

Land and Houses Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month and six-month periods ended 30 June 2009 and 2008

1. General information

1.1 Corporate information

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

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standards No. 34 (revised 2007) “Interim financial statements”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets, and the statements of income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

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

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

1.3 Basis of consolidation

These consolidated interim financial statements are prepared by applying the same basis as that applied for the preparation of the consolidated financial statements for the year ended 31 December 2008, with there being no changes in the structure of the group of the Company during the period.

1.4 Adoption of new accounting standards

In June 2009, the Federation of Accounting Professions has issued Notification No. 12/2552, regarding the renumbering of Thai Accounting Standards to match the corresponding International Accounting Standards. Therefore the numbers of Thai Accounting Standards as used in these financial statements are corresponded to those per this notification.

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.

a) 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 will not have any significant impact on the financial statements for the current period.

(Unaudited but reviewed)

b) Accounting standards which are not effective for the current year

		<u>Effective date</u>
TAS 20	Accounting for Government and Grants 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 is still evaluating the effect of these three accounting standards and has not been able to reach a conclusion as to their effect to the financial statements for the year in which they are initially applied.

2. 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.

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Consolidated financial statements	
	As restated	As previously reported
Investment in associates - net	10,278,580	10,332,332
Retained earnings	3,859,933	3,913,685

3. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 30 June				Transfer pricing policy
	Consolidated financial statements		Separate financial statements		
	2009	2008	2009	2008	
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Interest income	-	-	11.0	11.7	4.35 - 7.50% p.a. (2008: 5.375 - 7.5% p.a.)
Management fee income	-	-	5.6	5.8	Approximate cost
Dividend income	-	-	300.0	214.8	Declared rate
Guarantee fee income	-	-	0.3	0.1	0.50% p.a.
Management fee expenses	-	-	-	1.8	Approximate cost
Interest expenses	-	-	1.6	0.8	3.00% p.a. (2008: 5.50% p.a.)
Purchase of land	-	-	19.0	-	Approximate cost
Cash paid for use of land	-	-	-	6.2	Approximate cost
<u>Transactions with associates</u>					
Interest income	2.2	8.0	1.3	6.9	Market rate
Dividend income	480.2	323.3	480.2	323.3	Declared rate
Purchase of goods	19.2	35.5	17.7	32.4	Market price
Sales promotion expenses	3.1	-	3.1	-	Market rate
Services expenses	0.1	0.1	-	-	Contract price
Accounting services expenses	0.4	0.3	-	-	Contract price
Project management fee expenses	17.2	21.4	-	-	Contract price
Commission expenses	0.2	-	-	-	Contract price

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	
<u>Transactions with related companies</u>					
Dividend income	5.7	5.5	5.7	5.5	Declared rate
Rental and service expenses	9.9	10.9	9.9	10.9	Baht 500 - 798 per square metre per month (2008: Baht 675 - 725 per square metre per month)
Guarantee fee expenses	0.2	0.1	-	-	0.50% p.a.
Interest expenses	0.8	0.9	-	-	4.35 - 7.50% p.a. (2008: 5.375 - 7.50% p.a.)

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Interest income	-	-	20.6	25.1	4.35 - 7.50% p.a. (2008: 5.375 - 7.50% p.a.)
Management fee income	-	-	8.4	12.6	Approximate cost
Dividend income	-	-	755.7	214.8	Declared rate
Guarantee fee income	-	-	0.5	0.7	0.50% p.a.
Management fee expenses	-	-	-	3.6	Approximate cost
Interest expenses	-	-	5.3	2.1	3.00 - 5.50% p.a. (2008: 5.50% p.a.)
Purchase of land	-	-	19.0	-	Approximate cost
Cash paid for use of land	-	-	-	6.2	Approximate cost
<u>Transactions with associates</u>					
Interest income	6.0	10.4	4.8	9.0	Market rate
Dividend income	498.3	324.8	498.3	324.8	Declared rate
Purchase of goods	41.4	66.7	38.2	57.7	Market price
Sales promotion expenses	3.2	-	3.2	-	Market rate
Services expenses	0.3	0.3	-	-	Contract price
Accounting services expenses	0.9	0.7	-	-	Contract price
Project management fee expenses	38.7	39.7	-	-	Contract price
Commission expenses	0.2	-	-	-	Contract price

(Unaudited but reviewed)

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	
<u>Transactions with related companies</u>					
Dividend income	11.8	11.3	11.8	11.3	As declared
Rental and service expenses	19.5	17.1	19.5	17.1	Baht 500 - 798 per square metre per month (2008: Baht 675 - 725 per square metre per month)
Guarantee fee expenses	0.4	0.6	-	-	0.50% p.a.
Interest expenses	1.8	1.8	-	-	4.35 - 7.50% p.a. (2008: 5.375 - 7.50% p.a.)

