

Land and Houses Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month periods ended 31 March 2010 and 2009

1. General information

1.1 Corporate information

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

1.2 Basis for the preparation of interim financial statements

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

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

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

1.3 Basis of consolidation

These consolidated interim financial statements are prepared by applying the same basis as that applied for the preparation of the consolidated financial statements for the year ended 31 December 2009, with there being no changes in the structure of shareholding in subsidiaries during the period.

(Unaudited but reviewed)

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2009.

2. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 31 March				Transfer pricing policy
	Consolidated	financial	Separate	financial	
	statements	statements	statements	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	-	-	13.9	9.6	4.35 - 7.50% p.a. (2009: 4.75 - 7.50% p.a.)
Management fee income	-	-	2.9	2.8	Approximate cost
Dividend income	-	-	-	455.7	Declared rate
Guarantee fee income	-	-	0.2	0.2	0.50% p.a.
Sale of land	-	-	50.2	-	Approximate cost
Cash paid for use of land	-	-	76.2	-	Approximate cost
Interest expenses	-	-	1.4	3.7	3.00% p.a. (2009: 3.00 - 5.50% p.a.)
<u>Transactions with associates</u>					
Interest income	2.0	3.8	1.3	3.5	Market rate
Dividend income	24.2	18.1	24.2	18.1	Declared rate
Purchase of goods	21.2	22.2	19.0	20.5	Market price
Sales promotion expenses	0.1	0.1	-	0.1	Market rate
Services expenses	0.2	0.2	-	-	Contract price
Accounting services expenses	0.5	0.5	-	-	Contract price
Project management fee expenses	16.4	21.5	-	-	Contract price
Commission expenses	0.3	-	-	-	Contract price

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month periods ended 31 March				Transfer pricing policy
	Consolidated	financial	Separate	financial	
	statements		statements		
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
<u>Transactions with related companies</u>					
Dividend income	5.6	6.1	5.6	6.1	Declared rate
Rental and service expenses	9.8	9.6	9.8	9.6	Baht 700 - 798 per square metre per month
Guarantee fee expenses	0.1	0.2	-	-	0.50% p.a.
Interest expenses	1.0	1.0	-	-	4.35 - 7.50% p.a. (2009: 4.75 - 7.50% p.a.)

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	<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>2,672.1</u>	<u>1,746.2</u>	<u>2,072.6</u>	<u>1,290.9</u>
Amounts 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.	-	-	0.2	0.1
L H Asset Co., Ltd.	-	-	3.4	3.5
Atlantic Real Estate Co., Ltd.	-	-	2.2	1.6
L H Muang Mai Co., Ltd.	-	-	0.1	0.1
	-	-	5.9	5.4
<u>Associate</u>				
Home Product Center Plc.	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
	<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>6.0</u>	<u>5.5</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2010	2009	2010	2009
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.	-	-	130.0	190.1
Siam Tanee Property Co., Ltd.	-	-	22.6	22.3
L H Asset Co., Ltd.	-	-	180.0	330.1
L H Muang Mai Co., Ltd.	-	-	59.2	58.4
L&H Property Co., Ltd.	-	-	601.6	574.6
	-	-	993.4	1,175.5
<u>Associate</u>				
Land and Houses Retail Bank Plc.	0.3	0.3	0.2	0.2
Total	0.3	0.3	993.6	1,175.7
Deposit to related company				
<u>Related company</u>				
Quality Houses Property Fund	8.5	8.5	8.5	8.5
Trade accounts payables - related parties				
<u>Associates</u>				
Quality Construction Products Plc.	8.6	8.2	8.6	8.2
Home Product Center Plc.	0.3	0.3	0.1	0.1
Total	8.9	8.5	8.7	8.3
Amounts due to related parties				
<u>Associates</u>				
Land and Houses Retail Bank Plc.	0.1	-	-	-
Home Product Center Plc.	7.5	1.6	5.8	1.4
Asia Asset Advisory Co., Ltd.	-	3.1	-	-
Quality Houses Plc.	4.2	9.3	-	-
Land and Houses Property and Loan Fund-II	0.3	-	-	-
	12.1	14.0	5.8	1.4
<u>Related company</u>				
Quality Houses Property Fund	0.4	0.3	0.4	0.3
Total	12.5	14.3	6.2	1.7

