

Land and Houses Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month and six-month periods ended 30 June 2012 and 2011

1. General information

1.1 Corporation 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.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2009) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.3 Basis of consolidation

These consolidated interim financial statements are prepared by applying the same basis as that applied for the preparation of the consolidated financial statements for the year ended 31 December 2011, with there being no changes in the structure of shareholding in subsidiaries during the period.

1.4 New accounting standard issued during the year not yet effective

During the period, the Federation of Accounting Professions issued the financial reporting standard No. 8 "Operating Segments" that is effective for fiscal years beginning on or after 1 January 2013.

The Company's management believes that the above accounting standard will not have any significant impact on the financial statements for the year when it is initially applied.

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2011.

2. Related party transactions

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

Name of related parties	Relationship
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 L H Muang Mai Co., Ltd.)
Double Tree 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.)
L&H Retail Management Co., Ltd.	Subsidiary (99.99 percent held by L&H Property Co., Ltd.)
L&H Hotel Management Co., Ltd.	Subsidiary (99.99 percent held by L&H Property Co., Ltd.)
LH Financial Group Plc.	Associate

(Unaudited but reviewed)

<u>Name of related parties</u>	<u>Relationship</u>
Land and Houses Bank Plc.	Associate (99.99 percent held by LH Financial Group Plc.)
Land and Houses Fund Management Co., Ltd.	Associate (99.99 percent held by Land and Houses Bank 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	Associate of Quality Houses Plc.
Starmalls, Inc. (formerly known as "Polar Property Holdings Corporation")	Note 6.2
Muang Mai Property Co., Ltd.	Shareholder of subsidiary
Reco Resorts Pte Ltd.	Shareholder of subsidiary
Siam Retail Development Co., Ltd.	Common shareholder
Land and Houses Freedhold and Leasehold Property Fund	Common shareholder

During the periods, 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.

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2012	2011	2012	2011	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	12.4	10.8	MLR - 1.5% and 5.00 - 7.50% p.a.
Management fee income	-	-	1.0	3.9	Approximate cost
Dividend income	-	-	180.0	257.7	Declared rate
Sale of land	-	-	1.5	-	Approximate cost
Cash paid for use of land	-	-	1.5	-	Approximate cost
Interest expenses	-	-	0.9	0.2	3.00% p.a.
Rental and service expenses	-	-	0.4	-	Baht 1,030 per square metre per month
<u>Transactions with associates</u>					
Interest income	4.3	4.8	3.9	4.3	Market rate
Dividend income	397.0	317.3	397.0	317.3	Declared rate
Purchase of goods	27.1	29.8	25.6	25.3	Market price
Sales promotion expenses	-	1.4	-	1.4	Market rate
Services expenses	1.1	0.3	-	-	Contract price
Accounting services expenses	0.6	0.5	-	-	Contract price
Project management fee expenses	27.2	15.8	-	-	Contract price
Commission expenses	-	0.4	-	-	Contract price
<u>Transactions with related companies</u>					
Dividend income	5.8	5.4	5.8	5.4	Declared rate
Rental and service expenses	10.0	10.2	10.0	10.2	Baht 500 - 800 per square metre per month
Interest expenses	7.5	6.5	-	-	MLR - 1.5% and 7.00 - 7.50% p.a.
Commission expenses	3.4	11.3	-	-	Contract price
Building management fee expense	5.4	2.5	-	-	Contract price
<u>Transactions with directors of subsidiary</u>					
Interest expenses	0.5	0.5	-	-	7.00 - 7.50% p.a.

(Unaudited but reviewed)

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2012	2011	2012	2011	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	26.4	19.2	MLR - 1.5% and 5.00 - 7.50% p.a.
Management fee income	-	-	3.9	6.7	Approximate cost
Dividend income	-	-	180.0	257.7	Declared rate
Sale of land	-	-	1.5	2.8	Approximate cost
Cash paid for use of land	-	-	5.2	2.8	Approximate cost
Purchase of land	-	-	0.5	-	Approximate cost
Interest expenses	-	-	2.3	1.1	3.00% p.a.
Rental and service expenses	-	-	0.4	-	Baht 1,030 per square metre per month
<u>Transactions with associates</u>					
Interest income	15.7	7.3	15.3	6.8	Market rate
Dividend income	622.7	362.6	622.7	362.6	Declared rate
Purchase of goods	62.3	66.3	60.4	58.4	Market price
Sales promotion expenses	-	1.4	-	1.4	Market rate
Services expenses	1.8	0.6	-	-	Contract price
Accounting services expenses	1.1	1.0	-	-	Contract price
Project management fee expenses	55.9	32.3	-	-	Contract price
Commission expenses	-	0.4	-	-	Contract price
<u>Transactions with related companies</u>					
Dividend income	11.2	7.1	11.2	7.1	Declared rate
Rental and service expenses	19.9	20.1	19.9	20.1	Baht 500 - 800 per square metre per month
Interest expenses	16.3	11.5	-	-	MLR - 1.5% and 7.00 - 7.50% p.a.
Commission expenses	3.4	20.3	-	-	Contract price
Building management fee expenses	11.0	2.5	-	-	Contract price
Sale of project	628.0	-	-	-	Note 9
<u>Transactions with directors of subsidiary</u>					
Interest expenses	1.1	1.1	-	-	7.00 - 7.50% p.a.

