

(Unaudited but reviewed)

Land and Houses Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 2008

1. General information

1.1 Corporate information

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

1.2 Economic crisis

The financial crisis experienced by the United States 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.

1.3 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with accounting standard No. 41 (revised 2007) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets, and the statements of income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

(Unaudited but reviewed)

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

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

1.4 Basis of consolidation

These consolidated interim financial statements are prepared by applying the same basis as that applied for the preparation of the consolidated financial statements for the year ended 31 December 2007, with there being no changes in the structure of shareholding in subsidiaries during the period.

1.5 Accounting Standards which are effective for the current year

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

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

(Unaudited but reviewed)

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

TAS 43 (revised 2007) “Business Combinations”

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

1.6 Significant accounting policies

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

Goodwill on business combination

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

2. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Company and those companies. Below is summary of those transactions.

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month periods ended 30 September				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Interest income	-	-	13.6	13.8	5.375 - 7.5% per annum (2007: 5.5 - 7.5% per annum)
Management fee income	-	-	5.8	5.8	Approximate cost
Dividend income	-	-	-	350.3	As declared
Guarantee fee income	-	-	0.3	1.4	0.35 - 0.50% per annum
Interest expenses	-	-	4.8	2.9	5.5% per annum
Management fee expenses	-	-	1.2	1.9	Approximate cost
<u>Transactions with associates</u>					
Interest income	10.1	12.7	9.7	12.2	Market rate
Dividend income	77.2	59.2	77.2	59.2	As declared
Purchase of goods	22.4	30.5	18.8	23.6	Market price
Sales promotion expenses	1.9	0.3	1.1	-	Market rate
Service expenses	0.2	-	-	-	Contract price
Accounting services					
expenses	0.5	0.2	-	-	Contract price
Project management fee					
expenses	22.7	10.7	-	-	Contract price
Commission expenses	0.4	-	-	-	Market price
<u>Transactions with related companies</u>					
Rental and service expenses	4.7	9.3	4.7	9.3	Baht 675 - 725 per square metre per month
Guarantee fee expenses	0.3	1.2	-	-	0.35 - 0.50% per annum
Interest expenses	1.0	0.6	-	-	5.375 - 7.50% per annum
Dividend income	5.5	5.1	5.5	5.1	As declared

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Interest income	-	-	38.7	51.6	5.375 - 7.5% per annum (2007: 5.5 - 7.5% per annum)
Management fee income	-	-	18.4	19.3	Approximate cost
Sale of land	-	-	-	46.7	Approximate cost
Dividend income	-	-	214.8	670.5	As declared
Guarantee fee income	-	-	1.5	1.4	0.35 - 0.50% per annum
Interest expenses	-	-	6.9	6.5	5.5% per annum
Cash paid for use of land	-	-	6.2	11.0	Approximate cost
Management fee expenses	-	-	4.8	5.5	Approximate cost
<u>Transactions with associates</u>					
Interest income	20.5	22.7	18.7	21.6	Market rate
Dividend income	402.0	384.9	402.0	384.9	As declared
Purchase of goods	89.1	116.8	76.5	88.6	Market price
Sales promotion expenses	1.9	11.0	1.1	7.8	Market rate
Service expenses	0.5	-	-	-	Contract price
Accounting services expenses	1.2	1.2	-	-	Contract price
Project management fee expenses	61.8	27.6	-	-	Contract price
Commission expenses	0.4	-	-	-	Market price
<u>Transactions with related companies</u>					
Rental and service expenses	21.8	25.5	21.8	25.5	Baht 675 - 725 per square metre per month
Guarantee fee expenses	1.2	1.2	-	-	0.35 - 0.50% per annum
Interest expenses	2.8	1.5	-	-	5.375 - 7.50% per annum
Dividend income	16.8	10.7	16.8	10.7	As declared

(Unaudited but reviewed)

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
Short-term bill of exchange and deposit at financial institution (shown under cash and cash equivalents)				
<u>Associate</u>				
Land and Houses Retail Bank Plc.	90.0	299.8	11.4	285.5
Amounts due from and other receivable - related parties				
Amounts due from and other receivable				
<u>Subsidiaries</u> (Eliminated from consolidated financial statements)				
Pacific Real Estate Co., Ltd.	-	-	4.1	2.0
Land and Houses Northeast Co., Ltd.	-	-	0.1	0.2
L H Asset Co., Ltd.	-	-	6.0	0.9
Phuket Future Plan Co., Ltd.	-	-	0.5	-
Double Tree Co., Ltd.	-	-	0.6	-
	-	-	11.3	3.1
<u>Associates</u>				
Quality Construction Products Plc.	2.3	46.1	2.3	46.1
Home Product Center Plc.	0.3	0.5	0.3	0.5
	2.6	46.6	2.6	46.6
Dividend receivable				
<u>Associate</u>				
Polar Property Holdings Corporation	-	166.2	-	166.2
Total	2.6	212.8	13.9	215.9

