

Land and Houses Public Company Limited and its subsidiaries

Notes to financial statements

For the years ended 31 December 2008 and 2007

1. General information

1.1 Corporate information

Land and Houses Public Company Limited (“the Company”) is a public Company incorporated and domiciled in Thailand. The Company is principally engaged in property development and its address is 1 South Sathon Road, 37th-38th Floor, Q. House Lumpini Building, Tungmahamek, Sathon, Bangkok.

1.2 Economic crisis

The financial crisis experienced by the United States of America over the past year has had far reaching adverse effect on the global economy as evidenced by sharp falls in share prices worldwide, tight squeeze on credit including interbank lending, failures of large financial institutions and reduced consumer confidence. The crisis has affected substantially business and financial plans of Thailand enterprises and asset value. Despite efforts made by governments of many countries to contain the crisis, it remains uncertain as to when the global economy will return to its normalcy. These financial statements have been prepared on the bases of facts currently known to the Company, and on estimates and assumptions currently considered appropriate. However, they could be adversely affected by an array of future events.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession 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 14 September 2001, 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 such financial statements in Thai language.

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

2.2 Basis of consolidated

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as percentage to the consolidated total revenues for the years ended 31 December	
			2008	2007	2008	2007	2008	2007
			(Percent)	(Percent)	(Percent)	(Percent)	(Percent)	(Percent)
<u>Held by the Company</u>								
Atlantic Real Estate Co., Ltd.	Real estate business	Thailand	99.99	99.99	0.7	0.3	-	-
Pacific Real Estate Co., Ltd.	Real estate business	Thailand	99.99	99.99	1.0	2.1	7.7	7.9
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	0.6	0.7	0.7	0.8
Siam Tanee Property Co., Ltd. and its subsidiary	Real estate business	Thailand	99.99	99.99	0.6	0.7	-	-
L H Real Estate Co., Ltd.	Real estate business	Thailand	99.99	99.99	0.2	0.3	0.3	3.9
L H Asset Co., Ltd.	Real estate business	Thailand	99.99	99.99	2.7	3.2	13.7	5.5
L H Muang Mai Co., Ltd. and its subsidiaries	Real estate business	Thailand	55.00	55.00	3.3	4.3	3.4	2.2
L&H Property Co., Ltd. and its subsidiary	Real estate for lease business	Thailand	60.00	60.00	8.9	9.0	2.3	0.2

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2008	2007
			(Percent)	(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 as from the date of acquisition, 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 for the same reporting period as the company, using consistent significant accounting policies.
- d) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

e) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

2.3 The separate financial statements, which present investments in subsidiaries and associates presented under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

3.1 Accounting standards which are effective for the current year

The Federation of Accounting Professions has issued Notification No. 9/2550, 38/2550 and 62/2550 mandating the use of new accounting standards as follows:

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

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these standards and believes that TAS 49 (revised 2007) is not relevant to the business of the Company, while TAS 25 (revised 2007), TAS 29 (revised 2007), TAS 31 (revised 2007), TAS 33 (revised 2007), TAS 35 (revised 2007), TAS 39 (revised 2007), TAS 41 (revised 2007) and TAS 51 do not have any significant impact on the financial statements for the current year, except the separately presentation of selling expenses and administrative expenses in the income statements, which the Company has also implemented in 2007 and

TAS 43 (revised 2007) “Business Combinations”

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

3.2 Accounting standards which are not effective for the current year

The Federation of Accounting Professions has also issued Notification No. 86/2551 mandating the use of the following new accounting standards:

TAS 36 (revised 2007)	Impairment of Assets
TAS 54 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

4. Significant accounting policies

4.1 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 ownerships have been transferred to buyers after all payments received from the buyers.

(b) Rendering of services

Rental of units in residential 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 as interest accrues based on the effective rate method.

(d) Dividends

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

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

Development costs are stated at the lower of cost and net realisable value, consisting of cost of land, design fees, 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.

The Company and its subsidiaries recognise loss on diminution in value of projects (if any) in the income statements.

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

4.3 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.

4.4 Cash and cash equivalents

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

4.5 Trade accounts receivable and allowance for doubtful accounts

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 experiences and analysis of debt aging.

4.6 Inventories

Land and construction in progress are stated at cost less provision for loss on diminution in value of projects. 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.

4.7 Investments

- a) Investments in available-for-sale securities are determined at fair value. Changes in the carrying amounts of securities are recorded as separate items in shareholders' equity until the securities are sold, when the changes are then included in determining income.

- 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 by the effective rate method with the amortised 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 diminution in value (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 as quoted on the Stock Exchange of Thailand. The fair value of debt instruments is determined based on the required rate of return or 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 the income statements.

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

4.8 Property, plant and equipment/Depreciation

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 cost on a straight-line basis over the following estimated useful lives:

Building and office building improvement	20	years
Office equipment	3 - 10	years
Furniture and fixture of office and clubhouse	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.

4.9 Long-term lease

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statements on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

4.10 Leasehold rights

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

Amortisation is included in determining income.

4.11 Goodwill

Goodwill is initially measured at cost, which is the excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

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 the income statements. Impairment losses relating to goodwill cannot be reversed in future periods.

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

4.13 Foreign currencies

Foreign currency transactions 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 balance sheet date.

Gains and losses on exchange are included in determining income.

4.14 Impairment of assets

At each reporting date, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other 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 the income statement.

4.15 Employee benefits

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

The Company issued warrants to purchase the ordinary shares to directors and employees of the Company and its subsidiaries. The transaction will be recorded in the financial statements when the warrants are exercised.

4.16 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.

4.17 Income tax

Income tax is provided in the accounts based on taxable profits determined in accordance with tax legislation.

5. 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. Significant judgments and estimates are as follows:

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.

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

The Company and its subsidiaries treat land, construction in progress and utilities and land held for development 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 utilities and land held for development based on net realizable 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, 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.

Impairment of investment in subsidiaries and associates

The Company treats investment in subsidiaries and associates as impaired if the business operations of such subsidiaries and associates are severely impacted by the global slow down and the investments will take time to recover their value. The management determines devaluation of such investments based on management’s judgment. The use of different estimates and assumptions could affect the amounts of allowances for impairment of investment in subsidiaries and associates and adjustments to the allowances may therefore be required in the future.

Impairment of other investments

The Company and its subsidiaries treat other investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost, together with investments in businesses that have been severely impacted by the global economic slow down and which will take time to recover their fair values. The management determines devaluation of such investments based on its net realisable value. The determination of what is “significant” or ‘prolonged” and such devaluation requires the management to exercise judgment.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and salvage values of the Company's plant and equipment and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review property, plant and equipment 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

The initial recognition and measurement of goodwill 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.

Provision for after-sale maintenance expense after selling

The Company and its subsidiaries estimate provision for after-sale maintenance expenses based on actual historical maintenance expenses.

Provision for public utilities maintenance

The Company's and its subsidiaries' estimates of provision for public utilities maintenance require management to exercise judgment, based on historical data.

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.

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.

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.

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 balance sheet date. However, actual results could differ from the estimates.

6. Related party transactions

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		
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Interest income	-	-	51.5	63.7	5.25 - 7.5% p.a. (2007: 5.5 - 7.5% p.a.)
Management fee income	-	-	24.1	26.0	Approximate cost
Dividend income	-	-	549.3	1,006.3	Declared rate
Guarantee fee income	-	-	1.9	2.1	0.35 - 0.50% p.a.

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	
Sale of land	-	-	-	46.7	Approximate cost
Cash paid for use of land	-	-	6.2	11.0	Approximate cost
Management fee expenses	-	-	4.9	7.3	Approximate cost
Purchase of land	-	-	-	2.1	Approximate cost
Interest expenses	-	-	12.2	7.2	5.5% p.a.
<u>Transactions with associates</u>					
Interest income	21.8	33.5	19.3	31.8	Market rate
Dividend income	402.0	650.4	402.0	650.4	Declared rate
Purchase of goods	113.1	152.1	97.7	117.4	Market price
Sale promotion expenses	2.9	12.0	1.7	8.0	Market rate
Services expenses	0.6	0.2	-	-	Contract price
Accounting services expenses	1.6	1.6	-	-	Contract price
Project management fee expenses	85.9	42.8	-	-	Contract price
Commission expenses	0.5	1.6	-	-	Contract price
<u>Transactions with related companies</u>					
Dividend received	22.1	16.1	22.1	16.1	Declared rate
Rental and services expenses	30.8	34.5	30.8	34.5	Baht 675 - 725 per square meter per month
Guarantee fee expenses	1.5	1.7	-	-	0.35 - 0.50% p.a.
Interest expenses	3.8	2.2	-	-	5.25 - 7.5% p.a. (2007: 7.0 - 7.5% p.a.)