(Unaudited but reviewed)

On 28 February 2012, the meeting of the Company's Board of Directors approved to set up Land and Houses Freehold and Leasehold Property Fund whereby the Company is a co-sponsor with Government of Singapore Investment Corporation Pte Ltd. (GIC). The Company and GIC individually hold 15 percent of shareholding in Land and Houses Freehold and Leasehold Property Fund and the remaining of 70 percent are held by the general investors. The new property fund purchased a project of L&H Villa Sathon from L&H Sathon Company Limited, the Company's subsidiary, and purchased Center Point Sukhumvit - Thonglor and Center Point Residence Phrompong from Land and Houses Property and Loan Fund-II, an associated company. In addition, the Company and Reco Plaza Pte Ltd. will guarantee profit of such fund whereby they will guarantee between the different amount of Baht 179.88 million for the year 2012 and Baht 243.16 million per year for the year 2013-2015 and the actual profit. The Company and Reco Plaza Pte Ltd. will guarantee at the portion of 52 percent and 48 percent, respectively. However, the guarantee profit must not exceed 50 percent of actual net profit before income guarantee. As at 30 June 2012, the Company calculated a provision for guarantee of profit of such fund to be Baht 57.3 million. The Company recorded it as short-term provision totaling Baht 18.7 million and long-term provision totaling Baht 38.6 million in the statement of financial position.

As at 30 June 2012 and 31 December 2011, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Short-term bill of exchange and deposit at financial institution (shown under cash and cash equivalents)				
<u>Associate</u>				
Land and Houses Bank Plc.	310.4	661.2	268.8	530.3
Amount due from and accounts receivables - related parties (Note 3)				
<u>Subsidiaries</u> (Eliminated from the consolidated financial statements)				
L H Asset Co., Ltd.	-	-	0.8	0.1
Atlantic Real Estate Co., Ltd.	-	-	0.5	0.1
	-	-	1.3	0.2
<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 Bank Plc.	-	0.2	-	-
	0.1	3.6	0.1	0.1

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2012	2011	2012	2011
Related companies				
Land and Houses Freehold and Leasehold				
Property Fund	2.4	-	-	-
Siam Retail Development Co., Ltd.	0.4	-	-	-
	2.8	-	-	-
Total	2.9	3.6	1.4	0.3
Short-term loans to and accrued interest receivables from related parties				
Subsidiaries				
(Eliminated from the consolidated financial statements)				
Siam Tanee Property Co., Ltd.	-	-	-	3.1
L H Asset Co., Ltd.	-	-	70.4	-
Land and Houses North Co., Ltd.	-	-	4.1	2.0
L H Muang Mai Co., Ltd.	-	-	67.1	65.3
L&H Property Co., Ltd.	-	-	833.7	1,024.5
	-	-	975.3	1,094.9
Associate				
Land and Houses Bank Plc.	-	0.3	-	-
Total	-	0.3	975.3	1,094.9
Deposit to related company				
Subsidiary				
(Eliminated from the consolidated financial statements)				
L&H Property Co., Ltd.	0.5	0.5	0.5	0.5
Related company				
Quality Houses Leasehold Property Fund	8.6	8.5	8.6	8.5
Total	9.1	9.0	9.1	9.0
Trade accounts payables - related parties				
Associates				
Quality Construction Products Plc.	7.7	2.4	7.7	2.4
Home Product Center Plc.	0.3	0.7	0.2	0.6
Total	8.0	3.1	7.9	3.0
Amounts due to related parties				
Subsidiary				
(Eliminated from the consolidated financial statements)				
L&H Property Co., Ltd.	-	-	-	4.2
Associates				
Asia Asset Advisory Co., Ltd.	-	1.6	-	-
Home Product Center Plc.	2.2	1.0	2.2	0.8
Quality Houses Plc.	19.7	16.5	-	-
	21.9	19.1	2.2	0.8

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2012	2011	2012	2011
<u>Related companies</u>				
Quality Houses Leasehold Property Fund	0.5	-	0.5	-
Land and Houses Freehold and Leasehold Property Fund	2.1	-	-	-
Siam Retail Development Co., Ltd.	5.8	3.3	-	-
	8.4	3.3	0.5	-
Total	30.3	22.4	2.7	5.0

Short-term loans from and accrued interest payables to related partiesSubsidiaries

(Eliminated from the consolidated financial statements)

Atlantic Real Estate Co., Ltd.	-	-	30.0	-
Pacific Real Estate Co., Ltd.	-	-	40.1	-
	-	-	70.1	-

Related companies/persons

Muang Mai Property Co., Ltd.	12.1	11.8	-	-
Reco Resorts Pte Ltd.	555.7	682.9	-	-
Directors of subsidiaries	44.1	43.0	-	-
	611.9	737.7	-	-
Total	611.9	737.7	70.1	-

Provision for guarantee profit of fundRelated company

Land and Houses Freehold and Leasehold Property Fund	57.3	-	57.3	-
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Loans to/loan from related parties are in the form of promissory notes without collateral which are due at call.

