

Land and Houses Public Company Limited and its subsidiaries

Notes to financial statements

For the years ended 31 December 2009 and 2008

1. General information

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

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting 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 30 January 2009, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidated

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding		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	
			2009	2008	2009	2008	2009	2008
			(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	1.0	0.7	3.1	-
Pacific Real Estate Co., Ltd.	Real estate business	Thailand	99.99	99.99	1.0	1.0	2.3	7.7
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	0.5	0.6	0.6	0.7
Siam Tanee Property Co., Ltd. and its subsidiary	Real estate business	Thailand	99.99	99.99	0.6	0.6	-	-
L H Real Estate Co., Ltd.	Real estate business	Thailand	99.99	99.99	0.2	0.2	0.2	0.3
L H Asset Co., Ltd.	Real estate business	Thailand	99.99	99.99	1.3	2.7	5.3	13.7
L H Muang Mai Co., Ltd. and its subsidiaries	Real estate business	Thailand	55.00	55.00	3.0	3.3	1.5	3.4

L&H Property Co., Ltd. and its subsidiary	Real estate for lease business	Thailand	60.00	60.00	9.4	8.9	2.1	2.3
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Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2009 (Percent)	2008 (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

In June 2009, the Federation of Accounting Professions issued Notification No. 12/2552, assigning new numbers to Thai Accounting Standards that match the corresponding International Accounting Standards. The numbers of Thai Accounting Standards as referred to in these financial statements reflect such change.

The Federation of Accounting Professions has issued Notification No. 86/2551 and 16/2552, mandating the use of new accounting standards, financial reporting standard and accounting treatment guidance as follows.

3.1 Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year

Framework for Preparation and Presentation of Financial Statements (revised 2007)

TAS 36 (revised 2007)

Impairment of Assets

TFRS 5 (revised 2007)

Non-current Assets Held for Sale
and Discontinued Operations

Accounting Treatment Guidance for Leasehold Right

Accounting Treatment Guidance for Business Combination under Common Control

These accounting standards, financial reporting standard and accounting treatment guidance became 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 TFRS 5 (revised 2007) and Accounting Treatment Guidance for Business Combination under Common Control are not relevant to the business of the Company, while Framework for Preparation and Presentation of Financial Statements (revised 2007), TAS 36 (revised 2007) and Accounting Treatment Guidance for Leasehold Right do not have any significant impact on the financial statements for the current year.

3.2 Accounting standards which are not effective for the current year

		<u>Effective date</u>
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
TAS 24 (revised 2007)	Related Party Disclosures	1 January 2011
TAS 40	Investment Property	1 January 2011

However, TAS 24 (revised 2007) and TAS 40 allows early adoption by the entity before the effective date.

The management of the Company has assessed the effect of these standards and believes that TAS 20 is not relevant to the business of the Company, while TAS 24 (revised 2007) and TAS 40 will not have any significant impact on the financial statements for the year in which it is initially applied.

4. Prior year adjustment

During the first quarter of year 2009, the Company obtained audited financial statements of Polar Property Holdings Corporation, an associate of the Company, for the year ended 31 December 2008. However, this associate restated its prior year financial statements with respect to a disposal of investment transaction. Consequently, the Company adjusted the prior year's financial statements as present for comparative purposes. The cumulative effect of the adjustment up to beginning of the year 2008 has been presented in the consolidated statements of changes in shareholders' equity. The Company has also adjusted the retained earnings and the related account in consolidated financial statements.

Amounts in the consolidated balance sheet as at 31 December 2008 that were affected by the aforesaid adjustment are as follows:

(Unit: Baht)

	Consolidated financial statements	
	As restated	As previously reported
Investments in associates - net	10,278,579,588	10,332,332,058
Retained earnings - unappropriated	3,859,932,514	3,913,684,984

5. Significant accounting policies

5.1 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 on an accrual basis based on the effective rate.

(d) Dividends

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

5.2 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.

5.3 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.

5.4 Cash and cash equivalents

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

5.5 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.

5.6 Inventories

Land and construction in progress are stated at cost less allowance 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.

5.7 Investments

- a) Investments in available-for-sale securities are stated 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.

5.8 Property, plant and equipment/Depreciation

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

Depreciation of clubhouse, pool and tennis court is calculated on the basis of salable area. Depreciation of buildings and clubhouses of the houses leasing project is calculated on the periods of sub-lease agreement. And depreciation of building and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

Building and 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.

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

5.9 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.

5.10 Leasehold rights

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

The amortisation expense is charged to the income statement.

5.11 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.

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

5.13 Foreign currencies

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

Gains and losses on exchange are included in determining income.

5.14 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.

5.15 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.

5.16 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.

5.17 Income tax

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

5.18 Land held for development

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

6. 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 realisable value. The determination of what is “significant” and such devaluation requires the management to exercise judgment.

Project development costs estimation

In calculating cost of land and houses sold, 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

The Company treats investment in subsidiaries, associates and other investments as impaired when there has been a significant or prolonged decline in their fair value. The determination of what is “significant” or ‘prolonged” requires the management to exercise judgment. However, the use of different estimates and assumptions could affect the amounts of allowances for impairment of investment in subsidiaries, associates and other investments and adjustments to the allowances may therefore be required in the future.

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

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.

7. 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>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	41.3	51.5	4.35 - 7.5% p.a. (2008: 5.25 - 7.5% p.a.)
Management fee income	-	-	15.0	24.1	Approximate cost
Dividend income	-	-	1,326.3	549.3	Declared rate
Guarantee fee income	-	-	0.9	1.9	0.50% p.a.

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	
Sales of land	-	-	9.8	-	Approximate cost
Cash paid for use of land	-	-	2.2	6.2	Approximate cost
Management fee expenses	-	-	-	4.9	Approximate cost
Purchases of land	-	-	19.0	-	Approximate cost
Interest expenses	-	-	10.1	12.2	3.0 - 5.5% p.a. (2008: 5.5% p.a.)
<u>Transactions with associates</u>					
Interest income	9.9	21.8	7.9	19.3	Market rate
Dividend income	636.0	402.0	636.0	402.0	Declared rate
Purchases of goods	81.8	113.1	74.0	97.7	Market price
Sale promotion expenses	7.3	2.9	7.1	1.7	Market rate
Services expenses	0.6	0.6	-	-	Contract price
Accounting services expenses	1.9	1.6	-	-	Contract price
Project management fee expenses	73.3	85.9	-	-	Contract price
Commission expenses	0.8	0.5	-	-	Contract price
<u>Transactions with related companies</u>					
Dividend income	23.3	22.1	23.3	22.1	Declared rate
Rental and services expenses	39.8	30.8	39.8	30.8	Baht 700 - 798 per square meter per month (2008: Baht 675 - 725 per square meter per month)
Guarantee fee expenses	0.8	1.5	-	-	0.50% p.a.
Interest expenses	14.5	8.1	-	-	4.35 - 7.5% p.a. (2008: 5.25 - 7.5% p.a.)