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2008	2007	2008	2007
Short-term loans to and accrued interest receivable from related parties				
<u>Subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Atlantic Real Estate Co., Ltd.	-	-	254.3	125.5
Pacific Real Estate Co., Ltd.	-	-	-	30.0
Land and Houses Northeast Co., Ltd.	-	-	-	25.1
Siam Tanee Property Co., Ltd.	-	-	32.9	28.8
L H Asset Co., Ltd.	-	-	412.8	696.5
L H Muang Mai Co., Ltd.	-	-	54.0	44.4
L&H Property Co., Ltd.	-	-	250.8	-
	-	-	1,004.8	950.3
<u>Associate</u>				
Land and Houses Retail Bank Plc.	0.4	0.4	-	0.4
Total	0.4	0.4	1,004.8	950.7
Deposit to related party				
<u>Related company</u>				
Quality Houses Property Fund	7.8	7.4	7.8	7.4
Trade accounts payable - related parties				
<u>Associates</u>				
Quality Construction Products Plc.	13.1	16.7	13.1	15.4
Home Product Center Plc.	3.0	1.5	2.1	0.4
Total	16.1	18.2	15.2	15.8
Amounts due to related parties				
<u>Subsidiary</u>				
(Eliminated from consolidated financial statements)				
Land and Houses Northeast Co., Ltd.	-	-	1.3	-
<u>Associates</u>				
Land and Houses Retail Bank Plc.	0.7	0.8	0.6	-
Home Product Center Plc.	1.0	5.1	0.8	3.8
Asia Asset Advisory Co., Ltd.	-	5.4	-	-
Quality Houses Plc.	5.8	8.8	-	-
L&H Management Co., Ltd.	-	0.3	-	-
	7.5	20.4	1.4	3.8
<u>Related companies</u>				
Quality Houses Property Fund	0.4	0.4	0.4	0.3
Muang Mai Property Co., Ltd.	0.9	-	-	-
	1.3	0.4	0.4	0.3
Total	8.8	20.8	3.1	4.1

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2008	2007	2008	2007
Short-term loans from and accrued interest payable to related parties				
<u>Subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Pacific Real Estate Co., Ltd.	-	-	394.0	-
L H Real Estate Co., Ltd.	-	-	60.7	70.2
	-	-	454.7	70.2
<u>Related parties</u>				
Muang Mai Property Co., Ltd.	9.8	9.3	-	-
Reco Resorts Pte Ltd.	167.0	-	-	-
Director of subsidiaries	35.7	28.0	-	-
	212.5	37.3	-	-
Total	212.5	37.3	454.7	70.2

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

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

(Unit: Million Baht)

	Consolidated financial statements			
	1 January 2008	Additional loans	Repayment	30 September
				2008
Short-term loans to and accrued interest receivable from related party				
<u>Associate</u>				
Land and Houses Retail Bank Plc.	0.4	13.5	(13.5)	0.4
Short-term loans from and accrued interest payable to related parties				
<u>Related parties</u>				
Muang Mai Property Co., Ltd.	9.3	0.5	-	9.8
Reco Resorts Pte Ltd.	-	167.0	-	167.0
Director of subsidiaries	28.0	7.7	-	35.7
Total	37.3	175.2	-	212.5

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate financial statements			
	1 January 2008	Additional loans	Repayment	30 September 2008
Short-term loans to and accrued interest receivable from related parties				
<u>Subsidiaries</u>				
Atlantic Real Estate Co., Ltd.	125.5	373.9	(245.1)	254.3
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	4.1	-	32.9
L H Asset Co., Ltd.	696.5	265.0	(548.7)	412.8
L H Muang Mai Co., Ltd.	44.4	9.6	-	54.0
L&H Property Co., Ltd.	-	250.8	-	250.8
	<u>950.3</u>	<u>913.9</u>	<u>(859.4)</u>	<u>1,004.8</u>
<u>Associate</u>				
Land and Houses Retail Bank Plc.	0.4	11.2	(11.6)	-
Total	<u>950.7</u>	<u>925.1</u>	<u>(871.0)</u>	<u>1,004.8</u>

Short-term loans from and accrued interest payable to related parties

<u>Subsidiaries</u>				
Pacific Real Estate Co., Ltd.	-	479.7	(85.7)	394.0
Land and Houses Northeast Co., Ltd.	-	15.1	(15.1)	-
L H Real Estate Co., Ltd.	70.2	269.5	(279.0)	60.7
Total	<u>70.2</u>	<u>764.3</u>	<u>(379.8)</u>	<u>454.7</u>

Directors and management's remuneration

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

(Unit: Million Baht)

