

Land and Houses Public Company Limited and its subsidiaries

Notes to financial statements

For the years ended 31 December 2010 and 2009

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. The registered office of the Company is at No. 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 Professions 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 consolidation

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	
			2010	2009	2010	2009	2010	2009
			(Percent)	(Percent)	(Percent)	(Percent)	(Percent)	(Percent)
<u>Held by the Company</u>								
Atlantic Real Estate Co., Ltd.	Real estate business	Thailand	99.99	99.99	0.8	1.0	3.4	2.9
Pacific Real Estate Co., Ltd.	Real estate business	Thailand	99.99	99.99	-	0.8	0.1	2.1
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	0.2	0.5	0.3	0.6
Siam Tanee Property Co., Ltd. and its subsidiary	Real estate business	Thailand	99.99	99.99	0.5	0.6	-	-
L H Real Estate Co., Ltd.	Real estate business	Thailand	99.99	99.99	-	0.2	0.1	0.1
L H Asset Co., Ltd.	Real estate business	Thailand	99.99	99.99	0.9	1.3	6.0	4.9
L H Muang Mai Co., Ltd. and its subsidiaries	Real estate business	Thailand	55.00	55.00	3.0	3.0	1.0	1.4
L&H Property Co., Ltd. and its subsidiary	Real estate for lease business	Thailand	60.00	60.00	10.3	9.4	1.9	2.0

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			<u>2010</u> (Percent)	<u>2009</u> (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 using the same significant accounting policies as the Company.
- 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 under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

During the current year, the Federation of Accounting Professions issued a number of revised and new accounting standards as listed below.

- a) Accounting standards that are effective for fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Framework for the Preparation and Presentation of Financial Statements
(revised 2009)

TAS 1 (revised 2009) Presentation of Financial Statements

TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate

b) Accounting standards that are effective for fiscal years beginning on or after 1 January 2013:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

The Company and subsidiaries' management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards which management expects the impact on the financial statements in the year when they are adopted.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. Currently, the Company accounts for such employee benefits when they are incurred.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognize deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

4. Significant accounting policies

4.1 Revenue recognition

(a) Sales of land and houses and sales of residential condominium units

Sales of land and houses and sales of residential condominium units are recognised as revenue when the construction works are completed and the ownerships have been transferred to buyers after all payments received from the buyers.

(b) Rendering of services

Rental of units in residential buildings and related services income are recognised on an accrual basis over the period of contract.

Service revenue is recognised when services have been rendered taking into account the stage of completion.

(c) Interest income

Interest income is recognised on an accrual basis based on the effective rate.

(d) Dividends

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

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

Development costs are stated at the lower of cost and net realisable value, consisting of cost of land, design fees, utilities, construction and direct related interest and expense cost.

In determining the cost of land and houses sold and cost of residential condominium units sold, the anticipated total development costs (taking into account actual costs incurred to date) are attributed to land and houses sold and residential condominium units sold on the basis of the salable area.

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

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

4.3 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.4 Cash and cash equivalents

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

4.5 Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.6 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.

4.7 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholders' equity, and will be recorded as gains or losses in the income statement when the securities are sold.
- 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/accreted by the effective rate method with the amortised/accreted 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. The fair value of debt instruments is determined based on 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.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised as income or expenses in the income statement.

4.8 Land held for development

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

4.9 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 subsidiary's hotel operations have been regarded as a base stock. Subsequent purchases for replacement are expensed when incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

4.10 Long-term lease

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

4.11 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.

4.12 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in the income statement.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statements. Impairment losses relating to goodwill cannot be reversed in future periods.

4.13 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.

4.14 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.

4.15 Impairment of assets

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

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

4.16 Employee benefits

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

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

4.17 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4.18 Income tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. 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 and subsidiaries treat investment as impaired when there has been a significant or prolonged decline in their fair value or there is impairment indicator. 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 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 and subsidiaries’ 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 and its subsidiaries' estimates of provision for public utilities maintenance require management to exercise judgment, based on historical data.

Compensation for Housing Estate Juristic Persons

The Company and its subsidiaries estimate the compensation for Housing Estate Juristic Persons using the rate specified by the regulator and the budgeted public utilities costs as a basis for the calculation.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercises judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

Litigations

The Company and its subsidiaries have contingent liabilities as a result of litigations. The Company and its subsidiaries' management have used judgment to assess of the results of the litigation and provision for the related liabilities has been recorded as at the balance sheet date. However, actual results could differ from the estimates.

6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	44.6	41.3	MLR - 1.5 and 5 - 7.5% p.a. (2009: 4.35 - 7.5% p.a.)
Management fee income	-	-	11.6	15.0	Approximate cost
Dividend income	-	-	24.8	1,326.3	Declared rate
Guarantee fee income	-	-	0.2	0.9	0.5% p.a.
Sales of land	-	-	120.0	9.8	Approximate cost
Cash paid for use of land	-	-	77.7	2.2	Approximate cost
Purchases of land	-	-	0.4	19.0	Approximate cost
Interest expenses	-	-	8.8	10.1	3.0% p.a. (2009: 3.0 - 5.5% p.a.)
<u>Transactions with associates</u>					
Interest income	5.0	9.9	3.2	7.9	Market rate
Dividend income	613.7	636.0	613.7	636.0	Declared rate
Purchases of goods	104.9	81.8	92.8	74.0	Market price
Sale promotion expenses	15.7	7.3	13.7	7.1	Market rate
Services expenses	0.8	0.6	-	-	Contract price
Accounting services expenses	1.9	1.9	-	-	Contract price
Project management fee expenses	60.7	73.3	-	-	Contract price
Commission expenses	0.5	0.8	-	-	Contract price
Rental expenses	8.3	-	-	-	Market price
<u>Transactions with related companies</u>					
Dividend income	21.4	23.3	21.4	23.3	Declared rate
Rental and services expenses	39.9	39.8	39.9	39.8	Baht 500 - 798 per square meter per month
Guarantee fee expenses	0.1	0.8	-	-	0.5% p.a.
Interest expenses	20.1	14.5	-	-	MLR - 1.5 and 7 - 7.5% p.a. (2009: 4.35 - 7.5% p.a.)