The balances of the accounts as at 31 December 2008 and 2007 between the Company and those related companies are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
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.	<u>679.0</u>	<u>299.8</u>	<u>367.8</u>	<u>285.5</u>

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Amount due from and accounts receivables - related parties				
Amount due from and accounts receivables				
<u>Subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Pacific Real Estate Co., Ltd.	-	-	2.1	2.0
Land and Houses Northeast Co., Ltd.	-	-	0.4	0.2
L H Asset Co., Ltd.	-	-	4.6	0.9
L H Muang Mai Co., Ltd.	-	-	0.2	-
	<u>-</u>	<u>-</u>	<u>7.3</u>	<u>3.1</u>
<u>Associates</u>				
Home Product Center Plc.	0.1	0.5	0.1	0.5
Quality Construction Products Plc.	0.5	46.1	0.5	46.1
	<u>0.6</u>	<u>46.6</u>	<u>0.6</u>	<u>46.6</u>
Dividend receivables				
<u>Associate</u>				
Polar Property Holdings Corporation	-	166.2	-	166.2
Total	<u>0.6</u>	<u>212.8</u>	<u>7.9</u>	<u>215.9</u>
Short-term loans to and accrued interest receivable from related parties				
<u>Subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Atlantic Real Estate Co., Ltd.	-	-	298.0	125.5
Pacific Real Estate Co., Ltd.	-	-	-	30.0
Land and Houses Northeast Co., Ltd.	-	-	-	25.1
Siam Tanee Property Co., Ltd.	-	-	25.1	28.8
L H Asset Co., Ltd.	-	-	-	696.5
L H Muang Mai Co., Ltd.	-	-	54.9	44.4
L&H Property Co., Ltd.	-	-	314.7	-
	<u>-</u>	<u>-</u>	<u>692.7</u>	<u>950.3</u>
<u>Associate</u>				
Land and Houses Retail Bank Plc.	0.1	0.4	0.1	0.4
Total	<u>0.1</u>	<u>0.4</u>	<u>692.8</u>	<u>950.7</u>
Deposit - related party				
<u>Related company</u>				
Quality Houses Property Fund	7.8	7.4	7.8	7.4
Trade accounts payables - related parties				
<u>Associates</u>				
Quality Construction Products Plc.	17.6	16.7	17.6	15.4
Home Product Center Plc.	1.9	1.5	0.4	0.4
Total	<u>19.5</u>	<u>18.2</u>	<u>18.0</u>	<u>15.8</u>

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Amount due to related parties				
<u>Associates</u>				
Land and Houses Retail Bank Plc.	1.1	0.8	-	-
Home Product Center Plc.	0.4	5.1	0.3	3.8
Asia Asset Advisory Co., Ltd.	-	5.4	-	-
Quality Houses Plc.	5.7	8.8	-	-
L&H Management Co., Ltd.	2.3	0.3	-	-
	<u>9.5</u>	<u>20.4</u>	<u>0.3</u>	<u>3.8</u>
<u>Related company</u>				
Quality Houses Property Fund	0.3	0.4	0.3	0.3
Total	<u>9.8</u>	<u>20.8</u>	<u>0.6</u>	<u>4.1</u>
Short-term loans from and accrued interest payables to related parties				
<u>Subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Pacific Real Estate Co., Ltd.	-	-	110.5	-
L H Real Estate Co., Ltd.	-	-	-	70.2
L H Asset Co., Ltd.	-	-	100.1	-
	<u>-</u>	<u>-</u>	<u>210.6</u>	<u>70.2</u>
<u>Related companies</u>				
Muang Mai Property Co., Ltd.	10.0	9.3	-	-
Reco Resorts Pte Ltd.	209.7	-	-	-
Director of subsidiaries	36.2	28.0	-	-
Total	<u>255.9</u>	<u>37.3</u>	<u>210.6</u>	<u>70.2</u>

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

During the year 2008, movements of loans to/loan from the Company, subsidiaries and related companies were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2007	Increase	Decrease	31 December 2008
Short-term loans to and accrued interest receivables from related parties				
<u>Associate</u>				
Land and Houses Retail Bank Plc.	0.4	16.6	(16.9)	0.1
Short-term loans from and accrued interest payables to related parties				
<u>Related company</u>				
Muang Mai Property Co., Ltd.	9.3	0.7	-	10.0
Reco Resorts Pte Ltd.	-	209.7	-	209.7
Director of subsidiaries	28.0	8.2	-	36.2
Total	37.3	218.6	-	255.9

(Unit: Million Baht)

	Separate financial statements			
	31 December 2007	Increase	Decrease	31 December 2008
Short-term loans to and accrued interest receivables from related parties				
<u>Subsidiaries</u>				
Atlantic Real Estate Co., Ltd.	125.5	417.7	(245.2)	298.0
Pacific Real Estate Co., Ltd.	30.0	0.1	(30.1)	-
Land and Houses Northeast Co., Ltd.	25.1	10.4	(35.5)	-
Siam Tanee Property Co., Ltd.	28.8	29.5	(33.2)	25.1
L H Asset Co., Ltd.	696.5	337.8	(1,034.3)	-
L H Muang Mai Co., Ltd.	44.4	10.5	-	54.9
L&H Property Co., Ltd.	-	314.7	-	314.7
	950.3	1,120.7	(1,378.3)	692.7
<u>Associate</u>				
Land and Houses Retail Bank Plc.	0.4	14.1	(14.4)	0.1
Total	950.7	1,134.8	(1,392.7)	692.8
Short-term loans from and accrued interest payables to related parties				
<u>Subsidiaries</u>				
Pacific Real Estate Co., Ltd.	-	644.2	(533.7)	110.5
Land and Houses Northeast Co., Ltd.	-	25.2	(25.2)	-
L H Real Estate Co., Ltd.	70.2	320.2	(390.4)	-
L H Asset Co., Ltd.	-	100.1	-	100.1
Total	70.2	1,089.7	(949.3)	210.6

Directors and management's remuneration

During the years, the Company and its subsidiaries paid salaries, bonus, meeting allowance, gratuities and contribution to provident fund to their directors and management as follows:

(Unit: Million Baht)

	Consolidated and Separate financial statements	
	<u>2008</u>	<u>2007</u>
Directors and management's remuneration	45.4	43.6

Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantees obligations with its related parties, with charges, as described in Note 31.3.

7. Trade accounts receivables

The balances of trade accounts receivables as at 31 December 2008 and 2007 aged on the basis of due dates, are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Age of receivables				
Not yet due	423	396	-	-
Past due				
Less than 3 months	8,717	6,577	-	-
3 - 6 months	360	-	-	-
6 - 9 months	205	-	-	-
More than 12 months	189	189	-	-
Total	9,894	7,162	-	-
Less: Allowance for doubtful	(189)	(189)	-	-
Net	<u>9,705</u>	<u>6,973</u>	<u>-</u>	<u>-</u>

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	12,838,726	10,912,413	12,141,090	10,026,375
Land improvements	1,103,202	1,043,190	997,109	880,302
Construction in progress	7,110,645	5,687,878	6,374,108	4,530,997
Interest cost	1,541,807	1,461,184	1,365,768	1,279,383
Utilities	1,829,812	1,846,693	1,563,303	1,482,648
Deferred development cost	6,375	8,824	762	1,928
Houses held for sales	77,258	87,562	-	-
Total	24,507,825	21,047,744	22,442,140	18,201,633
Less : Provision for loss on diminution in value of projects	<u>(204,407)</u>	<u>(156,680)</u>	<u>(128,116)</u>	<u>(92,037)</u>
Inventories- net	24,303,418	20,891,064	22,314,024	18,109,596

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 year as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Borrowing costs included in cost of land and construction in progress (Million Baht)	512.5	461.7	477.9	408.9
Capitalisation rate (Percent)	4.7	4.3	4.8	4.4

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 follow:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Net book value of land and structures				
thereon mortgaged as collateral	5,922	4,063	5,635	3,646