	Consolidated and separate financial statements	
	For the nine-month periods ended 30	
	September	
	<u>2008</u>	<u>2007</u>
Directors and management's remuneration	40.6	34.1

(Unaudited but reviewed)

Guarantee obligations with related parties

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

3. Trade accounts receivable

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30	31 December	30	31 December
	September	2007	September	2007
	2008		2008	
<u>Age of receivables</u>				
Not yet due	1,638	396	-	-
Past due				
Less than 3 month	7,697	6,577	-	-
3 - 6 months	354	-	-	-
More than 12 months	189	189	-	-
Total	9,878	7,162	-	-
Less: Allowance for doubtful account	(189)	(189)	-	-
Total trade accounts receivable - net	9,689	6,973	-	-

4. Inventories - land, construction in progress and utilities

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2008	2007	2008	2007
Net book value of land and structures				

thereon mortgaged as collateral	4,229	4,063	3,902	3,646
---------------------------------	-------	-------	-------	-------

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2008	156,680	92,037
Add: Allowance made during the period	20,351	-
Less: Allowance reversed from sales of projects	<u>(18,701)</u>	<u>(7,818)</u>
Balance as at 30 September 2008	<u>158,330</u>	<u>84,219</u>

5. Investments in subsidiaries

(Unit: Thousand Baht)

Company's name	Separate financial statements										Dividend received	
	Paid-up capital		Shareholding		Cost		Allowance for loss from		Carrying amounts based on		for the nine-month periods	
	30	31	30	31	30	31	30	31	30	31	ended 30 September	
	September	December	September	December	September	December	September	December	September	December	2008	2007
	2008	007	2008	7	008	7	008	7	008	7		
			(%)	(%)								
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	185,807	-
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	670,477
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>214,807</u>	<u>670,477</u>

(Unaudited but reviewed)

L H Muang Mai Company Limited and its subsidiaries

As at 30 September 2008 and 31 December 2007, L H Muang Mai Company Limited pledged the ordinary shares of its subsidiaries, Phuket Future Plan Company Limited and Double Tree Company Limited, as collateral of long-term loans.

6. Investments in associates

6.1 Details of associates

(Unit: Thousand Baht)

		Consolidated financial statements									
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Paid-up capital		Cost		Carrying amounts based on equity method		
			30 September 2008 (%)	31 December 2007 (%)	30 September 2008	31 December 2007	30 September 2008	31 December 2007	30 September 2008	31 December 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	1,099,238	1,016,081	
Bangkok Chain Hospital Plc.	Hospital	Thai	28.73	28.55	950,000	950,000	674,557	661,669	786,045	733,411	
Quality Construction Products Plc.	Manufacture of construction material	Thai	31.41	31.41	400,000	400,000	265,980	265,980	396,126	404,454	
Home Product Center Plc.	Trading of construction materials	Thai	30.23	28.68	1,933,533	1,924,920	1,076,345	906,328	1,658,141	1,409,056	
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	5,000	5,000	2,000	2,000	8,342	10,853	
Land and Houses Property Fund	Real estate business	Thai	49.94	49.94	40,316	40,316	20,692	20,692	32,402	32,402	
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	3,020,570	3,215,570	1,512,268	1,609,896	1,356,175	1,537,017	
Quality Houses Plc.	Real estate business	Thai	24.60	22.85	8,477,340	7,303,723	3,229,315	2,388,481	3,592,907	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	1,034,286	1,109,657	
							(Thousand Peso)	(Thousand Peso)			
							8,954,966	8,028,855	9,963,662	8,855,783	

(Unit: Thousand Baht)

		Separate financial statements										
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Paid-up capital		Cost		Allowance for loss on impairment		Carrying amounts based on cost method - net	
			30 September 2008 (%)	31 December 2007 (%)	30 September 2008	31 December 2007	30 September 2008	31 December 2007	30 September 2008	31 December 2007	30 September 2008	31 December 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	1,933,533	1,924,920	1,076,345	906,328	-	-	1,076,345	906,328
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	5,000	5,000	2,000	2,000	-	-	2,000	2,000
Land and Houses Property Fund	Real estate business	Thai	49.94	49.94	40,316	40,316	20,692	20,692	-	-	20,692	20,692
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	3,020,570	3,215,570	1,512,268	1,609,896	-	-	1,512,268	1,609,896
Quality Houses Plc.	Real estate business	Thai	24.60	22.85	8,477,340	7,303,723	3,229,315	2,388,481	-	-	3,229,315	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	(Thousand						
					Peso)	Peso)						
					8,954,966	8,028,855	(344,744)	(344,744)	8,610,222	7,684,111		

