

(Unaudited but reviewed)

Land and Houses Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 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 registered 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 preparation of interim consolidated financial statements

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.

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. Adoption of new accounting standards

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

- a) Accounting standards that will become effective in 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 17 (revised 2009)	Leases
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
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

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TAS 40 (revised 2009)	Investment Property
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

b) Accounting standards that will become effective in 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

The Company's 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 TAS 12 and TAS 40 (revised 2009). Management has yet to complete its evaluation of the impact of such accounting standards in the year when they are adopted.

3. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 30 September				Transfer pricing policy
	Consolidated		Separate		
	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	-	-	10.0	9.6	MLR-1.5% and 5.00 - 7.50% p.a.
Management fee income	-	-	2.9	3.8	Approximate cost
Dividend income	-	-	24.8	70.6	Declared rate
Guarantee fee income	-	-	-	0.2	0.50% p.a.
Interest expenses	-	-	4.1	1.6	3.00% p.a.
Sale of land	-	-	69.8	-	Approximate cost

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(Unit: Million Baht)

	For the three-month periods ended 30 September				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
<u>Transactions with associates</u>					
Interest income	0.4	1.5	0.2	1.1	Market rate
Dividend income	47.7	29.3	47.7	29.3	Declared rate
Purchase of goods	22.9	20.8	19.5	17.6	Market price
Sales promotion expenses	3.3	1.6	3.1	1.5	Market rate
Services expenses	0.2	0.2	-	-	Contract price
Accounting services expenses	0.4	0.5	-	-	Contract price
Project management fee expenses	15.3	15.4	-	-	Contract price
Commission expenses	0.1	-	-	-	Contract price
<u>Transactions with related companies</u>					
Dividend income	5.3	5.7	5.3	5.7	Declared rate
Rental and service expenses	9.8	10.9	9.8	10.9	Baht 500 - 798 per square metre per month
Guarantee fee expenses	-	0.2	-	-	0.50% p.a.
Interest expenses	5.2	3.6	-	-	MLR-1.5% and 7.00 - 7.50% p.a.

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	35.3	30.2	MLR-1.5% and 5.00 - 7.50% p.a.
Management fee income	-	-	8.7	12.2	Approximate cost
Dividend income	-	-	24.8	826.3	Declared rate
Guarantee fee income	-	-	0.2	0.7	0.50% p.a.
Interest expenses	-	-	7.9	6.9	3.00% p.a. (2009: 3.00 - 5.50% p.a.)
Purchase of land	-	-	-	19.0	Approximate cost
Sale of land	-	-	120.0	-	Approximate cost
Cash paid for use of land	-	-	76.2	-	Approximate cost

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Transfer pricing policy
	Consolidated financial statements		Separate financial statements		
	2010	2009	2010	2009	
<u>Transactions with associates</u>					
Interest income	4.2	7.5	2.4	5.9	Market rate
Dividend income	591.9	527.6	591.9	527.6	Declared rate
Purchase of goods	70.8	62.2	62.3	55.8	Market price
Sales promotion expenses	14.5	4.8	12.6	4.7	Market rate
Services expenses	0.5	0.5	-	-	Contract price
Accounting services expenses	1.4	1.4	-	-	Contract price
Project management fee expenses	44.4	54.1	-	-	Contract price
Commission expenses	0.2	0.2	-	-	Contract price
<u>Transactions with related companies</u>					
Dividend income	16.4	17.5	16.4	17.5	Declared rate
Rental and service expenses	29.4	30.4	29.4	30.4	Baht 500 - 798 per square metre per month
Guarantee fee expenses	0.1	0.6	-	-	0.50% p.a.
Interest expenses	14.8	10.3	-	-	MLR-1.5% and 7.00 - 7.50% p.a.