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2010	2009	2010	2009
Short-term loans from and accrued interest payables to related parties				
<u>Subsidiary</u>				
(Eliminated from the consolidated financial statements)				
Pacific Real Estate Co., Ltd.	-	-	-	100.6
	-	-	-	100.6
<u>Related parties</u>				
Muang Mai Property Co., Ltd.	10.8	10.6	-	-
Reco Resorts Pte Ltd.	401.0	382.9	-	-
Directors of subsidiaries	39.0	38.5	-	-
	450.8	432.0	-	-
Total	450.8	432.0	-	100.6

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

During the three-month period ended 31 March 2010, movements of loans to/loans from the Company, subsidiaries and related companies were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	31 December		Decrease	31 March 2010
	2009	Increase		
Short-term loans to and accrued interest receivables from related party				
<u>Associate</u>				
Land and Houses Retail Bank Plc.	0.3	2.0	(2.0)	0.3
Short-term loans from and accrued interest payables to related parties				
<u>Related parties</u>				
Muang Mai Property Co., Ltd.	10.6	0.2	-	10.8
Reco Resorts Pte Ltd.	382.9	18.1	-	401.0
Directors of subsidiaries	38.5	0.5	-	39.0
Total	432.0	18.8	-	450.8

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate financial statements			
	31 December 2009	Increase	Decrease	31 March 2010
Short-term loans to and accrued interest receivables from related parties				
<u>Subsidiaries</u>				
Atlantic Real Estate Co., Ltd.	190.1	2.3	(62.4)	130.0
Siam Tanee Property Co., Ltd.	22.3	0.3	-	22.6
L H Asset Co., Ltd.	330.1	49.4	(199.5)	180.0
L H Muang Mai Co., Ltd.	58.4	0.8	-	59.2
L&H Property Co., Ltd.	574.6	27.0	-	601.6
	<u>1,175.5</u>	<u>79.8</u>	<u>(261.9)</u>	<u>993.4</u>
<u>Associate</u>				
Land and Houses Retail Bank Plc.	0.2	1.2	(1.2)	0.2
Total	<u>1,175.7</u>	<u>81.0</u>	<u>(263.1)</u>	<u>993.6</u>
Short-term loans from and accrued interest payables to related parties				
<u>Subsidiaries</u>				
Pacific Real Estate Co., Ltd.	100.6	240.8	(341.4)	-
L H Real Estate Co., Ltd.	-	60.3	(60.3)	-
Land and Houses Northeast Co., Ltd.	-	90.3	(90.3)	-
Total	<u>100.6</u>	<u>391.4</u>	<u>(492.0)</u>	<u>-</u>

Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantees obligations with its related parties, with charges, as described in Note 17.3.

(Unaudited but reviewed)

3. Trade accounts receivables

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009
Age of receivables				
Not yet due	551	472	-	-
Past due				
Less than 3 months	14,339	12,433	-	-
3 - 6 months	418	506	-	-
6 - 9 months	24	-	-	-
9 - 12 months	-	46	-	-
More than 12 months	228	183	-	-
Total	15,560	13,640	-	-
Less: Allowance for doubtful debts	(173)	(173)	-	-
Net	15,387	13,467	-	-

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

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009
Net book value of land and structures thereon mortgaged as collateral	5,535	5,733	5,122	5,543

(Unaudited but reviewed)

Movements in the provision for loss on diminution in value of projects during the three-month period ended 31 March 2010 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2010	107,191	59,218
Add: Transfer from land held for development	5,062	5,062
: Addition	976	-
Less: Reversal of allowance of diminution in value of inventory from sale	<u>(7,219)</u>	<u>(2,381)</u>
Balance as at 31 March 2010	<u>106,010</u>	<u>61,899</u>

5. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Separate financial statements										Dividend received for the three-month periods ended 31 March		
	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment		Book valued cost method - net		2010	2009	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December			
	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.	371,617	371,617	99.99	99.99	371,614	371,614	-	-	371,614	371,614	-	55,742	
Land and Houses North Co., Ltd.	13,500	13,500	99.99	99.99	13,500	13,500	-	-	13,500	13,500	-	-	
Land and Houses Northeast Co., Ltd.	270,000	270,000	99.99	99.99	269,999	269,999	(25,000)	(25,000)	244,999	244,999	-	-	
Siam Tanee Property Co., Ltd. and its subsidiary	100,000	100,000	99.99	99.99	64,859	64,859	-	-	64,859	64,859	-	-	
L H Real Estate Co., Ltd.	116,000	116,000	99.99	99.99	50,000	50,000	-	-	50,000	50,000	-	-	
L H Asset Co., Ltd.	100,000	100,000	99.99	99.99	52,734	52,734	-	-	52,734	52,734	-	399,998	
L H Muang Mai Co., Ltd. and its subsidiaries	900,000	900,000	55.00	55.00	495,000	495,000	-	-	495,000	495,000	-	-	
L&H Property Co., Ltd. and its subsidiary	2,170,000	2,170,000	60.00	60.00	1,398,000	1,398,000	-	-	1,398,000	1,398,000	-	-	
					<u>2,730,704</u>	<u>2,730,704</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>2,705,704</u>	<u>2,705,704</u>	<u>-</u>	<u>455,740</u>	

L H Muang Mai Company Limited and its subsidiaries

As at 31 March 2010 and 31 December 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.

(Unaudited but reviewed)

6. Investments in associates

6.1 Details of associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements							
			Shareholding percentage		Paid-up capital		Cost		Carrying amounts based on equity method	
			31 March 2010	31 December 2009	31 March 2010	31 December 2009	31 March 2010	31 December 2009	31 March 2010	31 December 2009
			(Percent)	(Percent)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
LH Financial Group Plc.	Holding company	Thai	40.95	40.95	2,757,785	2,757,785	1,318,140	1,318,140	1,302,498	1,265,599
Bangkok Chain Hospital Plc.	Hospital	Thai	28.73	28.73	1,662,499	1,662,499	674,557	674,557	972,431	924,295
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	31.41	400,000	400,000	179,178	265,980	266,563	401,635
Home Product Center Plc.	Trading of construction materials	Thai	30.05	29.99	3,708,810	3,703,926	1,098,176	1,076,676	1,969,277	1,844,976
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	5,000	5,000	2,000	2,000	6,174	6,074
Land and Houses Property Fund	Real estate business	Thai	49.94	49.94	40,316	40,316	20,692	20,692	32,402	32,402
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	3,020,570	3,020,570	1,512,269	1,512,269	1,317,325	1,327,564
Quality Houses Plc.	Real estate business	Thai	24.86	24.86	8,477,340	8,477,340	3,252,802	3,252,802	4,182,634	3,961,767
Polar Property Holdings Corporation	Real estate business	Philippines	25.00	25.00	4,892,411	4,892,411	866,849	866,849	1,054,865	977,130
							<u>8,924,663</u>	<u>8,989,965</u>	<u>11,104,169</u>	<u>10,741,442</u>

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements									
			Shareholding percentage		Paid-up capital		Cost		Allowance for impairment		Carrying amounts based on cost method - net	
			31 March 2010	31 December 2009	31 March 2010	31 December 2009	31 March 2010	31 December 2009	31 March 2010	31 December 2009	31 March 2010	31 December 2009
			(Percent)	(Percent)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
LH Financial Group Plc.	Holding company	Thai	40.95	40.95	2,757,785	2,757,785	1,318,140	1,318,140	(344,744)	(344,744)	973,396	973,396
Bangkok Chain Hospital Plc.	Hospital	Thai	28.73	28.73	1,662,499	1,662,499	674,557	674,557	-	-	674,557	674,557
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	31.41	400,000	400,000	179,178	265,980	-	-	179,178	265,980
Home Product Center Plc.	Trading of construction materials	Thai	30.05	29.99	3,708,810	3,703,926	1,098,176	1,076,676	-	-	1,098,176	1,076,676
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	5,000	5,000	2,000	2,000	-	-	2,000	2,000
Land and Houses Property Fund	Real estate business	Thai	49.94	49.94	40,316	40,316	20,692	20,692	-	-	20,692	20,692
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	3,020,570	3,020,570	1,512,269	1,512,269	-	-	1,512,269	1,512,269
Quality Houses Plc.	Real estate business	Thai	24.86	24.86	8,477,340	8,477,340	3,252,802	3,252,802	-	-	3,252,802	3,252,802
Polar Property Holdings	Real estate business	Philippines	25.00	25.00	4,892,411	4,892,411	866,849	866,849	-	-	866,849	866,849