As at 31 December 2009 and 2008, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</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>1,746.2</u>	<u>679.0</u>	<u>1,290.9</u>	<u>367.8</u>

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Amount due from and accounts receivables - related parties				
<u>Subsidiaries</u>				
(Eliminated from the consolidated financial statements)				
Pacific Real Estate Co., Ltd.	-	-	0.1	2.1
Land and Houses Northeast Co., Ltd.	-	-	0.1	0.4
L H Asset Co., Ltd.	-	-	3.5	4.6
Atlantic Real Estate Co., Ltd.	-	-	1.6	-
L H Muang Mai Co., Ltd.	-	-	0.1	0.2
	<u>-</u>	<u>-</u>	<u>5.4</u>	<u>7.3</u>
<u>Associates</u>				
Home Product Center Plc.	0.1	0.1	0.1	0.1
Quality Construction Products Plc.	-	0.5	-	0.5
	<u>0.1</u>	<u>0.6</u>	<u>0.1</u>	<u>0.6</u>
Total	<u>0.1</u>	<u>0.6</u>	<u>5.5</u>	<u>7.9</u>
Short-term loans to and accrued interest receivables from related parties				
<u>Subsidiaries</u>				
(Eliminated from the consolidated financial statements)				
Atlantic Real Estate Co., Ltd.	-	-	190.1	298.0
Siam Tanee Property Co., Ltd.	-	-	22.3	25.1
L H Asset Co., Ltd.	-	-	330.1	-
L H Muang Mai Co., Ltd.	-	-	58.4	54.9
L&H Property Co., Ltd.	-	-	574.6	314.7
	<u>-</u>	<u>-</u>	<u>1,175.5</u>	<u>692.7</u>
<u>Associate</u>				
Land and Houses Retail Bank Plc.	0.3	0.1	0.2	0.1
Total	<u>0.3</u>	<u>0.1</u>	<u>1,175.7</u>	<u>692.8</u>
Deposit to related company				
<u>Related company</u>				
Quality Houses Property Fund	<u>8.5</u>	<u>7.8</u>	<u>8.5</u>	<u>7.8</u>
Trade accounts payables - related parties				
<u>Associates</u>				
Quality Construction Products Plc.	8.2	17.6	8.2	17.6
Home Product Center Plc.	0.3	1.9	0.1	0.4
Total	<u>8.5</u>	<u>19.5</u>	<u>8.3</u>	<u>18.0</u>

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Other payables - related parties				
<u>Associates</u>				
Land and Houses Retail Bank Plc.	-	1.1	-	-
Home Product Center Plc.	1.6	0.4	1.4	0.3
Asia Asset Advisory Co., Ltd.	3.1	-	-	-
Quality Houses Plc.	9.3	5.7	-	-
L&H Management Co., Ltd.	-	2.3	-	-
	<u>14.0</u>	<u>9.5</u>	<u>1.4</u>	<u>0.3</u>
<u>Related company</u>				
Quality Houses Property Fund	0.3	0.3	0.3	0.3
Total	<u>14.3</u>	<u>9.8</u>	<u>1.7</u>	<u>0.6</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.	-	-	100.6	110.5
L H Asset Co., Ltd.	-	-	-	100.1
	<u>-</u>	<u>-</u>	<u>100.6</u>	<u>210.6</u>
<u>Related companies</u>				
Muang Mai Property Co., Ltd.	10.6	10.0	-	-
Reco Resorts Pte Ltd.	382.9	209.7	-	-
Directors of subsidiaries	38.5	36.2	-	-
Total	<u>432.0</u>	<u>255.9</u>	<u>100.6</u>	<u>210.6</u>

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

During the year 2009, movements of loans to/loan from the Company, subsidiaries and related companies were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2008	Increase	Decrease	31 December 2009
Short-term loans to and accrued interest receivables from related parties				
<u>Associate</u>				
Land and Houses Retail Bank Plc.	0.1	9.5	(9.3)	0.3
Short-term loans from and accrued interest payables to related parties				
<u>Related companies</u>				
Muang Mai Property Co., Ltd.	10.0	0.6	-	10.6
Reco Resorts Pte Ltd.	209.7	173.2	-	382.9
Directors of subsidiaries	36.2	2.3	-	38.5
Total	255.9	176.1	-	432.0

(Unit: Million Baht)

	Separate financial statements			
	31 December 2008	Increase	Decrease	31 December 2009
Short-term loans to and accrued interest receivables from related parties				
<u>Subsidiaries</u>				
Atlantic Real Estate Co., Ltd.	298.0	227.3	(335.2)	190.1
Siam Tanee Property Co., Ltd.	25.1	1.2	(4.0)	22.3
L H Asset Co., Ltd.	-	428.8	(98.7)	330.1
L H Muang Mai Co., Ltd.	54.9	3.5	-	58.4
L&H Property Co., Ltd.	314.7	259.9	-	574.6
	692.7	920.7	(437.9)	1,175.5
<u>Associates</u>				
Land and Houses Retail Bank Plc.	0.1	7.5	(7.4)	0.2
L H Financial Group Plc.	-	3.1	(3.1)	-
Total	692.8	931.3	(448.4)	1,175.7
Short-term loans from and accrued interest payables to related parties				
<u>Subsidiaries</u>				
Pacific Real Estate Co., Ltd.	110.5	981.4	(991.3)	100.6
L H Real Estate Co., Ltd.	-	160.7	(160.7)	-
L H Asset Co., Ltd.	100.1	517.5	(617.6)	-
Total	210.6	1,659.6	(1,769.6)	100.6

Directors and management's benefits

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>2009</u>	<u>2008</u>
Directors and management's benefits	57.4	45.4

Guarantee obligations with related parties

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

8. Trade accounts receivables

The balances of trade accounts receivables as at 31 December 2009 and 2008, aged on the basis of due dates, are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Age of receivables				
Not yet due	472	423	-	-
Past due				
Less than 3 months	12,433	8,717	-	-
3 - 6 months	506	360	-	-
6 - 9 months	-	205	-	-
9 - 12 months	46	-	-	-
More than 12 months	183	189	-	-
Total	13,640	9,894	-	-
Less: Allowance for doubtful debts	(173)	(189)	-	-
Net	<u>13,467</u>	<u>9,705</u>	<u>-</u>	<u>-</u>

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	14,034,800	12,838,726	13,565,233	12,141,090
Land improvements	1,076,657	1,103,202	990,578	997,109
Construction in progress	4,932,832	7,110,645	4,541,111	6,374,108
Interest cost	1,331,711	1,541,807	1,206,016	1,365,768
Utilities	1,652,775	1,829,812	1,415,211	1,563,303
Deferred development cost	4,868	6,375	681	762
Houses held for sales	72,334	77,258	-	-
Total	23,105,977	24,507,825	21,718,830	22,442,140
Less : Allowance for loss on diminution in value of projects	<u>(107,191)</u>	<u>(204,407)</u>	<u>(59,218)</u>	<u>(128,116)</u>
Inventories- net	<u>22,998,786</u>	<u>24,303,418</u>	<u>21,659,612</u>	<u>22,314,024</u>

