December 2011 because the deadline for submission of the financial statements of Polar Property Holdings Corporation to the Stock Exchange of Philippines is after the deadline for preparation of the consolidated financial statements of the Company. In addition, certain accounting policies of Polar Property Holdings Corporation differ from those of the Company's group. However, the management of the Company believes that the effect of the difference of accounting period and differences in accounting policies will not have a material impact on the consolidated financial statements of the Company.

13.6 LH Financial Group Public Company Limited

During the third quarter of the year 2010, the Company reviewed the recoverable amount of the investment in LH Financial Group Public Company Limited, presented at cost method in the Company's separate financial statement. In addition, during 2007 to 2009, such company had profit income from its operations and paid dividends to its shareholders. The management of the Company assessed that the indication of the impairment loss may no longer exist, the Company therefore reversed the Baht 345 million provision for impairment of investment, recognising it in the separate profit or loss for the year ended 31 December 2010.

In November 2010, LH Financial Group Public Company Limited allotted its new ordinary shares to be offered to its shareholders in a ratio of 4 new shares for every 5 existing shares, at a price of Baht 1 each. In February 2011, the Company subscribed 1,807 million new ordinary shares from this allotment or a total of Baht 1,807 million and made payment for such shares on 4 February 2011.

In May 2011, LH Financial Group Public Company Limited offered 1,443 million new ordinary shares with a par value of Baht 1 each through an Initial Public Offering (IPO), at a price of Baht 1.40 per share. The Company did not acquire additional shares of LH Financial Group Public Company Limited. Consequently, the percentage shareholding of the Company's in the associated company has decreased from 40.95 percent to 35.75 percent. The increase in share capital of such associate resulted in increasing the investment in associate accounted for under the equity method amounting to Baht 136 million, presented as other income in the consolidated profit or loss for the current year.

During the year 2011, the warrant holders of LH Financial Group Public Company Limited exercised their rights to convert 101 million warrants to 101 million ordinary shares. As a result, the Company's percentage shareholding in that company has changed from 35.75 percent to 35.43 percent.

13.7 Bangkok Chain Hospital Public Company Limited

On September 2010, the Company sold the investments in Bangkok Chain Hospital Public Company Limited totaling 61 million shares. The Company received net consideration from selling this investments totalling Baht 380 million. As the result, the Company's percentage shareholding in that company has changed from 28.73 percent to 25.06 percent. As a result, the Company has gain on sale of the investment as follows:

	(Unit: Thousand Baht)	
	For the year ended 31 December 2010	
	Consolidated	Separate
	financial statements	financial statements
Gain on sale of investments	280,789*	293,642

* Including a Baht 21 million from the transfer of share premium of associate to profit due to disposals of investments

In March 2011, the Company sold all investments in Bangkok Chain Hospital Public Company Limited totaling 416.6 million shares at a price of Baht 8.5 each. The Company received net consideration from selling this investments totaling Baht 3,501 million. As a result, the Company has gain on sale of the investment as follows:

(Unit: Thousand Baht)

	For the year ended 31 December 2011	
	Consolidated financial statements	Separate financial statements
Gain on sale of investments	2,765,536*	2,912,262

* Including a Baht 144 million from the transfer of share premium of associate to profit due to disposals of investments.

During the year 2011, the Company determined share of income from this associate from the beginning of this year until the disposal date of this investment amounting to Baht 29.9 million.

13.8 Quality Construction Products Public Company Limited

On 23 February 2010, the Company and major shareholders of Quality Construction Products Public Company Limited entered into purchase and sale agreements with SCG Building Materials Company Limited with respect to the sale of shares of Quality Construction Products Public Company Limited to SCG Building Materials Co., Ltd. (wholly owned at 100 percent by Siam Cement Public Company Limited). The Company agreed to sell of the 40,997,300 shares, which is equivalent to 10.25 percent of the issued shares of Quality Construction Products Public Company Limited at a price of Baht 4 each. The Company received net consideration from selling this investment a total of Baht 164 million. The settlement and share transfer was made on 24 February 2010. After the sale, the Company continues to hold 84,627,680 shares, or 21.16 percent of its issued shares. As a result, the Company has gain on sale of the investment as follows:

	(Unit: Thousand Baht)	
	For the year ended 31 December 2010	
	Consolidated financial statements	Separate financial statements
Gain on sale of investments	77,022*	77,187

* Including a Baht 44 million from the transfer of share premium of associate to profit due to disposals of investments.

In addition, on 2 March 2010, the Company entered into an agreement to purchase/sale of products with Quality Construction Products Public Company Limited, with a tenor of 3 years. Under the agreement, the Company agrees to purchase

autoclaved aerated concrete blocks from such company at the minimum volume and price as stipulated in the agreement.

13.9 Home Product Center Public Company Limited

During the year 2011, the warrant holders of Home Product Center Public Company Limited exercised their rights to convert warrants to 28.5 million ordinary shares. As a result, the Company's percentage shareholding in that company has changed from 30.24 percent to 30.07 percent.

On 5 April 2011, the Annual General Meeting of the shareholders of Home Product Center Public Company Limited, passed a resolution to approve payment of dividend to its shareholders, comprising a stock dividend at a rate of 1 dividend share for every 6 existing shares, or equivalent to Baht 0.1667 per share, and payment of a cash dividend of Baht 0.0193 per share. The Company received 219.4 million shares of stock dividend and Baht 25 million of cash dividend on 29 April 2011.

On 29 September 2011, the Extraordinary General Meeting of the shareholders of Home Product Center Public Company Limited, passed a resolution to approve payment of a stock dividend at a rate of 1 dividend share for every 7 existing shares, or equivalent to dividend payment of Baht 0.1429 per share. The Company received 219.4 million shares of stock dividend and Baht 24 million of cash dividend on 27 October 2011.

The Company recalculated the average cost of this investment, using the total shares held after receiving of stock dividend.

14. Other long-term investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2011	2010	2011	2010
Available-for-sale securities				
Equity securities	288,568	292,490	288,568	292,490
Less: Changes in fair value of securities	(45,801)	(19,012)	(45,801)	(19,012)
Available-for-sale securities - net	242,767	273,478	242,767	273,478
Other investments				
Equity securities	250,267	2,212,883	26,000	1,988,616
Less: Allowance for impairment	(37,064)	(1,377,671)	(16,000)	(1,356,607)
Other investment - net	213,203	835,212	10,000	632,009
Total	455,970	1,108,690	252,767	905,487

During the first quarter of 2011, the Company set up provision for impairment of investment in company incorporated in Indonesia totaling Baht 622 million because, the invested companies has had retained loss and low ability to generate profit. Such company needs much time to recover which depends on uncertainty factors in the future. Consequently, the Company set up the full provision for impairment of such investment during the first quarter of 2011.