As at 31 December 2010 and 2009, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Million Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</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>1,200.7</u>	<u>1,746.2</u>	<u>1,115.4</u>	<u>1,290.9</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
Land and Houses Northeast Co., Ltd.	-	-	-	0.1
L H Asset Co., Ltd.	-	-	2.4	3.5
Atlantic Real Estate Co., Ltd.	-	-	1.4	1.6
L H Muang Mai Co., Ltd.	-	-	0.1	0.1
	<u>-</u>	<u>-</u>	<u>3.9</u>	<u>5.4</u>
<u>Associate</u>				
Home Product Center Plc.	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
Total	<u>0.1</u>	<u>0.1</u>	<u>4.0</u>	<u>5.5</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
Siam Tanee Property Co., Ltd.	-	-	23.4	22.3
L H Asset Co., Ltd.	-	-	-	330.1
L H Muang Mai Co., Ltd.	-	-	61.8	58.4
L&H Property Co., Ltd.	-	-	651.9	574.6
	<u>-</u>	<u>-</u>	<u>737.1</u>	<u>1,175.5</u>
<u>Associate</u>				
Land and Houses Retail Bank Plc.	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>	<u>0.2</u>
Total	<u>0.3</u>	<u>0.3</u>	<u>737.4</u>	<u>1,175.7</u>
Deposit to related company				
<u>Related company</u>				
Quality Houses Property Fund ⁽¹⁾	<u>8.5</u>	<u>8.5</u>	<u>8.5</u>	<u>8.5</u>

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Trade accounts payables - related parties				
<u>Associates</u>				
Quality Construction Products Plc.	12.3	8.2	12.3	8.2
Home Product Center Plc.	0.7	0.3	0.1	0.1
Total	<u>13.0</u>	<u>8.5</u>	<u>12.4</u>	<u>8.3</u>
Amounts due to related parties				
<u>Associates</u>				
Home Product Center Plc.	2.4	1.6	2.0	1.4
Asia Asset Advisory Co., Ltd.	-	3.1	-	-
Quality Houses Plc.	10.8	9.3	-	-
	<u>13.2</u>	<u>14.0</u>	<u>2.0</u>	<u>1.4</u>
<u>Related company</u>				
Quality Houses Property Fund ⁽¹⁾	0.4	0.3	0.4	0.3
Total	<u>13.6</u>	<u>14.3</u>	<u>2.4</u>	<u>1.7</u>
Short-term loans from and accrued interest payables to related parties				
<u>Subsidiary</u>				
(Eliminated from consolidated financial statements)				
Pacific Real Estate Co., Ltd.	-	-	120.8	100.6
<u>Related companies</u>				
Muang Mai Property Co., Ltd. ⁽²⁾	11.2	10.6	-	-
Reco Resorts Pte Ltd. ⁽²⁾	434.5	382.9	-	-
Directors of subsidiaries	40.7	38.5	-	-
Total	<u>486.4</u>	<u>432.0</u>	<u>120.8</u>	<u>100.6</u>

Nature of relationship of related companies

⁽¹⁾ The associate of the associate

⁽²⁾ Shareholder of subsidiary

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

During the year 2010, movements of loans to/loan from the Company, subsidiaries and related companies were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2009	Increase	Decrease	31 December 2010
Short-term loans to and accrued interest receivables from related parties				
<u>Associate</u>				
Land and Houses Retail Bank Plc.	0.3	5.2	(5.2)	0.3
Short-term loans from and accrued interest payables to related parties				
<u>Related companies</u>				
Muang Mai Property Co., Ltd.	10.6	0.6	-	11.2
Reco Resorts Pte Ltd.	382.9	51.6	-	434.5
Directors of subsidiaries	38.5	2.2	-	40.7
Total	432.0	54.4	-	486.4

(Unit: Million Baht)

	Separate financial statements			
	31 December 2009	Increase	Decrease	31 December 2010
Short-term loans to and accrued interest receivables from related parties				
<u>Subsidiaries</u>				
Atlantic Real Estate Co., Ltd.	190.1	51.0	(241.1)	-
Siam Tanee Property Co., Ltd.	22.3	1.1	-	23.4
L H Asset Co., Ltd.	330.1	183.3	(513.4)	-
L H Muang Mai Co., Ltd.	58.4	3.4	-	61.8
L H Real Estate Co., Ltd.	-	15.0	(15.0)	-
L&H Property Co., Ltd.	574.6	77.3	-	651.9
	1,175.5	331.1	(769.5)	737.1
<u>Associate</u>				
Land and Houses Retail Bank Plc.	0.2	3.5	(3.4)	0.3
Total	1,175.7	334.6	(772.9)	737.4
Short-term loans from and accrued interest payables to related parties				
<u>Subsidiaries</u>				
Pacific Real Estate Co., Ltd.	100.6	906.5	(886.3)	120.8
L H Real Estate Co., Ltd.	-	204.9	(204.9)	-
Land and Houses Northeast Co., Ltd.	-	226.5	(226.5)	-
Total	100.6	1,337.9	(1,317.7)	120.8

Directors and management's benefits

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

(Unit: Million Baht)

	Consolidated and Separate financial statements	
	<u>2010</u>	<u>2009</u>
Directors and management's benefits	63.9	57.4

Guarantee obligations with related parties

As at 31 December 2010 and 2009, the Company and its subsidiaries have outstanding guarantees obligations and provision of the financial support to its subsidiary, as described in Note 30.3.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash	2,242	2,424	1,524	1,337
Bank deposits	1,028,974	1,145,635	768,917	555,328
Bills of exchange	800,000	1,020,000	800,000	960,000
Treasury bills	299,880	-	299,880	-
Total	<u>2,131,096</u>	<u>2,168,059</u>	<u>1,870,321</u>	<u>1,516,665</u>

8. Trade accounts receivables

The balances of trade accounts receivables as at 31 December 2010 and 2009, aged on the basis of due dates, are summarised below:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Age of receivables				
Not yet due	2,225	472	-	-
Past due				
Less than 3 months	15,726	12,433	-	-
3 - 6 months	210	506	-	-
6 - 9 months	41	-	-	-
9 - 12 months	3	46	-	-
More than 12 months	283	183	-	-
Total	18,488	13,640	-	-
Less: Allowance for doubtful debts	(173)	(173)	-	-
Net	18,315	13,467	-	-

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	17,312,279	14,034,800	16,737,368	13,565,233
Land improvements	1,233,140	1,076,657	1,173,439	990,578
Construction in progress	5,428,030	4,932,832	5,007,395	4,541,111
Interest cost	1,361,843	1,331,711	1,269,390	1,206,016
Utilities	1,757,446	1,652,775	1,581,851	1,415,211
Deferred development cost	3,681	4,868	545	681
Houses held for sales	45,003	72,334	-	-
Total	27,141,422	23,105,977	25,769,988	21,718,830
Less : Allowance for loss on diminution in value of projects	(87,168)	(107,191)	(53,662)	(59,218)
Inventories- net	27,054,254	22,998,786	25,716,326	21,659,612

During the 2009, 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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Borrowing costs included in cost of land				
and construction in progress (Million Baht)	533.8	521.8	512.9	506.9
Capitalisation rate (Percent)	4.1	4.7	4.2	4.9

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 follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Net book value of land and structures				
thereon mortgaged as collateral	7,056	5,733	6,644	5,543

Movements in the allowance for loss on diminution in value of projects during the year ended 31 December 2010 are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Balance as at 1 January 2010	107,191		59,218	
Add : Transfer from land held for development	5,062		5,062	
: Additional set up	6,035		-	
Less : Reversal of allowance of diminution in				
value of projects from sale and write-off	(31,120)		(10,618)	
Balance as at 31 December 2010	<u>87,168</u>		<u>53,662</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 percentage		Cost		Allowance for impairment		Book valued cost method - net		Dividend received during the years	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
			(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.	92,904	371,617	99.99	99.99	92,904	371,614	-	-	92,904	371,614	24,787	126,348
Land and Houses North Co., Ltd.	13,500	13,500	99.99	99.99	13,500	13,500	-	-	13,500	13,500	-	-
Land and Houses Northeast Co., Ltd.	150,000	270,000	99.99	99.99	149,999	269,999	(50,000)	(25,000)	99,999	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.	58,000	116,000	99.99	99.99	25,000	50,000	-	-	25,000	50,000	-	-
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>2,306,994</u>	<u>2,730,704</u>	<u>(50,000)</u>	<u>(25,000)</u>	<u>2,256,994</u>	<u>2,705,704</u>	<u>24,787</u>	<u>1,326,341</u>

L H Muang Mai Company Limited and its subsidiaries

As at 31 December 2010 and 2009, 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.