The balances of the accounts as at 30 September 2010 and 31 December 2009 between the Company and those related companies are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2010	2009	2010	2009
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.	539.2	1,746.2	445.7	1,290.9
Amounts due from and accounts receivables - related parties				
<u>Subsidiaries</u>				
(Eliminated from the consolidated financial statements)				
Pacific Real Estate Co., Ltd.	-	-	24.8	0.1
Land and Houses Northeast Co., Ltd.	-	-	-	0.1
L H Asset Co., Ltd.	-	-	2.2	3.5
Atlantic Real Estate Co., Ltd.	-	-	2.3	1.6
L H Muang Mai Co., Ltd.	-	-	-	0.1
	-	-	29.3	5.4
<u>Associate</u>				
Home Product Center Plc.	0.1	0.1	0.1	0.1
Total	0.1	0.1	29.4	5.5

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	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.	-	-	70.0	190.1
Siam Tanee Property Co., Ltd.	-	-	23.1	22.3
L H Asset Co., Ltd.	-	-	80.1	330.1
L H Muang Mai Co., Ltd.	-	-	61.0	58.4
L&H Property Co., Ltd.	-	-	645.0	574.6
	-	-	879.2	1,175.5
<u>Associate</u>				
Land and Houses Retail Bank Plc.	-	0.3	-	0.2
Total	-	0.3	879.2	1,175.7
Deposit to related company				
<u>Related company</u>				
Quality Houses Property Fund ⁽¹⁾	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.	1.6	0.3	0.7	0.1
Total	10.2	8.5	9.3	8.3
Amounts due to related parties				
<u>Associates</u>				
Home Product Center Plc.	-	1.6	-	1.4
Asia Asset Advisory Co., Ltd.	-	3.1	-	-
Quality Houses Plc.	3.5	9.3	-	-
	3.5	14.0	-	1.4
<u>Related company</u>				
Quality Houses Property Fund ⁽¹⁾	0.2	0.3	0.2	0.3
Total	3.7	14.3	0.2	1.7

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	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.	-	-	150.1	100.6
	-	-	150.1	100.6
<u>Related parties</u>				
Muang Mai Property Co., Ltd. ⁽²⁾	11.0	10.6	-	-
Reco Resorts Pte Ltd. ⁽²⁾	429.9	382.9	-	-
Directors of subsidiaries	40.2	38.5	-	-
	481.1	432.0	-	-
Total	481.1	432.0	150.1	100.6

Nature of relationship of related companies

⁽¹⁾ The associate of the associate

⁽²⁾ Shareholder of subsidiary

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

During the nine-month period ended 30 September 2010, movements of loans to/loans from the Company, subsidiaries and related companies were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	31 December			30 September
	2009	Increase	Decrease	2010
Short-term loans to and accrued interest receivables from related party				
<u>Associate</u>				
Land and Houses Retail Bank Plc.	0.3	4.2	(4.5)	-
Short-term loans from and accrued interest payables to related parties				
<u>Related parties</u>				
Muang Mai Property Co., Ltd.	10.6	0.4	-	11.0
Reco Resorts Pte Ltd.	382.9	47.0	-	429.9
Directors of subsidiaries	38.5	1.7	-	40.2
Total	432.0	49.1	-	481.1

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate financial statements			
	31 December			30 September
	2009	Increase	Decrease	2010
Short-term loans to and accrued interest receivables from related parties				
<u>Subsidiaries</u>				
Atlantic Real Estate Co., Ltd.	190.1	50.5	(170.6)	70.0
Siam Tanee Property Co., Ltd.	22.3	0.8	-	23.1
L H Asset Co., Ltd.	330.1	167.6	(417.6)	80.1
L H Muang Mai Co., Ltd.	58.4	2.6	-	61.0
L&H Property Co., Ltd.	574.6	70.4	-	645.0
L H Real Estate Co., Ltd.	-	15.0	(15.0)	-
	<u>1,175.5</u>	<u>306.9</u>	<u>(603.2)</u>	<u>879.2</u>
<u>Associate</u>				
Land and Houses Retail Bank Plc.	0.2	2.4	(2.6)	-
Total	<u>1,175.7</u>	<u>309.3</u>	<u>(605.8)</u>	<u>879.2</u>
Short-term loans from and accrued interest payables to related parties				
<u>Subsidiaries</u>				
Pacific Real Estate Co., Ltd.	100.6	905.5	(856.0)	150.1
L H Real Estate Co., Ltd.	-	204.9	(204.9)	-
Land and Houses Northeast Co., Ltd.	-	226.5	(226.5)	-
Total	<u>100.6</u>	<u>1,336.9</u>	<u>(1,287.4)</u>	<u>150.1</u>