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of income (loss) from investments in associates for the nine-month periods ended 30 September		Dividend received for the nine-month periods ended 30 September	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land and Houses Retail Bank Plc.	89,956	26,520	-	-
Bangkok Chain Hospital Plc.	134,925	85,630	95,179	67,803
Quality Construction Products Plc.	(8,327)	(19,242)	-	-
Home Product Center Plc.	182,004	119,583	102,936	66,243
Asia Asset Advisory Co., Ltd.	1,489	624	4,000	1,800
Land and Houses Property Fund	-	3,354	-	-
Land and Houses Property and Loan Fund-II	48,520	54,237	81,537	98,857
Quality Houses Plc.	266,952	110,483	116,842	150,225
Polar Property Holdings Corporation	46,252	217,800	1,524	-
Total	<u>761,771</u>	<u>598,989</u>	<u>402,018</u>	<u>384,928</u>

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

(Unit: Million Baht)

Company's name	Country of listing	Fair values as at	
		30 September <u>008</u>	31 <u>December 200</u> <u>7</u>
		Bangkok Chain Hospital Plc.	Thai
Quality Construction Products Plc.	Thai	164	209
Home Product Center Plc.	Thai	2,537	2,716
Quality Houses Plc.	Thai	3,650	3,539
Polar Property Holdings Corporation	Philippines	1,912	3,997
Total		<u>10,242</u>	<u>12,726</u>

Subsequent to the balance sheet date (30 September 2008), the financial crisis as discussed in Note 1.2, the Thailand stock index has fallen drastically. Up to 4 November 2008, the fair value of the investments in associates which are listed securities in Thailand has fallen by Baht 2,554 million. The change in fair values of

such investments has no effect to income statements in the consolidated financial statements as the Company records investments based on equity method.

(Unaudited but reviewed)

6.3 Summarised financial information of associates

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the nine-month periods ended 30 September		Net income (loss) for the nine-month periods ended 30 September	
	30 September 2007	31 December 2007	30 September 2007	31 December 2007	30 September 2007	31 December 2007	2008	2007	2008	2007
Land and Houses Retail Bank Plc.	2,655	2,600	40,132	32,873	37,544	30,532	1,550	1,158	208	64
Bangkok Chain Hospital Plc.	950	950	4,178	4,178	1,356	1,499	3,188	2,681	543	364
Quality Construction Products Plc.	400	400	2,191	2,257	930	969	744	704	(27)	(62)
Home Product Center Plc.	1,934	1,925	12,505	12,274	7,891	7,951	14,187	12,221	617	470
Asia Asset Advisory Co., Ltd.	5	5	34	44	14	17	47	43	3	2
Land and Houses Property Fund*	-	40	-	65	-	-	-	8	-	7
Land and Houses Property and Loan Fund-II	3,021	3,216	4,586	4,887	49	47	233	268	183	206
Quality Houses Plc.	8,477	7,304	26,695	23,858	15,559	14,813	8,605	7,685	1,231	758
Polar Property Holdings Corporation** (Million Peso)	4,892	4,892	6,328	6,506	759	1,186	306	1,542	113	1,064

* 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 six-month period ended 30 June 2008 since the Company did not receive its financial statements for the nine-month period ended 30 September 2008.

6.4 The Company's interim consolidated financial statements for the nine-month period ended 30 September 2008 included investments in the following associates accounted for under the equity method, and share of income (loss) from investments in the associates under the equity method, determined based on financial statements of those companies which have been reviewed or not been reviewed as stipulated.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Investments under the equity method as at 30 September 2008	Share of income (loss) from investments under the equity method	
		For the three-month period ended 30 September 2008	For the nine-month period ended 30 September 2008
Reviewed by auditor and another auditor of the same firm			
Land and Houses Retail Bank Plc.	1,099,238	32,917	89,956
Home Product Center Plc.	1,658,141	69,611	182,004
Asia Asset Advisory Co., Ltd.	8,342	498	1,489
Land and Houses Property Fund*	32,402	-	-
Land and Houses Property and Loan Fund-II	1,356,175	16,098	48,520
Quality Houses Plc.	3,592,907	108,063	266,952
Reviewed by other auditors			
Bangkok Chain Hospital Plc.	786,045	50,489	134,925
Quality Construction Products Plc.	396,126	(2,747)	(8,327)
Unreviewed by auditor			

Polar Property Holdings Corporation**	1,034,286	11,955	46,252
Total	<u>9,963,662</u>	<u>286,884</u>	<u>761,771</u>

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

** The Company recorded investments accounted for under the equity method based on the financial statements for the six-month period ended 30 June 2008.

(Unaudited but reviewed)

During the current period, the Company did not receive the financial statements for the three-month and nine-month periods ended 30 September 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 nine-month period ended 30 September 2008 based on the financial statements for the six-month period ended 30 June 2008 provided by that company's management, which was not reviewed by its auditor. In addition, this associate applies significant accounting policies that differ from those of the group of companies, such as those for revenue recognition from sales of real estate, income tax accounting and employee benefits accounting. The Company is unable to quantify the possible effect to the financial statements of the different accounting policies.