The balances of the accounts as at 30 June 2009 and 31 December 2008 between the Company and those related companies are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	<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>1,361.0</u>	<u>679.0</u>	<u>962.3</u>	<u>367.8</u>
Amounts due from and accounts receivables - related parties				
<u>Subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Atlantic Real Estate Co., Ltd.	-	-	0.2	-
Pacific Real Estate Co., Ltd.	-	-	1.0	2.1
Land and Houses Northeast Co., Ltd.	-	-	0.1	0.4
L H Asset Co., Ltd.	-	-	1.3	4.6
L H Muang Mai Co., Ltd.	-	-	-	0.2
	<u>-</u>	<u>-</u>	<u>2.6</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	0.5	0.5
	<u>0.6</u>	<u>0.6</u>	<u>0.6</u>	<u>0.6</u>
Total	<u>0.6</u>	<u>0.6</u>	<u>3.2</u>	<u>7.9</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2009	2008	2009	2008
Short-term loans to and accrued interest receivable from related parties				
<u>Subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Atlantic Real Estate Co., Ltd.	-	-	362.7	298.0
Siam Tanee Property Co., Ltd.	-	-	25.6	25.1
L H Muang Mai Co., Ltd.	-	-	56.6	54.9
L&H Property Co., Ltd.	-	-	391.0	314.7
	-	-	835.9	692.7
<u>Associate</u>				
Land and Houses Retail Bank Plc.	0.1	0.1	0.1	0.1
Total	0.1	0.1	836.0	692.8
Deposit to related company				
<u>Related company</u>				
Quality Houses Property Fund	8.5	7.8	8.5	7.8
Trade accounts payables - related parties				
<u>Associates</u>				
Quality Construction Products Plc.	7.2	17.6	7.2	17.6
Home Product Center Plc.	0.3	1.9	0.2	0.4
Total	7.5	19.5	7.4	18.0
Amounts due to related parties				
<u>Subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Atlantic Real Estate Co., Ltd.	-	-	4.5	-
<u>Associates</u>				
Land and Houses Retail Bank Plc.	3.0	1.1	3.0	-
Home Product Center Plc.	4.2	0.4	3.7	0.3
Quality Houses Plc.	5.9	5.7	-	-
L&H Management Co., Ltd.	0.2	2.3	-	-
Q.H. International Co., Ltd.	0.6	-	-	-
	13.9	9.5	6.7	0.3
<u>Related company</u>				
Quality Houses Property Fund	0.3	0.3	0.3	0.3
Total	14.2	9.8	11.5	0.6

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2009	2008	2009	2008
Short-term loans from and accrued interest payables to related parties				
<u>Subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Pacific Real Estate Co., Ltd.	-	-	110.5	110.5
L H Asset Co., Ltd.	-	-	-	100.1
	-	-	110.5	210.6
<u>Related companies</u>				
Muang Mai Property Co., Ltd.	10.3	10.0	-	-
Reco Resorts Pte Ltd.	260.6	209.7	-	-
Director of subsidiaries	37.3	36.2	-	-
	308.2	255.9	-	-
Total	308.2	255.9	110.5	210.6

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

During the six-month period ended 30 June 2009, movements of loans to/loans from the Company, subsidiaries and related companies were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	31 December			30 June
	2008	Increase	Decrease	2009
Short-term loans to and accrued interest receivables from related party				
<u>Associate</u>				
Land and Houses Retail Bank Plc.	0.1	6.0	(6.0)	0.1
Short-term loans from and accrued interest payables to related parties				
<u>Related parties</u>				
Muang Mai Property Co., Ltd.	10.0	0.3	-	10.3
Reco Resorts Pte Ltd.	209.7	50.9	-	260.6
Director of subsidiaries	36.2	1.1	-	37.3
Total	255.9	52.3	-	308.2

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate financial statements			
	31 December			30 June
	2008	Increase	Decrease	2009
Short-term loans to and accrued interest receivables from related parties				
<u>Subsidiaries</u>				
Atlantic Real Estate Co., Ltd.	298.0	200.0	(135.3)	362.7
Siam Tanee Property Co., Ltd.	25.1	0.6	(0.1)	25.6
L H Asset Co., Ltd.	-	67.3	(67.3)	-
L H Muang Mai Co., Ltd.	54.9	1.7	-	56.6
L&H Property Co., Ltd.	314.7	76.3	-	391.0
	<u>692.7</u>	<u>345.9</u>	<u>(202.7)</u>	<u>835.9</u>
<u>Associate</u>				
Land and Houses Retail Bank Plc.	0.1	4.8	(4.8)	0.1
Total	<u>692.8</u>	<u>350.7</u>	<u>(207.5)</u>	<u>836.0</u>
Short-term loans from and accrued interest payables to related parties				
<u>Subsidiaries</u>				
Pacific Real Estate Co., Ltd.	110.5	232.4	(232.4)	110.5
L H Real Estate Co., Ltd.	-	50.3	(50.3)	-
L H Assets Co., Ltd.	100.1	397.2	(497.3)	-
Total	<u>210.6</u>	<u>679.9</u>	<u>(780.0)</u>	<u>110.5</u>