In December 2011, the Company sold investments in ordinary share and preferred share of 5 companies incorporated in Indonesia. The Company received net consideration from selling this investments totaling Baht 347 million. As a result, the Company had gain on sale of investments amounting to Baht 347 million in the fourth quarter of the year 2011.

15. Land held for development

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Land held for development	5,257,608	5,426,514	4,050,734	4,047,157
Less: Allowance for impairment	(774,022)	(861,953)	(692,504)	(692,504)
Land held for development - net	<u>4,483,586</u>	<u>4,564,561</u>	<u>3,358,230</u>	<u>3,354,653</u>

During the year 2009, the Company hired an independent valuer to appraise the fair value of the Company and its subsidiaries' land held for development, using the Market Comparison Approach. The allowance for impairment of land held for development is recognised when the appraised value is less than the carrying amount.

As at 31 December 2011 and 2010, the Company and its subsidiaries have mortgaged land held for development to secure long-term loans with net book value as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Net book value of mortgaged land held for development to secure loans	945	1,313	-	290

During the year 2010, the Company transferred land held for development with net book value of Baht 115 million to inventories and received inventory with net book value of Baht 290 million to land held for development.

Movements in the allowance for impairment of land held for development during the year ended 31 December 2011 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2011	861,953	692,504
Increase due to additional set up	1,980	-
Decrease due to sales	(89,911)	-
Balance as at 31 December 2011	<u>774,022</u>	<u>692,504</u>

16. Investment properties

The net book value of investment properties, representing houses for rent of L&H Villa Sathon project, as at 31 December 2011 and 2010 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements	
	2011	2010
Cost	496,905	496,905
Less: Accumulated depreciation	(110,392)	(84,596)
Net book value	<u>386,513</u>	<u>412,309</u>

A reconciliation of the net book value of investment properties for the years 2011 and 2010 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements	
	2011	2010
Net book value at beginning of year	412,309	435,925
Depreciation charged	(25,796)	(23,616)
Net book value at end of year	<u>386,513</u>	<u>412,309</u>

As at 31 December 2011, the fair value of investment properties as determined based on valuations performed by an accredited independent valuer was Baht 644 million, which has been determined using the income approach. The main assumptions used in the valuation are yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates which has been determined based on rental information of tenants of the building. The aforementioned fair value included leasehold rights of land which has the net book value of Baht 160 million.

The subsidiary have pledged investment properties which have the net book value amounting to approximately Baht 387 million (2010: Baht 412 million) as collateral against credit facilities received from financial institutions.

17. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements									
	Land	Building and improvement	Office equipment	Furniture, fixture and equipment	Motor vehicles	Clubhouse, pool and tennis court	Other	Assets under construction	Total
<u>Cost</u>									
1 January 2010	26,997	63,363	113,003	374,693	52,022	700,071	168,959	25,034	1,524,142
Purchase	-	-	10,140	2,112	15,612	92,100	6,664	22,524	149,152
Disposal/Write-off	-	(1,223)	(593)	(13,876)	(3,123)	(86,788)	(2,800)	-	(108,403)
Transfer in (out)	-	6,738	60	20,461	-	1,354	3,582	(32,195)	-
31 December 2010	26,997	68,878	122,610	383,390	64,511	706,737	176,405	15,363	1,564,891
Purchase	-	1,346	33,463	76,738	16,885	116,047	81,184	33,976	359,639
Disposal/write-off	-	(8,187)	(3,529)	(5,710)	(16,420)	(34,563)	(20,883)	-	(89,292)
Transfer in (out)	-	1,175	1,946	11,150	-	-	(1,470)	(12,801)	-
31 December 2011	26,997	63,212	154,490	465,568	64,976	788,221	235,236	36,538	1,835,238
<u>Accumulated depreciation</u>									
1 January 2010	-	36,602	93,596	215,568	47,129	510,862	87,540	-	991,297
Depreciation for the year	-	5,650	10,345	67,425	3,190	82,504	24,928	-	194,042
Depreciation on disposal	-	(823)	(516)	(10,176)	(2,101)	(86,788)	(2,687)	-	(103,091)
31 December 2010	-	41,429	103,425	272,817	48,218	506,578	109,781	-	1,082,248
Depreciation for the year	-	3,302	12,572	60,731	6,342	85,356	27,520	-	195,823
Depreciation on disposal	-	(6,863)	(2,941)	(3,622)	(16,420)	(33,984)	(18,604)	-	(82,434)
31 December 2011	-	37,868	113,056	329,926	38,140	557,950	118,697	-	1,195,637
<u>Allowance for impairment</u>									
31 December 2010	-	1,178	-	-	-	-	-	-	1,178
31 December 2011	-	1,178	-	-	-	-	-	-	1,178
<u>Net book value</u>									
31 December 2010	26,997	26,271	19,185	110,573	16,293	200,159	66,624	15,363	481,465
31 December 2011	26,997	24,166	41,434	135,642	26,836	230,271	116,539	36,538	638,423
<u>Depreciation for the year</u>									
2010 (Baht 109 million included in cost of sales and cost of rental and services, and the balance in administrative expenses)									194,042
2011 (Baht 153 million included in cost of sales and cost of rental and services, and the balance in administrative expenses)									195,823

(Unit: Thousand Baht)

	Separate financial statements							
	Building and building improvement	Office equipment	Furniture, fixture and equipment	Motor vehicles	Clubhouse, pool and tennis court	Other	Assets under construction	Total
<u>Cost</u>								
1 January 2010	37,474	94,069	158,499	43,171	552,531	38,527	19,453	943,724
Purchase	-	8,683	347	14,756	89,320	5,327	17,086	135,519
Disposal/Write-off	(1,224)	(142)	(9,200)	(2,597)	(55,646)	(279)	-	(69,088)
Transfer in (out)	6,738	60	16,064	-	-	-	(22,862)	-
31 December 2010	42,988	102,670	165,710	55,330	586,205	43,575	13,677	1,010,155
Purchase	1,346	7,483	119	16,458	115,570	5,206	33,801	179,983
Disposal/write-off	-	(106)	(4,780)	(16,416)	(28,008)	(119)	-	(49,429)
Transfer in (out)	1,174	-	10,339	-	-	-	(11,513)	-
31 December 2011	45,508	110,047	171,388	55,372	673,767	48,662	35,965	1,140,709
<u>Accumulated depreciation</u>								
1 January 2010	18,019	80,604	108,081	39,528	383,640	31,524	-	661,396
Depreciation for the year	1,986	7,949	26,362	2,356	71,632	3,498	-	113,783
Depreciation on disposal	(823)	(128)	(6,178)	(1,578)	(55,646)	(199)	-	(64,552)
31 December 2010	19,182	88,425	128,265	40,306	399,626	34,823	-	710,627
Depreciation for the year	2,162	8,479	16,410	5,849	77,451	3,489	-	113,840
Depreciation on disposal	-	(83)	(2,637)	(16,416)	(28,008)	(63)	-	(47,207)
31 December 2011	21,344	96,821	142,038	29,739	449,069	38,249	-	777,260
<u>Net book value</u>								
31 December 2010	23,806	14,245	37,445	15,024	186,579	8,752	13,677	299,528
31 December 2011	24,164	13,226	29,350	25,633	224,698	10,413	35,965	363,449
<u>Depreciation for the year</u>								
2010 (Baht 72 million included in cost of sales, and the balance in administrative expenses)								113,783
2011 (Baht 77 million included in cost of sales, and the balance in administrative expenses)								113,840