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

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

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Borrowing costs included in cost of land and construction in progress (Million Baht)	521.8	512.5	506.9	477.9
Capitalisation rate (Percent)	4.7	4.7	4.9	4.8

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>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Net book value of land and structures thereon mortgaged as collateral	5,733	5,922	5,543	5,635

Movements in the allowance for loss on diminution in value of projects during the year ended 31 December 2009 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2009	204,407	128,116
Increase due to set up allowance of diminution in value of projects	1,031	-
Decrease due to		
- Transfer to land held for development	(62,307)	(62,307)
- Reversal of allowance of diminution in value of projects from sale	(20,276)	(6,591)
- Reversal of allowance of diminution in value of projects due to change plan of project	(15,664)	-
Balance as at 31 December 2009	<u>107,191</u>	<u>59,218</u>

10. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding		Cost		Allowance for		Book valued cost		Dividend received	
			percentage				impairment		method - net		during the year	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
			(Percent)	(Percent)								
Atlantic Real Estate Co., Ltd.	15,000	15,000	99.99	99.99	14,998	14,998	-	-	14,998	14,998	-	-
Pacific Real Estate Co., Ltd.	371,617	371,617	99.99	99.99	371,614	371,614	-	-	371,614	371,614	126,348	520,259
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)	(25,000)	244,999	244,999	-	-
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
L H Asset Co., Ltd.	100,000	100,000	99.99	99.99	52,734	52,734	-	-	52,734	52,734	1,199,993	-
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>(25,000)</u>	<u>2,705,704</u>	<u>2,705,704</u>	<u>1,326,341</u>	<u>549,259</u>

L H Muang Mai Company Limited and its subsidiaries

As at 31 December 2009 and 2008, 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.

11. Investments in associates

11.1 Details of associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements							
			Shareholding		Paid-up capital		Cost		Carrying amounts based on equity method	
			2009	2008	2009	2008	2009	2008	2009	2008
			(Percent)	(Percent)						(Restated)
LH Financial Group Plc.	Holding company	Thai	40.95	-	2,757,785	-	1,318,140	-	1,265,599	-
Land and Houses Retail Bank Plc.	Retail bank	Thai	-	42.12	-	2,654,500	-	1,306,960	-	1,167,596
Bangkok Chain Hospital Plc.	Hospital	Thai	28.73	28.73	1,662,499	950,000	674,557	674,557	924,295	827,057
Quality Construction Products Plc.	Manufacture of construction materials	Thai	31.41	31.41	400,000	400,000	265,980	265,980	401,635	394,923
Home Product Center Plc.	Trading of construction materials	Thai	29.99	30.23	3,703,926	1,933,611	1,076,676	1,076,676	1,844,976	1,762,010
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	5,000	5,000	2,000	2,000	6,074	9,665
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	3,020,570	1,512,269	1,512,269	1,327,564	1,368,224
Quality Houses Plc.	Real estate business	Thai	24.86	24.86	8,477,340	8,477,340	3,252,802	3,252,802	3,961,767	3,711,480
Polar Property Holdings Corporation	Real estate business	Philippines	25.00	25.00	4,892,411	4,892,411	866,849	866,849	977,130	1,005,223
					(Thousand Peso)	(Thousand Peso)				
					<u>8,989,965</u>	<u>8,978,785</u>	<u>10,741,442</u>	<u>10,278,580</u>		

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements								Carrying amounts based on	
			Shareholding percentage		Paid-up capital		Cost		Allowance for impairment		cost method - net	
			2009 (Percent)	2008 (Percent)	2009	2008	2009	2008	2009	2008	2009	2008
LH Financial Group Plc.	Holding company	Thai	40.95	-	2,757,785	-	1,318,140	-	(344,744)	-	973,396	-
Land and Houses Retail Bank Plc.	Retail bank	Thai	-	42.12	-	2,654,500	-	1,306,960	-	(344,744)	-	962,216
Bangkok Chain Hospital Plc.	Hospital	Thai	28.73	28.73	1,662,499	950,000	674,557	674,557	-	-	674,557	674,557
Quality Construction Products Plc.	Manufacture of construction materials	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	29.99	30.23	3,703,926	1,933,611	1,076,676	1,076,676	-	-	1,076,676	1,076,676
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	3,020,570	1,512,269	1,512,269	-	-	1,512,269	1,512,269
Quality Houses Plc.	Real estate business	Thai	24.86	24.86	8,477,340	8,477,340	3,252,802	3,252,802	-	-	3,252,802	3,252,802
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>8,989,965</u>	<u>8,978,785</u>	<u>(344,744)</u>	<u>(344,744)</u>	<u>8,645,221</u>	<u>8,634,041</u>

11.2 Share of income/loss and dividend received

During the years, 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:

(Unit: Thousand Baht)

Company's name	Consolidated		Separate	
	financial statements		financial statements	
	Share of income/loss from investments in associates during the year		Dividend received during the year	
	2009	2008	2009	2008
LH Financial Group Plc.	148,954*	-	-	-
Land and Houses Retail Bank Plc.	-*	103,679	11,180	-
Bangkok Chain Hospital Plc.	192,755	175,936	95,517	95,179
Quality Construction Products Plc.	6,712	(9,530)	-	-
Home Product Center Plc.	346,033	285,543	263,067	102,936
Asia Asset Advisory Co., Ltd.	409	2,811	4,000	4,000
Land and Houses Property Fund	-	-	-	-
Land and Houses Property and Loan Fund-II	52,957	60,569	93,617	81,537
Quality Houses Plc.	426,588	353,499	168,603	116,842
Polar Property Holdings Corporation	(191)	51,085	-	1,524
Total	<u>1,174,217</u>	<u>1,023,592</u>	<u>635,984</u>	<u>402,018</u>

* The share of income from Land and Houses Retail Bank Public Company Limited for the year 2009 is included in the share of income from L&H Financial Group Public Company Limited for the year ended 2009 due to the restructuring of shareholding of these companies.