Guarantee obligations with related parties

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

(Unaudited but reviewed)

4. Trade accounts receivables

The balances of trade accounts receivables as at 30 June 2009 and 31 December 2008 aged on the basis of due dates, are summarised below:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Age of receivables				
Not yet due	787	423	-	-
Past due				
Less than 3 months	7,488	8,717	-	-
3 - 6 months	46	360	-	-
6 - 9 months	10	205	-	-
9 - 12 months	2	-	-	-
More than 12 months	189	189	-	-
Total	8,522	9,894	-	-
Less: Allowance for doubtful	(189)	(189)	-	-
Net	8,333	9,705	-	-

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

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Net book value of land and structures				
thereon mortgaged as collateral	4,982	5,922	4,746	5,635

(Unaudited but reviewed)

Movements in the provision for loss on diminution in value of projects during the six-month period ended 30 June 2009 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2009	204,407	128,116
Less: Reversal of allowance of diminution in value of inventory from sale	(7,118)	(2,796)
Reversal of allowance of diminution in value of inventory from reversal of impairment loss	(15,664)	-
Balance as at 30 June 2009	<u>181,625</u>	<u>125,320</u>

6. Investments in subsidiaries

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

(Unit: Thousand Baht)												
Separate financial statements												
Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment		Book valued cost method - net		Dividend received for the six-month periods ended 30 June	
	30 June 2009	31 December 2009	30 June 2009	31 December 2009	30 June 2009	31 December 2009	30 June 2009	31 December 2009	30 June 2009	31 December 2009	2009	2008
	08	08	(Percent)	(Percent)	08	08	08	08	08	08		
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	55,742	185,807
Land and Houses North Co., Ltd.	13,500	13,500	99.99	99.99	13,500	13,500	-	-	13,500	13,500	-	-
Land and Houses Northeast Co., Ltd.	270,000	270,000	99.99	99.99	269,999	269,999	(25,000)	(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	699,996	-
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>755,738</u>	<u>214,807</u>

L H Muang Mai Company Limited and its subsidiaries

As at 30 June 2009 and 31 December 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.

(Unaudited but reviewed)

7. Investments in associates

7.1 Details of associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements							
			Shareholding percentage		Paid-up capital		Cost		Carrying amounts based on equity method	
			30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008
			(Percent)	(Percent)						(Restated)
Land and Houses Retail Bank Plc.	Retail bank	Thai	42.12	42.12	2,654,500	2,654,500	1,306,960	1,306,960	1,174,289	1,167,596
Bangkok Chain Hospital Plc.	Hospital	Thai	28.73	28.73	950,000	950,000	674,557	674,557	857,648	827,057
Quality Construction Products Plc.	Manufacture of construction material	Thai	31.41	31.41	400,000	400,000	265,980	265,980	398,989	394,923
Home Product Center Plc.	Trading of construction materials	Thai	30.12	30.23	1,940,833	1,933,611	1,076,676	1,076,676	1,705,647	1,762,010
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	5,000	5,000	2,000	2,000	6,047	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	1,342,927	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	3,725,138	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	959,020	1,005,223
					(Thousand Peso)	(Thousand Peso)				
							8,978,785	8,978,785	10,202,107	10,278,580

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements									
			Shareholding percentage		Paid-up capital		Cost		Allowance for impairment		Carrying amounts based on cost method - net	
			30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008
			(Percent)	(Percent)								
Land and Houses Retail Bank Plc.	Retail bank	Thai	42.12	42.12	2,654,500	2,654,500	1,306,960	1,306,960	(344,744)	(344,744)	962,216	962,216
Bangkok Chain Hospital Plc.	Hospital	Thai	28.73	28.73	950,000	950,000	674,557	674,557	-	-	674,557	674,557
Quality Construction Products Plc.	Manufacture of construction material	Thai	31.41	31.41	400,000	400,000	265,980	265,980	-	-	265,980	265,980
Home Product Center Plc.	Trading of construction materials	Thai	30.12	30.23	1,940,833	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)	(Thousand)						

Peso)	Peso)	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
		<u>8,978,785</u>	<u>8,978,785</u>	<u>(344,744)</u>	<u>(344,744)</u>	<u>8,634,041</u>	<u>8,634,041</u>

(Unaudited but reviewed)