Reduction of share capital of subsidiaries

During the year 2010, there are reductions of share capital of subsidiaries as detailed below:

(Unit: Million Baht)

Company's name	Date of approval by the Extraordinary General Meeting of subsidiaries	Date of registration of reduction of share capital at the Ministry of Commerce	Paid up share capital		
			Old	Reduction	New
Pacific Real Estate Co., Ltd.	9 August 2010	22 September 2010	371.6	(278.7)	92.9
Land and Houses Northeast Co., Ltd.	9 August 2010	27 September 2010	270.0	(120.0)	150.0
L H Real Estate Co., Ltd.	9 August 2010	22 September 2010	116.0	(58.0)	58.0

The reductions of share capital of L H Real Estate Co., Ltd. resulted in Baht 33.0 million gain from investment which derived from the lower of investment acquisition cost in comparing with its par values.

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 percentage		Cost		Carrying amounts based on equity method	
			2010 (Percent)	2009 (Percent)	2010	2009	2010	2009
LH Financial Group Plc.	Holding company	Thai	40.95	40.95	2,447,320	1,318,140	2,523,759	1,265,599
Bangkok Chain Hospital Plc.	Hospital	Thai	25.06	28.73	588,399	674,557	862,856	924,295
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	31.41	179,178	265,980	283,968	401,635
Home Product Center Plc.	Trading of construction materials	Thai	30.24	29.99	1,175,060	1,076,676	2,245,291	1,844,976
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	2,000	2,000	6,421	6,074
Land and Houses Property Fund	Real estate business	Thai	49.94	49.94	20,692	20,692	32,402	32,402
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	1,512,269	1,512,269	1,346,866	1,327,564
Quality Houses Plc.	Real estate business	Thai	24.86	24.86	3,252,802	3,252,802	4,177,830	3,961,767
Polar Property Holdings Corporation	Real estate business	Philippines	25.00	25.00	866,849	866,849	1,045,359	977,130
					<u>10,044,569</u>	<u>8,989,965</u>	<u>12,524,752</u>	<u>10,741,442</u>

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements							
			Shareholding percentage		Cost		Allowance for impairment		Carrying amounts based on cost method - net	
			2010 (Percent)	2009 (Percent)	2010	2009	2010	2009	2010	2009
LH Financial Group Plc.	Holding company	Thai	40.95	40.95	2,447,320	1,318,140	-	(344,744)	2,447,320	973,396
Bangkok Chain Hospital Plc.	Hospital	Thai	25.06	28.73	588,399	674,557	-	-	588,399	674,557
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	31.41	179,178	265,980	-	-	179,178	265,980
Home Product Center Plc.	Trading of construction materials	Thai	30.24	29.99	1,175,060	1,076,676	-	-	1,175,060	1,076,676
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	2,000	2,000	-	-	2,000	2,000
Land and Houses Property Fund	Real estate business	Thai	49.94	49.94	20,692	20,692	-	-	20,692	20,692
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	1,512,269	1,512,269	-	-	1,512,269	1,512,269
Quality Houses Plc.	Real estate business	Thai	24.86	24.86	3,252,802	3,252,802	-	-	3,252,802	3,252,802
Polar Property Holdings Corporation	Real estate business	Philippines	25.00	25.00	866,849	866,849	-	-	866,849	866,849
					<u>10,044,569</u>	<u>8,989,965</u>	<u>-</u>	<u>(344,744)</u>	<u>10,044,569</u>	<u>8,645,221</u>

11.2 Share of income (loss) and dividend received

During the years, the Company has recognised its share of 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 during the years		Dividend received during the years	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
LH Financial Group Plc.	150,179	148,954	16,938	-
Land and Houses Retail Bank Plc.	-	-	-	11,180
Bangkok Chain Hospital Plc.	178,115	192,755	119,396	95,517
Quality Construction Products Plc.	13,405	6,712	-	-
Home Product Center Plc.	502,253	346,033	200,322	263,067
Asia Asset Advisory Co., Ltd.	347	409	-	4,000
Land and Houses Property Fund*	-	-	-	-
Land and Houses Property and Loan Fund-II	43,461	52,957	24,159	93,617
Quality Houses Plc.	469,633	426,588	252,905	168,603
Polar Property Holdings Corporation	111,221	(191)	-	-
Total	1,468,614	1,174,217	613,720	635,984

* Registered its termination on 11 December 2007.

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	
		2010	2009
Bangkok Chain Hospital Plc.	Thai	2,645	2,722
Quality Construction Products Plc.	Thai	345	354
Home Product Center Plc.	Thai	11,582	5,087
Quality Houses Plc.	Thai	4,426	5,564
Polar Property Holdings Corporation	Philippines	4,554	2,202
Total		23,552	15,929

11.4 Summarised financial information of associates

a) Financial information (after adjust the impact of using the different accounting policies) of the domestic associates is summaries below:

(Unit: Million Baht)

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues for the years ended		Net income for the years ended	
	as at 31 December		as at 31 December		as at 31 December		31 December		31 December	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
LH Financial Group Plc.	5,516	2,758	62,223	49,660	56,083	46,592	2,424	2,129	367	362
Bangkok Chain Hospital Plc.	1,662	1,662	5,493	4,781	1,809	1,390	4,428	4,721	807	810
Quality Construction Products Plc	400	400	1,796	2,019	454	740	1,203	883	63	21
Home Product Center Plc.	4,353	3,704	16,592	13,873	10,277	8,599	25,915	21,799	1,652	1,143
Asia Asset Advisory Co., Ltd.	5	5	33	34	16	19	78	78	1	2
Land and Houses Property and Loan Fund-II	3,021	3,021	2,724	2,710	30	30	254	277	87	106
Quality Houses Plc.	8,477	8,477	30,549	28,258	17,176	15,754	13,631	11,547	2,003	1,716

b) Financial information of an overseas associate is summarised below:

(Unit: Million Peso)

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues for the nine-month periods		Net income for the nine-month periods	
	as at 30 September		as at 30 September		as at 30 September		ended 30 September		ended 30 September	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Polar Property Holdings Corporation	4,892	4,892	6,031	6,553	114	1,257	179	494	165	36