During the six-month period ended 30 June 2012, movements of loans to/loan from the Company, subsidiaries and related companies were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2011	Increase	Decrease	30 June 2012
Short-term loans to and accrued interest receivables from related parties				
<u>Associate</u>				
Land and Houses Bank Plc.	0.3	15.7	(16.0)	-
Short-term loans from and accrued interest payables to related parties				
<u>Related companies/persons</u>				
Muang Mai Property Co., Ltd.	11.8	0.3	-	12.1
Reco Resorts Pte Ltd.	682.9	15.9	(143.1)	555.7
Directors of subsidiaries	43.0	1.1	-	44.1
Total	737.7	17.3	(143.1)	611.9

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate financial statements			
	31 December 2011	Increase	Decrease	30 June 2012
Short-term loans to and accrued interest receivables from related parties				
<u>Subsidiaries</u>				
Atlantic Real Estate Co., Ltd.	-	10.0	(10.0)	-
Siam Tanee Property Co., Ltd.	3.1	-	(3.1)	-
L H Asset Co., Ltd.	-	92.7	(22.3)	70.4
Land and Houses North Co., Ltd.	2.0	2.1	-	4.1
L H Muang Mai Co., Ltd.	65.3	1.8	-	67.1
L&H Property Co., Ltd.	1,024.5	23.9	(214.7)	833.7
	<u>1,094.9</u>	<u>130.5</u>	<u>(250.1)</u>	<u>975.3</u>
<u>Associate</u>				
Land and Houses Bank Plc.	-	15.3	(15.3)	-
Total	<u>1,094.9</u>	<u>145.8</u>	<u>(265.4)</u>	<u>975.3</u>
Short-term loans from and accrued interest payables to related parties				
<u>Subsidiaries</u>				
Atlantic Real Estate Co., Ltd.	-	224.5	(194.5)	30.0
Pacific Real Estate Co., Ltd.	-	81.0	(40.9)	40.1
Land and Houses Northeast Co., Ltd.	-	75.8	(75.8)	-
L H Asset Co., Ltd.	-	30.0	(30.0)	-
L H Real Estate Co., Ltd.	-	14.6	(14.6)	-
Total	<u>-</u>	<u>425.9</u>	<u>(355.8)</u>	<u>70.1</u>

Management's benefits

During the three-month and six-month periods ended 30 June 2012 and 2011, the Company had salaries, provident fund, meeting allowance, gratuities, bonus and provision for long-term employee benefits of its management recognised as expenses as follows:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2012	2011	2012	2011
Management's benefits	22,398	19,143	41,855	37,072

Commitments and contingent liabilities of related parties

The Company and its subsidiaries had commitments related to project management, finding lessees, consulting, operating lease and service agreement and agreement to purchase/sale of products with related companies as described in Note 19.

(Unaudited but reviewed)

The Company and a subsidiary had outstanding guarantee obligations with its related parties, as described in Note 19.3.

3. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2012	2011	2012	2011
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	22,177	13,835	-	-
Past due				
Less than 3 months	36,845	49,350	-	-
3 - 6 months	1,270	3,084	-	-
6 - 9 months	517	1,670	-	-
9 - 12 months	292	6	-	-
Over 12 months	209	230	-	-
Total	61,310	68,175	-	-
Less: Allowance for doubtful debts	-	(173)	-	-
Total trade receivables - unrelated parties, net	61,310	68,002	-	-
<u>Other receivables</u>				
Amount due from and account receivables				
- related parties	2,994	3,607	1,381	281
Other	28,012	32,902	26,791	31,696
Total other receivables	31,006	36,509	28,172	31,977
Total trade and other receivables - net	92,316	104,511	28,172	31,977

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

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2012	2011	2012	2011
Net book value of land and structures thereon mortgaged as collateral	8,661	6,345	7,956	5,938

(Unaudited but reviewed)

Movements in the allowance for loss on diminution in value of projects during the six-month period ended 30 June 2012 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2012	74,216	37,286
Less: Reversal due to sale	(6,520)	(4,643)
Balance as at 30 June 2012	<u>67,696</u>	<u>32,643</u>

5. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment		Carrying amount based on cost method	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
			(Percent)	(Percent)						
Atlantic Real Estate Co., Ltd.	15,000	15,000	99.99	99.99	14,998	14,998	-	-	14,998	14,998
Pacific Real Estate Co., Ltd.	5,810	5,810	99.99	99.99	5,810	5,810	-	-	5,810	5,810
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
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 subsidiaries	2,450,000	2,450,000	60.00	60.00	1,566,000	1,566,000	-	-	1,566,000	1,566,000
					<u>2,387,900</u>	<u>2,387,900</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>2,337,900</u>	<u>2,337,900</u>

During the periods, the Company received dividend income from its subsidiaries as detailed below.

(Unit: Thousand Baht)

Company's name	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2012	2011	2012	2011
Atlantic Real Estate Co., Ltd.	179,975	149,979	179,975	149,979
Pacific Real Estate Co., Ltd.	-	7,756	-	7,756
L H Asset Co., Ltd.	-	99,999	-	99,999

(Unaudited but reviewed)

Company's name	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2012	2011	2012	2011
Total	179,975	257,734	179,975	257,734

5.2 L H Muang Mai Company Limited and its subsidiaries

As at 30 June 2012 and 31 December 2011, L H Muang Mai Company Limited pledged the ordinary shares of Phuket Future Plan Company Limited and Double Tree Company Limited which are subsidiaries, as collateral of long-term loans.

5.3 L&H Property Company Limited

L&H Property Company Limited, 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 of 10 Baht each. L&H Property Company Limited holds 99.99 percent of share ownership and paid all subscription already. 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 of 10 Baht each. L&H Property Company Limited holds 99.99 percent of share ownership and paid all subscription already. The new subsidiary will operate the hotel management business.