7.2 Share of income (loss) and dividend received

During the periods, 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 financial statements		Separate financial statements	
	Share of income (loss) from investments in associates for the six-month periods ended 30 June		Dividend received for the six-month periods ended 30 June	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land and Houses Retail Bank Plc.	58,442	57,039	-	-
Bangkok Chain Hospital Plc.	98,818	84,436	68,227	54,243
Quality Construction Products Plc.	4,066	(5,580)	-	-
Home Product Center Plc.	148,244	112,393	204,608	102,936
Asia Asset Advisory Co., Ltd.	382	991	4,000	4,000
Land and Houses Property Fund	-*	-*	-*	-*
Land and Houses Property and Loan Fund-II	27,551	32,422	52,848	45,298
Quality Houses Plc.	190,340	158,889	168,603	116,842
Polar Property Holdings Corporation	(2,132)	34,297	-	1,524
Total	<u>525,711</u>	<u>474,887</u>	<u>498,286</u>	<u>324,843</u>

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

(Unaudited but reviewed)

7.3 Fair values of investments in associates which are listed companies

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

(Unit: Million Baht)

Company's name	Country of listing	Fair values as at	
		30 June 2009	31 December 2008
Bangkok Chain Hospital Plc.	Thai	2,210	1,924
Quality Construction Products Plc.	Thai	209	117
Home Product Center Plc.	Thai	3,215	1,777
Quality Houses Plc.	Thai	3,056	1,981
Polar Property Holdings Corporation	Philippines	2,118	1,771
Total		10,808	7,570

7.4 Summarised financial information of associates

Financial information of the associated companies is summaries below:

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the six-month periods ended 30 June		Net income (loss) for the six-month periods ended 30 June	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008	2009	2008	2009	2008
	Land and Houses Retail Bank Plc.	2,655	2,655	39,346	44,216	36,580	41,466	1,113	981	139
Bangkok Chain Hospital Plc.	950	950	4,652	4,427	1,531	1,436	2,307	2,045	344	286
Quality Construction Products Plc.	400	400	2,061	2,139	791	881	456	455	13	(18)
Home Product Center Plc.	1,941	1,934	12,770	13,369	7,982	8,413	10,337	9,229	494	387
Asia Asset Advisory Co., Ltd.	5	5	23	42	7	17	38	40	1	2
Land and Houses Property Fund*	-	-	-	-	-	-	-	-	-	-
Land and Houses Property and Loan Fund-II	3,021	3,021	4,538	4,561	31	51	141	158	105	125
Quality Houses Plc.	8,477	8,477	28,207	28,811	16,656	17,314	5,433	5,484	766	738

* 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		Net income	
	30 June 2009	30 September 2009	30 June 2009	30 September 2008	30 June 2009	30 September 2009	For the six-month period ended 30 June 2009	For the three-month period ended 31 March 2008	For the six-month period ended 30 June 2009	For the three-month period ended 31 March 2008

		<u>8</u>				<u>8</u>				
Polar Property Holdings Corporation	4,892	4,892	6,538	6,417	1,252	821	329	115	26	50

(Unaudited but reviewed)

7.5 The Company's interim consolidated financial statements for the six-month period ended 30 June 2009 included investments in the following associates accounted for under the equity method, and share of income (loss) from investments in the associates under the equity method, determined based on financial statements of those companies which have been reviewed or not been reviewed as stipulated.

(Unit: Thousand Baht)

	Consolidated financial statements				
	Investments under the equity method as at 30 June 2009	Share of income (loss) from investments under the equity method			
		For the three-month periods ended 30 June		For the six-month periods ended 30 June	
		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Reviewed by auditor and another auditor of the same firm					
Land and Houses Retail Bank Plc.	1,174,289	42,249	32,304	58,442	57,039
Asia Asset Advisory Co., Ltd.	6,047	318	399	382	991
Land and Houses Property Fund	32,402	-	-	-	-
Land and Houses Property and Loan Fund-II	1,342,927	14,816	15,303	27,551	32,422
Quality Houses Plc.	3,725,138	117,732	90,814	190,340	158,889
Home Product Center Plc.	1,705,647	75,086	58,543	148,244	112,393
Reviewed by other auditors					
Bangkok Chain Hospital Plc.	*	*	41,161	*	84,436
Quality Construction Products Plc.	398,989	(2,316)	(5,805)	4,066	(5,580)
Unreviewed by auditor					
Bangkok Chain Hospital Plc.	857,648	47,255	**	98,818	**
Polar Property Holdings Corporation	959,020	4,821	-	(2,132)	34,297***
Total	10,202,107	299,961	232,719	525,711	474,887

* For the six-month period ended 30 June 2009 unreviewed by other auditor

** For the six-month period ended 30 June 2008 reviewed by other auditor

*** The Company recorded investments accounted for under the equity method based on the financial statements for the three-month period ended 31 March 2008 which have not been reviewed by other auditor.

(Unaudited but reviewed)

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 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 period, 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 six-month period ended 30 June 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 three-month and six-month periods ended 30 June 2009 and 2008. The Company has adjusted the related accounts in the consolidated balance sheet as described in Note 2.