Corporation

(Thousand Peso)	(Thousand Peso)				
<u>8,924,663</u>	<u>8,989,965</u>	<u>(344,744)</u>	<u>(344,744)</u>	<u>8,579,919</u>	<u>8,645,221</u>

(Unaudited but reviewed)

6.2 Share of income (loss) and dividend received

During the periods, the Company has recognised its share of net income (loss) from investments in associates in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of income (loss) from investments in associates for the three-month periods ended 31 March		Dividend received for the three-month periods ended 31 March	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
LH Financial Group Plc.	36,311	-	-	-
Land and Houses Retail Bank Plc.	-	16,193	-	-
Bangkok Chain Hospital Plc.	48,136	51,563	-	-
Quality Construction Products Plc.	(3,999)	6,382	-	-
Home Product Center Plc.	102,801	73,158	-	-
Asia Asset Advisory Co., Ltd.	100	64	-	-
Land and Houses Property Fund*	-	-	-	-
Land and Houses Property and Loan Fund-II	13,920	12,735	24,159	18,119
Quality Houses Plc.	220,776	72,608	-	-
Polar Property Holdings Corporation	82,293	(6,953)	-	-
Total	<u>500,338</u>	<u>225,750</u>	<u>24,159</u>	<u>18,119</u>

* Registered its termination on 11 December 2007

(Unaudited but reviewed)

6.3 Fair values of investments in associates which are listed companies

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

(Unit: Million Baht)

Company's name	Country of listing	Fair values as at	
		31 March 2010	31 December 2009
Bangkok Chain Hospital Plc.	Thai	2,555	2,722
Quality Construction Products Plc.	Thai	335	354
Home Product Center Plc.	Thai	6,353	5,087
Quality Houses Plc.	Thai	5,100	5,564
Polar Property Holdings Corporation	Philippines	3,740	2,202
Total		18,083	15,929

6.4 Summarised financial information of associates

Financial information of the associates is summaries below:

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the three-month periods ended 31 March		Net income (loss) for the three-month periods ended 31 March	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009	31 March 2010	31 December 2009	2010	2009	2010	2009
	LH Financial Group Plc.	2,758	2,758	53,109	49,660	49,875	46,592	553	-	89
Land and Houses Retail Bank Plc.	-	-	-	-	-	-	-	573	-	38
Bangkok Chain Hospital Plc.	1,662	1,662	5,042	4,781	1,472	1,390	1,164	1,146	165	179
Quality Construction Products Plc.	400	400	1,993	2,019	674	740	210	258	(19)	20
Home Product Center Plc.	3,709	3,704	14,718	13,866	9,095	8,593	6,056	5,240	340	242
Asia Asset Advisory Co., Ltd.	5	5	20	34	5	19	20	21	-	0.2
Land and Houses Property and Loan Fund-II	3,021	3,021	4,480	4,484	24	30	66	70	51	50
Quality Houses Plc.	8,477	8,477	28,017	28,258	14,625	15,754	5,040	2,232	1,002	292

(Unit: Million Peso)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the three-month periods ended 31 December		Net income (loss) for the three-month periods ended 31 December	
	31 December 2009	30 September 2009	31 December 2009	30 September 2009	31 December 2009	30 September 2009	2009	2008	2009	2008
	Polar Property Holdings Corporation	4,892	4,892	5,850	6,553	98	1,257	591	148	461

(Unaudited but reviewed)