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

(Unit: Thousand Baht)

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

During the nine-month period ended 30 September 2008, the Company obtained audited financial statements of the above two associates for the year ended 31 December 2007 findings can be summarised as follows.

1. The differences between the audited financial statements of Polar Property Holding Corporation, whose auditor expressed an unqualified opinion on those statements, and the financial statements used for calculation of income sharing under the equity method in the consolidated financial statements were immaterial and the Company therefore adjusted such differences in the consolidated income

statement for the nine-month period ended 30 September 2008. However, the significant accounting policies of the company differ from those of the group of companies and the Company has not adjusted the possible effect of the application of difference accounting policies, as discussed above, because the Company is unable to quantify these effects.

(Unaudited but reviewed)

2. The differences between the audited financial statements of Bangkok Chain Hospital Public Company Limited, whose auditor expressed an unqualified opinion on those statements, and the financial statements used for calculation of income sharing under the equity method in the consolidated financial statements were immaterial and the Company therefore adjusted such differences in the consolidated income statement for the nine-month period end 30 September 2008.

6.6 The change of investments in associates

Land and Houses Retail Bank Plc.

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 period, 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% to 28.73%.

Home Product Center Public Company Limited

During the current period, the Company acquired an additional 32.5 million ordinary shares of Home Product Center Public Company Limited or a total of Baht 170.0 million. Moreover, the warrant holders of that company exercised their rights to convert warrants to 8.6 million ordinary shares. As the results, the Company's percentage shareholding in that company has changed from 28.68% to 30.23%.

(Unaudited but reviewed)

Land and Houses Property and Loan Fund-II

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

Quality Houses Public Company Limited

During the current period, the Company acquired an additional 77.2 million ordinary shares of Quality Houses Public Company Limited or a total of Baht 166.9 million. Moreover, the warrant holders of that company exercised their rights to convert warrants to 1,173.6 million ordinary shares and the Company exercised its rights to convert warrants to 332.9 million ordinary shares. As the results, the Company's percentage shareholding in that company has changed from 22.85% to 24.60%.

7. Other long-term investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2008	2007	2008	2007
Available-for-sale securities				
Equity securities	292,490	398,250	292,490	398,250
Add (less): Revaluation surplus (deficit) in investments	(80,435)	53,244	(80,435)	53,244
Total available-for-sale securities	212,055	451,494	212,055	451,494
Held-to-maturity debt securities (under debt restructuring plan)	150,000	150,000	-	-
Other investments				
Equity securities	2,064,615	2,083,485	1,989,239	2,008,086
Less: Provision for loss on impairment	(1,369,670)	(1,388,390)	(1,356,607)	(1,375,327)
Total held-to-maturity debt securities and other investments - net	844,945	845,095	632,632	632,759
Total other long-term investments - net	1,057,000	1,296,589	844,687	1,084,253

(Unaudited but reviewed)

8. Land held for development

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
Net book value of mortgaged land held for development to secure loans	1,353	1,392	-	40

Movements in the allowance for impairment of land held for development during the nine-month period ended 30 September 2008 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2008	824,329	669,457
Add: Loss from the impairment of land held for development during period	43,166	-
Less: Allowance reversed of land held for development during the period	(18,532)	(4,960)
Balance as at 30 September 2008	<u>848,963</u>	<u>664,497</u>

9. Property, plant and equipment

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

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2008	1,160,927	310,999
Acquisitions during period - at cost	558,689	104,364
Disposals during period - net book value at disposal date	(3,007)	(2,446)
Transfer to leasehold rights during period - net book value at transferred date	(794)	-
Depreciation for period	(172,622)	(91,316)
Net book value as at 30 September 2008	<u>1,543,193</u>	<u>321,601</u>

(Unaudited but reviewed)

A subsidiary has placed its buildings, clubhouses, furniture and fixture which located on land sub-leasehold rights which have net book value as at 30 September 2008 of Baht 465 million (31 December 2007: Baht 482 million) as collateral of the long-term loans.

10. Leasehold rights

Two subsidiaries have placed their land leasehold rights and land sub-leasehold rights with a total net book value as at 30 September 2008 of Baht 2,336 million (31 December 2007: Baht 2,376 million) as collateral for long-term loans.