(Unaudited but reviewed)

During the second quarter of the year 2009, the Company recorded investment in Polar Property Holdings Corporation and share of income from this investment under the equity method in the consolidated financial statements for the six-month period ended 30 June 2009 based on financial statements for the six-month period ended 30 June 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.

7.6 During the current period, the warrant holders of Home Product Center Public Company Limited exercised their rights to convert warrants to 7.2 million ordinary shares. As a result, the Company's percentage shareholding in that company has changed from 30.23 percent to 30.12 percent.

7.7 Land and Houses Retail Bank Public Company Limited ("the Bank"), an associate in which 42.12% of issued and paid up capital is held by the Company, is in the process of a shareholding restructuring in order to comply with the Finance Institution Act B.E. 2551. The Bank will establish a holding company and the existing shareholders of the Bank shall swap all their shares in the Bank for shares in holding company. After the completion of share swap, the Bank will be fully owned by this holding company and the percentage of shareholding in this holding company that will be held by the Company and other shareholders will be the same as they used to hold in the Bank. The Company's percentage shareholding in the holding company will be 42.12 percent. This process is expected to be completed within the year 2009.

8. Other long-term investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2009	2008	2009	2008
Available-for-sale securities				
Equity securities	292,490	292,490	292,490	292,490
Less: Changes in fair value of securities	(100,909)	(125,771)	(100,909)	(125,771)
Available-for-sale securities - net	191,581	166,719	191,581	166,719
Other investments				
Equity securities	2,212,882	2,213,505	1,988,616	1,989,239
Less: Allowance for impairment	(1,377,670)	(1,377,670)	(1,356,607)	(1,356,607)
Total other investments - net	835,212	835,835	632,009	632,632
Total	1,026,793	1,002,554	823,590	799,351

(Unaudited but reviewed)

9. Land held for development

As at 30 June 2009 and 31 December 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	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Net book value of mortgaged land held for development to secure loans	1,190	1,189	-	-

10. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2009 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2009	1,639,904	335,773
Acquisitions during period - at cost	183,269	39,632
Disposals during period - net book value at disposal date	(1,046)	(299)
Write-off during period - net book value at write-off date	(88)	(18)
Transfer to advance payment for constructions during period		
- net book value at transferred date	(297)	(297)
Depreciation for period	(105,785)	(55,560)
Net book value as at 30 June 2009	1,715,957	319,231

A subsidiary has placed its buildings, clubhouses, furniture and fixture which located on land sub-leasehold rights which have net book value as at 30 June 2009 of Baht 448 million (31 December 2008: Baht 459 million) as collateral of the long-term loans.

11. Leasehold rights

Two subsidiaries have pledged their land leasehold rights and land sub-leasehold rights with a total net book value as at 30 June 2009 of Baht 2,333 million (31 December 2008: Baht 2,386 million) as collateral for long-term loans.

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Bank overdrafts	12,969	20,509	-	-
Bill of exchange	1,975,000	1,925,000	1,975,000	1,925,000
Less: Prepaid interest	(10,319)	(22,119)	(10,319)	(22,119)
Net	<u>1,977,650</u>	<u>1,923,390</u>	<u>1,964,681</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.

13. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Long-term loans	8,000,558	5,462,803	6,063,089	3,470,019
Less: Current portion	(477,058)	(753,703)	-	(305,810)
Net	<u>7,523,500</u>	<u>4,709,100</u>	<u>6,063,089</u>	<u>3,164,209</u>

(Unaudited but reviewed)

Movements in the long-term loans during the six-month period ended 30 June 2009 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Balance as at 1 January 2009	5,462,803	3,470,019
Add: Additional borrowing on old loan agreements	1,140,030	1,140,030
Additional borrowing on new loan agreements	3,000,000	3,000,000
Less: Repayment	<u>(1,602,275)</u>	<u>(1,546,960)</u>
Balance as at 30 June 2009	<u>8,000,558</u>	<u>6,063,089</u>

During the current period, the Company entered into a loan agreement with a domestic commercial bank, granting total facilities of Baht 3,000 million carrying interest at a rate of 5 percent per annum for 1-3 year drawdown periods and then at MLR-1 per annum. The facilities are repayable within 5 years from the first drawdown date and an amount of at least Baht 1,000 million must be repaid each year, commencing from the end of the third year. During April 2009, the Company drew down the full facility.

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

As at 30 June 2009, there were available long-term loan facilities from financial institutions totaling approximately Baht 2,294 million (31 December 2008: Baht 3,434 million) which had not yet been drawn down by the Company.

In addition, as at 30 June 2009, a subsidiary has available long-term loan facilities from shareholder, except for facilities from the Company, totally Baht 630 million (31 December 2008: Baht 676 million).