6. Investments in associates

6.1 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	
			30 June 2012 (Percent)	31 December 2011 (Percent)	30 June 2012	31 December 2011	30 June 2012	31 December 2011
LH Financial Group Plc.	Holding company	Thai	35.39	35.43	4,254,008	4,254,008	4,773,998	4,726,443
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	21.16	179,178	179,178	350,451	304,873
Home Product Center Plc.	Trading of construction materials	Thai	30.12	30.07	1,337,230	1,175,060	3,036,967	2,777,661
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	2,000	2,000	3,475	1,387
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	1,531,025	1,260,648
Quality Houses Plc.	Real estate business	Thai	24.86	24.86	3,252,802	3,252,802	4,258,753	4,126,857
Starmalls, Inc. (formerly known as "Polar Property Holdings	Real estate business	Philippines	-	25.00	-	866,849	-	1,148,654

(Unaudited but reviewed)

Corporation")

<u>10,558,179</u>	<u>11,262,858</u>	<u>13,987,071</u>	<u>14,378,925</u>
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(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			30 June 2012	31 December 2011	30 June 2012	31 December 2011
			(Percent)	(Percent)		
LH Financial Group Plc.	Holding company	Thai	35.39	35.43	4,254,008	4,254,008
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	21.16	179,178	179,178
Home Product Center Plc.	Trading of construction materials	Thai	30.12	30.07	1,337,230	1,175,060
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	2,000	2,000
Land and Houses Property Fund	Real estate business	Thai	49.94	49.94	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
Quality Houses Plc.	Real estate business	Thai	24.86	24.86	3,252,802	3,252,802
Starmalls, Inc. (formerly known as "Polar Property Holdings Corporation")	Real estate business	Philippines	-	25.00	-	866,849
					<u>10,558,179</u>	<u>11,262,858</u>

6.2 Significant changes in investments in associates

LH Financial Group Public Company Limited

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% to 35.75%. The increase in share capital of such associate resulted in increasing in the investment in associate accounted for under the equity method amounting to Baht 136.1 million, presented as other income in the consolidated statement of income for the three-month and six-month periods ended 30 June 2011.

On 23 April 2012, the Annual General Meeting of the shareholders of LH Financial Group Plc. approved the payment of dividend to its shareholders. This comprised a stock dividend at a rate of 1 dividend share for every 30 existing shares, or equivalent to Baht 0.0333 per share, and a cash dividend of Baht 0.0037 per share. The Company received 136 million stock dividend shares and cash dividend of Baht 15 million in May 2012. The Company included this stock dividend in recalculating the average cost of investment in such company, using the total shares held after receiving stock dividend during the current period.

In addition, during the current period, the warrant holders of LH Financial Group Plc. converted 15 million warrants to 15 million ordinary shares. As a result, the Company's percentage shareholding in that company has changed from 35.43% to 35.39%.

Home Product Center Public Company Limited

During the six-month period ended 30 June 2012, the Company additionally purchased the ordinary shares of Home Product Center Public Company Limited totaling 12 million shares or Baht 162 million and the warrant holders of Home Product Center Public Company Limited exercised their rights to convert warrants to 29 million ordinary shares. As a result, the Company's percentage shareholding in that company has changed from 30.07% to 30.12%.

Quality Houses Public Company Limited

On 20 April 2012, the Annual General Meeting of the shareholders of Quality Houses Public Company Limited approved the payment of dividend to its shareholders. This comprised a stock dividend at a rate of 1 dividend share for every 12 existing shares, or equivalent to Baht 0.08333 per share, and a cash dividend of Baht 0.00926 per share. The Company received 176 million stock dividend shares and cash dividend of Baht 20 million in May 2012. The Company included this stock dividend in recalculating the average cost of investment in such company, using the total shares held after receiving stock dividend during the current period.

Starmalls, Inc. (formerly known as "Polar Property Holdings Corporation")

During June 2012, Polar Property Holdings Corporation, an associated company, restructured its shareholding and increased the capital to acquire 99% of paid up capital in Manuela Corporation, which operates shopping mall development business in Philippines. Then Polar Property Holdings Corporation changed its name to Starmalls, Inc.. From the shareholding restructure, the Company's shareholding of 1,223 million shares or 25% of its paid up share capital reduced to 808 million shares or 9.6% of paid up share capital. The Company reclassified such investments from investments in associated company to available-for-sale investments. According to TAS 105 "Accounting for Investments in Debt and Equity Securities", the difference of carrying amount and fair value at transfer date shall be recognised in shareholders' equity. The Company recognised gain on reclassification of investment from investments in associate company to available-for-sale investments amounting to Baht 1,228 million in the shareholders' equity of the consolidated financial statements (Separate financial statements: Baht 1,502 million) which are presented under "Other surplus".

(Unaudited but reviewed)

Bangkok Chain Hospital Public Company Limited

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 three-month period ended 30 June 2011		For the six-month period ended 30 June 2011	
	Consolidated financial statements	Separate financial statements	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 six-month period ended 30 June 2011, the Company determined share of income from this associate from the beginning of the year until the disposal date of this investment amounting to Baht 30 million.