As at 31 December 2011 and 2010, certain building and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation and allowance for impairment loss) of those assets as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Building and equipment items have been fully depreciated but are still in use	323	243	251	175

18. Leasehold rights

(Unit: Thousand Baht)

Project	Remaining useful life	Consolidated financial statements			31 December 2011
		31 December 2010	Increase	Amortisation	
Grande Centre Point Hotel & Residence	26.4 years	2,037,381	84	(90,663)	1,946,802
L&H Villa Sathon	26.6 years	166,029	-	(6,018)	160,011
Terminal 21 Shopping Mall and Grande Centre Point Hotel and Residence Sukhumvit - Terminal 21 (formerly known as "L&H Sukhumvit")	28.7 years	2,729,720	2,062,650	(29,025)	4,763,345
Vacant land	14.8 years	593	-	(37)	556
Total		<u>4,933,723</u>	<u>2,062,734</u>	<u>(125,743)</u>	<u>6,870,714</u>

The amortisation of leasehold rights for the year 2011 of Baht 126 million (2010: Baht 96 million) has been charged to cost of rental and services.

Leasehold rights of Grande Centre Point Hotel & Residence project included the value of premises thereon because a subsidiary has to transfer such premises located on the leasehold to the lessor when the construction of such premises completed, in accordance with the related agreement.

Two subsidiaries have pledged their land leasehold rights and land sub-leasehold rights with a total net book value as at 31 December 2011 of Baht 2,107 million (2010: Baht 2,203 million) as collateral for long-term loans.

During the year 2011, the subsidiary included borrowing costs in leasehold rights totaling Baht 112 million (2010: Baht 53 million) with the capitalisation rate of 5.4 percent (2010: 4.5 percent).

19. Deposit for purchase of land

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2011	2010
Deposit for purchase of land	282,450	282,450
Less: Allowance for impairment	(84,735)	(84,735)
Deposit for purchase of land - net	197,715	197,715

In 1992, the Company entered into an agreement to buy and to sell land and has already made full payment of Baht 283 million. As a condition of the agreement, ownership of the land is to be transferred after completion of some construction on the land, to be completed within 36 months from the agreement date. If the Company is unable to fulfill this condition, the seller can cancel the agreement and return 70 percent of the purchase price to the Company. However, the Company has not yet proceeded with such construction and has recorded allowance for impairment of deposit for purchase of land Baht 85 million (2010: Baht 85 million).

20. Other intangible assets

The net book value of intangible assets as at 31 December 2011 and 2010 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements	
	Right to the use of the connecting walkway	Computer software	Total	Computer software	Total
As at 31 December 2011					
Cost	81,408	39,448	120,856	19,317	19,317
Less: Accumulated amortisation	(849)	(14,127)	(14,976)	(12,923)	(12,923)
Net book value	80,559	25,321	105,880	6,394	6,394
As at 31 December 2010					
Cost	-	19,960	19,960	17,948	17,948
Less: Accumulated amortisation	-	(11,551)	(11,551)	(11,240)	(11,240)
Net book value	-	8,409	8,409	6,708	6,708

A reconciliation of the net book value of intangible assets for the years 2011 and 2010 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Net book value at beginning of year	8,409	8,193	6,708	7,926
Acquisition of computer software	19,488	1,985	1,369	424
Paid for the right to the use of the connecting walkway	81,408	-	-	-
Amortisation	(3,425)	(1,769)	(1,683)	(1,642)
Net book value at end of year	<u>105,880</u>	<u>8,409</u>	<u>6,394</u>	<u>6,708</u>

Right to the use of the connecting walkway

On 1 February 2011 L&H Property Company Limited, a subsidiary of the Company, entered into Connecting Walkway Agreement with the Bangkok Mass Transit System Public Company Limited whereas L&H Property Company Limited agrees to construct the connecting walkway between Bangkok Mass Transit System and Terminal 21 Shopping Mall and to pay for consideration for using such walkway to Bangkok Mass Transit System Public Company Limited. In this regard, L&H Property Company Limited obtains the right to the use of the connecting walkway for a period equal to the remaining concession period granted to Bangkok Mass Transit System Public Company Limited by Bangkok Metropolitan Administration. The connecting walkway under the agreement is a part of the Bangkok Mass Transit System.

21. Bank overdrafts and short-term loans

	(Unit: Thousand Baht)					
	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	2011	2010	2011	2010	2011	2010
<u>Bank overdrafts and short-term</u>						
<u>loans from financial institutions</u>						
Bank overdrafts	MOR	MOR	22,951	12,422	-	-
Promissory notes	-	2.3	-	500,000	-	500,000
Total bank overdrafts and short-term loans from financial institutions			<u>22,951</u>	<u>512,422</u>	<u>-</u>	<u>500,000</u>

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	2011	2010	2011	2010	2011	2010
Short-term borrowings						
Bills of exchange	3.4 - 4.05	1.81 - 2.3	4,463,000	2,725,000	4,463,000	2,725,000
Less: Prepaid interest			(34,932)	(19,836)	(34,932)	(19,836)
Total short-term borrowings			<u>4,428,068</u>	<u>2,705,164</u>	<u>4,428,068</u>	<u>2,705,164</u>

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

22. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Trade payables - unrelated parties	1,267,231	1,248,430	969,262	916,865
Trade payables - related parties	3,159	13,027	2,962	12,416
Other payables - related parties	22,353	13,625	5,017	2,381
Accrued expenses	546,854	547,966	467,164	464,845
Other	21,990	21,708	19,792	20,353
Total trade and other payables	<u>1,861,587</u>	<u>1,844,756</u>	<u>1,464,197</u>	<u>1,416,860</u>

23. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Long-term loans	10,014,290	7,614,046	5,923,000	4,670,260
Less: Current portion	(573,031)	(477,511)	-	(138,260)
Net	<u>9,441,259</u>	<u>7,136,535</u>	<u>5,923,000</u>	<u>4,532,000</u>

As at 31 December 2011 and 2010, long-term loans of the Company and its subsidiaries from domestic financial institutions are shown below:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Interest rate per annum	Principal repayments	Guaranteed by
	2011	2010	2011	2010			
<u>The Company</u>	700	700	700	700	Year 1-2 - 2.86% Thereafter - MLR - 1.5	Repayments within 4 years from the first drawdown date	Land and promises of project
	832	832	832	832	Year 1-2 - 2.83% Thereafter - MLR - 1.5	Repayment within 1 June 2014	Land and promises of project
	-	138	-	138	MLR - 1.5	Repayments within 3 years from the first drawdown date	Land and promises of project
	3,000	3,000	3,000	3,000	Year 1-3 - 5% Year 4 - 5 - MLR - 1	Repayments within 5 years whereas repayments at least Baht 1,000 million since the end of the third year	-
	1,391	-	1,391	-	Year 1-3 - 4% Year 4 - MLR-1.75%	Repayments within 4 years from the first drawdown date	Land of project
<u>Subsidiaries</u>							
L&H Property Co., Ltd.	943	1,104	-	-	Year 1-3 - MLR - 1.5 Thereafter - MLR - 1.0 or fixed deposit interest rate plus 2.5 percent per annum whichever is higher rate	Repayments within December 2017	Land leasehold of project which the bank granted the loan
	2,442	1,013	-	-	Year 1-4 MLR - 1.5% Year 5-8 - MLR - 1.0% Thereafter - MLR - 0.75%	Repayments within 12 years for the first draw down date commencing from January 2013	Letter of comfort ^(a)
L&H Sathon Co., Ltd.	273	309	-	-	Year 1-3 - MLR - 1.5 Thereafter - MLR - 1.0 or fixed deposit interest rate plus 2.5 percent per annum whichever is higher rate	Repayments within December 2017	Land sub-leasehold of project which the bank granted the loan Guaranteed by L&H Property Co., Ltd. covering Baht 390 million
L H Muang Mai Co., Ltd.	214	277	-	-	MLR - 1.5	60 percent of proceeds from sale of land and premises whereas the total loan have to be repaid within 5 years from the first drawdown	Land and promises of project
Double Tree Co., Ltd.	219	241	-	-	Year 1 - MLR - 1.5 Year 2 - 4 - MLR - 1 Year 5 - MLR - 1.25	70 percent of proceeds from sale of land	Land of project Ordinary shares of the company and the related company
Total	10,014	7,614	5,923	4,670			
Less: Current portion	(573)	(477)	-	(138)			
Net	9,441	7,137	5,923	4,532			

a) The Company and Reco Resorts Pte Ltd., as shareholders of L&H Property Company Limited, agreed to provide assurance to the lender of L&H Property Company Limited which is a subsidiary, whereby there are certain covenants pertaining to, among other things, the maintenance of its level of shareholding in the subsidiary, the provision of financial support to the subsidiary as may be required to ensure that the subsidiary is able to meet its payment obligations under this facility. In addition, the Company needs to obtain the written consent from the lender should the Company sells, transfers or pledges the shares of such subsidiary.

Most loan agreements contain certain covenants and restrictions imposed by the lenders regarding, the proportion of shareholding of the major shareholders, changes in management, guarantees to loans or aval to promissory notes of any other persons or other companies, dividend payments, merger or consolidation with any other companies, the maintenance of certain financial ratios and formal reporting when the Company has a legal case which may affect its ability to repay loan.

As at 31 December 2011 and 2010, there were available long-term loan facilities from financial institutions as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Undrawdown loan facilities	1,038	4,976	-	2,456

In addition, as at 31 December 2011, a subsidiary has available long-term loan facilities from shareholder, except for facilities from the Company, totally Baht 260 million (2010: Baht 480 million).

24. Debentures

Details of approval to issue the debenture during the year 2011 are as follows:

Approved by	The Annual General Meeting of the Company's shareholders held on 26 April 2011
Amount	Revolving amount of Baht 20,000 million or the equivalent in any other currency
Term	Maximum terms of 10 years
Type	Any types of debentures such as unsubordinated and/or subordinated, unsecured and/or secured, with and/or without debentureholder representation
Method of issuance	To be issued in Thailand and/or offshore

As at 31 December 2011, the Company has unissued debentures under the above mentioned approval totalling Baht 8,500 million.

The outstanding balance of debentures as at 31 December 2011 and 2010 are detailed below.

No.	Interest rate per annum	Age	Repayment	Maturity	Consolidated and Separate financial statements			
					Number of debenture (shares)		Amount (Thousand Baht)	
					2011	2010	2011	2010
<u>Unsubordinated and unsecured debentures</u>								
No. 1/2007	Fixed rate 4.60%	4 years	At maturity	13 September 2011	-	2,000,000	-	2,000,000
No. 1/2008	Fixed rate 5.33% for 1st - 2nd year and fixed rate 6.5% for 3rd - 4th year	4 years	At maturity	24 July 2012	3,000,000	3,000,000	3,000,000	3,000,000
No. 1/2009	Fixed rate 4.5%	5.5 years	At maturity	19 June 2015	2,000,000	2,000,000	2,000,000	2,000,000
No. 1/2010	Fixed rate 3.4%	3.5 years	At maturity	30 September 2013	1,000,000	1,000,000	1,000,000	1,000,000
No. 2/2010	Fixed rate 3%	3 years	At maturity	29 March 2013	2,000,000	2,000,000	2,000,000	2,000,000
No. 3/2010	Fixed rate 2.89%	3 years	At maturity	27 July 2013	1,000,000	1,000,000	1,000,000	1,000,000
No. 1/2011	Fixed rate 3.54%	3 years	At maturity	20 January 2014	2,500,000	-	2,500,000	-
Total					<u>11,500,000</u>	<u>11,000,000</u>	<u>11,500,000</u>	<u>11,000,000</u>
Less: Current portion of debentures							<u>(3,000,000)</u>	<u>(2,000,000)</u>
Net							<u><u>8,500,000</u></u>	<u><u>9,000,000</u></u>

Movements in the debentures during the year ended 31 December 2011 are summarised below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements
Balance as at 1 January 2011	11,000,000
Add: Issue of new debentures	2,500,000
Less: Redemption	<u>(2,000,000)</u>
Balance as at 31 December 2011	<u><u>11,500,000</u></u>

Prospectus contains certain covenants and restrictions regarding the maintenance of certain financial ratios, dividend payments and formal reporting when the significant events occurred such as a legal case.