6.5 The Company's interim consolidated financial statements for the three-month period ended 31 March 2010 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 the financial statements of those companies which have been reviewed or not been reviewed as stipulated.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Investments under the equity method as at 31 March 2010	Share of income (loss) from investments under the equity method for the three-month periods ended 31 March	
		<u>2010</u>	<u>2009</u>
Reviewed by auditor and another auditors of the same firm			
LH Financial Group Plc.	1,302,498	36,311	-
Land and Houses Retail Bank Plc.	-	-	16,193
Asia Asset Advisory Co., Ltd.	6,174	100	64
Land and Houses Property Fund ⁽¹⁾	32,402	-	-
Land and Houses Property and Loan Fund-II	1,317,325	13,920	12,735
Quality Houses Plc.	4,182,634	220,776	72,608
Home Product Center Plc.	1,969,277	102,801	73,158
Reviewed by other auditor			
Quality Construction Products Plc.	266,563	(3,999)	6,382
Unreviewed by auditors			
Bangkok Chain Hospital Plc.	972,431	48,136 ⁽²⁾	51,563 ⁽³⁾
Polar Property Holdings Corporation	1,054,865	82,293 ⁽⁴⁾	(6,953) ⁽⁵⁾
Total	<u>11,104,169</u>	<u>500,338</u>	<u>225,750</u>

⁽¹⁾ Registered its termination on 11 December 2007

⁽²⁾ Determined based on the financial statements for the three-month period ended 31 March 2010 which prepared by the management

⁽³⁾ Determined based on the financial statements for the three-month period ended 31 March 2009 which prepared by the management

⁽⁴⁾ Determined based on the audited financial statements for the year ended 31 December 2009

⁽⁵⁾ Determined based on the audited financial statements for the year ended 31 December 2008

(Unaudited but reviewed)

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 977 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. In addition, the Company has not adjusted the possible effect of application of different accounting policies, because the Company is unable to quantify these effects.

During the current period, the Company received the audited financial statements for the year ended 31 December 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 three-month period ended 31 March 2010. The Company has not adjusted 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 three-month period ended 31 March 2010 of this associate.

6.6 Home Product Center Public Company Limited

During the current period, the warrant holders of Home Product Center Public Company Limited exercised their rights to convert warrants to 4.88 million ordinary shares and the Company additionally purchase of 3.9 million ordinary shares of this company. As a result, the Company's percentage shareholding in that company has changed from 29.99 percent to 30.05 percent.

(Unaudited but reviewed)

6.7 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 associates to profit due to disposals of investments), presenting it as gain from investments in consolidated income statement of the current period. In addition, the Company has a Baht 77.2 million gain on sale of this investment in the separate income statement for the current period.

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.

6.8 LH Financial Group Public Company Limited

On 22 January 2010, the Extraordinary General Meeting of the shareholders of LH Financial Group Plc. 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 Plc. 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.

(Unaudited but reviewed)

7. Other long-term investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31	31 March	31
		December		December
	2010	2009	2010	2009
Available-for-sale securities				
Equity securities	292,490	292,490	292,490	292,490
Less: Changes in fair value of securities	(49,723)	(55,573)	(49,723)	(55,573)
Available-for-sale securities - net	242,767	236,917	242,767	236,917
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	835,212	835,212	632,009	632,009
Total	1,077,979	1,072,129	874,776	868,926

8. Land held for development

As at 31 March 2010 and 31 December 2009, the 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	
	31 March	31	31 March	31
		December		December
	2010	2009	2010	2009
Net book value of mortgaged land held for development to secure loans	1,053	1,053	-	-

(Unaudited but reviewed)

9. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2010 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2010	1,810,758	290,254
Acquisitions during period - at cost	250,528	29,694
Transfer to leasehold rights during period - net book value at transfer date	(4,322)	-
Disposals during period - net book value at disposal date	(1,910)	(1,550)
Depreciation for period	(55,415)	(29,421)
Net book value as at 31 March 2010	<u>1,999,639</u>	<u>288,977</u>

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 March 2010 of Baht 430 million (31 December 2009: Baht 436 million) as collateral of the long-term loans.