Guarantee obligations with related parties

As at 30 September 2010 and 31 December 2009, the Company and its subsidiaries have outstanding guarantees obligations with its related parties, with charges, as described in Note 19.3.

(Unaudited but reviewed)

4. Trade accounts receivables

The balances of trade accounts receivables as at 30 September 2010 and 31 December 2009 aged on the basis of due dates, are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2010	31 December 2009	30 September 2010	31 December 2009
Age of receivables				
Not yet due	1,446	472	-	-
Past due				
Less than 3 months	13,259	12,433	-	-
3 - 6 months	835	506	-	-
6 - 9 months	164	-	-	-
9 - 12 months	90	46	-	-
More than 12 months	381	183	-	-
Total	16,175	13,640	-	-
Less: Allowance for doubtful debts	(173)	(173)	-	-
Net	16,002	13,467	-	-

5. 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	
	30 September 2010	31 December 2009	30 September 2010	31 December 2009
Net book value of land and structures thereon mortgaged as collateral	7,602	5,733	7,230	5,543

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Movements in the provision for loss on diminution in value of projects during the nine-month period ended 30 September 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	5,061	5,061
: Additional set up	6,035	-
Less: Reversal of allowance of diminution in value of inventory from sale and write-off	<u>(20,327)</u>	<u>(6,787)</u>
Balance as at 30 September 2010	<u>97,960</u>	<u>57,492</u>

6. 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			
	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment		Book valued cost method - net		For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	30	31	30	31	30	31	30	31	30	31	2010	2009	2010	2009
	September	December	September	December	September	December	September	December	September	December	2010	2009	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	70,607	24,787	126,349
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	(25,000)	(25,000)	124,999	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	-	-	-	699,996
L H Muang Mai Co., Ltd. and its subsidiaries	900,000	900,000	55.00	55.00	495,000	495,000	-	-	495,000	495,000	-	-	-	-
L&H Property Co., Ltd. and its subsidiary	2,170,000	2,170,000	60.00	60.00	1,398,000	1,398,000	-	-	1,398,000	1,398,000	-	-	-	-
					<u>2,306,994</u>	<u>2,730,704</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>2,281,994</u>	<u>2,705,704</u>	<u>24,787</u>	<u>70,607</u>	<u>24,787</u>	<u>826,345</u>

L H Muang Mai Company Limited and its subsidiaries

As at 30 September 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)

Reduction of share capital of subsidiaries

During the nine-month period ended 30 September 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 LH Real Estate Co., Ltd. resulted in Baht 33.0 million gain on sale of the investment which derived from the lower of investment acquisition cost in comparing with its par values.

7. Investments in associates

7.1 Details of associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			30 September 2010	31 December 2009	30 September 2010	31 December 2009	30 September 2010	31 December 2009
LH Financial Group Plc.	Holding company	Thai	40.95	40.95	2,447,320	1,318,140	2,502,152	1,265,599
Bangkok Chain Hospital Plc.	Hospital	Thai	25.06	28.73	588,399	674,557	824,638	924,295
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	31.41	179,178	265,980	276,626	401,635
Home Product Center Plc.	Trading of construction materials	Thai	30.26	29.99	1,175,060	1,076,676	2,102,593	1,844,976
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	2,000	2,000	6,821	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	1,333,644	1,327,564
Quality Houses Plc.	Real estate business	Thai	24.86	24.86	3,252,802	3,252,802	4,076,701	3,961,767
Polar Property Holdings Corporation	Real estate business	Philippines	25.00	25.00	866,849	866,849	1,044,091	977,130
					<u>10,044,569</u>	<u>8,989,965</u>	<u>12,199,668</u>	<u>10,741,442</u>