25. Provisions

(Unit: Thousand Baht)

	Consolidated financial statements					
	Short-term provision			Long-term provision		
	Provision for after-sale maintenance expenses	Legal case	Total	Provision for public utilities maintenance	Compensation for Housing Estate Juristic Persons	Total
As at 1 January 2011	30,321	35,582	65,903	132,576	125,795	258,371
Increase during the year	43,686	987	44,673	28,035	44,285	72,320
Utilised	(31,297)	-	(31,297)	(13,533)	(5,404)	(18,937)
As at 31 December 2011	42,710	36,569	79,279	147,078	164,676	311,754

(Unit: Thousand Baht)

	Separate financial statements					
	Short-term provision			Long-term provision		
	Provision for after-sale maintenance expenses	Legal case	Total	Provision for public utilities maintenance	Compensation for Housing Estate Juristic Persons	Total
As at 1 January 2011	24,110	35,582	59,692	121,124	117,358	238,482
Increase during the year	39,263	987	40,250	25,632	42,720	68,352
Utilised	(25,398)	-	(25,398)	(13,533)	(5,404)	(18,937)
As at 31 December 2011	37,975	36,569	74,544	133,223	154,674	287,897

26. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2011, which is compensations on employees' retirement, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Cumulative effect of change in accounting policy for employee benefits adjusted against beginning balance of retained earnings (Note 5)	120,256	116,132
Current service cost	7,932	6,757
Interest cost	5,503	5,342
Benefits paid during the year	(2,040)	(2,040)
Balance at end of year	131,651	126,191

Long-term employee benefit expenses included in the consolidated profit or loss for the year ended 31 December 2011 amounted to Baht 13 million (The Company only: Baht 12 million).

Principal actuarial assumptions at the valuation date were as follows:

(Unit: percent per annum)

	Consolidated financial statements	Separate financial statements
Discount rate	3.7 - 4.7	4.6
Future salary increase rate (depending on age)	6.0 - 6.5	6.5
Staff turnover rate	0 - 20	0 - 20

27. Revaluation surplus (deficit) in investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Associated companies' investments	102,355	5,820	-	-
Company's investments	(45,801)	(19,012)	(45,801)	(19,012)
Total	<u>56,554</u>	<u>(13,192)</u>	<u>(45,801)</u>	<u>(19,012)</u>

During the year 2011, movement of revaluation surplus (deficit) in investments are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2011	(13,192)	(19,012)
Changes during the year due to		
- revaluation	(26,789)	(26,789)
- equity method	96,535	-
Balance as at 31 December 2011	<u>56,554</u>	<u>(45,801)</u>

28. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

29. Gain on investments

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Realised gain from decrease capital of subsidiary (Note 12.3)	-	-	-	33,000
Realised gain from sale of investments in associates (Note 13)	2,765,536	357,811	2,912,262	370,829
Realised loss from sale of other investments (Note 14)	(275,235)	-	(275,235)	-
Total	<u>2,490,301</u>	<u>357,811</u>	<u>2,637,027</u>	<u>403,829</u>

During the years, the Company received net proceeds from sale of investments classified by their types as follows:

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	2011	2010
Associates	3,500,660	543,789
Other investments	346,774	-

30. Provident fund

The Company and its employees and the subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, its subsidiaries and employees of each company contribute to the fund monthly at the rate of 3-5 percent of basic salaries. The fund, which is managed by TISCO Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the years, the Company and its subsidiaries contributed to the provident fund as follows:

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements

	2011	2010	2011	2010
Contribution to provident fund	20	17	20	17

31. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Purchase of land and land held for development and payment of construction in progress	16,014,976	14,460,482	15,237,882	13,394,444
Changes in land, constructions in progress and land held for development	(4,352,402)	(4,237,367)	(4,756,755)	(4,232,578)
Salary and wages and other employee benefits	753,021	601,227	683,440	561,634
Depreciation and amortisation expenses	350,788	316,842	115,523	116,401
Loss on impairment of investment in subsidiary	-	-	-	25,000
Loss on impairment of projects	13,824	6,035	-	-
Loss from impairment of land held for development	1,980	29,960	-	-
Loss from impairment of other assets	-	84	-	-
Rental expenses from operating lease agreements	68,287	55,009	47,204	42,661
Expenses related to flood	211,097	-	166,969	-

In October 2011 and November 2011, there was severe flooding in Nonthaburi, Pathumthani, Nakhonphatom and Bangkok. Some project locations of the Company and its subsidiaries were inundated, forcing the Company and its subsidiaries to temporarily cease construction. Due to such event, certain houses and public utilities of the Company and its subsidiaries were damaged and have been repaired. Expenses related to such repairs of project which already sold and flood protection, including flood assistance grants provided to residents in the project locations and employees of the Company and its subsidiaries, are recorded as expenses in the consolidated profit or loss for the year 2011 totalling Baht 211 million (The Company only: Baht 167 million.)

32. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Profit for the year (Thousand Baht)	5,608,560	3,971,162	5,159,670	3,244,733

Weighted average number of ordinary shares (Thousand shares)	10,025,922	10,025,922	10,025,922	10,025,922
Earnings per share (Baht/share)	0.56	0.40	0.51	0.32

33. Financial information by segment

The Company and its subsidiaries' main business is a real estate developer, which consist of land and house projects, residential condominium projects, service apartment for rent and shopping mall for rent. The Company and its subsidiaries have only one geographical segment because they operate only in Thailand.

The Company and its subsidiaries' financial information by segment of real estate business and rental and service business in the consolidated financial statements as of and for the years ended 31 December 2011 and 2010 are as follows:

(Unit: Million Baht)

	Real estate business		Rental and service business		Elimination of inter-segment revenues		Consolidation	
	2011	2010	2011	2010	2011	2010	2011	2010
Revenues from external customers	18,748	16,708	649	350	-	-	19,397	17,058
Inter-segment revenues	-	-	4	-	(4)	-	-	-
Total revenues	18,748	16,708	653	350	(4)	-	19,397	17,058
Loss from impairment	(16)	(36)	-	-	-	-	(16)	(36)
Segment income (loss)	3,433	3,534	(95)	(89)	-	-	3,338	3,445
Unallocated income (expenses):								
Interest income							22	7
Other income							94	55
Gain from investments							2,490	358
Gain from change in shareholders' equity of an associate							136	-
Share of income from investment in associates							1,156	1,469
Other expenses							-	(4)
Finance cost							(310)	(258)
Corporate income tax							(1,399)	(1,196)
Non-controlling interests of the subsidiaries							82	95
Profit for the year							5,609	3,971
Land and construction in progress	31,472	27,054	-	-	-	-	31,472	27,054
Land held for development	4,484	4,565	-	-	-	-	4,484	4,565
Investment properties	-	-	387	412	-	-	387	412
Property, plant and equipment	375	320	263	161	-	-	638	481
Leasehold rights	1	1	6,870	4,933	-	-	6,871	4,934

Unallocated assets	16,981	17,158
Total assets	<u>60,833</u>	<u>54,604</u>

Transfer prices between business segments are as set out in Note 8.