10. Leasehold rights

Two subsidiaries have pledged their land leasehold rights and land sub-leasehold rights with a total net book value as at 31 March 2010 of Baht 2,266 million (31 December 2009: Baht 2,285 million) as collateral for long-term loans.

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009
Bank overdrafts	24,523	15,202	-	-
Bill of exchange	-	320,000	-	320,000
Less: Prepaid interest	-	(690)	-	(690)
Net	<u>24,523</u>	<u>334,512</u>	<u>-</u>	<u>319,310</u>

(Unaudited but reviewed)

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.

12. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2010	2009	2010	2009
Long-term loans	7,296,165	7,018,120	5,145,665	5,197,088
Less: Current portion	(2,214,852)	(2,208,695)	(2,000,000)	(2,000,000)
Net	<u>5,081,313</u>	<u>4,809,425</u>	<u>3,145,665</u>	<u>3,197,088</u>

Movements in the long-term loans during the three-month period ended 31 March 2010 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2010	7,018,120	5,197,088
Add: Additional borrowing on new loan agreements	392,000	-
Less: Repayment	(113,955)	(51,423)
Balance as at 31 March 2010	<u>7,296,165</u>	<u>5,145,665</u>

During the current period, a subsidiary entered into a loan agreement with a domestic commercial bank with total facilities of Baht 3,062 million, for the purpose of project development of the subsidiary, carrying interest at MLR-1.5 percent per annum for the 1st - 4th year, MLR-1 for the 5th - 8th year and MLR-0.75 for the years afterwards and repayable within 12 years from the first drawdown date. The first repayment date will be in March 2013. As at 31 March 2010, this company drew down the loan facilities amounting Baht 115 million.

(Unaudited but reviewed)

Moreover, during the current period, another subsidiary entered into loan agreements with a domestic commercial bank with total facilities of Baht 747 million, for the purposes of project development of subsidiary, carrying interest at MLR-1.5 per annum. The subsidiary is to repay the principals at the rate of 60% of selling price of land and houses and all principals are payable within 5 years from the first drawdown date. As at 31 March 2010, this company drew down the loan facilities amounting Baht 277 million.

As at 31 March 2010 and 31 December 2009, long-term loans from banks secured by the mortgage of land and structures thereon, land held for development, leasehold rights and land sub-leasehold rights, clubhouses, furniture and fixture which located on land sub-leasehold rights of the Company and its subsidiaries.

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

As at 31 March 2010, there were available long-term loan facilities from financial institutions totaling approximately Baht 7,454 million included the above mentioned facilities of Baht 3,809 million (31 December 2009: Baht 4,550 million) which had not yet been drawn down by the Company and its subsidiaries.

In addition, as at 31 March 2010, a subsidiary has available long-term loan facilities from shareholder, except for facilities from the Company, totally Baht 500 million (31 December 2009: Baht 514 million).

13. Debentures

Debenture	Interest rate	Age	Repayment	Maturity	Consolidated and Separate financial statements			
					Number of debenture		Amount	
					(shares)		(Thousand Baht)	
					31 March 2010	31 December 2009	31 March 2010	31 December 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	2,000,000	2,000,000

(Unaudited but reviewed)

					Consolidated and Separate financial statements			
					Number of debenture (shares)		Amount (Thousand Baht)	
Debenture	Interest rate	Age	Repayment	Maturity	31 March 2010	31 December 2009	31 March 2010	31 December 2009
- 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	-
Total					<u>12,000,000</u>	<u>9,000,000</u>	12,000,000	9,000,000
Less: Current portion of debentures							(2,000,000)	(2,000,000)
Net							<u>10,000,000</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
Total	<u>5,000,000</u>

(Unaudited but reviewed)

Movements in the debentures during the three-month period ended 31 March 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	3,000,000
Balance as at 31 March 2010	12,000,000

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.