11.3 Fair values of investments in listed associates

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

(Unit: Million Baht)

Company's name	Country of listing	Fair values as at 31 December	
		2009	2008
Bangkok Chain Hospital Plc.	Thai	2,722	1,924
Quality Construction Products Plc.	Thai	354	117
Home Product Center Plc.	Thai	5,087	1,777
Quality Houses Plc.	Thai	5,564	1,981
Polar Property Holdings Corporation	Philippines	2,202	1,771
Total		15,929	7,570

11.4 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 revenues for the		Net income (loss) for the	
	as at 31 December		as at 31 December		as at 31 December		years ended		years ended	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
LH Financial Group Plc.	2,758	-	49,660	-	46,592	-	2,129	-	362	-
Land and Houses Retail Bank Plc.	-	2,655	-	44,216	-	41,466	-	2,138	-	240
Bangkok Chain Hospital Plc.	1,662	950	4,781	4,427	1,390	1,436	4,721	4,268	810	712
Quality Construction Products Plc.	400	400	2,019	2,139	740	881	883	1,036	21	(30)
Home Product Center Plc.	3,704	1,934	13,866	13,369	8,593	8,413	21,799	19,824	1,143	959
Asia Asset Advisory Co., Ltd.	5	5	34	42	19	14	78	85	2	7
Land and Houses Property Fund*	-	-	-	-	-	-	-	-	-	-
Land and Houses Property and Loan Fund-II	3,021	3,021	4,484	4,561	30	51	277	301	131	130
Quality Houses Plc.	8,477	8,477	28,258	28,811	15,754	17,314	11,547	10,716	1,716	1,558

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

(Unit: Million Peso)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the		Net income for the	
	30 September		30 September		30 September		nine-month periods ended		nine-month periods ended	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Polar Property Holdings Corporation	4,892	4,892	6,553	6,417	1,257	821	494	252	36	139

11.5 The Company's consolidated financial statements for the years ended 31 December 2009 and 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 audited or not been audited as stipulated.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Investments under the equity method as at 31 December		Share of income (loss) from investments under the equity method for the years ended 31 December	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
		(Restated)		
Audited by auditor and another auditor of the same firm				
LH Financial Group Plc.	1,265,599	-	148,954	-
Land and Houses Retail Bank Plc.	-	1,167,596	-	103,679
Asia Asset Advisory Co., Ltd.	6,074	9,665	409	2,811
Land and Houses Property Fund	32,402	32,402	-	-
Land and Houses Property and Loan Fund-II	1,327,564	1,368,224	52,957	60,569
Quality Houses Plc.	3,961,767	3,711,480	426,588	353,499
Home Product Center Plc.	1,844,976	1,762,010	346,033	285,543
Audited by other auditors				
Bangkok Chain Hospital Plc.	924,295	827,057	192,755	175,936
Quality Construction Products Plc.	401,635	394,923	6,712	(9,530)
Unaudited by auditor				
Polar Property Holdings Corporation	977,130	1,005,223	(191)	51,085

Polar Property Holdings Corporation

During the year 2008, the Company did not receive the financial statements for the year ended 31 December 2008 of Polar Property Holdings Corporation. The value of investment of this associate accounted for under the equity method in the consolidated financial statements as at 31 December 2008, amounting to Baht 1,059 million (before restated) and share of income from this associate accounted for under the equity method in the consolidated financial statements for the year then ended Baht 51 million were determined based on the financial statements for the nine-month period ended 30 September 2008 provided by that company's management, which were not reviewed by its auditor. In addition, the Company has not adjusted for the possible effect of

application of different accounting policies, because the Company is unable to quantify these effects.

During the current year, the Company received the audited financial statements for the year ended 31 December 2008 of Polar Property Holdings Corporation whose auditor expressed an unqualified opinion on those statements. The differences between the aforesaid financial statements and the financial statements used for calculation of income sharing under the equity method in the consolidated financial statements for the year ended 31 December 2008 were immaterial. The Company adjusted such differences in the consolidated financial statements for the year ended 31 December 2009. The Company has not adjusted for the possible effect of application of different accounting policies, because the Company is unable to quantify these effects.

From the aforesaid financial statements, this associate has adjusted the prior year's financial statements with respect to a disposal of investment transaction. It is not effected to the separate financial statements and the consolidated income statement for the years ended 31 December 2009 and 2008. The Company has adjusted the related accounts in the consolidated balance sheet as described in Note 4.

During the year 2009, the Company recorded investment in Polar Property Holdings Corporation and share of loss from this investment under the equity method in the consolidated financial statements for the year ended 31 December 2009 based on financial statements for the nine-month period ended 30 September 2009 provided by the company's management, which were not reviewed by its auditor. In addition, the Company has not adjusted for the possible effect of application of different accounting policies, because the Company is unable to quantify these effects.

11.6 The change of investments in associates

Home Product Center Public Company Limited

During the year 2009, the warrant holders of Home Product Center Public Company Limited exercised their rights to convert warrants to 18 million ordinary shares. As a result, the Company's percentage shareholding in that company has changed from 30.23 percent to 29.99 percent.

The Extraordinary General Meeting of the shareholders of Home Product Center Plc. held on 29 September 2009, passed a resolution to approve dividend at rate of Baht 1.0 per share by payment of a stock dividend to its shareholders at a rate of 9 dividend shares for every 10 existing shares, and payment of a cash dividend of Baht 0.10 per share. The closing of the share register was made on 15 October 2009 and dividend payment is to be made within 27 October 2009. The Company received Baht 58 million of cash dividend and record this transaction in the fourth quarter of the year 2009. The Company also received a stock dividend of 526 million shares and, in the fourth quarter of the year 2009, recalculate the average cost of this investment using the total shares held after receiving of stock dividend.

Bangkok Chain Hospital Public Company Limited

The Extraordinary General Meeting of the shareholders of Bangkok Chain Hospital Public Company Limited held on 30 September 2009, passed a resolution to approve dividend at rate of Baht 0.85 per share by payment of a stock dividend to its shareholders at a rate of 3 dividend shares for every 4 existing shares, and payment of a cash dividend of Baht 0.10 per share. The closing of the share register was made on 15 October 2009 and dividend payment is to be made within 27 October 2009. The Company received Baht 27 million of cash dividend and record this transaction in the fourth quarter of the year 2009. The Company also received a stock dividend of 205 million shares and, in the fourth quarter of the year 2009, recalculate the average cost of investment using the total shares held after receiving of stock dividend.

Land and Houses Retail Bank Plc. / LH Financial Group Plc.

LH Financial Group Plc. registered its establishment on 22 April 2009 and launched a share offering in order to restructure its shareholding structure, with 265.5 million ordinary shares (par value of Baht 10 each) offered for exchange with the ordinary shares of Land and Houses Retail Bank Plc. at ratio of 1:1. The shares offering and share swap were completed on 1 December 2009. The Company exchanged totalling 111.8 ordinary shares of Land and Houses Retail Bank Plc.

In December 2009, LH Financial Group Plc. allotted its new ordinary shares to be offered to its shareholders in a ratio of 1 new share for every 100 existing shares, at a price of Baht 10 each. The Company received 1.1 million new ordinary shares from this allotment, or a total of Baht 11.2 million and made payment for such shares on 17 December 2009.

In addition, during the year 2009, the warrant holders of LH Financial Group Plc. exercised their rights to convert warrants to 7.6 million ordinary shares. As a result, the Company's percentage shareholding in that company has changed from 42.12 percent to 40.95 percent.