34. Dividend

Dividends	Approved by	Approved dividend per share	Interim dividend per share	Additional dividend paid per share	Total dividend paid	Portion belonging to shareholders	
						not entitled to dividend	Net dividend paid
		(Baht)	(Baht)	(Baht)	(Million Baht)	(Million Baht)	(Million Baht)
Final dividend for 2009	Annual General Meeting of the shareholders on 28 April 2010	0.34	0.24	0.10	1,003	8	995
Interim dividend for 2010	Board of Director's meeting on 11 August 2010	0.16	-	0.16	1,604	14	1,590
Total							<u>2,585</u>
Final dividend for 2010	Annual General Meeting of the shareholders on 26 April 2011	0.34	0.16	0.18	1,805	12	1,793
Interim dividend for 2011	Board of Director's meeting on 10 August 2011	0.17	-	0.17	1,704	10	1,694
Total							<u>3,487</u>

35. Commitments and contingent liabilities

35.1 Commitments

35.1.1 As at 31 December 2011 and 2010, the Company and its subsidiaries have commitments under construction contracts as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2011	2010	2011	2010
Commitments under construction contracts	1,744	3,639	1,690	2,543

35.1.2 As at 31 December 2011, 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	From 1 June 2008, the following rental is to be paid in monthly installments 1st - 5th year, total rental payment of Baht 33.15 million (already paid Baht 22.97 million). 6th - 10th year, total rental payment of Baht 42.31 million 11th - 15th year, total rental payment of Baht 54.00 million

16th - 20th year, total rental payment of Baht 68.92 million
 21th - 25th year, total rental payment of Baht 87.97 million
 26th - 30th year, total rental payment of Baht 112.27 million

* The agreement runs from 1 June 2008 (3 years after the period of construction).

In addition, as at 31 December 2011 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.

b) Land sub-lease agreement

Agreement date	Agreement period	Maturity date	Rental rate
28 July 2005	33 years	28 July 2038	1st - 3rd year, Baht 3.00 million (already paid) 4th - 8th year, total rental of Baht 25.00 million (already paid Baht 20.00 million) 9th - 13th year, total rental of Baht 30.00 million 14th - 18th year, total rental of Baht 36.00 million 19th - 23rd year, total rental of Baht 43.20 million 24th - 28th year, total rental of Baht 51.84 million 29th - 33rd year, total rental of Baht 62.21 million

c) Land lease agreement

Agreement date	Agreement period	Rental rate
10 March 2006	30 years*	Land leasing fee is to be monthly paid as follows: 1st - 5th year, total rental of Baht 20.16 million (already paid Baht 5.38 million) 6th - 10th year, total rental of Baht 23.18 million 11th - 15th year, total rental of Baht 26.66 million 16th - 20th year, total rental of Baht 30.66 million 21st - 25th year, total rental of Baht 35.25 million 26th - 30th year, total rental of Baht 40.54 million

* The agreement runs from 1 September 2010 to 31 August 2040.

35.1.3 As at 31 December 2011, the Company had outstanding commitment of Baht 90 million in respect of uncalled portion of investments in L&H Property Company Limited.

35.1.4 As at 31 December 2011, L&H Property Company Limited and its subsidiary are committed to pay Asia Asset Advisory Company Limited, which is an associate of the Company. However, at current the management fees for the year 2012 is in the process of negotiation.

35.1.5 As at 31 December 2011, L&H Property Company Limited are committed to pay Quality House Public Company Limited, which is an associate company of the Company, consultant fee totalling Baht 1 million.

35.1.6 As 31 December 2011, L&H Property Company Limited is committed to pay project management fees to the following associates.

Associates	Service fee rates	Term
Quality Houses Public Company Limited	2% of total revenue plus additional 5.5% of operating income Baht 100,000 per month of software service Project management fee charged at actual cost plus 15 percent	3 years commencing from 1 October 2010
Q.H. International Co., Ltd.	Baht 80,500 per month of project management fee Baht 75,000 per month of accounting, financing and software service Baht 53,500 per month of personnel management fee	2 years commencing from 1 January 2011

35.1.7 As at 31 December 2011, L&H Property Company Limited is committed to pay Siam Retail Development Company Limited, which is a related company of the Company, commissions for finding lessees for Terminal 21 Shopping Mall, as per the conditions specified in the relevant agreement.

35.1.8 As at 31 December 2011, 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 Sathon Project, as per the conditions specified in the relevant agreement.

35.1.9 As at 31 December 2011 and 2010, the Company has commitment related to purchase of land as follows.

(Unit: Million Baht)

	Consolidated and Separate financial statements	
	2011	2010
Commitment to purchase of land	69	2,118

35.1.10 Obligation and commitment to complete projects on hand

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Number of projects on hand at beginning of year	45	45	39	39
Number of closed projects during year	(9)	(11)	(8)	(10)
Number of new projects during year	17	11	15	10
Number of projects on hand at end of year	53	45	46	39
Accumulative value of sales already				
contracted (Million Baht)	74,250	79,232	61,887	64,807
As percentage of total sales of projects on hand	63	68	59	65
Value of sales already contracted	18,433	16,384	16,824	14,479
during year (Million Baht)				
As percentage of total sales of projects on hand	16	14	16	15
Commitments in respect of the installation of central utilities of projects on hand (Million Baht)	1,122	927	1,100	875

35.1.11 As at 31 December 2011, the subsidiaries have servitude over land of approximately 90 rai of which the cost is included in the cost of projects.

35.1.12 Operating lease commitments

The Company has entered into lease agreements and service agreements in respect of the lease of office building space. The terms of the agreements are 3 years.

As at 31 December 2011, the future minimum lease payments and services fee payments required under these non-cancellable contracts were as follows.

Consolidated and Separate financial statements	
Payable within	Million Baht
Less than 1 year	33
1 to 5 years	60

35.2 Bank guarantees

As at 31 December 2011 and 2010, there were the following 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.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Letter of guarantee for arrangement and maintenance of public utilities	1,543	1,727	1,442	1,526
Letter of guarantee for electricity usage	55	37	41	23
Other letter of guarantees	22	22	22	22
	<u>1,620</u>	<u>1,786</u>	<u>1,505</u>	<u>1,571</u>

35.3 Guarantees

35.3.1 As at 31 December 2011 and 2010, the Company and its subsidiaries have the following obligations in respect of guarantees.