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

(Unaudited but reviewed)

14. Debentures

					Consolidated and Separate financial statements			
					Number of debenture		Amount (Thousand Baht)	
					(Thousand shares)			
					30 June	31 December	30 June	31 December
					2009	2008	2009	2008
Interest rate	Age	Repayment	Maturity date					
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	-	1,500,000
- Set 3	Fixed rate 4.25% for 1st - 3rd year, fixed rate 5.5% for 4th year and fixed rate 6.5% for 5th year	5 years	At maturity	1 April 2010	2,000	2,000	2,000,000	2,000,000
- No. 1/2007	Fixed rate 4.60%	4 years	At maturity	13 September 2011	2,000	2,000	2,000,000	2,000,000
- No. 1/2008	Fixed rate 5.33% for 1st - 2nd year and fixed rate 6.5% for 3rd - 4th year	4 years	At maturity	24 July 2012	3,000	3,000	3,000,000	3,000,000
Total					<u>7,000</u>	<u>8,500</u>	<u>7,000,000</u>	<u>8,500,000</u>
Less: Current portion of debentures							<u>(2,000,000)</u>	<u>(1,500,000)</u>
Net							<u>5,000,000</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

However, as at 30 June 2009, the Company has not yet issued the aforesaid debentures.

(Unaudited but reviewed)

Movements in the debentures during the six-month period ended 30 June 2009 are summarised below.

(Unit: Thousand Baht)

	Consolidated and Separate financial statements
Balance as at 1 January 2009	8,500,000
Less: Redemption	(1,500,000)
Balance as at 30 June 2009	<u>7,000,000</u>

15. Share capital

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

Date of exercise	Type of warrant	Number of exercised warrants (Unit)	Ordinary shares issued for exercised warrants (Shares)	Exercise price (Baht per share)	Date of registration of share capital with the Ministry of Commerce	Date of the Stock Exchange of Thailand approved ordinary shares as listed securities
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 0.1 million in respect of the exercising of warrants in the balance sheet under the caption "Cash receipts from share subscription".

(Unaudited but reviewed)

Reconciliation of number of ordinary shares

(Unit: Shares)

	Consolidated and Separate financial statements	
	For the six-month periods ended 30 June	
	<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 period	10,025,702,523	8,673,061,416
Increase due to exercise of warrants	219,000	1,247,072,393
Number of ordinary shares at end of period	<u>10,025,921,523</u>	<u>9,920,133,809</u>

16. 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 (Units)	Number of warrants exercised during the period (Units)	Number of warrants outstanding as at 30 June 2009 (Units)
ESOP-5	1.0	1: 10	6,500	(6,500)	-

17. Revaluation deficit in investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Associates' investments	8,733	70,721	-	-
Company's investments	(100,909)	(125,771)	(100,909)	(125,771)
Total	<u>(92,176)</u>	<u>(55,050)</u>	<u>(100,909)</u>	<u>(125,771)</u>

(Unaudited but reviewed)

18. Earnings per share

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

Diluted earnings per share is calculated by dividing net income for the period by the sum of the weighted average number of ordinary shares in issue during the period and the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period 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					
For the three-month periods ended 30 June					
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					
<u>1,102,852</u>	1,115,153	<u>10,025,922</u>	9,920,295*	<u>0.11**</u>	0.11
Effect of dilutive potential ordinary shares					
	-		1		
	-		1,205		
	-		112,242		
Diluted earnings per share					
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares					
	<u>1,115,153</u>		<u>10,033,743</u>		0.11

* Included ordinary shares from cash receipts from share subscription.

** There is no disclosure of diluted earnings per share in the financial statement for the three-month period ended 30 June 2009 as the final exercise of ESOP-5 was in March 2009.

(Unaudited but reviewed)

Separate financial statements					
For the three-month periods ended 30 June					
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					
<u>1,461,272</u>	1,197,706	<u>10,025,922</u>	9,920,295*	<u>0.15**</u>	0.12
Effect of dilutive potential ordinary shares					
ESOP-4					
	-		1		
ESOP-5					
	-		1,205		
LH-W2					
	-		<u>112,242</u>		
Diluted earnings per share					
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares					
	<u>1,197,706</u>		<u>10,033,743</u>		0.12

* Included ordinary shares from cash receipts from share subscription.

** There is no disclosure of diluted earnings per share in the financial statement for the three-month period ended 30 June 2009 as the final exercise of ESOP-5 was in March 2009.

Consolidated financial statements					
For the six-month periods ended 30 June					
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					
1,746,763	1,791,939	10,025,899	9,308,438*	0.17	0.19
Effect of dilutive potential ordinary shares					
ESOP-4					
-	-	-	37		
ESOP-5					
-	-	17	5,243		
LH-W2					
-	-	-	<u>570,692</u>		
Diluted earnings per share					
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares					
<u>1,746,763</u>	<u>1,791,939</u>	<u>10,025,916</u>	<u>9,884,410</u>	0.17	0.18

* Included ordinary shares from cash receipts from share subscription.