Movements in the provision for loss on diminution in value of projects during the year ended 31 December 2008 are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Balance as at 1 January 2008	156,680		92,037	
Add: Provision set up during the year	22,721		-	
Add: Transfer from land held for development	44,808		44,808	
Less: Reversal of allowance of diminution in				
value of inventory from sale	(19,802)		(8,729)	
Balance as at 31 December 2008	<u>204,407</u>		<u>128,116</u>	

9. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding		Cost		Allowance for		Book valued cost		Dividend received	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
			(Percent)	(Percent)			impairment		method - net		for the year	
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.	371,617	371,617	99.99	99.99	371,614	371,614	-	-	371,614	371,614	520,259	301,007
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.	270,000	270,000	99.99	99.99	269,999	269,999	(25,000)	-	244,999	269,999	-	-
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.	116,000	116,000	99.99	99.99	50,000	50,000	-	-	50,000	50,000	29,000	705,276
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 subsidiary	2,170,000	2,170,000	60.00	60.00	1,398,000	1,398,000	-	-	1,398,000	1,398,000	-	-
					<u>2,730,704</u>	<u>2,730,704</u>	<u>(25,000)</u>	<u>-</u>	<u>2,705,704</u>	<u>2,730,704</u>	<u>549,259</u>	<u>1,006,283</u>

L H Muang Mai Company Limited and its subsidiaries

As at 31 December 2008 and 2007, L H Muang Mai Company Limited pledged the ordinary shares of its subsidiaries, Phuket Future Plan Company Limited and Double Tree Company Limited, as collateral of long-term loans.

10. Investments in associates

10.1 Details of associates

(Unit: Thousand Baht)

Consolidated financial statements										
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Paid-up capital		Cost		Carrying amounts based on equity method	
			2008 (Percent)	2007 (Percent)	2008	2007	2008	2007	2008	2007
Land and Houses Retail Bank Plc.	Retail bank	Thai	42.12	43.00	2,654,500	2,600,000	1,306,960	1,306,960	1,167,596	1,016,081
Bangkok Chain Hospital Plc.	Hospital	Thai	28.73	28.55	950,000	950,000	674,557	661,669	827,057	733,411
Quality Construction Products Plc.	Manufacture of construction material	Thai	31.41	31.41	400,000	400,000	265,980	265,980	394,923	404,454
Home Product Center Plc.	Trading of construction materials	Thai	30.23	28.68	1,933,611	1,924,920	1,076,676	906,328	1,762,010	1,409,056
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	5,000	5,000	2,000	2,000	9,665	10,853
Land and Houses Property Fund	Real estate business	Thai	49.94	49.94	40,316	40,316	20,692	20,692	32,402	32,402
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	3,020,570	3,215,570	1,512,269	1,609,896	1,368,224	1,537,017
Quality Houses Plc.	Real estate business	Thai	24.86	22.85	8,477,340	7,303,723	3,252,802	2,388,481	3,711,480	2,602,852
Polar Property Holdings Corporation	Real estate business	Philippines	25.00	25.00	4,892,411	4,892,411	866,849	866,849	1,058,975	1,109,657
					(Thousand Peso)	(Thousand Peso)				
							<u>8,978,785</u>	<u>8,028,855</u>	<u>10,332,332</u>	<u>8,855,783</u>

(Unit: Thousand Baht)

Separate financial statements												
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Paid-up capital		Cost		Allowance for impairment		Carrying amounts based on cost method - net	
			2008 (Percent)	2007 (Percent)	2008	2007	2008	2007	2008	2007	2008	2007
Land and Houses Retail Bank Plc.	Retail bank	Thai	42.12	43.00	2,654,500	2,600,000	1,306,960	1,306,960	344,744	344,744	962,216	962,216
Bangkok Chain Hospital Plc.	Hospital	Thai	28.73	28.55	950,000	950,000	674,557	661,669	-	-	674,557	661,669
Quality Construction Products Plc.	Manufacture of construction material	Thai	31.41	31.41	400,000	400,000	265,980	265,980	-	-	265,980	265,980
Home Product Center Plc.	Trading of construction materials	Thai	30.23	28.68	1,933,611	1,924,920	1,076,676	906,328	-	-	1,076,676	906,328
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	5,000	5,000	2,000	2,000	-	-	2,000	2,000
Land and Houses Property Fund	Real estate business	Thai	49.94	49.94	40,316	40,316	20,692	20,692	-	-	20,692	20,692
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	3,020,570	3,215,570	1,512,269	1,609,896	-	-	1,512,269	1,609,896
Quality Houses Plc.	Real estate business	Thai	24.86	22.85	8,477,340	7,303,723	3,252,802	2,388,481	-	-	3,252,802	2,388,481
Polar Property Holdings Corporation	Real estate business	Philippines	25.00	25.00	4,892,411	4,892,411	866,849	866,849	-	-	866,849	866,849
					(Thousand Peso)	(Thousand Peso)						
							<u>8,978,785</u>	<u>8,028,855</u>	<u>344,744</u>	<u>344,744</u>	<u>8,634,041</u>	<u>7,684,111</u>

10.2 Share of income/loss and dividend received

During the year, the Company has recognised its share of net 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		Separate	
	financial statements		financial statements	
	Share of income/loss from		Dividend received	
	investments in associates		during the year	
	during the year		during the year	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land and Houses Retail Bank Plc.	103,679	42,203	-	-
Bangkok Chain Hospital Plc.	175,936	122,647	95,179	67,803
Quality Construction Products Plc.	(9,530)	(32,901)	-	-
Home Product Center Plc.	285,543	161,324	102,936	66,243
Asia Asset Advisory Co., Ltd.	2,811	2,329	4,000	1,800
Land and Houses Property Fund	-	3,295	-	-
Land and Houses Property and Loan				
Fund-II	60,569	109,224	81,537	168,780
Quality Houses Plc.	353,499	156,773	116,842	150,226
Polar Property Holdings Corporation	51,085	220,263	1,524	195,550
Total	<u>1,023,592</u>	<u>785,157</u>	<u>402,018</u>	<u>650,402</u>

10.3 Fair values of investments in listed associates

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

Company's name	Country of listing	(Unit: Million Baht)	
		Fair values as at	
		31 December	
		<u>2008</u>	<u>2007</u>
Bangkok Chain Hospital Plc.	Thai	1,924	2,265
Quality Construction Products Plc.	Thai	117	209
Home Product Center Plc.	Thai	1,777	2,716
Quality Houses Plc.	Thai	1,981	3,539
Polar Property Holdings Corporation	Philippines	1,771	3,997
Total		<u>7,570</u>	<u>12,726</u>

10.4 Summarised financial information of associates

Financial information of the associated companies is summaries below:

(Unit: Million Baht)

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenue for the		Net income (loss) for the	
	as at 31 December		as at 31 December		as at 31 December		year ended		year ended	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Land and Houses Retail Bank Plc.	2,655	2,600	44,216	32,873	41,466	30,532	2,138	1,592	240	101
Bangkok Chain Hospital Plc.	950	950	4,427	4,178	1,436	1,499	4,268	3,673	605	474
Quality Construction Products Plc.	400	400	2,139	2,257	881	969	1,044	903	(30)	(108)
Home Product Center Plc.	1,934	1,925	13,369	12,274	8,413	7,951	19,824	17,015	959	710
Asia Asset Advisory Co., Ltd.	5	5	37	43	14	16	63	60	6	6
Land and Houses Property Fund*	-	40	-	65	-	-	-	9	-	7
Land and Houses Property and Loan Fund-II	3,021	3,216	4,636	4,887	51	47	301	350	204	1,295
Quality Houses Plc.	8,477	7,304	28,811	23,858	17,314	14,813	10,716	10,364	1,558	1,066
Polar Property Holdings Corporation**	4,892	4,892	6,417	6,506	821	1,186	252	1,471	139	1,062

(Million Peso)

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

** Financial information of Polar Property Holdings Corporation extracted from the financial statements for the nine-month period ended 30 September 2008 since the Company did not receive its financial statements for the year ended 31 December 2008.