12. Other long-term investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Available-for-sale securities				
Equity securities	292,490	292,490	292,490	292,490
Less: Changes in fair value of securities	(55,573)	(125,771)	(55,573)	(125,771)
Available-for-sale securities - net	<u>236,917</u>	<u>166,719</u>	<u>236,917</u>	<u>166,719</u>
Other investments				
Equity securities	2,212,883	2,213,505	1,988,616	1,989,239
Less: Allowance for impairment	(1,377,671)	(1,377,670)	(1,356,607)	(1,356,607)
Other investment - net	<u>835,212</u>	<u>835,835</u>	<u>632,009</u>	<u>632,632</u>
Total	<u><u>1,072,129</u></u>	<u><u>1,002,554</u></u>	<u><u>868,926</u></u>	<u><u>799,351</u></u>

13. Land held for development

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land held for development	5,264,587	4,926,741	3,876,355	3,530,204
Less: Allowance for impairment	(845,930)	(768,053)	(697,566)	(619,689)
Land held for development - net	<u><u>4,418,657</u></u>	<u><u>4,158,688</u></u>	<u><u>3,178,789</u></u>	<u><u>2,910,515</u></u>

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

As at 31 December 2009 and 2008, 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>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Net book value of mortgaged land				
held for development to secure loans	1,053	1,189	-	-

Movements in the allowance for impairment of land held for development during the year ended 31 December 2009 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2009	768,053	619,689
Increase due to		
- Set up allowance for impairment of land held for development	15,570	15,570
- Transfer from inventories to land held for development	62,307	62,307
Balance as at 31 December 2009	<u>845,930</u>	<u>697,566</u>

14. Deposit for purchase of land

	(Unit: Thousand Baht)	
	Consolidated and	
	Separate financial statements	
	<u>2009</u>	<u>2008</u>
Deposit for purchase of land	282,450	282,450
Less: Allowance for impairment	(84,735)	(84,735)
Deposit for purchase of land - net	<u>197,715</u>	<u>197,715</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 allowance for impairment of deposit for purchase of land Baht 84.7 million (2008: Baht 84.7 million).

15. 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
Cost									
31 December 2008	26,997	484,843	126,385	421,067	50,611	770,441	169,146	562,001	2,611,491
Purchase	-	1,684	10,473	1,803	1,475	63,632	2,724	315,605	397,396
Disposal	-	(603)	(6,191)	(14,939)	(64)	(110,133)	(2,863)	-	(134,793)
Write-off	-	-	-	-	-	-	(70)	(18)	(88)
Transfer in (out)	-	7,235	310	10,423	-	-	22	(17,990)	-
31 December 2009	26,997	493,159	130,977	418,354	52,022	723,940	168,959	859,598	2,874,006
Accumulated depreciation									
31 December 2008	-	55,584	95,811	175,798	41,476	536,104	65,636	-	970,409
Depreciation for the year	-	18,056	13,688	74,870	5,700	86,875	24,672	-	223,861
Disposal	-	(598)	(6,121)	(12,531)	(47)	(110,135)	(2,768)	-	(132,200)
31 December 2009	-	73,042	103,378	238,137	47,129	512,844	87,540	-	1,062,070
Allowance for impairment									
31 December 2008	-	1,178	-	-	-	-	-	-	1,178
31 December 2009	-	1,178	-	-	-	-	-	-	1,178
Net book value									
31 December 2008	26,997	428,081	30,574	245,269	9,135	234,337	103,510	562,001	1,639,904
31 December 2009	26,997	418,939	27,599	180,217	4,893	211,096	81,419	859,598	1,810,758
Depreciation charge for the year									
2008 (Baht 162 million included in cost of sales and cost of rental and services, and the balance in administrative expenses)									221,019
2009 (Baht 170 million included in cost of sales and cost of rental and services, and the balance in administrative expenses)									223,861

(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	
Cost									
31 December 2008	37,528	106,724	152,844	41,731	542,277	37,881	21,115	940,100	
Purchase	-	9,663	-	1,473	54,751	1,428	9,089	76,405	
Disposal	(54)	(5,104)	(4,768)	(33)	(44,497)	(782)	-	(55,238)	
Write-off	-	-	-	-	-	-	(18)	(18)	
Transfer in (out)	-	310	10,423	-	-	-	(10,733)	-	
31 December 2009	37,474	111,593	158,499	43,171	552,531	38,527	19,453	961,248	
Accumulated depreciation									
31 December 2008	16,193	84,139	86,879	35,326	352,955	28,835	-	604,327	
Depreciation for the year	1,876	11,148	25,018	4,218	75,182	3,439	-	120,881	
Disposal	(50)	(5,085)	(3,816)	(16)	(44,497)	(750)	-	(54,214)	
31 December 2009	18,019	90,202	108,081	39,528	383,640	31,524	-	670,994	
Net book value									
31 December 2008	21,335	22,585	65,965	6,405	189,322	9,046	21,115	335,773	
31 December 2009	19,455	21,391	50,418	3,643	168,891	7,003	19,453	290,254	
Depreciation charge for the year									
2008 (Baht 64 million included in cost of sales, and the balance in administrative expenses)									114,171
2009 (Baht 75 million included in cost of sales, and the balance in administrative expenses)									120,881

As at 31 December 2009 and 2008, certain equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The original cost of those assets as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Equipment items have been fully depreciation but are still in use	376	367	292	233

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 2009 of Baht 436 million (2008: Baht 459 million) as collateral of the long-term loans.

During the year 2009, the subsidiaries included borrowing costs in property, plant and equipment totaling Baht 24.5 million (2008: Baht 10.2 million) with the capitalisation rate of 4.5 percent (2008: 5.6 percent).

16. Leasehold rights

(Unit: Thousand Baht)

Project	Remaining useful life	Consolidated financial statements			31 December 2009
		31 December 2008	Increase	Amortisation	
Grande Centre Point Hotel & Residence	28.4 years	2,201,586	813	(89,287)	2,113,112
L&H Villa Sathon	28.6 years	178,065	-	(6,018)	172,047
L&H Sukhumvit	30.7 years	483,556	-	(15,260)	468,296
Vacant land	16.8 years	667	-	(37)	630
Total		<u>2,863,874</u>	<u>813</u>	<u>(110,602)</u>	<u>2,754,085</u>

The amortisation of leasehold rights for the year 2009 of Baht 111 million (2008: Baht 110 million) has been charged to cost of rental and service.

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 2009 of Baht 2,285 million (2008: Baht 2,380 million) as collateral for long-term loans.

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Bank overdrafts	15,202	20,509	-	-
Bill of exchange	320,000	1,925,000	320,000	1,925,000
Less: Prepaid interest	(690)	(22,119)	(690)	(22,119)
Net	<u>334,512</u>	<u>1,923,390</u>	<u>319,310</u>	<u>1,902,881</u>

Bank overdrafts and short-term loans from financial institutions 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.