(Unaudited but reviewed)

(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	
			30 September 2010	31 December 2009	30 September 2010	31 December 2009	30 September 2010	31 December 2009	30 September 2010	31 December 2009
			(Percent)	(Percent)						
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	30.26	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
					10,044,569	8,989,965	-	(344,744)	10,044,569	8,645,221

7.2 Share of income (loss) and dividend received

During the periods, the Company has recognised its share of 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				Dividend received			
	For the three-month periods ended		For the nine-month periods ended		For the three-month periods ended		For the nine-month periods ended	
	30 September 2010	30 September 2009	30 September 2010	30 September 2009	30 September 2010	30 September 2009	30 September 2010	30 September 2009
LH Financial Group Plc.	45,729	-	122,156	-	-	-	16,938	-
Land and Houses Retail Bank Plc.	-	53,529	-	111,971	-	11,180	-	11,180
Bangkok Chain Hospital Plc.	51,805	51,545	139,898	150,362	47,758	-	119,396	68,226
Quality Construction Products Plc.	5,146	1,168	6,063	5,234	-	-	-	-
Home Product Center Plc.	119,300	78,947	337,782	227,191	-	-	178,549	204,608
Asia Asset Advisory Co., Ltd.	344	186	747	568	-	-	-	4,000
Land and Houses Property Fund*	-	-	-	-	-	-	-	-
Land and Houses Property and Loan Fund-II	7,259	12,806	30,239	40,358	-	18,119	24,159	70,968
Quality Houses Plc.	50,854	125,683	367,503	316,023	-	-	252,905	168,603
Polar Property Holdings Corporation	8,781	1,941	101,961	(191)	-	-	-	-
Total	289,218	325,805	1,106,349	851,516	47,758	29,299	591,947	527,585

* Registered its termination on 11 December 2007

(Unaudited but reviewed)

7.3 Fair values of investments in associates which are listed companies

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

(Unit: Million Baht)

Company's name	Country of listing	Fair values as at	
		30 September	31 December
		2010	2009
Bangkok Chain Hospital Plc.	Thai	2,687	2,722
Quality Construction Products Plc.	Thai	345	354
Home Product Center Plc.	Thai	12,297	5,087
Quality Houses Plc.	Thai	5,564	5,564
Polar Property Holdings Corporation	Philippines	2,383	2,202
Total		23,276	15,929

7.4 Summarised financial information of associates

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

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the nine-month periods ended 30 September		Net income for the nine-month periods ended 30 September	
	30 September	31 December	30 September	31 December	30 September	31 December	2010	2009	2010	2009
	2010	2009	2010	2009	2010	2009				
LH Financial Group Plc.	5,516	2,758	59,459	49,660	53,371	46,592	1,762	-	298	-
Land and Houses Retail Bank Plc.	-	-	-	-	-	-	-	1,607	-	266
Bangkok Chain Hospital Plc.	1,662	1,662	5,108	4,781	1,618	1,390	3,415	3,570	613	628
Quality Construction Products Plc.	400	400	1,809	2,019	501	740	847	681	29	17
Home Product Center Plc.	3,729	3,704	15,848	13,866	10,081	8,593	18,509	15,513	1,109	750
Asia Asset Advisory Co., Ltd.	5	5	30	34	13	19	59	57	2	2
Land and Houses Property and Loan Fund-II	3,021	3,021	2,696	2,710	28	30	187	209	60	81
Quality Houses Plc.	8,477	8,477	30,622	28,258	17,656	15,754	10,673	8,751	1,478	1,271