10.5 The Company's consolidated financial statements for the years ended 31 December 2008 and 2007 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 year ended 31 December	
	2008	2007	2008	2007
Audited by auditor and another auditor of the same firm				
Land and Houses Retail Bank Plc.	1,167,596	1,016,081	103,679	42,203
Asia Asset Advisory Co., Ltd.	9,665	10,853	2,811	2,329
Land and Houses Property Fund	32,402	32,402	-	3,295
Land and Houses Property and Loan Fund-II	1,368,224	1,537,017	60,569	109,224
Quality Houses Plc.	3,711,480	2,602,852	353,499	156,773
Home Product Center Plc.	1,762,010	1,409,056	285,543	161,324

(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 year ended 31 December	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Audited by other auditors				
Bangkok Chain Hospital Plc.	827,057	*	175,936	*
Quality Construction Products Plc.	394,923	404,454	(9,530)	(32,901)
Unaudited by auditor				
Bangkok Chain Hospital Plc.	**	733,411	**	122,647
Polar Property Holdings Corporation	1,058,975	1,109,657	51,085	220,263

* 2007 unaudited by other auditor
** 2008 audited by other auditor

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

The Company changed the accounting policies of certain associates such that they have the same accounting policies with the group of companies for the purpose of equity taking in the consolidated financial statements.

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

(Unit: Thousand Baht)

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

During the year ended 31 December 2008, the Company obtained audited financial statements of the above two associates for the year ended 31 December 2007 findings can be summarised as follows.

1. The differences between the audited financial statements of Polar Property Holdings Corporation, whose auditor expressed an unqualified opinion on those statements, and the financial statements used for calculation of income sharing under the equity method in the consolidated financial statements were immaterial and the Company therefore adjusted such differences in the consolidated income statement for the year ended 31 December 2008. However, the significant accounting policies of the company differ from those of the group of companies and the Company has not adjusted the possible effect of the application of difference accounting policies, as discussed above, because the Company is unable to quantify these effects.
2. The differences between the audited financial statements of Bangkok Chain Hospital Public Company Limited, whose auditor expressed an unqualified opinion on those statements, and the financial statements used for calculation of income sharing under the equity method in the consolidated financial statements were immaterial and the Company therefore adjusted such differences in the consolidated income statement for the year ended 31 December 2008.

10.7 The change of investments in associates

Land and Houses Retail Bank Public Company Limited

On July 2008, Land and Houses Retail Bank Plc. allotted 5.5 million new ordinary shares (par value of Baht 10 each) to its directors, management and employees, and registered the increase in its paid up shares with the Ministry of Commerce on 7 August 2008. As a result, the Company's proportion of investment in this company decreased from 43.00 percent to 42.12 percent.

Bangkok Chain Hospital Public Company Limited

During the current year, the Company acquired an additional 1.7 million ordinary shares of Bangkok Chain Hospital Public Company Limited or a total of Baht 12.9 million. As a result, the Company's percentage shareholding in that company has changed from 28.55 percent to 28.73 percent.

Home Product Center Public Company Limited

During the current year, the Company acquired an additional 32.6 million ordinary shares of Home Product Center Public Company Limited or a total of Baht 170.3 million. Moreover, the warrant holders of that company exercised their rights to convert warrants to 8.7 million ordinary shares. As the result, the Company's percentage shareholding in that company has changed from 28.68 percent to 30.23 percent.

Land and Houses Property and Loan Fund-II

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

Quality Houses Public Company Limited

During the current year, the Company acquired an additional 99.2 million ordinary shares of Quality Houses Public Company Limited and exercised its rights to convert warrants to 339.2 million ordinary shares or a total of Baht 864.3 million. Moreover, the warrant holders of that company exercised their rights to convert warrants to 1,173.6 million ordinary shares. As the result, the Company's percentage shareholding in that company has changed from 22.85 percent to 24.86 percent.

11. Other long-term investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Available-for-sale securities				
Equity securities	292,490	398,250	292,490	398,250
Add (less): Changes in fair value of securities	(125,771)	53,244	(125,771)	53,244
Available-for-sale securities - net	<u>166,719</u>	<u>451,494</u>	<u>166,719</u>	<u>451,494</u>
Held-to-maturity debt securities	-	150,000	-	-
Other investments				
Equity securities	2,213,505	2,083,485	1,989,239	2,008,086
Less: Allowance for impairment	(1,377,670)	(1,388,390)	(1,356,607)	(1,375,327)
Total held-to-maturity debt securities and other investment - net	<u>835,835</u>	<u>845,095</u>	<u>632,632</u>	<u>632,759</u>
Total	<u>1,002,554</u>	<u>1,296,589</u>	<u>799,351</u>	<u>1,084,253</u>

12. Land held for development

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land held for development	4,926,741	5,289,112	3,530,204	3,624,865
Less: Allowance for impairment	(768,053)	(824,329)	(619,689)	(669,457)
Land held for development - net	<u>4,158,688</u>	<u>4,464,783</u>	<u>2,910,515</u>	<u>2,955,408</u>

As at 31 December 2008 and 2007 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	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Net book value of mortgaged land				
held for development to secure loans	1,189	1,392	-	40

Movements in the allowance for impairment of land held for development during the year ended 31 December 2008 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2008	824,329	669,457
Add: Set up provision during the year	76,037	-
Less: Reverse provision during the year	(132,313)	(49,768)
Balance as at 31 December 2008	<u>768,053</u>	<u>619,689</u>

13. Deposit for purchase of land

(Unit: Thousand Baht)

Consolidated and
Separate financial
statements

	<u>2008</u>	<u>2007</u>
Deposit for purchase of land	282,450	282,450
Less: Allowance for impairment	(84,735)	(56,450)
Deposit for purchase of land - net	<u>197,715</u>	<u>226,000</u>

In 1992, the Company entered into an agreement to buy and to sell land and has already made full payment of Baht 282.5 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 provision for impairment of deposit for purchase of land Baht 84.7 million (2007: Baht 56.5 million).

14. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements								
	Land	Building and office building improvement	Office equipment	Furniture and fixture of office and clubhouse	Motor vehicles	Clubhouse, pool and tennis court	Other	Assets under construction	Total
<u>Cost</u>									
31 December 2007	-	483,846	120,055	420,418	50,306	776,583	168,524	55,579	2,075,311
Purchase	26,997	997	11,373	5,793	1,773	116,892	7,842	517,644	689,311
Disposal	-	-	(5,930)	(21,800)	(1,468)	(123,034)	-	-	(152,232)
Transfer in (out)	-	-	887	16,656	-	-	(7,220)	(11,222)	(899)
31 December 2008	<u>26,997</u>	<u>484,843</u>	<u>126,385</u>	<u>421,067</u>	<u>50,611</u>	<u>770,441</u>	<u>169,146</u>	<u>562,001</u>	<u>2,611,491</u>
<u>Accumulated depreciation</u>									
31 December 2007	-	39,557	85,492	119,321	35,037	577,413	41,342	-	898,162
Depreciation for the year	-	16,027	16,119	74,192	7,816	81,725	25,140	-	221,019
Disposal	-	-	(5,908)	(18,348)	(1,377)	(123,034)	-	-	(148,667)
Transfer in (out)	-	-	108	633	-	-	(846)	-	(105)
31 December 2008	<u>-</u>	<u>55,584</u>	<u>95,811</u>	<u>175,798</u>	<u>41,476</u>	<u>536,104</u>	<u>65,636</u>	<u>-</u>	<u>970,409</u>
<u>Allowance for impairment</u>									
31 December 2007	-	1,178	-	-	-	-	-	-	1,178
31 December 2008	<u>-</u>	<u>1,178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,178</u>

(Unit: Thousand Baht)

Consolidated financial statements

	Land	Building and office building improvement	Office equipment	Furniture and fixture of office and clubhouse	Motor vehicles	Clubhouse, pool and tennis court	Other	Assets under construction	Total
<u>Net book value</u>									
31 December 2007	-	443,111	34,563	301,097	15,269	199,170	127,182	55,579	1,175,971
31 December 2008	26,997	428,081	30,574	245,269	9,135	234,337	103,510	562,001	1,639,904
Depreciation charge for the year									
2007 (Baht 93 million included in cost of sales and the balance in administrative expenses)									191,765
2008 (Baht 82 million included in cost of sales and the balance in administrative expenses)									221,019

(Unit: Thousand Baht)