18. Long-term loans

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Long-term loans	7,018,120	5,462,803	5,197,088	3,470,019
Less: Current portion	(2,208,695)	(753,703)	(2,000,000)	(305,810)
Net	<u>4,809,425</u>	<u>4,709,100</u>	<u>3,197,088</u>	<u>3,164,209</u>

As at 31 December 2009 and 2008, long-term loans of the Company and its subsidiaries from domestic financial institutions are shown below:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Interest rate	Principal repayments	Guaranteed by
	2009	2008	2009	2008			
The Company							
Long-term loan	-	613.9	-	613.9	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
	138.3	856.1	138.3	856.1	MLR - 1.5	Repayments within 3 years from the first drawdown date	Land of project
	58.8	-	58.8	-	MLR - 1.5	Repayments within 5 years from the first drawdown date	Land of project
	3,000.0	-	3,000.0	-	Year 1-3 - 5 percent per annum Year 4 - 5 - MLR - 1	Repayments within 5 years whereas repayments at least Baht 1,000 million since the end of the third year	-
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.	1,198.0	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.	328.0	350.0	-	-	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
L H Muang Mai Co., Ltd.	-	37.9	-	-	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
Phuket Future Plan Co., Ltd.	25.0	86.9	-	-	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

(Unit: Million Baht)

	Consolidated		Separate		Interest rate	Principal repayments	Guaranteed by
	financial statements	financial statements	financial statements	financial statements			
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>			
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 540 million Ordinary shares of the company and the related company
Total	<u>7,018.1</u>	<u>5,462.8</u>	<u>5,197.1</u>	<u>3,470.0</u>			
Less: Current portion	<u>(2,208.7)</u>	<u>(753.7)</u>	<u>(2,000.0)</u>	<u>(305.8)</u>			
Net	<u>4,809.4</u>	<u>4,709.1</u>	<u>3,197.1</u>	<u>3,164.2</u>			

During the current year the Company entered into a loan agreement with a domestic commercial bank, granting total facilities of Baht 2,705 million carrying interest at MLR - 1.5 per annum. The facilities are payable at the rate of at least 50 percent of contract price of land and houses, and full settlement is to be made within 4 years from the first drawdown date. The Company has pledged land of the projects as collateral for long-term loans. However, the Company released certain mortgage as collateral lead to as at 31 December 2009 the Company has remaining the facilities of Baht 2,583 million.

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

As at 31 December 2009, there were available long-term loan facilities from financial institutions totaling Baht 4,549.7 million (included the above mentioned facilities of Baht 2,583 million) (2008: Baht 3,434.2 million) which had not yet been drawn down by the Company and its subsidiaries.

In addition, as at 31 December 2009, a subsidiary has available long-term loan facilities from shareholder, except for facilities from the Company, totally Baht 514 million (2008: Baht 676 million).

19. Debentures

					Consolidated and Separate financial statements			
					Number of debenture (shares)		Amount (Thousand Baht)	
					2009	2008	2009	2008
	Interest rate	Age	Repayment	Maturity				
Unsubordinated and unsecured debentures								
- No. 1/2005								
- 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
- 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	3,000,000	3,000,000
- No. 1/2009	Fixed rate 4.5%	5.5 years	At maturity	19 June 2015	2,000,000	-	2,000,000	-
Total					<u>9,000,000</u>	<u>8,500,000</u>	<u>9,000,000</u>	<u>8,500,000</u>
Less: Current portion of debentures							<u>(2,000,000)</u>	<u>(1,500,000)</u>
Net							<u>7,000,000</u>	<u>7,000,000</u>

The Annual General Meeting of the Company's shareholders held on 28 April 2009 passed a resolution to approve the issuance and offer of debentures detailed below:

Amount	Up to Baht 10,000 million or the equivalent in any other currency
Term	Maximum terms of 10 years
Type	Any types of debentures such as unsubordinated and/or subordinated, unsecured and/or secured, with and/or without debentureholder representation
Method of issuance	To be issued in Thailand and/or offshore

During the year 2009, the Company has issued totally Baht 2,000 million of debentures.

Movements in the debentures during the year ended 31 December 2009 are summarised below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements
Balance as at 1 January 2009	8,500,000
Add: Issue of new debentures	2,000,000
Less: Redemption	(1,500,000)
Balance as at 31 December 2009	<u>9,000,000</u>

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

20. Provisions

These comprise the following:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Short-term provisions:				
Provision for after-sale maintenance expenses	24,931	18,184	20,320	13,407
Legal case	37,344	27,535	37,344	27,535
	<u>62,275</u>	<u>45,719</u>	<u>57,664</u>	<u>40,942</u>

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Long-term provisions:				
Provision for public utilities maintenance	61,141	35,388	52,018	29,297
Compensation for Housing Estate Juristic Persons	127,987	124,861	110,526	100,363
	<u>189,128</u>	<u>160,249</u>	<u>162,544</u>	<u>129,660</u>

21. 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
30 December 2008	ESOP-5	15,400	154,000*	1.0	12 January 2009	14 January 2009
6 March 2009	ESOP-5	6,500	65,000	1.0	11 March 2009	16 March 2009
Total			<u>219,000</u>			

* As at 31 December 2008, the Company was separately presented the cash received of Baht 0.2 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>2009</u>	<u>2008</u>
<u>Registered ordinary shares</u>	<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	10,025,702,523	8,673,061,416
Increase due to exercise of warrants	<u>219,000</u>	<u>1,352,641,107</u>
Number of ordinary shares at end of year	<u>10,025,921,523</u>	<u>10,025,702,523</u>

22. Warrants

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 2008 (Unit)	Number of warrants exercised during the year (Unit)	Number of warrants outstanding as at 31 December 2009 (Unit)
ESOP-5	1.0	1: 10	6,500	(6,500)	-

23. Revaluation surplus (deficit) in investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Associated companies' investments	9,913	70,721	-	-
Company's investments	(55,573)	(125,771)	(55,573)	(125,771)
Total	<u>(45,660)</u>	<u>(55,050)</u>	<u>(55,573)</u>	<u>(125,771)</u>

During the year 2009, movement of revaluation surplus (deficit) in investments are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2009	(55,050)	(125,771)
Changes during the year due to		
- revaluation	70,198	70,198
- equity method	(60,808)	-
Balance as at 31 December 2009	<u>(45,660)</u>	<u>(55,573)</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>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Realised gain from decrease capital of associate	-	-	-	50,196
Realised gain from sale of other investments	416	3,292	416	3,292
Others	-	10	-	-
Total	416	3,302	416	53,488

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Other investments	1,039	33	1,039	-

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 contribute to the fund monthly at the rate of 3-5 percent of basic salaries. The fund, which is managed by TISCO Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the years, the Company and its subsidiaries contributed to the provident fund as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Contribution to provident fund	15.2	14.1	15.2	13.8

27. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Thousand Baht)

	Consolidated	financial	Separate	
	statements	statements	financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Purchase of land and land held for development and payment of construction in progress	10,131,909	12,841,185	9,440,579	11,344,737
Changes in land, constructions in progress and land held for development	1,029,093	(3,106,260)	370,568	(4,159,535)
Salary and wages and other employee benefits	545,947	486,153	519,226	464,727
Depreciation and amortisation expenses	319,292	316,163	120,900	114,171
Loss on impairment of investment in subsidiary	-	-	-	25,000
Loss on impairment of projects	1,031	22,721	-	-
Loss from impairment of land held for development	15,570	76,037	15,570	-
Loss from impairment of other assets	11,821	28,285	-	28,285
Rental expenses	55,112	54,977	41,956	46,183

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 weighted average number of ordinary shares in issue during the year plus 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>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
Basic earnings per share						
Net income attributable to equity holders of the parent						
3,908,466	3,427,551	10,025,910	9,653,362*	0.39	0.36	
Effect of dilutive potential ordinary shares						
ESOP-4	-	-	17			
ESOP-5	-	9	2,673			
LH-W2	-	-	266,322			
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares						
3,908,466	3,427,551	10,025,919	9,922,374	0.39	0.35	

* Included ordinary shares from cash receipts from share subscription.