6.3 Share of income (loss) and dividend received

During the periods, the Company has recognized its share of income (loss) from investments in associates in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements				Separate financial statements			
	Share of income (loss) from investments in associates							
	For the three-month periods ended 30 June		For the six-month periods ended 30 June		For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2012	2011	2012	2011	2012	2011	2012	2011
LH Financial Group Plc.	60,423	42,729	114,590	82,169	15,041	-	15,041	-
Bangkok Chain Hospital Plc.	-	-	-	29,886	-	-	-	-
Quality Construction Products Plc.	18,733	6,586	52,349	16,551	6,770	4,231	6,770	4,231
Home Product Center Plc.	177,992	145,486	362,146	268,983	265,027	25,402	265,027	25,402
Asia Asset Advisory Co., Ltd.	1,469	(290)	2,087	(636)	-	-	-	-
Land and Houses Property Fund*	-	-	-	-	-	-	-	-
Land and Houses Property and Loan Fund-II	6,516	9,641	530,019	19,600	90,597	34,728	316,335	80,027
Quality Houses Plc.	83,853	91,400	159,510	130,608	19,516	252,905	19,516	252,905
Starmalls, Inc. (formerly known as "Polar Property Holdings Corporation")	15,138	15,672	25,344	29,077	-	-	-	-
Total	364,124	311,224	1,246,045	576,238	396,951	317,266	622,689	362,565

* Registered its termination on 11 December 2007

(Unaudited but reviewed)

6.4 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:

(Unit: Million Baht)

Company's name	Country of listing	Fair values as at	
		30 June 2012	31 December 2011
LH Financial Group Plc.	Thai	5,587	5,650
Quality Construction Products Plc.	Thai	834	504
Home Product Center Plc.	Thai	21,909	19,303
Quality Houses Plc.	Thai	3,927	3,140
Starmalls, Inc. (formerly known as "Polar Property Holdings Corporation")	Philippines	-	2,034
Total		<u>32,257</u>	<u>30,631</u>

- 6.5 The Company's interim consolidated financial statements for the six-month period ended 30 June 2012 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 the financial statements of those companies which have been reviewed or not been reviewed as stipulated.

(Unaudited but reviewed)

(Unit: Thousand Baht)

Investments under the equity method as at 30 June 2012	Consolidated financial statements				
	Share of income (loss) from investments under the equity method				
	For the three-month periods ended 30 June		For the six-month periods ended 30 June		
	2012	2011	2012	2011	
Reviewed by auditor and another auditors of the same firm					
LH Financial Group Plc.	-	-	42,729	-	82,169
Asia Asset Advisory Co., Ltd.	3,475	1,469	(290)	2,087	(636)
Land and Houses Property Fund ⁽¹⁾	32,402	-	-	-	-
Land and Houses Property and Loan Fund-II	1,531,025	6,516	9,641	530,019	19,600
Quality Houses Plc.	4,258,753	83,853	91,400	159,510	130,608
Home Product Center Plc.	3,036,967	177,992	145,486	362,146	268,983
Reviewed by other auditors					
Bangkok Chain Hospital Plc.	-	-	-	-	29,886
Quality Construction Products Plc.	350,451	18,733	6,586	52,349	16,551
Unreviewed by auditor					
LH Financial Group Plc.	4,773,998	60,423	-	114,590 ⁽²⁾	-
Starmalls, Inc. (formerly known as "Polar Property Holdings Corporation")	-	15,138	15,672	25,344 ⁽³⁾	29,077 ⁽⁴⁾
Total	13,987,071	364,124	311,224	1,246,045	576,238

⁽¹⁾ Registered its termination on 11 December 2007

⁽²⁾ Determined based on the financial statements for the six-month period ended 30 June 2012 which prepared by the management

⁽³⁾ Determined based on the financial statements for the three-month period ended 31 March 2012 which prepared by the management

⁽⁴⁾ Determined based on the financial statements for the three-month period ended 31 March 2011 which prepared by the management

During the year 2011, the Company did not receive the financial statements for the year ended 31 December 2011 of Starmalls, Inc.. The value of investment of this associate accounted for under the equity method in the consolidated financial statements as at 31 December 2011, amounting to Baht 1,149 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 49 million were determined based on the financial statements for the nine-month period ended 30 September 2011 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.

(Unaudited but reviewed)

During the current period, the Company received the audited financial statements for the year ended 31 December 2011 of Starmalls, Inc. whose auditor expressed an unqualified opinion on those statements. In addition, the Company received financial statements for the three-month period ended 31 March 2012 of Starmalls, Inc. which were prepared by the management of such company. The Company used such financial statements for the three-month period ended 31 March 2012 to calculate share of income under the equity method for the purposes of the consolidated financial statements for the six-month period ended 30 June 2012 because the deadline for submission of the financial statements of Starmalls, Inc. 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 Starmalls, Inc. 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.

7. Other long-term investments

7.1 Details of other long-term investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2012	2011	2012	2011
Available-for-sale securities				
Equity securities - Domestic (Note 7.3)	783,568	288,568	783,568	288,568
Equity securities - Overseas (Note 6.2)	2,368,704	-	2,368,704	-
Add (less): Changes in fair value of securities	224,515	(45,801)	224,515	(45,801)
Available-for-sale securities - net	3,376,787	242,767	3,376,787	242,767
Other investments				
Equity securities - Domestic	250,267	250,267	26,000	26,000
Less: Allowance for impairment	(37,064)	(37,064)	(16,000)	(16,000)
Other investments - net	213,203	213,203	10,000	10,000
Total	3,589,990	455,970	3,386,787	252,767

(Unaudited but reviewed)

- 7.2** During the six-month period ended 30 June 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.