(Unit: Million Baht)

Guarantor	Guarantee	2011	2010
Land and Houses Plc.	Customers	<u>7</u>	<u>1</u>
L&H Property Co., Ltd.	L&H Sathon Co., Ltd.	<u>390</u>	<u>390</u>

35.3.2 The Company has contingent liabilities to a bank in relation to the financial support in form of issuance of a letter of comfort to provide to a subsidiary company for loan obtained for development of the subsidiary's project. As at 31 December 2011, the subsidiary has outstanding loans related to guarantee portion of the Company as specified in the letter of comfort amounting to Baht 1,465 million.

35.4 Litigation

The Company and its subsidiaries

As at 31 December 2011, the following significant lawsuits had been filed against the Company and its subsidiaries.

- a) In 2006, two housing estate juristic persons filed a lawsuit against the Company and a subsidiary for claim of Baht 1,013 million in relation to access to public thoroughfares. In June 2009, the plaintiffs requested to reduce the claim amount to Baht 800 million. In addition, in February 2009, the Company was additionally sued for the claim amounting to Baht 412 million in accordance with the Land Allocation Act and Customer Protect Act. Currently, the case is being considered by the court. The Company has set aside a provision of Baht 25 million for liabilities arising as a result of these cases.
- b) The Company and its subsidiaries have been sued for a total of approximately Baht 68 million. 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 12 million. The Company has set aside provision of Baht 12 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. On 27 February 2008, the Appeal Court dismissed the lawsuit. As at 31 December 2011, the case is being heard by the Supreme 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 in a civil case, related to illegal encroachment on land in order to provide a thoroughfare to Soi Sukhumvit 55. On 18 July 2006, the South Bangkok Civil Court dismissed such lawsuit. Subsequently, the plaintiff appealed the decision and the Appeal Court found in accordance with the Court of First Instance on 20 April 2010. Currently, the lawsuit is in the process of the Supreme Court’s consideration. However, the Fund’s legal advisor believes that the outcome of the case will not adversely affect the Fund because the land under dispute is on a public road and the plaintiff therefore has no right to sue the Fund or to claim damages.
- c) Land and Houses Property and Loan Fund-II (“the Fund”) has sued been by a condominium estate juristic person seeking compensation of Baht 51.6 million for damage to common areas, plus interest at the rate of 7.5 percent per annum calculated from the day following the date of filing of the case. On 8 November 2010, the South Bangkok Civil Court dismissed such lawsuit. Currently, the case is in process of the Appeal Court’s consideration. However, the Fund’s legal advisor believes that the outcome of the case will not adversely affect the Fund.

36. Financial instruments

36.1 Financial risk management

The Company and its subsidiaries’ financial instruments, as defined under Thai Accounting Standard No. 107 “Financial Instruments: Disclosure and Presentations”, principally comprise cash and cash equivalents, trade and other receivables, short-term loans, trade and other payables, loans and debentures. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables and short-term loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and short-term loans to as stated in the statements of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its deposit at financial institutions, bank overdrafts, loans and debentures which bearing of interest. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2011 and 2010 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

Consolidated financial statements								
As at 31 December 2011								
Fixed interest rates								
At call	Within 1 year	1 - 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Interest rate	
(Million Baht)								(% p.a.)
Financial assets								
Cash and cash equivalents	260	204	-	-	352	383	1,199	0.25 - 3.0
Trade and other receivables	-	-	-	-	-	105	105	-
Financial liabilities								
Bank overdrafts and short-term loans from financial institutions	-	-	-	-	23	-	23	MOR
Trade and other payables	-	-	-	-	-	1,862	1,862	-
Short-term loans from related parties	39	-	-	-	620	-	659	7.0 - 7.5, MLR - 1.5
Short-term borrowings	-	4,428	-	-	-	-	4,428	3.4 - 4.05
Long-term loans	-	-	5,923	-	4,091	-	10,014	As specified in Note 23
Debentures	-	3,000	8,500	-	-	-	11,500	As specified in Note 24
Separate financial statements								
As at 31 December 2011								
Fixed interest rates								
At call	Within 1 year	1 - 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Interest rate	
(Million Baht)								(% p.a.)
Financial assets								
Cash and cash equivalents	260	-	-	-	266	357	883	0.50 - 3.0
Trade and other receivables	-	-	-	-	-	32	32	-
Short-term loans to related parties	52	-	-	-	931	-	983	MLR-1.5 and 7-7.5
Financial liabilities								
Trade and other payables	-	-	-	-	-	1,464	1,464	-
Short-term borrowings	-	4,428	-	-	-	-	4,428	3.4 - 4.05
Long-term loans	-	-	5,923	-	-	-	5,923	As specified in Note 23
Debentures	-	3,000	8,500	-	-	-	11,500	As specified in Note 24

Consolidated financial statements							
As at 31 December 2010							
Fixed interest rates							
At call	Within		Over	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	1 year	1 - 5years	5years				
(Million Baht)							
<u>Financial assets</u>							
Cash and cash equivalents	-	1,134	-	520	477	2,131	0.25 - 1.91
Trade and other receivables	-	-	-	-	49	49	-
<u>Financial liabilities</u>							
Bank overdrafts and short-term loans from financial institutions	-	500	-	12	-	512	2.3, MOR
Trade and other payables	-	-	-	-	1,845	1,845	-
Short-term loans from related parties	440	-	-	-	-	440	MLR-1.5 and 7 - 7.5
Short-term borrowings	-	2,705	-	-	-	2,705	1.81 - 2.3
Long-term loans	-	-	4,532	3,082	-	7,614	As specified in Note 23
Debentures	-	2,000	9,000	-	-	11,000	As specified in Note 24
Separate financial statements							
As at 31 December 2010							
Fixed interest rates							
At call	Within		Over	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	1 year	1 - 5years	5years				
(Million Baht)							
<u>Financial assets</u>							
Cash and cash equivalents	-	1,100	-	448	322	1,870	0.25 - 1.91
Trade and other receivables	-	-	-	-	33	33	-
Short-term loans to related parties	69	-	-	601	-	670	MLR-1.5 and 5-7.5
<u>Financial liabilities</u>							
Bank overdrafts and short-term loans from financial institutions	-	500	-	-	-	500	2.3
Trade and other payables	-	-	-	-	1,417	1,417	-
Short-term loans from related parties	120	-	-	-	-	120	3.00
Short-term borrowings	-	2,705	-	-	-	2,705	1.81 - 2.3
Long-term loans	-	-	4,532	138	-	4,670	As specified in Note 23
Debentures	-	2,000	9,000	-	-	11,000	As specified in Note 24

Foreign currency risk

The Company exposure to foreign currency risk arises mainly from investment transactions that are denominated in foreign currencies. The Company has no forward contracts to reduce the exposure.