Separate financial statements						
Net income		Weighted average number of ordinary shares		Earnings per share		
<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
Basic earnings per share						
Net income attributable to equity holders of the parent						
4,329,958	2,605,460	10,025,910	9,653,362*	0.43	0.27	
Effect of dilutive potential ordinary shares						
ESOP-4	-	-	17			
ESOP-5	-	9	2,673			
LH-W2	-	-	266,322			
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares						
4,329,958	2,605,460	10,025,919	9,922,374	0.43	0.26	

* 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 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
							<u>3,946</u>
Final dividend for 2008	Annual General Meeting of the shareholders on 28 April 2009	0.27	0.15	0.12	1,203	4	1,199
Interim dividend for 2009	Board of Directors' meeting on 11 August 2009	0.16	-	0.16	1,604	11	1,593
Interim dividend for 2009	Board of Directors' meeting on 10 November 2009	0.08	-	0.08	802	6	796
							<u>3,588</u>

31. Commitments and contingent liabilities

31.1 Commitments

31.1.1 As at 31 December 2009 and 2008, the Company and its subsidiaries have commitments under construction contracts as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Commitments under construction contracts	2,988.9	1,539.3	996.0	1,136.2

31.1.2 As at 31 December 2009, 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 (already paid Baht 9.68 million). - 6th - 10th year, total rental payment of Baht 42.31 million. - 11th - 15th year, total rental payment of Baht 54.00 million. - 16th - 20th year, total rental payment of Baht 68.92 million. - 21th - 25th year, total rental payment of Baht 87.97 million. - 26th - 30th year, total rental payment of Baht 112.27 million.

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

In addition, as at 31 December 2009 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, Baht 3.00 million (already paid) - 4th - 8th year, total rental of Baht 25.00 million (already paid Baht 10.00 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
10 March 2006	30 years*	<ul style="list-style-type: none"> - Land leasing fee is to be monthly paid as follows: - 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

* 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 2009, 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 2009, 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 follows.

- Project under construction: Baht 24.9 million per annum.
- Operating project: Baht 11.7 million per annum.

31.1.5 As 31 December 2009, L&H Property Company Limited is committed to pay project management fees to the following associates.

Associate	Service rates	Term
Quality Houses Public Company Limited	<ul style="list-style-type: none"> - 2% of total revenue plus additional 5.5% of operating income - Baht 50,000 per month of software service - Project management fee charged at actual cost plus 15 percent 	3 years commencing from 1 October 2007

31.1.6 As at 31 December 2009, L&H Property Company Limited is committed to pay Quality Houses Public Company Limited accounting services fee amounting to Baht 2.9 million.

31.1.7 As at 31 December 2009, L&H Sathon Company Limited had outstanding commitment of Baht 0.8 million in respect of management fees paid to Q.H. International Company Limited.

31.1.8 As at 31 December 2009, L&H Sathon Company Limited is committed to pay Quality Houses Public Company Limited, which is an associate of the Company, commissions for finding lessees for the L&H Villa Sathon Project, as per the conditions specified in the relevant agreement.

31.1.9 As at 31 December 2009 and 2008, the Company and its subsidiaries have commitment related to purchase of land as follows.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Commitment to purchase of land	1,027.8	206.8	1,027.8	206.8

31.1.10 Obligation and commitment to complete projects on hand

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Number of projects on hand at				
beginning of year	45	47	36	35
Number of closed projects during year	(12)	(16)	(8)	(12)
Number of new projects during year	12	14	11	13
Number of projects on hand at end of year	<u>45</u>	<u>45</u>	<u>39</u>	<u>36</u>
Accumulative value of sales already				
contracted (Million Baht)	77,033	87,119	60,849	68,058
As percentage of total sales of projects				
on hand	68.9	73.1	65.9	70.2
Value of sales already contracted				
during year (Million Baht)	17,153	15,140	14,991	11,157
As percentage of total sales of projects				
on hand	15.4	12.7	16.2	11.5
Commitments in respect of the installation				
of central utilities of projects on hand				
(Million Baht)	636.0	418.8	558.5	387.7

31.1.11 As at 31 December 2009, the subsidiaries have servitude over land of approximately 60 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	30.8
1 to 5 years	28.9

31.1.13 The subsidiaries has commitment related to uncancellable of other service contracts totalling Baht 19 million which will be payable within one year.

31.2 Bank guarantees

As at 31 December 2009 and 2008, there were the following outstanding bank guarantees issued by the banks in respect of certain performance bonds required in the normal course of business by the Company and its subsidiaries.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Letter of guarantee for arrangement and maintenance of public utilities	1,122.6	1,385.0	950.0	1,281.0
Letter of guarantee for electricity usage	25.6	25.3	14.3	11.2
Other letter of guarantees	22.0	50.0	22.0	50.0
	<u>1,170.2</u>	<u>1,460.3</u>	<u>986.3</u>	<u>1,342.2</u>

31.3 Guarantees

As at 31 December 2009 and 2008, the Company and its subsidiaries have the following obligations in respect of guarantees.

(Unit: Million Baht)

Guarantor	Guarantee	<u>2009</u>	<u>2008</u>
Land and Houses Plc.	Phuket Future Plan Co., Ltd.	13.8	47.8
	Double Tree Co., Ltd.	148.5	148.5
	Customers	1.0	1.0
Total		<u>163.3</u>	<u>197.3</u>
L H Muang Mai Co., Ltd.	Double Tree Co., Ltd.	270.0	270.0
	Phuket Future Plan Co., Ltd.	25.0	86.9
Total		<u>295.0</u>	<u>356.9</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 2009, the following significant lawsuits had been filed against the Company and its subsidiaries.

- a) In 2006, two housing estate juristic persons filed a lawsuit against the Company and a subsidiary for claim of Baht 1,013.5 million in relation to access to public thoroughfares. In June 2009, the plaintiffs requested to reduce the claim amount to Baht 800 million. In addition, in February 2009, the Company was additionally sued for the claim amounting to Baht 412.3 million in accordance with the Land Allocation Act and Customer Protect Act. Currently, the case is being considered by the court. The Company has set aside a provision of Baht 25 million for liabilities arising as a result of these cases.
- b) A condominium estate juristic person sued the Company with a claim of Baht 133 million. The Civil Court dismissed this case during September 2009.

- c) The Company and its subsidiaries have been sued for a total of approximately Baht 133.9 million. To date, the Court of the First Instance and the Appeal Court have ordered the Company and its subsidiaries to pay compensation plus interest totaling Baht 12.3 million. The Company and its subsidiaries have set aside provision of Baht 12.3 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 2009, 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 2009, 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. 32 "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 loans 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 institutions, bank overdrafts and short-term loans from financial institutions, debentures and long-term loans which bearing of interest.