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30	31 December	30	31 December
	September		September	
	2008	2007	2008	2007
Bank overdrafts	21,871	8,870	-	-
Bills of exchange	1,100,000	-	1,100,000	-
Less: Prepaid interest	(9,827)	-	(9,827)	-
Net	<u>1,112,044</u>	<u>8,870</u>	<u>1,090,173</u>	<u>-</u>

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

12. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30	31 December	30	31 December
	September		September	
	2008	2007	2008	2007
Long-term loans	5,692,881	5,770,730	3,602,282	3,509,644
Less: Current portion	<u>(654,734)</u>	<u>(32,716)</u>	<u>(438,073)</u>	<u>-</u>

Net	<u>5,038,147</u>	<u>5,738,014</u>	<u>3,164,209</u>	<u>3,509,644</u>
-----	------------------	------------------	------------------	------------------

(Unaudited but reviewed)

Movements in the long-term loans during the nine-month period ended 30 September 2008 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2008	5,770,730	3,509,644
Add: Additional loans	160,000	160,000
Less: Repayment	(237,849)	(67,362)
Balance as at 30 September 2008	5,692,881	3,602,282

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

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

13. Debentures

					Consolidated and separate financial statements			
					Number of debenture (Thousand shares)		Amount (Thousand Baht)	
					30 September 2008	31 December 2007	30 September 2008	31 December 2007
Interest rate	Age	Repayment	Maturity					
Unsubordinated and unsecured debentures								
- No. 1/2004								
- Set 3	Fixed rate 3.25% for 1st - 3rd year and fixed rate 4.5% for 4th year	4 years	At maturity	4 March 2008	-	1,000	-	1,000,000
- No. 1/2005								
- Set 1	Fixed rate 4.25%	3 years	At maturity	1 April 2008	-	1,500	-	1,500,000
- Set 2	Fixed rate 4.25% for 1st - 3rd year and fixed rate 5.5% for 4th year	4 years	At maturity	1 April 2009	1,500	1,500	1,500,000	1,500,000
- Set 3	Fixed rate 4.25% for 1st - 3rd year, fixed rate 5.5% for 4th year and fixed rate 6.5% for 5th year	5 years	At maturity	1 April 2010	2,000	2,000	2,000,000	2,000,000
- No. 1/2007	Fixed rate 4.6%	4 years	At maturity	13 September 2011	2,000	2,000	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	-	3,000,000	-
Total					8,500	8,000	8,500,000	8,000,000
Less: Current portion of debentures							(1,500,000)	(2,500,000)

(Unaudited but reviewed)

Movements in the debentures during the nine-month period ended 30 September 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 30 September 2008	<u>8,500,000</u>

14. Share capital

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

Date of exercise	Type of warrant	Number of exercised warrants (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
Total			<u>1,352,127,107</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".

(Unaudited but reviewed)

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

(Unit: Shares)

	Consolidated and separate financial statements
<u>Registered ordinary shares</u>	<u>10,354,268,670</u>
<u>Issued and paid-up ordinary shares</u>	
Number of ordinary shares as at 1 January 2008	8,673,061,416
Increase due to exercise of warrants	<u>1,352,127,107</u>
Number of ordinary shares as at 30 September 2008	<u>10,025,188,523</u>

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

15. Warrants

During the periods, 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 share
	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 share
	Exercise price	Baht 1.995 per share	Baht 1.968 per share

The Company's warrants are as follows.

Type of warrant	Exercise price per share	Exercise ratio per 1 warrant	Number of warrants outstanding as at 1 January 2008	Number of warrants exercised during the period	Number of warrants expired during the period	Number of warrants outstanding as at 30 September 2008
	(Baht)		(Unit)	(Unit)	(Unit)	(Unit)
ESOP-4	1.0	1: 10	11,600	(11,600)	-	-
ESOP-5	1.0	1: 10	1,064,900	(1,043,000)	-	21,900

LH-W2	1.968	1: 1.32169	1,075,295,896	(1,041,724,746)	(33,571,150)	-
-------	-------	------------	---------------	-----------------	--------------	---

(Unaudited but reviewed)

16. Cash receipts from share subscription

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

Type of warrant	Number of warrants	Exercise price	Number of ordinary shares purchased	Cash receipts from share subscription
	(Unit)	(Baht per share)	(Share)	(Thousand Baht)
ESOP-5	51,400	1.0	514,000	514
Total			514,000	514

17. Revaluation surplus (deficit) in investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
Difference between book value and fair value of investments in available-for-sale securities				
- Associates' investments	7,548	13,647	-	-
- the Company's investments	(80,435)	53,244	(80,435)	53,244
Total	(72,887)	66,891	(80,435)	53,244

(Unaudited but reviewed)

18. Earnings per share

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

Consolidated financial statements						
For the three-month periods ended 30 September						
Net income		Weighted average number of ordinary shares		Earnings per share		
2008	2007	2008	2007	2008	2007	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
Basic earnings per share						
Net income attributable to equity holders of the parent						
860,685	1,176,086	9,963,365*	8,666,501	0.09	0.14	
Effect of dilutive potential ordinary shares						
ESOP-4						
-	-	-	536			
ESOP-5						
-	-	613	12,194			
LH-W2						
-	-	63,724	1,001,136			
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares						
<u>860,685</u>	<u>1,176,086</u>	<u>10,027,702</u>	<u>9,680,367</u>	0.09	0.12	