(Unaudited but reviewed)

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

(Unit: Million Peso)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues		Net income	
	30 June	30 September	30 June	30 September	30 June	30 September	For the six-month	For the nine-month	For the six-month	For the nine-month
							period ended	period ended	period ended	period ended
	2010	2009	2010	2009	2010	2009	30 June 2010	30 September 2009	30 June 2010	30 September 2009
Polar Property Holdings Corporation	4,892	4,892	5,963	6,553	100	1,257	122	494	111	36

7.5 The Company's interim consolidated financial statements for the three-month and nine-month period ended 30 September 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 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 30 September 2010	Share of income (loss) from investments under the equity method			
		For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
		2010	2009	2010	2009
Reviewed by auditor and another auditor of the same firm					
LH Financial Group Plc.	2,502,152	45,729	-	122,156	-
Land and Houses Retail Bank Plc.	-	-	53,529	-	111,971
Home Product Center Plc.	2,102,593	119,300	78,947	337,782	227,191
Asia Asset Advisory Co., Ltd.	6,821	344	186	747	568
Land and Houses Property Fund ⁽¹⁾	32,402	-	-	-	-
Land and Houses Property and Loan Fund-II	1,333,644	7,259	12,806	30,239	40,358
Quality Houses Plc.	4,076,701	50,854	125,683	367,503	316,023
Reviewed by other auditor					
Quality Construction Products Plc.	276,626	5,146	1,168	6,063	5,234
Unreviewed by auditor					
Bangkok Chain Hospital Plc.	824,638 ⁽²⁾	51,805 ⁽²⁾	51,545 ⁽³⁾	139,898 ⁽²⁾	150,362 ⁽³⁾
Polar Property Holdings Corporation	1,044,091 ⁽⁴⁾	8,781 ⁽⁴⁾	1,941 ⁽⁵⁾	101,961 ⁽⁴⁾	(191) ⁽⁵⁾
Total	12,199,668	289,218	325,805	1,106,349	851,516

(1) Registered its termination on 11 December 2007

(2) Determined based on the financial statements for the nine-month period ended 30 September 2010 which prepared by the management

(3) Determined based on the financial statements for the nine-month period ended 30 September 2009 which prepared by the management

(4) Determined based on the financial statements for the six-month period ended 30 June 2010 which prepared by the management

(5) Determined based on the financial statements for the nine-month period ended 30 September 2009 which prepared by the management

(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 nine-month period ended 30 September 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 nine-month period ended 30 September 2010 of this associate.

7.6 Home Product Center Public Company Limited

During the nine-month period ended 30 September 2010, the warrant holders of Home Product Center Public Company Limited exercised their rights to convert warrants to 24.6 million ordinary shares and the Company additionally purchased of 17.4 million ordinary shares of this company. As a result, the Company's percentage shareholding in that company has changed from 29.99 percent to 30.26 percent.

(Unaudited but reviewed)

On 19 August 2010, a meeting of the Board of Directors of Home Product Center Public Company Limited passed a resolution to propose the dividend payment to the Extraordinary General Meeting of the shareholders for approval. On 4 October 2010, the Extraordinary General Meeting of the shareholders of this company, agreed on a resolution approving the payment of a cash dividend of Baht 0.0193 per share, and payment of a stock dividend at a rate of 1 dividend share for every 6 existing shares, or equivalent to dividend payment of Baht 0.1667 per share, totaling of Baht 0.186 per share. The closing of the share register will be made on 15 October 2010 and the dividend payment is to be made within 29 October 2010. The Company received Baht 21.8 million of cash dividend and recorded this transaction in the fourth quarter of the year 2010. The Company also received a stock dividend of 188.0 million shares, in the fourth quarter of the year 2010. It was recalculated the average cost of this investment, using the total shares held after receiving of stock dividend.

7.7 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 associate 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.

(Unaudited but reviewed)

7.8 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 current period, 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 statement. 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 current period.