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.

- 7.3** During the six-month period ended 30 June 2012, the Company invested in Land and Houses Freehold and Leasehold Property Fund totaling Baht 495 million as described in Note 2.

8. Land held for development

As at 30 June 2012 and 31 December 2011, 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	
	30 June	31 December	30 June	31 December
	2012	2011	2012	2011
Net book value of mortgaged land held for development to secure loans	945	945	-	-

During the current period, the Company transferred land held for development with net book value of Baht 12 million to inventories.

Movements in the allowance for loss on diminution in value of land held for development during the six-month period ended 30 June 2012 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2012	774,022	692,504
Add: Additional set up	92	-
Less : Reversal due to sales	(7,320)	-

(Unaudited but reviewed)

Balance as at 30 June 2012	<u>766,794</u>	<u>692,504</u>
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9. Investment properties

The net book value of investment properties, representing houses for rent of L&H Villa Sathon Project, as at 30 June 2012 and 31 December 2011 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 June 2012	31 December 2011
Cost	-	496,905
Less: Accumulated depreciation	-	(110,392)
Net book value	<u>-</u>	<u>386,513</u>

A reconciliation of the net book value of investment properties for the six-month period ended 30 June 2012 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements
	30 June 2012
Net book value as at 1 January 2012	386,513
Depreciation charged	(5,721)
Disposals during the period - net book value at disposal date	(380,792)
Net book value as at 30 June 2012	<u>-</u>

As at 31 December 2011, the fair value of investment properties as determined based on valuations performed by an accredited independent valuer using the income approach was Baht 644 million. 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 have 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.

On 28 February 2012, the Board of Director's meeting of L&H Sathon Company Limited, a Company's subsidiary, approved to sell L&H Villa Sathon Project to Land and Houses Freehold and Leasehold Property Fund at a total price of Baht 628 million (including leasedhold rights of the land on which such project is located, furniture and equipment). The Company recognised gain on sale of this transaction in the

(Unaudited but reviewed)

consolidated profit or loss for the six-month period ended 30 June 2012 totalling Baht 21 million (net of relevant sales expenses).

10. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2012 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2012	638,422	363,449
Acquisitions during period - at cost	132,027	115,820
Disposals during period - net book value at disposal date	(7,996)	(1,096)
Depreciation for period	(108,790)	(62,669)
Net book value as at 30 June 2012	<u>653,663</u>	<u>415,504</u>

11. Leasehold rights

(Unit: Thousand Baht)

Project	Remaining period of leasehold rights (years)	Consolidated financial statements	
		30 June 2012	31 December 2011
Grande Centre Point Hotel & Residence	25.9	1,902,065	1,946,802
L&H Villa Sathon	-	-	160,011
Terminal 21 Shopping Mall and Grande Centre Point Hotel and Residence Sukhumvit - Terminal 21	28.1	4,689,555	4,763,345
Vacant Land	14.2	536	556
		<u>6,592,156</u>	<u>6,870,714</u>

During the six-month period ended 30 June 2012, L&H Sathon Company Limited, a Company's subsidiary, sold land leasehold rights of L&H Villa Sathon Project as detailed in Note 9. Such leasehold rights had net book value as at the disposed date of Baht 159 million.

Subsidiaries have pledged their land leasehold rights with construction thereon with a total net book value as at 30 June 2012 of Baht 1,902 million (31 December 2011: land

(Unaudited but reviewed)

leasehold rights with construction and land sub-leasehold rights totaling Baht 2,107 million) as collateral for bank overdrafts and long-term loans.

12. Bank overdrafts and short-term loans

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	30	31	30	31	30	31
	June	December	June	December	June	December
	2012	2011	2012	2011	2012	2011
<u>Bank overdrafts</u>						
Bank overdrafts	MOR	MOR	11,713	22,951	-	-
<u>Short-term borrowings</u>						
Bills of exchange	3.30 - 3.31	3.40 - 4.05	200,000	4,463,000	200,000	4,463,000
Less: Prepaid interest			(312)	(34,932)	(312)	(34,932)
Total short-term borrowings			199,688	4,428,068	199,688	4,428,068

Bank overdrafts are secured by the pledge of land leasehold rights and land sub-leasehold rights and mortgage of construction thereon of the subsidiaries.

13. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2012	2011	2012	2011
Long-term loans	10,456,586	10,014,290	6,317,250	5,923,000
Less: Current portion	(1,573,564)	(573,031)	(1,000,000)	-
Net	8,883,022	9,441,259	5,317,250	5,923,000

Movements in the long-term loans during the six-month period ended 30 June 2012 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2012	10,014,290	5,923,000
Add: Additional borrowing	2,485,500	2,000,000
Less: Repayment	(2,043,204)	(1,605,750)
Balance as at 30 June 2012	10,456,586	6,317,250

(Unaudited but reviewed)

During the current period, the Company entered into a loan agreement with a commercial bank of Baht 2,000 million. The loan carries interest at a fixed rate of 4.11% per annum for the first and the second years and subsequently carries interest rate of MLR - 1.75% per annum. The loan principal is payable within 4 years. As at 30 June 2012, the Company fully drew down the loan facility.