Separate financial statements

	Building and office building improvement	Office equipment	Furniture and fixture of office and clubhouse	Motor vehicles	Clubhouse, pool and tennis court	Other	Assets under construction	Total
<u>Cost</u>								
31 December 2007	37,528	103,017	165,124	41,423	531,894	34,551	12,442	925,979
Purchase	-	9,637	163	850	110,790	3,330	17,179	141,949
Disposal	-	(5,930)	(20,949)	(542)	(100,407)	-	-	(127,828)
Transfer in (out)	-	-	8,506	-	-	-	(8,506)	-
31 December 2008	37,528	106,724	152,844	41,731	542,277	37,881	21,115	940,100
<u>Accumulated depreciation</u>								
31 December 2007	14,312	76,320	79,809	29,689	389,656	25,194	-	614,980
Depreciation for the year	1,881	13,727	25,037	6,179	63,706	3,641	-	114,171
Disposal	-	(5,908)	(17,967)	(542)	(100,407)	-	-	(124,824)
31 December 2008	16,193	84,139	86,879	35,326	352,955	28,835	-	604,327
<u>Net book value</u>								
31 December 2007	23,216	26,697	85,315	11,734	142,238	9,357	12,442	310,999
31 December 2008	21,335	22,585	65,965	6,405	189,322	9,046	21,115	335,773
Depreciation charge for the year								
2007 (Baht 69 million included in cost of sales and the balance in administrative expenses)								122,524
2008 (Baht 64 million included in cost of sales and the balance in administrative expenses)								114,171

As at 31 December 2008, certain equipment items have been fully depreciated but are still in use. The original cost of those assets as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Equipment items have been fully depreciation but are still in use	191	191	114	110

A subsidiary has placed its buildings, clubhouses, furniture and fixture which located on land sub-leasehold rights which have net book value as at 31 December 2008 of Baht 459 million (2007: Baht 482 million) as collateral of the long-term loans.

During the year, the subsidiaries included borrowing costs in property, plant and equipment totaling Baht 4.3 million (2007: Baht 38.0 million) with the capitalisation rate of 5.6 percent (2007: 5.6 percent).

15. Leasehold rights

(Unit: Thousand Baht)

Project	Consolidated financial statements				
	Remaining useful life	31 December 2007	Increase (decrease)	Amortisation	31 December 2008
Grande Centre Point Hotel & Residence	29.4 years	2,263,681	26,976	(89,071)	2,201,586
L&H Villa Sathon	29.6 years	184,100	-	(6,035)	178,065
L&H Sukhumvit	31.7 years	498,868	(10)	(15,302)	483,556
Vacant land	17.8 years	705	-	(38)	667
Total		<u>2,947,354</u>	<u>26,966</u>	<u>(110,446)</u>	<u>2,863,874</u>

Land 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 land 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 2008 of Baht 2,380 million (2007: Baht 2,448 million) as collateral for long-term loans.

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Bank overdrafts	20,509	8,870	-	-
Bill of exchange	1,925,000	-	1,925,000	-
Less: Prepaid interest	(22,119)	-	(22,119)	-
Net	<u>1,923,390</u>	<u>8,870</u>	<u>1,902,881</u>	<u>-</u>

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

17. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Long-term loans	5,462,803	5,770,730	3,470,019	3,509,644
Less: Current portion	(753,703)	(32,716)	(305,810)	-
Net	<u>4,709,100</u>	<u>5,738,014</u>	<u>3,164,209</u>	<u>3,509,644</u>

As at 31 December 2008 and 2007, long-term loans of the Company and its subsidiaries from domestic financial institutions are shown below:

(Unit: Million Baht)

	Consolidated		Separate		Interest rate	Principal repayments	Guaranteed by
	financial statements		financial statements				
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>			
The Company							
Long-term loan	613.9	592.1	613.9	592.1	Year 1-3 - MLR - 1.5 Thereafter - MLR - 1.5 or fixed deposit interest rate plus 2 percent per annum whichever is higher rate	Repayments within 5 years from the first drawdown date	Land of project
	856.1	917.5	856.1	917.5	Year 1-3 - MLR - 1.5	Repayments within 2 years and 6 months to 3 years from the first drawdown date	Land of project
Long-term bill of exchange	2,000.0	2,000.0	2,000.0	2,000.0	4.375 percent per annum	Repayments all principal on 6 July 2010	-
Long-term loan							
L&H Property Co., Ltd.	1,248.0	1,248.0	-	-	Year 1-3 - MLR - 1.5 Thereafter - MLR - 1 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
L&H Sathon Co., Ltd.	350.0	368.0	-	-	Year 1-3 - MLR - 1.5 Thereafter - MLR - 1 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

(Unit: Million Baht)

	Consolidated		Separate		Interest rate	Principal repayments	Guaranteed by
	financial statements		financial statements				
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>			
L H Muang Mai Co., Ltd.	-	13.8	-	-	MLR - 1	45 percent of proceeds from sale of land with premises	Land of project Guaranteed by the Company, the related company and the company's director totally covering Baht 213.1 million Ordinary shares of subsidiaries
	37.9	61.8	-	-	Year 1 - MLR - 1.5 Year 2 - MLR - 1 Thereafter - MLR	Repayments within 60 months with monthly installment of Baht 1.6 million commencing from June 2006.	Land of project
	-	65.5	-	-	MLR - 1	Repayment within September 2009	Land of project Guaranteed by the Company, the related company and the company's director totally covering Baht 213.1 million Ordinary shares of subsidiaries
Phuket Future Plan Co., Ltd.	86.9	234.0	-	-	Year 1 - MLR - 1.5 Thereafter - MLR - 1	70 percent of proceeds from sale of land	Land of project Guaranteed by the Company, L H Muang Mai Co., Ltd., related company and the director of L H Muang Mai Co., Ltd. totally covering Baht 468 million Ordinary shares of the company and the related company
Double Tree Co., Ltd.	270.0	270.0	-	-	Year 1 - MLR - 1.5 Thereafter - MLR - 1	70 percent of proceeds from sale of land	Land of project Guaranteed by the Company, L H Muang Mai Co., Ltd., related company and the director of L H Muang Mai Co., Ltd. totally covering Baht 391.5 million (2007: Baht 540 million) Ordinary shares of the company and the related company
Total	5,462.8	5,770.7	3,470.0	3,509.6			
Less: Current portion	(753.7)	(32.7)	(305.8)	-			
Net	<u>4,709.1</u>	<u>5,738.0</u>	<u>3,164.2</u>	<u>3,509.6</u>			

In addition, during 2008 the Company entered into a loan agreement with a domestic commercial bank, granting total facilities of Baht 2,519 million carrying interest at a rate of MLR-1% and repayable within 5 years from the first drawdown date. The Company placed the land of a project as collateral. However, as at 31 December 2008, the Company had not drawn down from the loan facility.

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, and the maintenance of certain financial ratios.

As at 31 December 2008, there were available long-term loan facilities from financial institutions totaling approximately Baht 3,434.2 million included the above mentioned facilities of Baht 2,519 million (2007: Baht 1,075.2 million) which had not yet been drawn down by the Company and its subsidiaries.

In addition, as at 31 December 2008, a subsidiary has available long-term loan facilities from shareholder, except for facilities from the Company, totally Baht 676 million (2007: Baht 880 million).

18. Debentures

Details of debentures of the Company are as follows:

	Interest rate	Age	Repayment	Maturity	Consolidated and Separate financial statements			
					Number of debenture (shares)		Amount (Thousand Baht)	
					2008	2007	2008	2007
Unsubordinated and unsecured debentures								
- No. 1/2004								
- Set 3	Fixed rate 3.25% for 1st - 3rd year and fixed rate 4.5% for 4th year	4 years	At maturity	4 March 2008	-	1,000,000	-	1,000,000
- No. 1/2005								
- Set 1	Fixed rate 4.25%	3 years	At maturity	1 April 2008	-	1,500,000	-	1,500,000
- Set 2	Fixed rate 4.25% for 1st - 3rd year and fixed rate 5.5% for 4th year	4 years	At maturity	1 April 2009	1,500,000	1,500,000	1,500,000	1,500,000
- Set 3	Fixed rate 4.25% for 1st - 3rd year, fixed rate 5.5% for 4th year and fixed rate 6.5% for 5th year	5 years	At maturity	1 April 2010	2,000,000	2,000,000	2,000,000	2,000,000
- No. 1/2007	Fixed rate 4.60%	4 years	At maturity	13 September 2011	2,000,000	2,000,000	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	-
Total					<u>8,500,000</u>	<u>8,000,000</u>	<u>8,500,000</u>	<u>8,000,000</u>
Less: Current portion of debentures							<u>(1,500,000)</u>	<u>2,500,000</u>
Net							<u>7,000,000</u>	<u>5,500,000</u>