11.5 The Company's consolidated financial statements for the years ended 31 December 2010 and 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 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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Audited by auditor and another auditor of the same firm				
LH Financial Group Plc.	2,523,759	1,265,599	150,179	148,954
Home Product Center Plc.	2,245,291	1,844,976	502,253	346,033
Asia Asset Advisory Co., Ltd.	6,421	6,074	347	409
Land and Houses Property Fund	32,402	32,402	-	-
Land and Houses Property and Loan Fund-II	1,346,866	1,327,564	43,461	52,957
Quality Houses Plc.	4,177,830	3,961,767	469,633	426,588
Audited by other auditors				
Bangkok Chain Hospital Plc.	862,856	924,295	178,115	192,755
Quality Construction Products Plc.	283,968	401,635	13,405	6,712
Unaudited by auditor				
Polar Property Holdings Corporation	1,045,359	977,130	111,221	(191)

Polar Property Holdings Corporation

During the year 2009, the Company did not receive the financial statements for the year ended 31 December 2009 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 2009, amounting to Baht 997 million and share of loss from this associate accounted for under the equity method in the consolidated financial statements for the year then ended Baht 0.2 million were determined based on the financial statements for the nine-month period ended 30 September 2009 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 2009 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 loss sharing under the equity method in the consolidated financial statements for the year ended 31 December 2009 were immaterial. The Company adjusted such differences in the consolidated financial statements for the year ended 31 December 2010. The Company has not adjusted for the possible effect of application of different accounting policies, because the Company is unable to quantify these effects.

Up to the date of this report, the Company has yet to receive the financial statements for the year ended 31 December 2010 of this associate. During the year 2010, 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 year ended 31 December 2010 based on financial statements for the nine-month period ended 30 September 2010 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 2010, the warrant holders of Home Product Center Public Company Limited exercised their rights to convert warrants to 27.6 million ordinary shares. In addition, the Company acquired an additional 17.4 million ordinary shares of Home Product Center Public Company Limited for a total of Baht 98.4 million. As a result, the Company's percentage shareholding in that company has changed from 29.99 percent to 30.24 percent.

On 29 October 2010, Home Product Center Public Company Limited made payment of a cash dividend of Baht 0.0193 per share and distributed a stock dividend to its shareholders at a rate of 1 dividend share for every 6 existing shares. The Company received Baht 21.8 million of cash dividend and 188.0 million shares of stock dividend. The Company recalculated the average cost of this investment based on the total shares held after receiving of stock dividend.

Quality Construction Products Public Company Limited

On 23 February 2010, the Company and major shareholders of Quality Construction Products Plc. entered into purchase and sale agreements with SCG Building Materials Co., Ltd. with respect to the sale of shares of Quality Construction Products Plc. to SCG Building Materials Co., Ltd. (wholly owned at 100% by Siam Cement Plc.). The Company agreed to sell of the 40,997,300 shares, which is equivalent to 10.25% of the issued shares of Quality Construction Products Plc. at a price of Baht 4 each, or a total of Baht 164 million. The settlement and share transfer was made on 24 February 2010. After the sale, the Company continues to hold 84,627,680 shares, or 21.16% of its issued shares. As a result, the Company has a Baht 77.0 million gain on sale of the investment in the consolidated financial statements (including a Baht 44 million from the transfer of share premium of associate to profit due to disposals of investments), presenting it as gain from investments in consolidated income statement of the current year. In addition, the Company has a Baht 77.2 million gain on sale of this investment in the separate income statement for the year 2010.

In addition, on 2 March 2010, the Company entered into an agreement to purchase/sale of products with Quality Construction Products Plc., with a tenor of 3 years. Under the agreement, the Company agrees to purchase autoclaved aerated concrete blocks from such company at the minimum volume and price as stipulated in the agreement.

LH Financial Group Public Company Limited

On 22 January 2010, the Extraordinary General Meeting of the shareholders of LH Financial Group Public Company Limited passed a resolution to change the par value of its ordinary share from Baht 10 per share to Baht 1 per share. Such company registered the change in par value of its ordinary shares on 27 January 2010. As a result, the number of shares held by the Company increased from 112.9 million shares of Baht 10 each to 1,129 million shares of Baht 1 each.

In March 2010, LH Financial Group Public Company Limited allotted its new ordinary shares to be offered to its shareholders in a ratio of 1 new share for every 1 existing share, at a price of Baht 1 each. The Company received 1,129 million new ordinary shares from this allotment, or a total of Baht 1,129 million and made payment for such shares on 1 April 2010.

During the year 2010, the Company reviewed the recoverable amount of the investment in LH Financial Group Public Company Limited, presented at cost method in the Company's separate financial statements. In addition, during 2007 to 2009, such company had net income from its operations and paid dividends to its shareholders. The management of the Company assessed that the indication of the impairment loss may no longer exist, the Company therefore reversed the Baht 344.7 million provision for impairment of investment, recognising it in the separate income statement for the year 2010.

Bangkok Chain Hospital Public Company Limited

In September 2010, the Company sold the investments in Bangkok Chain Hospital Public Company Limited totaling 61 million shares. As the result, the Company's percentage shareholding in that company has changed from 28.73 to 25.06 percent. As a result, the Company has a Baht 280.8 million gain on sale of the investment in the consolidated financial statements (including a Baht 21 million from the transfer of share premium of associate to profit due to disposals of investments), presenting it as gain from investments in the consolidated income statement of the current year. In addition, the Company has a Baht 293.6 million gain on sale of this investment in the separate income statement for the year 2010.

12. Other long-term investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Available-for-sale securities				
Equity securities	292,490	292,490	292,490	292,490
Less: Changes in fair value of securities	(19,012)	(55,573)	(19,012)	(55,573)
Available-for-sale securities - net	<u>273,478</u>	<u>236,917</u>	<u>273,478</u>	<u>236,917</u>
Other investments				
Equity securities	2,212,883	2,212,883	1,988,616	1,988,616
Less: Allowance for impairment	(1,377,671)	(1,377,671)	(1,356,607)	(1,356,607)
Other investment - net	<u>835,212</u>	<u>835,212</u>	<u>632,009</u>	<u>632,009</u>
Total	<u>1,108,690</u>	<u>1,072,129</u>	<u>905,487</u>	<u>868,926</u>

13. Land held for development

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land held for development	5,426,514	5,255,712	4,047,157	3,876,355
Less: Allowance for impairment	(861,953)	(837,055)	(692,504)	(697,566)
Land held for development - net	<u>4,564,561</u>	<u>4,418,657</u>	<u>3,354,653</u>	<u>3,178,789</u>

During the year 2009, 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 2010 and 2009, 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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Net book value of mortgaged land				
held for development to secure loans	1,313	1,053	290	-

During the current year, the Company transferred land held for development with net book value of Baht 114.6 million to inventories and received inventory with net book value of Baht 290.3 million to land held for development.