(Unaudited but reviewed)

	Separate financial statements					
	For the six-month periods ended 30 June					
	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	2,252,360	1,556,540	10,025,899	9,308,438*	0.22	0.17
Effect of dilutive potential ordinary shares						
ESOP-4	-	-	-	37		
ESOP-5	-	-	17	5,243		
LH-W2	-	-	-	570,692		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>2,252,360</u>	<u>1,556,540</u>	<u>10,025,916</u>	<u>9,884,410</u>	0.22	0.16

* Included ordinary shares from cash receipts from share subscription.

19. Financial information by segment

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

20. Dividend paid

At the Annual General Meeting of the Shareholders held on 28 April 2009, it was resolved that the Company pay an addition dividend for the year 2008 of Baht 0.12 per share. Together with the interim dividend of Baht 0.15 per share previously approved by the Board of Directors, the total dividend declared for 2008 was thus Baht 0.27 per share. This addition Baht 0.12 per share dividend amounted to a total of Baht 1,203 million. However, since Baht 4 million of the dividend was for shareholders who have no right to receive dividend, only Baht 1,199 million has actually been paid to the shareholders.

(Unaudited but reviewed)

21. Commitment and contingent liabilities

21.1 Commitments

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2009	2008	2009	2008
Commitments under construction				
contracts	1,415.6	1,539.3	1,140.4	1,136.2

21.1.2 As at 30 June 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	- From 1 June 2008, the following rental is to be paid in monthly installments - 1st - 5th year, total rental payment of Baht 33.15 million. - 6th - 10th year, total rental payment of Baht 42.31 million. - 11th - 15th year, total rental payment of Baht 54.00 million. - 16th - 20th year, total rental payment of Baht 68.92 million. - 21st - 25th year, total rental payment of Baht 87.97 million. - 26th - 30th year, total rental payment of Baht 112.27 million.

In addition, as at 30 June 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.

(Unaudited but reviewed)

b) Land sub-lease agreement

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

c) Land lease agreement

<u>Agreement date</u>	<u>Agreement period</u>	<u>Land leasing fee and ground rental fee</u>
10 March 2006	30 years ⁽¹⁾	- Ground rental fee of Baht 500 million which has already been fully paid - 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

⁽¹⁾ The agreement runs from 1 September 2010 to 31 August 2040. However, the lessor consented to allow L&H Property Company Limited to develop and 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.

21.1.3 As at 30 June 2009, the Company had outstanding commitment of Baht 258 million in respect of uncalled portion of investments in L&H Property Company Limited.

21.1.4 As at 30 June 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 22.7 million per annum.
- Operating project: Baht 11.7 million per annum.

(Unaudited but reviewed)

21.1.5 As at 30 June 2009, L&H Property Company Limited is committed to pay project management fees to the following associates.

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

21.1.6 As at 30 June 2009 and 31 December 2008, the Company and its subsidiaries have commitment related to purchase of land as follows:

	(Unit: Million Baht)	
	Consolidated and Separate financial statements	
	30 June 2009	31 December 2008
Commitment to purchase of land	291.6	206.8

21.1.7 As at 30 June 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 Project, as per the conditions specified in the relevant agreement.

(Unaudited but reviewed)

21.1.8 Obligation and commitment to complete projects on hand

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2009	2008	2009	2008
Number of projects on hand at beginning of period/year	45	47	36	35
Number of closed projects during period/year	(4)	(16)	(2)	(12)
Number of new projects during period/year	6	14	6	13
Number of projects on hand at end of period/year	<u>47</u>	<u>45</u>	<u>40</u>	<u>36</u>
Accumulative value of sales already contracted (Million Baht)	67,348	87,119	52,350	68,058
As percentage of total sales of projects on hand	66.5	73.1	62.5	70.2
Value of sales already contracted during period/year (Million Baht)	7,468	15,140	6,492	11,157
As percentage of total sales of projects on hand	7.4	12.7	7.7	11.5
Commitments in respect of the installation of central utilities of projects on hand (Million Baht)	421.4	418.8	397.1	387.7

21.1.9 As at 30 June 2009, the subsidiaries have servitude over land of approximately 55 rai of which the cost is included in the cost of projects.

21.1.10 Operating lease commitments

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

As at 30 June 2009, the future minimum lease payments and services fee payments required under these non-cancellable contracts with a related party were as follows:

	(Unit: Million Baht)
	Consolidated and Separate
	financial statements
Payable within:	
Less than 1 year	32.2
1 to 5 years	43.6

(Unaudited but reviewed)

21.2 Bank guarantees

As at 30 June 2009 and 31 December 2008, there were the outstanding bank guarantees issued by the banks in respect of certain performance bonds required in the normal course of business by the Company and its subsidiaries balances as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2009	2008	2009	2008
Letter of guarantee for arrangement and maintenance of public utilities	1,374.9	1,385.0	1,191.9	1,281.0
Letter of guarantee for electricity usage	32.0	25.3	17.8	11.2
Other letter of guarantees	50.0	50.0	50.0	50.0
	<u>1,456.9</u>	<u>1,460.3</u>	<u>1,259.7</u>	<u>1,342.2</u>

21.3 Guarantees

As at 30 June 2009 and 31 December 2008, the Company and its subsidiaries have the following obligations in respect of guarantees.