Movements in the debentures during the year ended 31 December 2008 are summarised below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements
Balance as at 1 January 2008	8,000,000
Add: Issue of new debentures	3,000,000
Less: Redemption	(2,500,000)
Balance as at 31 December 2008	8,500,000

19. Provisions

These comprise the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	Short-term provisions:			
Provision for after -sales maintenance expenses	18,184	48,088	13,407	36,745
Legal case	27,535	31,927	27,535	29,252
	45,719	80,015	40,942	65,997

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	Long-term provisions:			
Provision for utilities maintenance	35,388	4,183	29,297	1,483
Compensation for Housing Estate Juristic Persons	124,861	125,992	100,363	105,274
	160,249	130,175	129,660	106,757

20. Share capital

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

Date of exercise	Type of warrant	Number of exercised warrants (Unit)	Ordinary shares issued for exercised warrants (Shares)	Exercise price (Baht per share)	Date of registration of share capital with the Ministry of Commerce	Date of the Stock Exchange of Thailand approved ordinary shares as listed securities
28 December 2007	ESOP-5	87,400	874,000*	1.0	8 January 2008	10 January 2008
28 December 2007	LH-W2	7,070,440	9,018,484*	2.039	8 January 2008	10 January 2008
31 January 2008	ESOP-4	5,000	50,000	1.0	6 February 2008	11 February 2008
31 March 2008	ESOP-5	927,600	9,276,000	1.0	4 April 2008	10 April 2008
31 March 2008	LH-W2	962,578,345	1,227,787,909	2.039	4 April 2008	10 April 2008
4 April 2008	ESOP-4	6,600	66,000	1.0	18 April 2008	23 April 2008
30 June 2008	ESOP-5	64,000	640,000	1.0	7 July 2008	10 July 2008
30 June 2008	LH-W2	10,832,229	14,124,791	1.995	7 July 2008	10 July 2008
2 September 2008	LH-W2	68,314,172	90,289,923	1.968	11 September 2008	15 September 2008
30 September 2008	ESOP-5	51,400	514,000	1.0	6 October 2008	8 October 2008
Total			<u>1,352,641,107</u>			

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

Reconciliation of number of ordinary shares

(Unit: Shares)

	Consolidated and Separate financial statements	
	<u>2008</u>	<u>2007</u>
<u>Registered ordinary shares</u>		
Number of ordinary shares at beginning of year	10,354,268,670	10,806,737,200
Decrease of registered share capital	-	(1,152,468,530)
Increase of registered share capital	-	700,000,000
Number of ordinary shares at end of year	<u>10,354,268,670</u>	<u>10,354,268,670</u>
<u>Issued and paid-up ordinary shares</u>		
Number of ordinary shares at beginning of year	8,673,061,416	8,476,271,216
Increase due to exercise of warrants	<u>1,352,641,107</u>	<u>196,790,200</u>
Number of ordinary shares at end of year	<u>10,025,702,523</u>	<u>8,673,061,416</u>

The registered ordinary shares which are not issued and paid-up are the ordinary shares reserved for exercise of warrants.

21. Cash receipts from share subscription

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

Type of warrant	Number of warrants (Unit)	Exercise price (Baht per share)	Number of ordinary shares purchased (Share)	Cash receipts from share subscription (Thousand Baht)
ESOP-5	15,400	1.0	154,000	154
Total			154,000	154

22. Warrants

During the current year, the Company adjusted the exercise ratio and the exercise price of LH-W2 as follows, as a result of dividend payment exceeding 30% of net income.

Date	Adjusted items	Previous	New
6 May 2008	Exercise ratio	1 warrant grants entitlement to purchase 1.27552 new ordinary share	1 warrant grants entitlement to purchase 1.30397 new ordinary shares
	Exercise price	Baht 2.039 per share	Baht 1.995 per share
19 August 2008	Exercise ratio	1 warrant grants entitlement to purchase 1.30397 new ordinary share	1 warrant grants entitlement to purchase 1.32169 new ordinary shares
	Exercise price	Baht 1.995 per share	Baht 1.968 per share

The Company's warrants are as follows.

Type of warrant	Exercise price (Baht per share)	Exercise ratio per 1 warrant	Number of warrants outstanding as at 31 December 2007 (Unit)	Number of warrants exercised during the year (Unit)	Number of warrants expired during the year (Unit)	Number of warrants outstanding as at 31 December 2008 (Unit)
ESOP-4	1.0	1: 10	11,600	(11,600)	-	-
ESOP-5	1.0	1: 10	1,064,900	(1,058,400)	-	6,500*
LH-W2	1.968	1: 1.32169	1,075,295,896	(1,041,724,746)	(33,571,150)	-

* Final exercise date on 7 March 2009

23. Revaluation surplus (deficit) in investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Associated companies' investments	70,721	13,647	-	-
Company's investments	(125,771)	53,244	(125,771)	53,244
Total	<u>(55,050)</u>	<u>66,891</u>	<u>(125,771)</u>	<u>53,244</u>

During the year 2008, movement of revaluation surplus (deficit) in investments are as follow:

(Unit: Thousand Baht)

	Consolidated	Separate
	financial	financial
	statements	statements
Balance as at 1 January 2008	66,891	53,244
Changes during the year due to		
- exercise of warrants	(82,493)	(82,493)
- revaluation	(96,522)	(96,522)
- equity method	57,074	-
Balance as at 31 December 2008	<u>(55,050)</u>	<u>(125,771)</u>

24. 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.

25. Gain on investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Realised gain from decrease capital of associates	-	-	50,196	177,783
Realised gain from sale of other investments	3,292	-	3,292	-
Realised gain from redemption of preference shares	-	91	-	91
Others	10	208	-	-
Total	3,302	299	53,488	177,874

During the years, the Company and its subsidiaries received proceeds from sale of investments classified by their types as follow:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Other investments	33	721	-	152

26. 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 contributed 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		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Contribution to provident fund	14.1	13.0	13.8	12.7

27. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Purchase of land and land held for development and payment of construction in progress	12,841,185	11,187,300	11,344,737	9,693,474
Changes in land, constructions in progress and land held for development	(3,106,260)	1,075,606	(4,159,535)	(90,215)
Salary and wages and other employee benefits	486,153	459,019	464,727	435,190
Depreciation and amortisation expenses	316,163	209,435	114,171	122,524
Loss on impairment of investments in subsidiary	-	-	25,000	-
Loss on impairment of projects	22,721	6,187	-	-
Loss from impairment of land held for development	76,037	-	-	-
Loss from impairment of other assets	28,285	-	28,285	-
Rental expenses	54,977	45,029	46,183	41,580

28. Earnings per share

Basic earnings per share is calculated by dividing the net income for the year by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing net income for the year by the sum of the weighted average number of ordinary shares in issue during the year and the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic and diluted earnings per share:

Consolidated financial statements						
Net income		Weighted average number of ordinary shares		Earnings per share		
<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
Basic earnings per share						
Net income attributable to equity holders of the parent						
3,427,551	3,158,938	9,653,362*	8,621,690*	0.36	0.37	
Effect of dilutive potential ordinary shares						
ESOP-4	-	-	17	549		
ESOP-5	-	-	2,673	12,290		
LH-W2	-	-	266,322	1,013,356		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares						
<u>3,427,551</u>	<u>3,158,938</u>	<u>9,922,374</u>	<u>9,647,885</u>	0.35	0.33	

* Included ordinary shares from cash receipts from share subscription.

Separate financial statements						
Net income		Weighted average number of ordinary shares		Earnings per share		
<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
Basic earnings per share						
Net income attributable to equity holders of the parent						
2,605,460	3,770,255	9,653,362*	8,621,690*	0.27	0.44	
Effect of dilutive potential ordinary shares						
ESOP-4	-	-	17	549		
ESOP-5	-	-	2,673	12,290		
LH-W2	-	-	266,322	1,013,356		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares						
<u>2,605,460</u>	<u>3,770,255</u>	<u>9,922,374</u>	<u>9,647,885</u>	0.26	0.39	

* Included ordinary shares from cash receipts from share subscription.

29. Financial information by segment

The significant business segments comprising the Company and its subsidiaries' operations are the development of real estate, which comprises of land and house projects and residential condominium projects, and rental of real estate. These are carried on the single geographic area of Thailand. However, since financial information on the rental of real estate segment is currently insignificant to the consolidated financial statements, the Company does not separately present the financial information of this segment.