The balances of financial assets denominated in foreign currencies as at 31 December 2011 and 2010 are summarised below:

Foreign currency	Consolidated and Separate financial statements			
	Financial assets		Average exchange rate as at 31 December	
	2011 (Million)	2010 (Million)	2011 (Baht per 1 foreign currency unit)	2010
Philippines Peso	1,223	1,223	0.72315	0.68825
Indonesia Rupiah	-	345,956	-	3.3615 (per 1,000 Rupiah)

36.2 Fair values of financial instruments

The estimated fair values of financial instruments as at 31 December 2011 and 2010, in comparison with the related amounts carried, are as follows:

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	Carrying amount		Fair value		Carrying amount		Fair value	
	2011	2010	2011	2010	2011	2010	2011	2010
<u>Financial assets</u>								
Cash and cash equivalents	1,199	2,131	1,199	2,131	883	1,870	883	1,870
Trade and other receivables	105	49	105	49	32	33	32	33
Short-term loans to related parties	-	-	-	-	983	670	983	670
<u>Financial liabilities</u>								
Bank overdrafts and short-term loans from financial institutions	23	512	23	512	-	500	-	500
Trade and other payables	1,862	1,845	1,862	1,845	1,464	1,417	1,464	1,417
Short-term loans from related parties	659	440	659	440	-	120	-	120
Short-term borrowings	4,428	2,705	4,428	2,705	4,428	2,705	4,428	2,705
Long-term loans	10,014	7,614	9,895	7,444	5,923	4,670	5,804	4,500
Debentures	11,500	11,000	10,877	10,162	11,500	11,000	10,877	10,162

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and deposit at financial institutions, accounts receivables and accounts payables, their carrying amounts in the statements of financial position approximate their fair values.

- b) For fixed rate debentures and long-term loans, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- c) For loans carrying interest approximate to the market rate, their carrying amounts in the statements of financial position approximates their fair values.

37. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2011, the Group's debt-to-equity ratio was 1:1 (2010: 0.91:1) and the Company's was 0.94:1 (2010: 0.89:1).

38. Events after reporting period

38.1 L&H Property Company Limited, a subsidiary, established 2 new subsidiaries as following details:

1. L&H Retail Management Co., Ltd. was established on 30 January 2012 which a registered capital of 100,000 Baht consisting of 10,000 ordinary shares with a par value 10 Baht each. L&H Property Company Limited holds 100 percent of share ownership. The new subsidiary will operate the retail management business.
2. L&H Hotel Management Co., Ltd. was established on 7 February 2012 which a registered capital of 100,000 Baht consisting of 10,000 ordinary shares with a par value 10 Baht each. L&H Property Company Limited holds 100 percent of share ownership. The new subsidiary will operate the hotel management business.

38.2 On 28 February 2012, the meeting of the Company's Board of Directors approved to set up a property fund whereby the Company is a co-sponsor with a major shareholder of the Company. The Company and the major shareholder of the Company individually holds 15 percent of shareholding in the new property fund and the remaining of 70 percent will be held by the general investors. The new property fund will purchase a project of L&H Villa Sathon from a subsidiary and purchase certain projects of Land and Houses Property and Loan Fund-II, an associate company. In addition, the Company and the major shareholder of the Company will guarantee profit of the new property fund whereby they will guarantee the different amount of Baht 179.88 million for the year 2012 and Baht 243.16 million per year for the year 2013-2015 between the the actual profit. The Company and the major shareholder will guarantee at the portion of 52 percent and 48 percent respectively.

38.3 On 28 February 2012, the Board of Director's meeting of L&H Sathon Company Limited, a subsidiary, approved to sell L&H Villa Sathon Project to the new property fund which is in the process of setting up at a total price of Baht 628 million.

38.4 On 28 February 2012, the meeting of the Investment Committee of Land and Houses Property and Loan Fund-II, an associate, approved to sell certain projects to the new property which is in the process of setting up at a total price of Baht 2,661 million.

39. Reclassification

To comply with the Notification of the Department of Business Development relating to the financial statement presentation as described in Note 2.1 and as the result of the adoption of revised and new accounting standards as described in Note 3, certain amounts in the financial statements for the year ended 31 December 2010 have been reclassified to conform to the current year's classification, without any effect to the previously reported profit or shareholders' equity.

The reclassifications are as follows:

(Unit: Thousand Baht)

	As at 31 December 2010			
	Consolidated financial statements		Separate financial statements	
	As previously		As previously	
	As reclassified	reported	As reclassified	reported
Statements of financial position				
Trade accounts receivable - net	-	18,315	-	-
Trade and other receivables	49,039	-	33,035	-
Amount due from and accounts receivables - related parties	-	103	-	4,001
Withholding tax deducted at source	-	6,665	-	-
Other current assets	71,893	95,850	51,636	80,670
Investment properties - net	412,309	-	-	-
Property, plant and equipment - net	481,465	3,178,867	299,528	306,236
Leasehold rights - net	4,933,723	2,657,039	-	-
Deposit to related company	-	8,533	-	8,533
Other intangible assets	8,409	-	6,708	-
Other non-current assets	32,466	23,933	30,027	21,495
Bank overdrafts and short-term loans from financial institutions	512,422	3,217,586	500,000	3,205,164
Trade accounts payables	-	1,252,852	-	916,865
Trade accounts payables - related parties	-	13,027	-	12,416
Amount due to related parties	-	13,625	-	2,381
Trade and other payables	1,844,757	-	1,416,860	-

Accrued expenses	-	543,544	-	464,845
Other current liabilities	89,943	111,651	66,764	87,117

(Unit: Thousand Baht)

	As at 31 December 2010			
	Consolidated financial statements		Separate financial statements	
	As previously		As previously	
	As reclassified	reported	As reclassified	reported
Short-term borrowings	2,705,164	-	2,705,164	-
Premium on share capital of associates	-	235,466	-	-
Revaluation deficit in investments	-	(13,192)	-	(19,012)
Translation adjustment	-	(21,920)	-	-
Other components of shareholders' equity	200,354	-	(19,012)	-

(Unit: Thousand Baht)

	For the year ended 31 December 2010			
	Consolidated financial statements		Separate financial statements	
	As previously		As previously	
	As reclassified	reported	As reclassified	reported
Income statements				
Administrative expenses	1,169,973	1,106,101	972,635	908,763
Management benefit expenses	-	63,872	-	63,872

40. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2012.