(Unit: Million Baht)

Guarantor	Guarantee	30 June	31 December
		2009	2008
Land and Houses Plc.	Phuket Future Plan Co., Ltd.	28.7	47.8
	Double Tree Co., Ltd.	148.5	148.5
	Customers	1.0	1.0
Total		<u>178.2</u>	<u>197.3</u>
L H Muang Mai Co., Ltd.	Double Tree Co., Ltd.	270.0	270.0
	Phuket Future Plan Co., Ltd.	52.1	86.9
Total		<u>322.1</u>	<u>356.9</u>
L&H Property Co., Ltd.	L&H Sathon Co., Ltd.	<u>390.0</u>	<u>390.0</u>

21.4 Litigation

The Company and its subsidiaries

As at 30 June 2009, the following significant lawsuits had been filed against the Company and its subsidiaries.

- a) In 2006, two housing estate juristic persons sued the Company and a subsidiary for a total of Baht 1,013.5 million in relation to access to public thoroughfares. In June 2009, the plaintiffs requested to reduce the claimed amount to Baht 800 million. In addition, during the current period, these housing estate juristic persons additionally sued the Company for the total of Baht 102.3 million in accordance with the Customer Protect Act and Land Allocation Act. Currently, the lawsuit is in the process of being investigated by the court. The Company has set aside provision of Baht 25 million for liabilities arising as a result of these cases.
- b) A condominium estate juristic person sued the Company with a claim of Baht 133 million. Currently, the lawsuit is in the process of being conciliated between the disputing parties. The Company's management believes that the Company will not suffer losses as a result of this case.
- c) The Company and its subsidiaries have been sued for a total of approximately Baht 34.1 million. To date, the Court of the First Instance and the Appeal Court have ordered the Company and its subsidiaries to pay compensation plus interest totaling Baht 2.6 million. The Company and its subsidiaries have set aside provision of Baht 2.6 million for liabilities arising as a result of these cases, based on the opinion of their legal department.

Associates

The following significant lawsuits had been filed against the associates:

- a) Land and Houses Property Fund (“the Fund”) has been sued as second defendant in a civil case in which the plaintiff claims the Fund illegally received the transfer of the land and construction thereon of the “Langsuan Ville” condominium project from Wave Development Company Limited, a debtor of the plaintiff. On 27 July 2004, the Court of First Instance dismissed the lawsuit. On 27 February 2008, the Appeal Court dismissed the lawsuit. As at 30 June 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 30 June 2009, the case is being heard by the Appeal Court.

22. Reclassification

In addition to the prior year adjustment as mentioned in Note 2, which affects the previously reported shareholder’s equity, certain amounts in the financial statements for the three-month and six-month period ended 30 June 2008 have been reclassified to conform to the current period’s classification but with no effect to previously reported net income or shareholders’ equity other than from the aforesaid adjustment. The reclassifications are as follows:

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Dividend from investments in subsidiaries and associates	-	-	538,126	-
Infrastructure service income	45,380	-	36,614	-
Other income - others	17,117	57,547	33,694	64,897
Dividend income	-	5,421	-	543,537
Selling and administrative expenses	-	362,444	-	290,359
Specific business tax and transfer fee	-	5,380	-	4,179
Selling expenses	123,134	-	96,994	-
Administrative expenses	230,001	-	183,326	-
Management benefit expenses	13,581	-	13,581	-
Interest expenses	-	27,627	-	6,611
Finance cost	28,264	-	7,248	-

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Dividend from investments in subsidiaries and associates	-	-	539,650	-
Infrastructure service income	77,307	-	62,397	-
Other income - others	30,236	96,933	65,211	116,797
Dividend income	-	11,271	-	550,911
Selling and administrative expenses	-	756,955	-	614,639
Specific business tax and transfer fee	-	127,770	-	98,767
Loss from impairment of assets	-	3,495	-	-
Selling expenses	355,959	-	277,051	-
Administrative expenses	498,800	-	406,859	-
Management benefit expenses	27,041	-	27,041	-
Other expenses	5,024	-	1,270	-
Interest expenses	-	68,934	-	26,510
Finance cost	69,669	-	27,245	-

(Unaudited but reviewed)

23. Subsequent event

On 11 August 2009, a meeting of the Company's Board of Directors approved a resolution to pay an interim dividend from the income of six-month period ended 30 June 2009, at a rate of Baht 0.16 per share, amounted to a total of Baht 1,604.1 million. This dividend will be paid on 11 September 2009.

24. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 August 2009.