14. Revaluation deficit in investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009
Associates' investments	11,424	9,913	-	-
Company's investments	(49,723)	(55,573)	(49,723)	(55,573)
Total	(38,299)	(45,660)	(49,723)	(55,573)

15. Earnings per share

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

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

(Unaudited but reviewed)

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

		Consolidated financial statements					
		For the three-month periods ended 31 March					
		Net income		Weighted average number of ordinary shares		Earnings per share	
		2010	2009	2010	2009	2010	2009
		(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share							
Net income attributable to equity holders of the parent		<u>1,170,407</u>	643,911	<u>10,025,922</u>	10,025,875	<u>0.12</u>	0.06
Effect of dilutive potential ordinary shares							
ESOP-5			-		32		
Diluted earnings per share							
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares			<u>643,911</u>		<u>10,025,907</u>		0.06
		Separate financial statements					
		For the three-month periods ended 31 March					
		Net income		Weighted average number of ordinary shares		Earnings per share	
		2010	2009	2010	2009	2010	2009
		(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share							
Net income attributable to equity holders of the parent		<u>621,225</u>	791,088	<u>10,025,922</u>	10,025,875	<u>0.06</u>	0.08
Effect of dilutive potential ordinary shares							
ESOP-5			-		32		
Diluted earnings per share							
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares			<u>791,088</u>		<u>10,025,907</u>		0.08

16. Financial information by segment

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

(Unaudited but reviewed)

17. Commitment and contingent liabilities

17.1 Commitments

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009
Commitments under construction contracts	2,697.4	2,988.9	897.9	996.0

17.1.2 As at 31 March 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	From 1 June 2008, the following rental is to be paid in monthly installments - 1st-5th year, total rental of Baht 33.15 million (Already paid Baht 11.25 million) - 6th-10th year, total rental of Baht 42.31 million - 11th-15th year, total rental of Baht 54.00 million - 16th-20th year, total rental of Baht 68.92 million - 21st-25th year, total rental of Baht 87.97 million - 26th-30th year, total rental of Baht 112.27 million

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

In addition, as at 31 March 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.

(Unaudited but reviewed)

b) Land sub-lease agreement

<u>Agreement date</u>	<u>Agreement period</u>	<u>Maturity date</u>	<u>Rental rate</u>
28 July 2005	33 years	28 July 2038	- 1st-3rd year, paid of Baht 3.00 million (already paid) - 4th-8th year, total rental of Baht 25.00 million (Already paid Baht 10 million) - 9th-13th year, total rental of Baht 30.00 million - 14th-18th year, total rental of Baht 36.00 million - 19th-23rd year, total rental of Baht 43.20 million - 24th-28th year, total rental of Baht 51.84 million - 29th-33rd year, total rental of Baht 62.21 million

c) Land lease agreement

<u>Agreement date</u>	<u>Agreement period</u>	<u>Rental rate</u>
10 March 2006	30 years [*]	Rental is to be monthly paid as follows: - 1st-5th year, total rental of Baht 20.16 million - 6th-10th year, total rental of Baht 23.18 million - 11th-15th year, total rental of Baht 26.66 million - 16th-20th year, total rental of Baht 30.66 million - 21st-25th year, total rental of Baht 35.25 million - 26th-30th year, total rental of Baht 40.54 million

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

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

17.1.4 As at 31 March 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.

(Unaudited but reviewed)

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

Associate	Service rates	Term
Quality Houses Plc.	- 2% of total revenue plus additional 5.5% of operating income - Baht 50,000 per month of software service - Project management fee charged at actual cost plus 15 percent	3 years commencing from 1 October 2007

17.1.6 As at 31 March 2010, L&H Property Company Limited is committed to pay Quality Houses Public Company Limited accounting services fee amounting to Baht 2.4 million.

17.1.7 As at 31 March 2010, L&H Sathon Company Limited had outstanding commitment of Baht 0.2 million in respect of management fees paid to Q.H. International Company Limited.