Movements in the allowance for impairment of land held for development during the year ended 31 December 2010 are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
Balance as at 1 January 2010	837,055		697,566	
Increase due to additional set up	29,960		-	
Decrease due to transfer to inventories	(5,062)		(5,062)	
Balance as at 31 December 2010	<u>861,953</u>		<u>692,504</u>	

14. Deposit for purchase of land

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2010	2009
Deposit for purchase of land	282,450	282,450
Less: Allowance for impairment	(84,735)	(84,735)
Deposit for purchase of land - net	197,715	197,715

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 (2009: 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 2009	26,997	493,159	130,977	418,354	52,022	723,940	168,959	859,598	2,874,006
Purchase	-	-	11,325	2,112	15,612	92,100	6,664	1,478,088	1,605,901
Disposal/write-off	-	(1,223)	(593)	(13,876)	(3,123)	(86,788)	(2,800)	(13,031)	(121,434)
Transfer in (out)	-	6,738	60	20,461	-	1,354	3,582	(32,195)	-
31 December 2010	26,997	498,674	141,769	427,051	64,511	730,606	176,405	2,292,460	4,358,473
Accumulated depreciation									
31 December 2009	-	73,042	103,378	238,137	47,129	512,844	87,540	-	1,062,070
Depreciation for the year	-	19,790	12,114	76,157	3,190	83,270	24,928	-	219,449
Disposal	-	(823)	(516)	(10,176)	(2,101)	(86,788)	(2,687)	-	(103,091)
31 December 2010	-	92,009	114,976	304,118	48,218	509,326	109,781	-	1,178,428
Allowance for impairment									
31 December 2009	-	1,178	-	-	-	-	-	-	1,178
31 December 2010	-	1,178	-	-	-	-	-	-	1,178
Net book value									
31 December 2009	26,997	418,939	27,599	180,217	4,893	211,096	81,419	859,598	1,810,758
31 December 2010	26,997	405,487	26,793	122,933	16,293	221,280	66,624	2,292,460	3,178,867
Depreciation charge for the years									
2009 (Baht 170 million included in cost of sales and cost of rental and services, and the balance in administrative expenses)									223,861
2010 (Baht 133 million included in cost of sales and cost of rental and services, and the balance in administrative expenses)									219,449

(Unit: Thousand Baht)

	Separate financial statements							Total
	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	
<u>Cost</u>								
31 December 2009	37,474	111,593	158,499	43,171	552,531	38,527	19,453	961,248
Purchase	-	9,107	347	14,756	89,320	5,327	17,086	135,943
Disposal/write-off	(1,224)	(142)	(9,200)	(2,597)	(55,646)	(279)	-	(69,088)
Transfer in (out)	6,738	60	16,064	-	-	-	(22,862)	-
31 December 2010	42,988	120,618	165,710	55,330	586,205	43,575	13,677	1,028,103
<u>Accumulated depreciation</u>								
31 December 2009	18,019	90,202	108,081	39,528	383,640	31,524	-	670,994
Depreciation for the year	1,985	9,592	26,362	2,356	71,632	3,498	-	115,425
Disposal	(823)	(128)	(6,178)	(1,578)	(55,646)	(199)	-	(64,552)
31 December 2010	19,181	99,666	128,265	40,306	399,626	34,823	-	721,867
<u>Net book value</u>								
31 December 2009	19,455	21,391	50,418	3,643	168,891	7,003	19,453	290,254
31 December 2010	23,807	20,952	37,445	15,024	186,579	8,752	13,677	306,236
<u>Depreciation charge for the years</u>								
2009 (Baht 75 million included in cost of sales, and the balance in administrative expenses)								120,881
2010 (Baht 72 million included in cost of sales, and the balance in administrative expenses)								115,425

As at 31 December 2010 and 2009, certain building and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation and allowance for impairment loss) of those assets as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Building and equipment items have been fully depreciation but are still in use	243	376	175	292

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 2010 of Baht 412 million (2009: Baht 436 million) as collateral of the long-term loans.

During the year 2010, the subsidiary included borrowing costs in property, plant and equipment totaling Baht 52.6 million (2009: Baht 24.5 million) with the capitalisation rate of 4.5 percent (2009: 4.5 percent).

16. Leasehold rights

(Unit: Thousand Baht)

Project	Consolidated financial statements				
	Remaining useful life	31 December 2009	Increase	Amortisation	31 December 2010
Grande Centre Point Hotel & Residence	27.4 years	2,113,112	14,534*	(90,265)	2,037,381
L&H Villa Sathon	27.6 years	172,047	-	(6,018)	166,029
L&H Sukhumvit	29.7 years	468,296	-	(15,260)	453,036
Vacant land	15.8 years	630	-	(37)	593
Total		<u>2,754,085</u>	<u>14,534</u>	<u>(111,580)</u>	<u>2,657,039</u>

*Increase due to transfer assets under construction to leasehold rights amounting to Baht 13.0 million.

The amortisation of leasehold rights for the year 2010 of Baht 111 million (2009: Baht 110 million) has been charged to cost of rental and service amounting to Baht 96 million (2009: Baht 95 million) and presented as assets under construction amounting to Baht 15 million (2009: Baht 15 million).

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 2010 of Baht 2,203 million (2009: Baht 2,285 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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Bank overdrafts	12,422	15,202	-	-
Promissory notes	500,000	-	500,000	-
Bills of exchange	2,725,000	320,000	2,725,000	320,000
Less: Prepaid interest	(19,836)	(690)	(19,836)	(690)
Net	<u>3,217,586</u>	<u>334,512</u>	<u>3,205,164</u>	<u>319,310</u>

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

18. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Long-term loans	7,614,046	7,018,120	4,670,260	5,197,088
Less: Current portion	(477,511)	(2,208,695)	(138,260)	(2,000,000)
Net	7,136,535	4,809,425	4,532,000	3,197,088

As at 31 December 2010 and 2009, long-term loans of the Company and its subsidiaries from domestic financial institutions are shown below:

(Unit: Million Baht)

	Consolidated		Separate		Interest rate	Principal repayments	Guaranteed by
	financial statements		financial statements				
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>			
<u>The Company</u>							
Long-term loan	700.0	-	700.0	-	Year 1-2 - 2.86% p.a. Thereafter - MLR - 1.5 p.a.	Repayments within 4 years from the first drawdown date	Land and promises of project
	832.0	-	832.0	-	Year 1-2 - 2.83% p.a. Thereafter - MLR - 1.5 p.a.	Repayment within 1 June 2014	Land and promises of project
	138.3	138.3	138.3	138.3	MLR - 1.5 p.a.	Repayments within 3 years from the first drawdown date	Land and promises of project
	-	58.8	-	58.8	MLR - 1.5 p.a.	Repayments within 5 years from the first drawdown date	Land and promises of project
	3,000.0	3,000.0	3,000.0	3,000.0	Year 1-3 - 5% p.a. Year 4 - 5 - MLR - 1 p.a.	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	4.375% p.a.	Repayments all principal on 6 July 2010	-
Long-term loan							
<u>Subsidiaries</u>							
L&H Property Co., Ltd.	1,104.2	1,198.0	-	-	Year 1-3 - MLR - 1.5 p.a. Thereafter - MLR - 1.0 p.a. 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

(Unit: Million Baht)