Significant financial assets and liabilities as at 31 December 2009 and 2008 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

Consolidated financial statements								
As at 31 December 2009								
Fixed interest rates								
At call	Within 1 year	1 - 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Interest rate	
(Million Baht)							(% p.a.)	
Financial assets								
Cash and cash equivalents	-	1,360	-	-	546	262	2,168	0.25 - 1.10
Trade accounts receivables	-	-	-	-	-	13	13	-

Consolidated financial statements

As at 31 December 2009

	Fixed interest rates						Total	Interest rate (% p.a.)
	At call	Within		Over	Floating interest rate	Non-interest bearing		
		1 year	1 - 5 years	5 years				
	(Million Baht)							
Financial liabilities								
Bank overdrafts and short-term loans from financial institutions	-	319	-	-	15	-	334	1.42 - 4.07 and 10.45 - 11.25
Trade accounts payables	-	-	-	-	-	882	882	-
Trade accounts payables - related parties	-	-	-	-	-	9	9	-
Other payables - related parties	-	-	-	-	-	14	14	-
Short-term loans from related parties	406	-	-	-	-	-	406	4.35 - 7.50
Long-term loans	-	2,000	3,000	-	2,018	-	7,018	As specified in Note 18
Debentures	-	2,000	7,000	-	-	-	9,000	As specified in Note 19

Separate financial statements

As at 31 December 2009

	Fixed interest rates						Total	Interest rate (% p.a.)
	At call	Within		Over	Floating interest rate	Non-interest bearing		
		1 year	1 - 5 years	5 years				
	(Million Baht)							
Financial assets								
Cash and cash equivalents	-	960	-	-	406	151	1,517	0.25 - 1.10
Amount due from and accounts receivables - related parties	-	-	-	-	-	5	5	-
Short-term loans to related parties	1,139	-	-	-	-	-	1,139	4.35 - 7.50
Financial liabilities								
Bank overdrafts and short-term loans from financial institutions	-	319	-	-	-	-	319	1.42 - 4.07
Trade accounts payables	-	-	-	-	-	706	706	-
Trade accounts payables - related parties	-	-	-	-	-	8	8	-
Other payables - related parties	-	-	-	-	-	2	2	-
Short-term loans from related parties	100	-	-	-	-	-	100	3.00 - 5.50
Long-term loans	-	2,000	3,000	-	197	-	5,197	As specified in Note 18
Debentures	-	2,000	7,000	-	-	-	9,000	As specified in Note 19

Consolidated financial statements

As at 31 December 2008

	Fixed interest rates						Total	Interest rate (% p.a.)
	At call	Within		Over	Floating interest rate	Non-interest bearing		
		1 year	1 - 5 years	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	-
Financial liabilities								
Bank overdrafts and short-term loans from financial institutions	-	1,903	-	-	20	-	1,923	3.68 - 4.08 and 11.25 - 11.75
Trade accounts payables	-	-	-	-	-	1,324	1,324	-
Trade accounts payables - related parties	-	-	-	-	-	19	19	-
Other payables - 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 18
Debentures	-	1,500	7,000	-	-	-	8,500	As specified in Note 19

Separate financial statements								
As at 31 December 2008								
	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	-	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	-
Other payables - 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 18
Debentures	-	1,500	7,000	-	-	-	8,500	As specified in Note 19

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 2009 and 2008 are summarised below:

Foreign currency	Consolidated and Separate financial statements			
	Financial assets		Average exchange rate	
	as at 31 December		as at 31 December	
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Philippines Peso	1,223	1,223	0.7184	0.7389
Indonesia Rupiah	345,956	345,956	3.5471 (per 1,000 Rupiah)	3.1874 (per 1,000 Rupiah)

32.2 Fair values of financial instruments

The estimated fair value of financial instruments as at 31 December 2009 and 2008, 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>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<u>Financial assets</u>								
Cash and cash equivalents	2,168	1,233	2,168	1,233	1,517	563	1,517	563
Trade accounts receivables	13	10	13	10	-	-	-	-
Amount due from and accounts receivables - related parties	-	1	-	1	5	8	5	8
Short-term loans to related parties	-	-	-	-	1,139	669	1,139	669
<u>Financial liabilities</u>								
Bank overdrafts and short-term loans from financial institutions	334	1,923	332	1,915	319	1,903	317	1,895
Trade accounts payables	882	1,324	882	1,324	706	1,145	706	1,145
Trade accounts payables - related parties	9	19	9	19	8	18	8	18
Other payables - related parties	14	10	14	10	2	1	2	1
Short-term loans from related parties	406	220	406	220	100	210	100	210
Long-term loans	7,018	5,463	6,853	5,388	5,197	3,470	5,032	3,395
Debentures	9,000	8,500	8,528	8,239	9,000	8,500	8,528	8,239

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 2009, the Group's debt-to-equity ratio was 0.72:1 (2008: 0.70:1) and the Company's was 0.71:1 (2008: 0.71:1).

34. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2008 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 follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>As reclassified</u>	<u>As previously reported</u>	<u>As reclassified</u>	<u>As previously reported</u>
Administrative expenses	980,515,389	1,025,893,679	770,028,319	815,406,609
Management benefit expenses	45,378,290	-	45,378,290	-

35. Subsequent event

On 6 February 2010, the major shareholders of Quality Construction Products Plc., namely the Company, Quality Houses Plc. and Asian Property Development Plc., entered into a memorandum of understanding ("MOU") with respect to the sale of a totally of the 204 million shares, or 51 percent of all issued shares of Quality Construction Products Plc., to SCG Building Materials Co., Ltd. (owned 100% by Siam Cement Plc.). The Company is to sale for a total of 40,997,300 shares, which is equivalent to 10.25% of its issued shares. After the sale, the Company will continue to hold 84,627,680 shares, or 21.16% of its issued shares. The sale and purchase of shares will be considered complete when all of the following conditions are met.

- 1) The major shareholders of Quality Construction Products Plc. offer and sell no less than 51% of all shares in issue of Quality Construction Products Plc. to SCG Building Materials Co., Ltd., and transfer all shares at one time.

- 2) The Boards of Directors of SCG Building Materials Co., Ltd. and of the major shareholders of Quality Construction Products Plc. agree and approve the sale and purchase of such shares.
- 3) SCG Building Materials Co., Ltd. enters into the share purchase agreement and other related agreements with the major shareholders of Quality Construction Products Plc.

However, the MOU may be terminated if the above conditions are not met within 1 month from the date of the MOU, or if the value of shares of Quality Construction Products Plc. declines materially, or if there are any significant changes in its business.

On 23 February 2010, the Company, Quality Hoses Plc. and Asian Property Development Plc. entered into the share purchase agreement. And on 24 February 2010 the Company transferred the aforesaid shares to SCG Building Materials Co., Ltd.

36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2010.