30. 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 2006	Annual General Meeting of the shareholders on 26 April 2007	0.32	0.17	0.15	1,299	11	1,288
Interim dividend for 2007	Board of Directors' meeting on 14 August 2007	0.12	-	0.12	1,040	11	1,029
Final dividend for 2007	Annual General Meeting of the shareholders on 29 April 2008	0.37	0.12	0.25	2,480	14	2,466
Interim dividend for 2008	Board of Directors' meeting on 8 August 2008	0.15	-	0.15	1,490	10	1,480

31. Commitment and contingent liabilities

31.1 Commitments

31.1.1 As at 31 December 2008 and 2007, the Company and its subsidiaries have commitments under construction contracts as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Commitments under construction contracts	1,539.3	2,417.9	1,136.2	1,921.0

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

a) Land and construction lease agreement

Agreement date	Agreement period	Maturity date	Rental rate
7 June 2005	30 years	31 May 2038	<ul style="list-style-type: none"> - 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. - 6th - 10th year, total rental payment of Baht 42.31 million. - 11th - 15th year, total rental payment of Baht 54.00 million. - 16th - 20th year, total rental payment of Baht 68.92 million. - 21th - 25th year, total rental payment of Baht 87.97 million. - 26th - 30th year, total rental payment of Baht 112.27 million.

In addition, as at 31 December 2008 L&H Property Company Limited is committed to pay security expenses at the rate of Baht 11,160 per month throughout the period of construction and the period of the lease.

b) Land sub-lease agreement

Agreement date	Agreement period	Maturity date	Rental rate
28 July 2005	33 years	28 July 2038	<ul style="list-style-type: none"> - 1st - 3rd year, paid of Baht 3.00 million (already paid) - 4th - 8th year, total rental of Baht 25.00 million - 9th - 13th year, total rental of Baht 30.00 million - 14th -18th year, total rental of Baht 36.00 million - 19th - 23rd year, total rental of Baht 43.20 million - 24th - 28th year, total rental of Baht 51.84 million - 29th - 33rd year, total rental of Baht 62.21 million

c) Land lease agreement

Agreement date	Agreement period	Land leasing fee and ground rental fee
10 March 2006	30 years ⁽¹⁾	<ul style="list-style-type: none"> - Ground rental fee of Baht 500 million which has already been fully paid - Land leasing fee is to be monthly paid as follows: <ul style="list-style-type: none"> - 1st - 5th year, total rental of Baht 20.16 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

⁽¹⁾ The agreement runs from 1 September 2010 to 31 August 2040. However, the lessor consented to allow L&H Property Company Limited to develop or construct on the leased land between 1 September 2007 and 31 August 2010, and L&H Property Company Limited agreed to pay additional ground rental fee of Baht 160,000 per month.

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

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

- Project under construction: Baht 1.9 million per month.
- Operating project: Baht 17.7 million per annum.

31.1.5 As 31 December 2008, L&H Property Company Limited is committed to pay project management fees to the following associates.

Associates	Service rate	Term
L&H Management Company Limited (a subsidiary of Asia Asset Advisory Company Limited)	- At the higher rate of actual certain employee expenses related to project management plus margin of 10% and Baht 310,000 per month	3 years commencing from 1 August 2008
L&H Retail Management Company Limited (a subsidiary of Asia Asset Advisory Company Limited)	- At the higher rate of actual expenses related to project management plus margin of 20% and Baht 310,000 per month	3 years commencing from 1 August 2008

Associates	Service rate	Term
Quality Houses Public Company Limited	- 2% of total revenue plus additional 5.5% of operating income and Baht 50,000 per month of software service and actual expenses related to project management	3 years commencing from 1 October 2007

31.1.6 As at 31 December 2008, L&H Sathon Company Limited had outstanding commitment of Baht 1.3 million in respect of management fees paid to Q.H. International Company Limited.

31.1.7 As at 31 December 2008, L&H Property Company Limited is committed to pay Quality Houses Public Company Limited accounting services fee amounting to Baht 0.9 million.

31.1.8 As at 31 December 2008 and 2007, the Company and its subsidiaries have commitment related to purchase of land as follows.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Commitment to purchase of land	206.8	1,262.4	206.8	1,173.8

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

31.1.10 Obligation and commitment to complete projects on hand

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Number of projects on hand at				
beginning of year	47	39	35	29
Number of closed projects during year	(16)	-	(12)	-
Number of new projects during year	14	8	13	6
Number of projects on hand at end of year	<u>45</u>	<u>47</u>	<u>36</u>	<u>35</u>
Accumulative value of sales already				
contracted (Million Baht)	87,119	71,948	68,058	56,863
As percentage of total sales of projects				
on hand	73.1	70.0	70.2	69.5
Value of sales already contracted				
during year (Million Baht)	15,140	18,594	11,157	14,610
As percentage of total sales of projects				
on hand	12.7	18.1	11.5	17.9
Commitments in respect of the installation				
of central utilities of projects on hand				
(Million Baht)	418.8	381.2	387.7	297.3

31.1.11 As at 31 December 2008, the subsidiaries company have servitude over land of approximately 54 rai of which the cost is included in the cost of projects.

31.1.12 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.

The future minimum lease payments and services fee payments required under these non-cancellable contracts were as follows.

	<u>Million Baht</u>
Payable within:	
Less than 1 year	32
1 to 5 years	60

31.2 Bank guarantees

As at 31 December 2008 and 2007, there were the outstanding bank guarantees issued by the banks in respect of certain performance bonds required in the normal course of business by the Company and its subsidiaries balances as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Letter of guarantee for arrangement and maintenance of public utilities	1,385.0	1,171.2	1,281.0	978.3
Letter of guarantee for electricity usage	25.3	28.2	11.2	12.7
Other letter of guarantees	50.0	50.0	50.0	50.0
	<u>1,460.3</u>	<u>1,249.4</u>	<u>1,342.2</u>	<u>1,041.0</u>

31.3 Guarantees

As at 31 December 2008 and 2007, the Company and its subsidiaries have the following obligations in respect of guarantees.

Guarantor	Guarantee	(Unit: Million Baht)	
		<u>2008</u>	<u>2007</u>
Land and Houses Plc.	L H Muang Mai Co., Ltd.	-	117.2
	Phuket Future Plan Co., Ltd.	47.8	128.7
	Double Tree Co., Ltd.	148.5	148.5
	Customers	1.0	1.0
Total		<u>197.3</u>	<u>395.4</u>
L H Muang Mai Co., Ltd.	Double Tree Co., Ltd.	270.0	270.0
	Phuket Future Plan Co., Ltd.	86.9	234.0
Total		<u>356.9</u>	<u>504.0</u>
L&H Property Co., Ltd.	L&H Sathon Co., Ltd.	<u>390.0</u>	<u>390.0</u>

31.4 Litigation

The Company and its subsidiaries

As at 31 December 2008, the following significant lawsuits had been filed against the Company and its subsidiaries.

- a) Two housing estate juristic persons sued the Company and a subsidiary for a total of Baht 1,013.5 million in relation to access to public thoroughfares. Currently, the lawsuit is in the process of being investigated by the court. The Company has set aside provision of Baht 25 million for liabilities arising as a result of this case.

- b) The Company and a subsidiary were sued by persons with claims totaling Baht 310 million. However, in January 2009, the plaintiffs withdrew the lawsuits and the court dismissed the case.
- c) A condominium estate juristic person sued the Company with a claim of Baht 133 million. Currently, the lawsuit is in the process of being conciliated between the disputing parties. The Company's management believes that the Company will not suffer losses as a result of this case.
- d) The Company and its subsidiaries have been sued for a total of approximately Baht 35.5 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 2.5 million. The Company and its subsidiaries have set aside provision of Baht 2.5 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 2008, 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 as defendant in a civil case in which the plaintiff claims the Fund illegally encroached on the land of the plaintiff to provide a thoroughfare to Soi Sukhumvit 55. On 18 July 2006, the South Bangkok Civil Court dismissed the lawsuit on the grounds that this land is a public road and the plaintiff therefore had no right to sue the defendant. On 13 September 2006, the plaintiff appealed this judgment with the Appeal Court and on 8 November 2006, the Fund filed a defence of the appeal. As at 31 December 2008, the case is being heard by the Appeal Court.