	Consolidated		Separate		Interest rate	Principal repayments	Guaranteed by
	financial statements		financial statements				
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>			
	1,012.5	-	-	-	Year 1-4 MLR - 1.5% p.a. Year 5-8 - MLR - 1.0% p.a. Thereafter - MLR - 0.75% p.a.	Repayments within 12 years for the first draw down date commencing from January 2013	-
L&H Sathon Co., Ltd.	309.2	328.0	-	-	Year 1-3 - MLR - 1.5 p.a. Thereafter - MLR - 1.0 p.a. 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.	277.0	-	-	-	MLR - 1.5 p.a.	60 percent of proceeds from sale of land and premises whereas the total loan have to be repaid within 5 years	Land and promises of project
Phuket Future Plan Co., Ltd.	-	25.0	-	-	Year 1 - MLR - 1.5 p.a. Year 2 - 4 - MLR - 1 p.a. Year 5 - MLR - 1.25 p.a.	70 percent of proceeds from sale of land	Land of project Ordinary shares of the company and the related company
Double Tree Co., Ltd.	240.8	270.0	-	-	Year 1 - MLR - 1.5 p.a. Year 2 - 4 - MLR - 1 p.a. Year 5 - MLR - 1.25 p.a.	70 percent of proceeds from sale of land	Land of project Ordinary shares of the company and the related company
Total	7,614.0	7,018.1	4,670.3	5,197.1			
Less: Current portion	(477.5)	(2,208.7)	(138.3)	(2,000.0)			
Net	7,136.5	4,809.4	4,532.0	3,197.1			

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.

In addition, the Company agreed to provide assurance to the lender of L&H Property Company Limited which is a subsidiary, whereby there are certain covenants pertaining to, among other things, the maintenance of its level of shareholding in the subsidiary, the provision of financial support to the subsidiary as may be required to ensure that the subsidiary is able to meet its payment obligations under this facility. In addition, the Company needs to obtain the written consent from the lender should the Company sells, transfers or pledges the shares of such subsidiary.

As at 31 December 2010 and 2009, there were available long-term loan facilities from financial institutions as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Undraw down loan facilities	4,976	4,550	2,456	4,550

In addition, as at 31 December 2010, a subsidiary has available long-term loan facilities from shareholder, except for facilities from the Company, totally Baht 480 million (2009: Baht 514 million).

19. Debentures

	Interest rate	Age	Repayment	Maturity	Consolidated and Separate financial statements			
					Number of debenture (shares)		Amount (Thousand Baht)	
					2010	2009	2010	2009
Unsubordinated and unsecured debentures								
- No. 1/2005								
- 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
- 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	2,000,000	2,000,000
- No. 1/2010	Fixed rate 3.4%	3.5 years	At maturity	30 September 2013	1,000,000	-	1,000,000	-
- No. 2/2010	Fixed rate 3%	3 years	At maturity	29 March 2013	2,000,000	-	2,000,000	-
- No. 3/2010	Fixed rate 2.89%	3 years	At maturity	27 July 2013	1,000,000	-	1,000,000	-
Total					<u>11,000,000</u>	<u>9,000,000</u>	<u>11,000,000</u>	<u>9,000,000</u>
Less: Current portion of debentures							<u>(2,000,000)</u>	<u>(2,000,000)</u>
Net							<u>9,000,000</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

The Company has issued debentures under the above-mentioned approval as follows:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements
The fourth quarter of 2009	2,000,000
The first quarter of 2010	3,000,000
The third quarter of 2010	1,000,000
Total	6,000,000

Movements in the debentures during the year ended 31 December 2010 are summarised below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements
Balance as at 1 January 2010	9,000,000
Add: Issue of new debentures	4,000,000
Less: Redemption	(2,000,000)
Balance as at 31 December 2010	11,000,000

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

(Unit: Thousand Baht)

	Consolidated financial statement					
	Short-term provision			Long-term provision		
	Provision for after-sale maintenance expenses	Legal case	Total	Provision for public utilities maintenance	Compensation for Housing Estate Juristic Persons	Total
As at 1 January 2010	24,931	37,344	62,275	61,364	127,764	189,128
Increase during the year	8,112	674	8,786	73,143	26,880	100,023
Utilised	(2,722)	(2,436)	(5,158)	(8,712)	(22,068)	(30,780)
As at 31 December 2010	30,321	35,582	65,903	125,795	132,576	258,371

(Unit: Thousand Baht)

	Separate financial statements					
	Short-term provision			Long-term provision		
	Provision for after-sale maintenance expenses	Legal case	Total	Provision for public utilities maintenance	Compensation for Housing Estate Juristic Persons	Total
As at 1 January 2010	20,320	37,344	57,664	52,018	110,526	162,544
Increase during the year	4,712	674	5,386	71,144	24,568	95,712
Utilised	(922)	(2,436)	(3,358)	(5,804)	(13,970)	(19,774)
As at 31 December 2010	24,110	35,582	59,692	117,358	121,124	238,482

21. Share capital

The increase in share capital of the Company during the year 2009 resulting from exercising of warrants are summarised below.

Date of exercise	Type of warrant	Number of exercised warrants (Units)	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			219,000			

As at 31 December 2010 and 2009, there is no outstanding of warrant.

Reconciliation of number of ordinary shares

(Unit: Shares)

	Consolidated and Separate financial statements	
	2010	2009
<u>Registered ordinary shares</u>	10,354,268,670	10,354,268,670
<u>Issued and paid-up ordinary shares</u>		
Number of ordinary shares at beginning of year	10,025,921,523	10,025,702,523
Increase due to exercise of warrants	-	219,000
Number of ordinary shares at end of year	10,025,921,523	10,025,921,523

Registered ordinary shares which are not issued and paid-up are the ordinary shares which reserve for the exercise of warrants.

22. Revaluation surplus (deficit) in investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Associated companies' investments	5,820	9,913	-	-
Company's investments	<u>(19,012)</u>	<u>(55,573)</u>	<u>(19,012)</u>	<u>(55,573)</u>
Total	<u>(13,192)</u>	<u>(45,660)</u>	<u>(19,012)</u>	<u>(55,573)</u>

During the year 2010, movement of revaluation surplus (deficit) in investments are as follows:

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2010	<u>(45,660)</u>	<u>(55,573)</u>
Changes during the year due to		
- revaluation	36,561	36,561
- equity method	<u>(4,093)</u>	-
Balance as at 31 December 2010	<u>(13,192)</u>	<u>(19,012)</u>

23. 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.

24. Gain on investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Realised gain from decrease capital of subsidiary	-	-	33,000	-
Realised gain from sale of investments in associates	357,811	-	370,829	-
Realised gain from sale of other investments	-	416	-	416
Total	<u>357,811</u>	<u>416</u>	<u>403,829</u>	<u>416</u>

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

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	<u>2010</u>	<u>2009</u>
Associates	543,789	-
Other investments	-	1,039

25. 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 financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Contribution to provident fund	16.7	15.2	16.7	15.2

26. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Purchase of land and land held for development and payment of construction in progress	14,278,583	10,131,909	13,218,580	9,440,579
Changes in land, constructions in progress and land held for development	(4,055,468)	1,029,093	(4,056,714)	370,568
Salary and wages and other employee benefits	601,227	545,947	561,634	519,226
Depreciation and amortisation expenses	316,842	319,292	116,401	120,900
Loss on impairment of investment in subsidiary	-	-	25,000	-
Loss on impairment of projects	6,035	1,031	-	-
Loss from impairment of land held for development	29,960	15,570	-	15,570
Loss from impairment of other assets	84	11,821	-	-
Rental expenses from operating lease agreements	55,009	55,112	42,661	41,956

27. Earnings per share

Basic 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.