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

Separate financial statements						
For the three-month periods ended 30 September						
Net income		Weighted average number of ordinary shares		Earnings per share		
2008	2007	2008	2007	2008	2007	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
Basic earnings per share						
Net income attributable to equity holders of the parent						
523,134	1,130,579	9,963,365*	8,666,501	0.05	0.13	
Effect of dilutive potential ordinary shares						
ESOP-4						
-	-	-	536			
ESOP-5						
-	-	613	12,194			
LH-W2						
-	-	63,724	1,001,136			
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares						
<u>523,134</u>	<u>1,130,579</u>	<u>10,027,702</u>	<u>9,680,367</u>	0.05	0.12	

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

(Unaudited but reviewed)

Consolidated financial statements						
For the nine-month periods ended 30 September						
Net income		Weighted average number of ordinary shares		Earnings per share		
2008	2007	2008	2007	2008	2007	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
Basic earnings per share						
Net income attributable to equity holders of the parent						
2,652,624	2,406,058	9,528,341*	8,604,275	0.28	0.28	
Effect of dilutive potential ordinary shares						
ESOP-4						
-	-	24	663			
ESOP-5						
-	-	3,657	13,084			
LH-W2						
-	-	393,585	1,019,376			
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares						
<u>2,652,624</u>	<u>2,406,058</u>	<u>9,925,607</u>	<u>9,637,398</u>	0.27	0.25	

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

Separate financial statements						
For the nine-month periods ended 30 September						
Net income		Weighted average number of ordinary shares		Earnings per share		
2008	2007	2008	2007	2008	2007	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
Basic earnings per share						
Net income attributable to equity holders of the parent						
2,079,674	2,658,294	9,528,341*	8,604,275	0.22	0.31	
Effect of dilutive potential ordinary shares						
ESOP-4						
-	-	24	663			
ESOP-5						
-	-	3,657	13,084			
LH-W2						
-	-	393,585	1,019,376			
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares						
<u>2,079,674</u>	<u>2,658,294</u>	<u>9,925,607</u>	<u>9,637,398</u>	0.21	0.28	

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

19. 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.

(Unaudited but reviewed)

20. Dividend paid

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

On 8 August 2008, a meeting of the Company's Board of Directors approved a resolution to pay an interim dividend from the income of six-month period ended 30 June 2008, at a rate of Baht 0.15 per share, amounted to a total of Baht 1,490 million. However, since Baht 10 million of the dividend, was for shareholders who have no rights to receive dividend, only Baht 1,480 million has actually paid the shareholders.

21. Commitment and contingent liabilities

21.1 Commitments

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

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements		
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
Commitments under construction contracts	2,006.1	2,417.9	1,471.8	1,921.0

(Unaudited but reviewed)

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

(Unit: Million Baht)

	<u>30 September 2008</u>	<u>31 December 2007</u>
Pay within:		
1 year	9.8	29.5
2 - 5 years	<u>2.7</u>	<u>5.2</u>
Total	<u>12.5</u>	<u>34.7</u>

21.1.3 As at 30 September 2008 and 31 December 2007, L&H Property Company Limited and its subsidiary have the following commitments under land lease agreement, land and construction lease agreement and land sub-lease agreement as follows:

a) Land and construction lease agreement

Agreement date	Agreement period	Maturity date	Rental rate
7 June 2005	30 years	31 May 2038	- 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 30 September 2008 L&H Property Company Limited is committed to pay security expenses at the rate of Baht 11,160 per month throughout the period of construction and the period of the lease.

(Unaudited but reviewed)

b) Land sub-lease agreement

Agreement date	Agreement period	Maturity date	Rental rate
28 July 2005	33 years	28 July 2038	<ul style="list-style-type: none">- 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">- Land leasing fee of Baht 500 million which has already been fully paid- Ground rental 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 land leasing fee of Baht 160,000 per month.

21.1.4 As at 30 September 2008 and 31 December 2007, the Company had outstanding commitment of Baht 258 million in respect of uncalled portion of investments in L&H Property Company Limited.

21.1.5 As at 30 September 2008, L&H Property Company Limited and its subsidiary are committed to pay Asia Asset Advisory Company Limited, which is an associate of the Company, management fees at the rates as follow.

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

(Unaudited but reviewed)

21.1.6 As at 30 September 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
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

21.1.7 As at 30 September 2008, L&H Sathon Company Limited had outstanding commitment of Baht 2.2 million in respect of management fees paid to Q.H. International Company Limited (31 December 2007: Baht 5.1 million).