7.9 Bangkok Chain Hospital Public Company Limited

On 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 period. In addition, the Company has a Baht 293.6 million gain on sale of this investment in the separate income statement for the current period.

(Unaudited but reviewed)

8. Other long-term investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2010	31 December 2009	30 September 2010	31 December 2009
Available-for-sale securities				
Equity securities	292,490	292,490	292,490	292,490
Less: Changes in fair value of securities	(14,625)	(55,573)	(14,625)	(55,573)
Available-for-sale securities - net	<u>277,865</u>	<u>236,917</u>	<u>277,865</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>1,113,077</u>	<u>1,072,129</u>	<u>909,874</u>	<u>868,926</u>

9. Land held for development

As at 30 September 2010 and 31 December 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	
	30 September 2010	31 December 2009	30 September 2010	31 December 2009
Net book value of mortgaged land held for development to secure loans	1,343	1,053	290	-

During the current period, 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.

(Unaudited but reviewed)

Movements in the allowance for impairment of land held for development during the nine-month period ended 30 September 2010 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2010	845,930	697,566
Decrease due to transfer to inventories	<u>(5,061)</u>	<u>(5,061)</u>
Balance as at 30 September 2010	<u>840,869</u>	<u>692,505</u>

10. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 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	891,992	88,546
Transfer assets under construction to leasehold rights during period - net book value at transfer date	(13,031)	-
Transfer leasehold rights to assets under construction during period - net book value at transfer date	11,414	-
Write-off during period - net book value at write off date	(975)	(975)
Disposals during period - net book value at disposal date	(2,466)	(1,690)
Depreciation for period	<u>(162,812)</u>	<u>(84,009)</u>
Net book value as at 30 September 2010	<u>2,534,880</u>	<u>292,126</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 30 September 2010 of Baht 418 million (31 December 2009: Baht 436 million) as collateral of the long-term loans.

(Unaudited but reviewed)

11. Leasehold rights

Movement of leasehold rights account during the nine-month period ended 30 September 2010 are summarised below.

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>
Net book value as at 1 January 2010	2,754,085
Acquisitions during period - at cost	1,289
Transfer assets under construction to leasehold rights during period - net book value at transfer date	13,031
Transfer leasehold rights to assets under construction during period - net book value at transfer date	(11,414)
Amortisation for period	<u>(72,056)</u>
Net book value as at 30 September 2010	<u>2,684,935</u>

Two subsidiaries have pledged their land leasehold rights and land sub-leasehold rights with a total net book value as at 30 September 2010 of Baht 2,228 million (31 December 2009: Baht 2,285 million) as collateral for long-term loans.

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

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	30 September 2010	31 December 2009	30 September 2010	31 December 2009
Bank overdrafts	20,082	15,202	-	-
Promissory note	500,000	-	500,000	-
Bill of exchange	3,015,000	320,000	3,015,000	320,000
Less: Prepaid interest	<u>(35,549)</u>	<u>(690)</u>	<u>(35,549)</u>	<u>(690)</u>
Net	<u>3,499,533</u>	<u>334,512</u>	<u>3,479,451</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.

(Unaudited but reviewed)

13. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2010	2009	2010	2009
Long-term loans	7,133,575	7,018,120	4,677,665	5,197,088
Less: Current portion	(390,641)	(2,208,695)	(138,260)	(2,000,000)
Net	<u>6,742,934</u>	<u>4,809,425</u>	<u>4,539,405</u>	<u>3,197,088</u>

Movements in the long-term loans during the nine-month period ended 30 September 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	2,331,500	1,532,000
Less: Repayment	(2,216,045)	(2,051,423)
Balance as at 30 September 2010	<u>7,133,575</u>	<u>4,677,665</u>

During the current period, the Company and its subsidiaries entered into loan agreements with a domestic commercial bank for the purpose of project development as detailed below:

(Unit: Million Baht)