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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</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>3,971,162</u>	3,908,466	<u>10,025,922</u>	10,025,910	<u>0.40</u>	0.39	
Effect of dilutive potential ordinary shares						
ESOP-5						
	-		9			
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares						
	<u>3,908,466</u>		<u>10,025,919</u>		0.39	
Separate financial statements						
Net income		Weighted average number of ordinary shares		Earnings per share		
<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</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>3,244,733</u>	4,329,958	<u>10,025,922</u>	10,025,910	<u>0.32</u>	0.43	
Effect of dilutive potential ordinary shares						
ESOP-5						
	-		9			
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares						
	<u>4,329,958</u>		<u>10,025,919</u>		0.43	

28. Financial information by segment

The Company and its subsidiaries' main business is a real estate developer, which consist of land and house projects, residential condominium projects and service apartment for rent. The Company and its subsidiaries have only one geographical segment because they operate only in Thailand.

The Company and its subsidiaries' financial information by segment of real estate business and rental and service business in the consolidated financial statements as of and for the years ended 31 December 2010 and 2009 are as follows:

(Unit: Million Baht)

	Real estate business		Rental and service business		Consolidation	
	2010	2009	2010	2009	2010	2009
Revenues from external customers	16,545	17,273	350	382	16,895	17,655
Total revenues	16,545	17,273	350	382	16,895	17,655
Loss from impairment	(36)	(28)	-	-	(36)	(28)
Segment income	3,371	3,984	(89)	(42)	3,282	3,942
Unallocated income (expenses):						
Interest income					7	11
Other income					218	229
Gain from investments					358	-
Share of income from investment in associates					1,469	1,174
Other expenses					(4)	(2)
Finance cost					(258)	(268)
Corporate income tax					(1,196)	(1,218)
Net income					3,876	3,868
Land and construction in progress - net	27,054	22,999	-	-	27,054	22,999
Property, plant and equipment - net	327	323	2,852	1,488	3,179	1,811
Land held for development - net	4,564	4,419	-	-	4,564	4,419
Leasehold rights - net	1	1	2,656	2,753	2,657	2,754
Unallocated assets					17,150	14,938
Total assets					54,604	46,921

29. 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 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 Director's meeting on 11 August 2009	0.16	-	0.16	1,604	11	1,593
Interim dividend for 2009	Board of Director's meeting on 10 November 2009	0.08	-	0.08	802	6	796
							<u>3,588</u>
Final dividend for 2009	Annual General Meeting of the shareholders on 28 April 2010	0.34	0.24	0.10	1,003	8	995
Interim dividend for 2010	Board of Director's meeting on 11 August 2010	0.16	-	0.16	1,604	14	1,590
							<u>2,585</u>

30. Commitments and contingent liabilities

30.1 Commitments

30.1.1 As at 31 December 2010 and 2009, the Company and its subsidiaries have commitments under construction contracts as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Commitments under construction contracts	3,638.5	2,988.9	2,542.7	996.0

31.1.2 As at 31 December 2010, 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	<p>From 1 June 2008, the following rental is to be paid in monthly installments</p> <ul style="list-style-type: none"> - 1st - 5th year, total rental payment of Baht 33.15 million (already paid Baht 16.16 million). - 6th - 10th year, total rental payment of Baht 42.31 million - 11th - 15th year, total rental payment of Baht 54.00 million - 16th - 20th year, total rental payment of Baht 68.92 million - 21th - 25th year, total rental payment of Baht 87.97 million - 26th - 30th year, total rental payment of Baht 112.27 million

* The agreement runs from 1 June 2008 (3 years after the period of construction).

In addition, as at 31 December 2010 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 15.00 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	Rental rate
10 March 2006	30 years*	Land leasing fee is to be monthly paid as follows: <ul style="list-style-type: none"> - 1st - 5th year, total rental of Baht 20.16 million (already paid Baht 1.34 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.

30.1.3 As at 31 December 2010, the Company had outstanding commitment of Baht 258 million in respect of uncalled portion of investments in L&H Property Company Limited.

30.1.4 As at 31 December 2010, 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.

30.1.5 As 31 December 2010, L&H Property Company Limited is committed to pay project management fees to the following associate.

Associate	Service rates	Term
Quality Houses Public Company Limited	- 2% of total revenue plus additional 5.5% of operating income <ul style="list-style-type: none"> - Baht 100,000 per month of software service - Project management fee charged at actual cost plus 15 percent 	3 years commencing from 1 October 2010

30.1.6 As at 31 December 2010, L&H Property Company Limited is committed to pay Quality Houses Public Company Limited accounting services fee amounting to Baht 4.4 million.

30.1.7 As at 31 December 2010, 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.

30.1.8 As at 31 December 2010 and 2009, the Company has commitment related to purchase of land as follows.

(Unit: Million Baht)

	Consolidated and Separate financial statements	
	<u>2010</u>	<u>2009</u>
Commitment to purchase of land	2,117.8	1,027.8

30.1.9 Obligation and commitment to complete projects on hand

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Number of projects on hand at beginning of year	45	45	39	36
Number of closed projects during year	(11)	(12)	(10)	(8)
Number of new projects during year	11	12	10	11
Number of projects on hand at end of year	<u>45</u>	<u>45</u>	<u>39</u>	<u>39</u>
Accumulative value of sales already contracted (Million Baht)	79,232	77,033	64,807	60,849
As percentage of total sales of projects on hand	68.3	68.9	65.1	65.9
Value of sales already contracted during year (Million Baht)	16,384	17,153	14,479	14,991
As percentage of total sales of projects on hand	14.1	15.4	14.6	16.2
Commitments in respect of the installation of central utilities of projects on hand (Million Baht)	926.8	636.0	875.0	558.5

30.1.10 As at 31 December 2010, the subsidiaries have servitude over land of approximately 88 rai of which the cost is included in the cost of projects.

30.1.11 Operating lease commitments

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

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

	<u>Million Baht</u>
Payable within:	
Less than 1 year	32.2
1 to 5 years	5.5

30.2 Bank guarantees

As at 31 December 2010 and 2009, 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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Letter of guarantee for arrangement and maintenance of public utilities	1,727.1	1,122.6	1,525.9	950.0
Letter of guarantee for electricity usage	36.6	25.6	22.7	14.3
Other letter of guarantees	22.0	22.0	22.0	22.0
	<u>1,785.7</u>	<u>1,170.2</u>	<u>1,570.6</u>	<u>986.3</u>

30.3 Guarantees

30.3.1 As at 31 December 2010 and 2009, the Company and its subsidiaries have the following obligations in respect of guarantees.