17.1.8 As at 31 March 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.

17.1.9 As at 31 March 2010 and 31 December 2009, the Company has commitment related to purchase of land as follows:

(Unit: Million Baht)

	Consolidated and Separate financial statements	
	31 March 2010	31 December 2009
Commitment to purchase of land	557.4	1,027.8

(Unaudited but reviewed)

17.1.10 Obligation and commitment to complete projects on hand

	Consolidated financial statements		Separate financial statements	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009
Number of projects on hand at beginning of period/year	45	45	39	36
Number of closed projects during period/ year	(4)	(12)	(3)	(8)
Number of new projects during period/year	2	12	1	11
Number of projects on hand at end of period/year	43	45	37	39
Accumulative value of sales already contracted (Million Baht)	67,003	77,033	53,926	60,849
As percentage of total sales of projects on hand	65.5	68.9	62.8	65.9
Value of sales already contracted during period/year (Million Baht)	4,155	17,153	3,598	14,991
As percentage of total sales of projects on hand	4.0	15.4	4.2	16.2
Commitments in respect of the installation of central utilities of projects on hand (Million Baht)	790.7	636.0	706.3	558.5

17.1.11 As at 31 March 2010, the subsidiaries have servitude over land of approximately 87 rai of which the cost is included in the cost of projects.

17.1.12 Operating lease commitments

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

As at 31 March 2010, the future minimum lease payments and services fee payments required under these non-cancellable contracts were as follows:

(Unit: Million Baht)

	Consolidated and Separate financial statements
Payable within:	
Less than 1 year	30.0
1 to 5 years	21.7

(Unaudited but reviewed)

17.1.13 The subsidiaries have commitment related to uncancellable of other service contracts totalling Baht 23.8 million which will be payable within one year.

17.2 Bank guarantees

As at 31 March 2010 and 31 December 2009, there were the outstanding bank guarantees issued by the banks in respect of certain performance bonds required in the normal course of business by the Company and its subsidiaries balances as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009
Letter of guarantee for arrangement and maintenance of public utilities	1,202.5	1,122.6	1,006.5	950.0
Letter of guarantee for electricity usage	28.3	25.6	16.9	14.3
Other letter of guarantees	22.0	22.0	22.0	22.0
	<u>1,252.8</u>	<u>1,170.2</u>	<u>1,045.4</u>	<u>986.3</u>

17.3 Guarantees

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

(Unit: Million Baht)

Guarantor	Guarantee	31 March 2010	31 December 2009
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>

17.4 Litigation

The Company and its subsidiaries

As at 31 March 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 115.0 million. To date, the Court of the First Instance and the Appeal Court have ordered the Company and its subsidiaries to pay compensation plus interest totaling Baht 12.5 million. The Company and its subsidiaries have set aside provision of Baht 12.5 million for liabilities arising as a result of these cases, based on the opinion of their legal department.

Associates

The following significant lawsuits had been filed against the associates:

- a) Land and Houses Property Fund (“the Fund”) has been sued as second defendant in a civil case in which the plaintiff claims the Fund illegally received the transfer of the land and construction thereon of the “Langsuan Ville” condominium project from Wave Development Company Limited, a debtor of the plaintiff. On 27 July 2004, the Court of First Instance dismissed the lawsuit. On 27 February 2008, the Appeal Court dismissed the lawsuit. As at 31 March 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.

(Unaudited but reviewed)

- b) Land and Houses Property and Loan Fund-II (“the Fund”) has been sued as defendant in a civil case in which the plaintiff claims the Fund illegally encroached on the land of the plaintiff to provide a thoroughfare to Soi Sukhumvit 55. On 18 July 2006, the South Bangkok Civil Court dismissed the lawsuit on the grounds that this land is a public road and the plaintiff therefore had no right to sue the defendant. On 13 September 2006, the plaintiff appealed this judgment with the Appeal Court and on 8 November 2006, the Fund filed a defence of the appeal. However, the Appeal Court dismissed this case on 20 April 2010.
- 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. Currently, the case is under consideration by the South Bangkok Civil Court. However, the Fund’s legal advisor believes that the outcome of the case will not adversely affect the Fund.

18. Subsequent event

The Annual General Meeting of the Company’s shareholders held on 28 April 2010 passed a resolution to approve payment of a dividend of Baht 0.10 per share, or a total of Baht 1,002.6 million, to be paid on 25 May 2010.

19. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company’s Board of Directors on 13 May 2010.