Moreover, during the current period, another subsidiary entered into loan agreements with a commercial bank of Baht 950 million, carrying interest at MLR - 2% per annum. The subsidiary is to repay the principals at the rate of 60% of selling price of land and houses and all principals are payable within 5 years from the first drawdown date. As at 30 June 2012, this company drew down the loan facilities amounting Baht 324 million.

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.

As at 30 June 2012, long-term loans from banks secured by the mortgage of land and structures thereon of projects, land held for development, land leasehold rights and shares of subsidiaries (31 December 2011: secured by the mortgage of land and structures thereon of projects, land held for development, land leasehold rights, land sub-leasehold rights and shares of subsidiaries).

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 30 June 2012 and 31 December 2011, there were available long-term loan facilities from financial institutions as follows:

				(Unit: Million Baht)	
Consolidated				Separate	
financial statements				financial statements	
30 June	31 December	30 June	31 December	30 June	31 December
2012	2011	2012	2011	2012	2011

(Unaudited but reviewed)

Undrawn loan facilities	3,367	1,038	1,815	-
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In addition, as at 30 June 2012, a subsidiary has available long-term loan facilities from shareholder, except for facilities from the Company, totally Baht 260 million (31 December 2011: Baht 260 million).

14. Debentures

Details of approval to issue the debenture of the Company 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 currencies
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 30 June 2012, the Company has unissued debentures under the above mentioned approval totalling Baht 4,500 million.

The outstanding balance of debentures as at 30 June 2012 and 31 December 2011 are detailed below.

No.	Interest rate per annum	Age	Repayment	Maturity	Consolidated and Separate financial statements			
					Number of debenture (Shares)		Amount (Thousand Baht)	
					30 June 2012	31 December 2011	30 June 2012	31 December 2011
<u>Unsubordinated and unsecured debentures</u>								
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	2,500,000	2,500,000
No. 1/2012 (1)	Fixed rate 3.85%	2.5 years	At maturity	30 September 2014	900,000	-	900,000	-
No. 1/2012 (2)	Fixed rate 3.99%	3 years	At maturity	30 March 2015	3,100,000	-	3,100,000	-
Total					<u>15,500,000</u>	<u>11,500,000</u>	15,500,000	11,500,000
Less: Current portion of debentures							(5,000,000)	(3,000,000)
Net							<u>10,500,000</u>	<u>8,500,000</u>

(Unaudited but reviewed)

Movements in the debentures during the six-month period ended 30 June 2012 are summarised below.

(Unit: Thousand Baht)

	Consolidated and Separate financial statements
Balance as at 1 January 2012	11,500,000
Add: Issue of new debentures	4,000,000
Balance as at 30 June 2012	<u>15,500,000</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.

15. Revaluation surplus (deficit) in investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Associated companies' investments	39,918	102,355	-	-
Company's investments	224,515	(45,801)	224,515	(45,801)
Total	<u>264,433</u>	<u>56,554</u>	<u>224,515</u>	<u>(45,801)</u>

16. Earnings per share

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

17. Dividend

Dividends	Approved by	Approved dividend per share	Interim dividend per share	Additional dividend paid per share	Total additional 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 2010	Annual General Meeting of the shareholders on 26 April 2011	0.34	0.16	0.18	1,805	12	<u>1,793</u>
Final dividend for 2011	Annual General Meeting of the shareholders on 26 April 2012	0.40	0.17	0.23	2,306	20	<u>2,286</u>

18. 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 for the three-month and six-month periods ended 30 June 2012 and 2011 are as follows:

(Unit: Million Baht)

	For the three-month periods ended 30 June					
	Real estate business		Rental and service business		Consolidation	
	2012	2011	2012	2011	2012	2011
Revenues from external customers	5,422	4,670	415	102	5,837	4,772
Total revenues	<u>5,422</u>	<u>4,670</u>	<u>415</u>	<u>102</u>	<u>5,837</u>	<u>4,772</u>
Segment profit (loss)	<u>1,037</u>	<u>908</u>	<u>70</u>	<u>(7)</u>	1,107	901
Unallocated income (expenses):						
Other income					29	29
Gain on change in shareholders' equity of an associate					-	136
Share of income from investment in associates					364	311
Other expenses					(1)	-
Finance cost					(113)	(63)
Corporate income tax					<u>(252)</u>	<u>(296)</u>
Profit for the period					<u>1,134</u>	<u>1,018</u>

(Unit: Million Baht)

	For the six-month periods ended 30 June					
	Real estate business		Rental and service business		Consolidation	
	2012	2011	2012	2011	2012	2011
Revenues from external customers	9,680	8,368	851	204	10,531	8,572
Total revenues	<u>9,680</u>	<u>8,368</u>	<u>851</u>	<u>204</u>	<u>10,531</u>	<u>8,572</u>
Loss from impairment of projects	<u>-</u>	<u>(7)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7)</u>
Segment profit (loss)	<u>1,802</u>	<u>1,611</u>	<u>156</u>	<u>(22)</u>	1,958	1,589
Unallocated income (expenses):						
Other income					91	66
Gain from sale of investments					-	2,766
Gain on change in shareholders' equity of an associate					-	136
Share of income from investment in associates					1,246	576
Other expenses					(1)	-
Loss from impairment of other long-term investment					-	(622)
Finance cost					(246)	(143)
Corporate income tax					<u>(428)</u>	<u>(1,337)</u>

(Unaudited but reviewed)

Profit for the period

2,620

3,031

19. Commitments and contingent liabilities

19.1 Commitments

19.1.1 As at 30 June 2012 and 31 December 2011, the Company and its subsidiaries have commitments under construction contracts as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	June	December	June	December
	2012	2011	2012	2011
Commitments under construction contracts	<u>2,561</u>	<u>1,744</u>	<u>2,497</u>	<u>1,690</u>

19.1.2 As at 30 June 2012, L&H Property Company Limited has the following commitments under land and construction lease agreement and land 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 26.47 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 30 June 2012 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 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 7.39 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.