(Unit: Million Baht)

Guarantor	Guarantee	<u>2010</u>	<u>2009</u>
Land and Houses Plc.	Phuket Future Plan Co., Ltd.	-	13.8
	Double Tree Co., Ltd.	-	148.5
	Customers	1.0	1.0
Total		<u>1.0</u>	<u>163.3</u>
L H Muang Mai Co., Ltd.	Double Tree Co., Ltd.	-	270.0
	Phuket Future Plan Co., Ltd.	-	25.0
Total		<u>-</u>	<u>295.0</u>
L&H Property Co., Ltd.	L&H Sathon Co., Ltd.	<u>390.0</u>	<u>390.0</u>

30.3.2 The Company has contingent liabilities to a bank in relation to the financial support in form of issuance of a letter of comfort to provide to a subsidiary company for loan obtained for development of the subsidiary's project. (As at 31 December 2010, the subsidiary has outstanding loans for this facility of Baht 1,012.5 million).

30.4 Litigation

The Company and its subsidiaries

As at 31 December 2010, 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) The Company and its subsidiaries have been sued for a total of approximately Baht 61.6 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 10.9 million. The Company has set aside provision of Baht 10.6 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 31 December 2010, 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 in a civil case, related to illegal encroachment on land in order to provide a thoroughfare to Soi Sukhumvit 55. On 18 July 2006, the South Bangkok Civil Court dismissed such lawsuit. Subsequently, the plaintiff appealed the decision and the Appeal Court found in accordance with the Court of First Instance on 20 April 2010. Currently, the lawsuit is in the process of the Supreme Court’s consideration. However, the Fund’s legal advisor believes that the outcome of the case will not adversely affect the Fund because the land under dispute is on a public road and the plaintiff therefore has no right to sue the Fund or to claim damages.
- c) Land and Houses Property and Loan Fund-II (“the Fund”) has sued been by a condominium estate juristic person seeking compensation of Baht 51.6 million for damage to common areas, plus interest at the rate of 7.5 percent per annum calculated from the day following the date of filing of the case. On 8 November 2010, the South Bangkok Civil Court dismissed such lawsuit. Currently, the case is in process of extension to appeal. However, the Fund’s legal advisor believes that the outcome of the case will not adversely affect the Fund.

31. Financial instruments

31.1 Financial risk management

The Company and its subsidiaries's financial instruments, as defined under Thai Accounting Standard No. 107 "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 2010 and 2009 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 2010								
Fixed interest rates								
	Within		Over	Floating	Non-interest			
	At call	1 year	1 - 5 years	5 years	interest rate	bearing	Total	Interest rate
	(Million Baht)							(% p.a.)
Financial assets								
Cash and cash equivalents	-	1,134	-	-	520	477	2,131	0.25 - 1.91
Trade accounts receivables	-	-	-	-	-	18	18	-

Consolidated financial statements

As at 31 December 2010

	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	-	3,205	-	-	12	-	3,217	1.39 - 2.35 and 6.4
Trade accounts payables	-	-	-	-	-	1,253	1,253	-
Trade accounts payables - related parties	-	-	-	-	-	13	13	-
Amounts due to related parties	-	-	-	-	-	14	14	-
Short-term loans from related parties	440	-	-	-	-	-	440	MLR-1.5 and 7 - 7.5
Long-term loans	-	-	4,532	-	3,082	-	7,614	As specified in Note 18
Debentures	-	2,000	9,000	-	-	-	11,000	As specified in Note 19

Separate financial statements

As at 31 December 2010

	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	-	1,100	-	-	448	322	1,870	0.25 - 1.91
Amount due from and accounts receivables - related parties	-	-	-	-	-	4	4	-
Short-term loans to related parties	69	-	-	-	601	-	670	MLR-1.5 and 5-7.5
Financial liabilities								
Bank overdrafts and short-term loans from financial institutions	-	3,205	-	-	-	-	3,205	1.39 - 2.35
Trade accounts payables	-	-	-	-	-	917	917	-
Trade accounts payables - related parties	-	-	-	-	-	12	12	-
Amounts due to related parties	-	-	-	-	-	2	2	-
Short-term loans from related parties	120	-	-	-	-	-	120	3.00
Long-term loans	-	-	4,532	-	138	-	4,670	As specified in Note 18
Debentures	-	2,000	9,000	-	-	-	11,000	As specified in Note 19

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 assets								
Cash and cash equivalents	-	1,360	-	-	546	262	2,168	0.25 - 1.10
Trade accounts receivables	-	-	-	-	-	13	13	-
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	-
Amounts due to 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								
At call	Within		Over	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)	
	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	590	-	-	-	549	-	1,139	MLR-1.5 and 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	-
Amounts due to 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

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 2010 and 2009 are summarised below:

Consolidated and Separate financial statements				
Foreign currency	Financial assets		Average exchange rate as at 31 December	
	(Million) <u>2010</u>	(Million) <u>2009</u>	(Baht per 1 foreign currency unit)	
			<u>2010</u>	<u>2009</u>
Philippines Peso	1,223	1,223	0.68825	0.7184
Indonesia Rupiah	345,956	345,956	3.3615 (per 1,000 Rupiah)	3.5471 (per 1,000 Rupiah)

31.2 Fair values of financial instruments

The estimated fair value of financial instruments as at 31 December 2010 and 2009, 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	
	2010	2009	2010	2009	2010	2009	2010	2009
<u>Financial assets</u>								
Cash and cash equivalents	2,131	2,168	2,131	2,168	1,870	1,517	1,870	1,517
Trade accounts receivables	18	13	18	13	-	-	-	-
Amount due from and accounts receivables - related parties	-	-	-	-	4	5	4	5
Short-term loans to related parties	-	-	-	-	670	1,139	670	1,139
<u>Financial liabilities</u>								
Bank overdrafts and short-term loans from financial institutions	3,217	334	3,174	332	3,205	319	3,162	317
Trade accounts payables	1,253	882	1,253	882	917	706	917	706
Trade accounts payables - related parties	13	9	13	9	12	8	12	8
Amounts due to related parties	14	14	14	14	2	2	2	2
Short-term loans from related parties	440	406	440	406	120	100	120	100
Long-term loans	7,614	7,018	7,444	6,853	4,670	5,197	4,500	5,032
Debentures	11,000	9,000	10,162	8,528	11,000	9,000	10,162	8,528

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

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

32. 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 2010, the Group's debt-to-equity ratio was 0.91:1 (2009: 0.72:1) and the Company's was 0.89:1 (2009: 0.71:1).

33. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2009 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	
	As reclassified	As previously reported	As reclassified	As previously reported
Other income - others	50,543,862	66,207,862	-	-
Selling expenses	446,722,470	467,572,106	386,501,274	403,658,828
Special business tax and transfer fee	20,849,636	-	17,157,554	-
Reversal of provision for impairment of investment in associate	(15,664,000)	-	-	-

34. Subsequent event

The extraordinary meeting of shareholder of Pacific Real Estate Company Limited, which is a subsidiary of the Company, held on 10 January 2011, passed a resolution to approve the share reduction totaling Baht 69,674,200 by reducing the quantity of shares by 696,742 shares, resulting in the remaining shares of Baht 23,230,000. Currently, it is in the process registering the share reduction with the Ministry of Commerce.

35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 1 March 2011.