21.1.8 As at 30 September 2008, L&H Property Company Limited is committed to pay Quality Houses Public Company Limited accounting services fee amounting to Baht 1.4 million (31 December 2007: Baht 2.5 million).

21.1.9 As at 30 September 2008 and 31 December 2007, the Company and its subsidiaries has commitment related to purchase of land as follows.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
Commitment to purchase of land	198.8	1,262.4	198.8	1,173.8

(Unaudited but reviewed)

21.1.10 As at 30 September 2008 and 31 December 2007, L&H Sathon Company Limited is committed to pay Quality Houses Public Company Limited, which is an associate of the Company, commissions for finding lessees for the L&H Villa Project, as per the conditions specified in the relevant agreement.

21.1.11 Obligation and commitment to complete projects on hand

	Consolidated financial statements		Separate financial statements	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
Number of projects on hand at beginning of period/year	47	39	35	29
Number of closed projects	(16)	-	(12)	-
Number of new projects	7	8	7	6
Number of projects on hand at end of period/year	<u>38</u>	<u>47</u>	<u>30</u>	<u>35</u>
Accumulative value of sales already contracted (Million Baht)	83,853	71,948	66,171	56,863
As percentage of total sales of projects on hand	73.5	70.0	71.1	69.5
Value of sales already contracted during period/year (Million Baht)	11,874	18,594	9,270	14,610
As percentage of total sales of projects on hand	10.4	18.1	9.9	17.9
Commitments in respect of the installation of central utilities of projects on hand (Million Baht)	457.2	381.2	410.3	297.3

21.1.12 As at 30 September 2008, the subsidiaries have servitude over land of approximately 57 rai of which the cost is included in the cost of projects (31 December 2007: 55 rai).

(Unaudited but reviewed)

21.2 Bank guarantees

There were the outstanding bank guarantees issued by the banks in respect of certain performance bonds required in the normal course of business by the Company and its subsidiaries as follows.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
Bank guarantees	1,362.6	1,249.4	1,200.1	1,041.0

21.3 Guarantees

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

(Unit: Million Baht)

Guarantor	Guarantee	30	
		September 2008	31 December 2007
Land and Houses Plc.	L H Muangmai Co., Ltd.	-	79.3
	Phuket Future Plan Co., Ltd.	91.3	128.7
	Double Tree Co., Ltd.	148.5	148.5
	Customers	0.9	1.0
Total		<u>240.7</u>	<u>357.5</u>
L H Muangmai Co., Ltd.	Double Tree Co., Ltd.	270.0	270.0
	Phuket Future Plan Co., Ltd.	166.0	234.0
Total		<u>436.0</u>	<u>504.0</u>
L&H Property Co.,Ltd.	L&H Sathon Co., Ltd.	<u>390.0</u>	<u>390.0</u>

21.4 Litigation

The Company and its subsidiaries

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

- a) As at 30 September 2008 and 31 December 2007, significant litigation involving the Company and a subsidiary comprises the lawsuit brought by two housing estate juristic persons, who have sued the Company and a subsidiary for a total of Baht 1,013.5 million in relation to access to public thoroughfares. Currently, the lawsuit is in the process of being investigated by the court. The Company has set aside provision of Baht 25 million for liabilities arising as a result of this case.
- b) As at 30 September 2008, the Company and its subsidiaries have been sued for a total of approximately Baht 164.2 million (31 December 2007: Baht 22.4 million) in various cases, in respect of breaches of contracts. To date, the Court of the First Instance and the Appeal Court have ordered the Company and its subsidiaries to pay compensation plus interest totaling Baht 2.5 million (31 December 2007: Baht 6.9 million). The Company and its subsidiaries have set aside provision of Baht 2.5 million (31 December 2007: Baht 6.9 million) for liabilities arising as a result of these cases, based on the opinion of their legal department.

Associates

The following significant lawsuits had been filed against the associates:

- a) Land and Houses Property Fund (“the Fund”) has been sued as second defendant in a civil case in which the plaintiff claims the Fund illegally received the transfer of the land and construction thereon of the “Langsuan Ville” condominium project from Wave Development Company Limited, a debtor of the plaintiff. On 27 July 2004, the Court of First Instance dismissed the lawsuit. On 27 February 2008 the Appeal Court dismissed the lawsuit. As at 30 September 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.

(Unaudited but reviewed)

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

22. Subsequent events

On 6 October 2008, the Company registered the increase in its issued and paid-up share capital as a result of the warrant holders exercising their rights to convert warrants to ordinary shares in September 2008, as described in Note 16, which increased the Company’s paid-up share capital from Baht 10,025 million to Baht 10,026 million. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities on 8 October 2008.

23. Reclassification

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

24. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company’s Board of Directors on 7 November 2008.