32. Financial instruments

32.1 Financial risk management

The Company and its subsidiaries's financial instruments, as defined under Thai Accounting Standard No. 48 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivables, amount due from, short term loans, trade accounts 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 amount due from, accounts 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 amount due from, accounts receivables and short-term loan to as stated in the balance sheet.

Interest rate risk

The Company and its subsidiaries's exposure to interest rate risk relates primarily to its deposit at financial institution, bank overdrafts, short-term loans, debentures and long-term loans which bearing of interest.

Significant financial assets and liabilities as at 31 December 2008 and 2007 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							Interest rate (% p.a.)
	As at 31 December 2008							
	Fixed interest rates				Floating interest rate	Non-interest bearing	Total	
	At call	Within 1 year	1 - 5 years	Over 5 years				
(Million Baht)								
Financial assets								
Cash and cash equivalents	-	350	-	-	347	536	1,233	0.75 - 2.65
Trade accounts receivables	-	-	-	-	-	10	10	-
Amount due from and accounts receivables - related parties	-	-	-	-	-	1	1	-

Consolidated financial statements

As at 31 December 2008

	Fixed interest rates						Total	Interest rate (% p.a.)
	At call	Within 1 year	1 - 5 years	Over 5 years	Floating interest rate	Non-interest bearing		
	(Million Baht)							
Financial liabilities								
Bank overdrafts and short-term loans from financial institutions	-	1,903	-	-	20	-	1,923	3.68 - 4.08
Trade accounts payables	-	-	-	-	-	1,324	1,324	-
Trade accounts payables - related parties	-	-	-	-	-	19	19	-
Amount due to related parties	-	-	-	-	-	10	10	-
Short-term loans from related parties	220	-	-	-	-	-	220	5.25 - 7.50
Long-term loans	-	-	2,000	-	3,463	-	5,463	As specified in Note 17
Debentures	-	1,500	7,000	-	-	-	8,500	As specified in Note 18

Separate financial statements

As at 31 December 2008

	Fixed interest rates						Total	Interest rate (% p.a.)
	At call	Within 1 year	1 - 5 years	Over 5 years	Floating interest rate	Non-interest bearing		
	(Million Baht)							
Financial assets								
Cash and cash equivalents	-	350	-	-	18	195	563	0.75 - 2.65
Amount due from and accounts receivables - related parties	-	-	-	-	-	8	8	-
Short-term loans to related parties	669	-	-	-	-	-	669	5.25 - 7.50
Financial liabilities								
Bank overdrafts and short-term loans from financial institutions	-	1,903	-	-	-	-	1,903	3.68 - 4.08
Trade accounts payables	-	-	-	-	-	1,145	1,145	-
Trade accounts payables - related parties	-	-	-	-	-	18	18	-
Amount due to related parties	-	-	-	-	-	1	1	-
Short-term loans from related parties	210	-	-	-	-	-	210	5.50
Long-term loans	-	-	2,000	-	1,470	-	3,470	As specified in Note 17
Debentures	-	1,500	7,000	-	-	-	8,500	As specified in Note 18

Consolidated financial statements

As at 31 December 2007

	Fixed interest rates						Total	Interest rate (% p.a.)
	At call	Within 1 year	1 - 5 years	Over 5 years	Floating interest rate	Non-interest bearing		
	(Million Baht)							
Financial assets								
Cash and cash equivalents	-	250	-	-	234	543	1,027	0.50 - 3.375
Trade accounts receivables	-	-	-	-	-	7	7	-
Amount due from and accounts receivables - related parties	-	-	-	-	-	213	213	-
Financial liabilities								
Bank overdrafts and short-term loans from financial institutions	-	-	-	-	9	-	9	MOR
Trade accounts payables	-	-	-	-	-	992	992	-
Trade accounts payables - related parties	-	-	-	-	-	18	18	-
Amount due to related parties	-	-	-	-	-	21	21	-
Short-term loans from related parties	34	-	-	-	-	-	34	7.0 - 7.5
Long-term loans	-	-	2,000	-	3,771	-	5,771	As specified in Note 17
Debentures	-	2,500	5,500	-	-	-	8,000	As specified in Note 18

Separate financial statements								
As at 31 December 2007								
	Fixed interest rates				Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	At call	Within 1 year	1 - 5 years	Over 5 years				
Financial assets								
Cash and cash equivalents	-	250	-	-	220	395	865	0.50 - 3.375
Amount due from and accounts receivables - related parties	-	-	-	-	-	216	216	-
Short-term loans to related parties	929	-	-	-	-	-	929	5.50 - 7.50
Financial liabilities								
Trade accounts payables	-	-	-	-	-	797	797	-
Trade accounts payables - related parties	-	-	-	-	-	16	16	-
Amount due to related parties	-	-	-	-	-	4	4	-
Short-term loans from related parties	70	-	-	-	-	-	70	5.50
Long-term loans	-	-	2,000	-	1,510	-	3,510	As specified in Note 17
Debentures	-	2,500	5,500	-	-	-	8,000	As specified in Note 18

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 2008 and 2007 are summarised below:

Foreign currency	Consolidated and Separate financial statements			
	Financial assets		Average exchange rate as at 31 December	
	<u>2008</u> (Million)	<u>2007</u> (Million)	(Baht per 1 foreign currency unit)	
			<u>2008</u>	<u>2007</u>
Philippines Peso	1,223	1,223	0.7389	0.8157
Indonesia Rupiah	345,956	345,956	3.1874 (per 1,000 Rupiah)	3.6360 (per 1,000 Rupiah)

32.2 Fair values of financial instruments

The estimated fair value of financial instruments as at 31 December 2008 and 2007, in comparison with the related amounts carried in the balance sheet, is as follows:

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	Carrying amount		Fair value		Carrying amount		Fair value	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>Financial assets</u>								
Cash and cash equivalents	1,233	1,027	1,233	1,027	563	865	563	865
Trade accounts receivables	10	7	10	7	-	-	-	-
Amount due from and accounts receivables - related parties	1	213	1	213	8	216	8	216
Short-term loans to related parties	-	-	-	-	669	929	669	929
<u>Financial liabilities</u>								
Bank overdrafts and short-term loans from financial institutions	1,923	9	1,915	9	1,903	-	1,895	-
Trade accounts payables	1,324	992	1,324	992	1,145	797	1,145	797
Trade accounts payables - related parties	19	18	19	18	18	16	18	16
Amount due to related parties	10	21	10	21	1	4	1	4
Short-term loans from related parties	220	34	220	34	210	70	210	70
Long-term loans	5,463	5,771	5,388	5,649	3,470	3,510	3,395	3,388
Debentures	8,500	8,000	8,239	7,177	8,500	8,000	8,239	7,177

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 balance sheet approximate their fair value.
- 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 debentures and long-term loans carrying interest approximate to the market rate, their carrying amounts in the balance sheet approximates their fair value.

33. Capital management

The primary objectives of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the balance sheet as at 31 December 2008, the Group's debt-to-equity ratio was 0.70:1 (2007: 0.65:1) and the Company's was 0.71:1 (2007: 0.63:1).

34. Subsequent event

As at 12 January 2009, the Company registered the increase in its issued and paid up share capital from exercised warrants to purchase ordinary shares of the Company in December 2008 as specified in Note 21, increasing the Company's paid up share capital from Baht 10,025.7 million to Baht 10,025.9 million. The Stock Exchange of Thailand approved the additional the ordinary shares as listed securities on 14 January 2009.

35. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2007 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follow:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Other current asset - others	108,732	123,777	-	-
Property, plant and equipment - net	1,175,972	1,638,803	-	-
Goodwill	-	72,000	-	-
Leasehold right - net	2,947,354	2,397,478	-	-
Short-term provisions	80,015	-	65,997	-
Accrued expense	339,009	300,743	287,408	257,182
Other current liabilities - others	162,215	280,496	139,163	235,385
Long-term provisions	130,175	-	106,757	-
Other non-current liabilities	24,733	154,908	-	106,757

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Other income - others	92,148	92,213	-	-
Selling and administrative expenses	-	1,688,193	-	1,347,608
Specific business tax and transfer fee	-	715,947	-	562,471
Selling expenses	1,389,193	-	1,074,978	-
Administrative expenses	997,595	-	818,718	-
Loss from sale of property, plant and equipment	7,684	-	6,780	-
Interest expenses	-	185,680	-	168,979
Finance cost	195,282	-	178,581	-

36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2009.