19.1.3 As at 30 June 2012, the Company had outstanding commitment of Baht 90 million in respect of uncalled portion of investments in L&H Property Company Limited.

19.1.4 As at 30 June 2012, L&H Property Company Limited and its subsidiary are committed to pay the management fee to Asia Asset Advisory Company Limited, which is an associate of the Company, totalling Baht 28 million.

19.1.5 As at 30 June 2012, 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 0.9 million.

19.1.6 As 30 June 2012, L&H Property Company Limited is committed to pay project management fees to the following associate.

Associate	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

19.1.7 As at 30 June 2012, 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.

(Unaudited but reviewed)

19.1.8 As at 30 June 2012 and 31 December 2011, the Company has commitment related to purchase of land as follows.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Commitment to purchase of land	1,132	69	1,132	69

19.1.9 Obligation and commitment to complete projects on hand

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Number of projects on hand at beginning of period/year	53	45	46	39
Number of closed projects during period/year	(7)	(9)	(6)	(8)
Number of new projects during period/year	7	17	7	15
Number of projects on hand at end of period/year	<u>53</u>	<u>53</u>	<u>47</u>	<u>46</u>
Accumulative value of sales already				
contracted (Million Baht)	76,352	74,250	64,082	61,887
As percentage of total sales of projects on hand	61	63	57	59
Value of sales already contracted				
during period/year (Million Baht)	9,563	18,433	9,001	16,824
As percentage of total sales of projects on hand	8	16	8	16
Commitments in respect of the installation of central				
utilities of projects on hand (Million Baht)	1,423	1,122	1,409	1,100

19.1.10 As at 30 June 2012, the subsidiaries have servitude over land of approximately 86 rai of which the cost is included in the cost of projects.

19.1.11 Operating lease commitments

The Company has entered into lease agreements and service agreements in respect of the lease of office building space with L&H Property Company Limited and Quality Houses Leasehold Property Fund which are a subsidiary and a related company, respectively. The terms of the agreements are 3 years.

(Unaudited but reviewed)

As at 30 June 2012, the future minimum lease payments and services fee payments required under these non-cancellable contracts were as follows.

Consolidated and Separate financial statements	
Payable:	Million Baht
In up to 1 year	35
In over 1 and up to 5 years	48

19.1.12 On 2 March 2010, the Company entered into an agreement to purchase/sale of products with Quality Construction Products Public Company Limited, an associate, 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.

19.2 Bank guarantees

As at 30 June 2012 and 31 December 2011, 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	
	30 June	31 December	30 June	31 December
	2012	2011	2012	2011
Letter of guarantee for arrangement and maintenance of public utilities	1,656	1,543	1,520	1,442
Letter of guarantee for electricity usage	55	55	41	41
Other letter of guarantees	40	40	22	22
	<u>1,751</u>	<u>1,638</u>	<u>1,583</u>	<u>1,505</u>

19.3 Guarantees

19.3.1 As at 30 June 2012 and 31 December 2011, the Company and its subsidiary have the following obligations in respect of guarantees.

(Unit: Million Baht)

Guarantor	Guarantee	30 June 2012	31 December 2011
Land and Houses Plc.	Customers	<u>7</u>	<u>7</u>
L&H Property Co., Ltd.	L&H Sathon Co., Ltd.	<u>-</u>	<u>390</u>

19.3.2 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 30 June 2012, the subsidiary has outstanding loans related to guarantee portion of the Company as specified in the letter of comfort amounting to Baht 2,031 million.

19.4 Litigations

The Company and its subsidiaries

As at 30 June 2012, 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 386 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 48 million. The Company has set aside provision of Baht 48 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. The Court of First Instance and the Appeal Court dismissed the lawsuit. And on 5 September 2008, the plaintiff filed the petition to the Supreme Court. At current, 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 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.

20. Event after the reporting period

- 20.1 On 20 July 2012, the Company received a payment from the issuance of unsecured and unsubordinated debenture No. 2/2555 amounting to Baht 2,500 million. The debentures mature in 2015 and bear interest at a rate of 4.10% per annum.
- 20.2 On 10 August 2012, the Court of First Instance passed judgment on Civil case between the Company and two housing estate juristic persons and group of persons with amount in dispute of Baht 102 million. The Court ordered the Company to pay for damages of Baht 104 million plus interest at a rate of 7.5% per annum, commencing from 8 December 2008 until the full amount is paid. The Company’s management and its legal consultant are of the opinion that the Company can file an appeal against the judgment. Therefore, the Company had not set aside an additional provision as at 30 June 2012. However, the Company will request additional opinions from other experts.

(Unaudited but reviewed)

20.3 On 14 August 2012, a meeting of the Company's Board of Directors approved a resolution to pay an interim dividend from the income of six-month period ended 30 June 2012, at a rate of Baht 0.20 per share, amounted to a total of Baht 2,005.2 million. This dividend will be paid in September 2012.

21. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 14 August 2012.