Company	Facilities	Draw down amount	Interest rate	Principal	Collateral
		during the nine-month		repayments	
		period ended			
		30 September 2010			
The Company	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 premises of project
	832.0	832.0	Year 1-2 2.83% p.a. Thereafter MLR-1.5% p.a.	Repayments within 1 June 2014	Land and premises of project
	<u>1,532.0</u>	<u>1,532.0</u>			

(Unaudited but reviewed)

(Unit: Million Baht)

Company	Facilities	Draw down amount during the nine-month period ended 30 September 2010	Interest rate	Principal repayments	Collateral
L&H Property Co., Ltd.	3,062.0	522.5	Year 1-4 MLR-1.5% p.a. Year 5-8 MLR-1% p.a. Thereafter MLR-0.75% p.a.	Repayments within 12 years from the first draw down date commencing from January 2013	Land leasehold with premises of project which the bank granted the loan
L H Muang Mai Co., Ltd.	747.0	277.0	MLR-1.5% p.a.	60 percent of proceeds from sale of land and premise whereas the total loan have to be repaid within 5 years from the first draw down date	Land and premises of project
Total	<u>5,341.0</u>	<u>2,331.5</u>			

As at 30 September 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 30 September 2010, there were available long-term loan facilities from financial institutions totaling approximately Baht 5,832 million included the above mentioned facilities of Baht 5,341 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 30 September 2010, a subsidiary has available long-term loan facilities from shareholder, except for facilities from the Company, totally Baht 480 million (31 December 2009: Baht 514 million).

(Unaudited but reviewed)

14. Debentures

					Consolidated and Separate financial statements			
					Number of debenture (shares)		Amount (Thousand Baht)	
Debenture	Interest rate	Age	Repayment	Maturity	30 September 2010	31 December 2009	30 September 2010	31 December 2009
Unsubordinated and unsecured debentures								
- No. 1/2005								
- Set 3	Fixed rate 4.25% for 1st - 3rd year	5 years	At maturity	1 April 2010	-	2,000,000	-	2,000,000
	Fixed rate 5.5% for 4th year							
	Fixed rate 6.5% for 5th year							
- 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	4 years	At maturity	24 July 2012	3,000,000	3,000,000	3,000,000	3,000,000
	Fixed rate 6.5% for 3rd - 4th year							
- 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							(2,000,000)	(2,000,000)
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

(Unaudited but reviewed)

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	<u>6,000,000</u>

Movements in the debentures during the nine-month period ended 30 September 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	<u>(2,000,000)</u>
Balance as at 30 September 2010	<u>11,000,000</u>

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

(Unaudited but reviewed)

15. Revaluation deficit in investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2010	31 December 2009	30 September 2010	31 December 2009
Associates' investments	13,236	9,913	-	-
Company's investments	(14,625)	(55,573)	(14,625)	(55,573)
Total	(1,389)	(45,660)	(14,625)	(55,573)

16. Earnings per share

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

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

The following table sets forth the computation of basic and diluted earnings per share for the nine-month periods ended 30 September 2010 and 2009:

	Consolidated financial statements					
	For the nine-month periods ended 30 September					
	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>2,756,395</u>	2,906,245	<u>10,025,922</u>	10,025,906	<u>0.27</u>	0.29
Effect of dilutive potential ordinary shares						
ESOP-5		-		12		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares		<u>2,906,245</u>		<u>10,025,918</u>		0.29

(Unaudited but reviewed)

	Separate financial statements					
	For the nine-month periods ended 30 September					
	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>2,430,923</u>	<u>3,081,377</u>	<u>10,025,922</u>	<u>10,025,906</u>	<u>0.24</u>	<u>0.31</u>
Effect of dilutive potential ordinary shares						
ESOP-5		-		12		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares		<u>3,081,377</u>		<u>10,025,918</u>		<u>0.31</u>

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

17. 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.

18. Dividend

Dividends	Approved by	Approved	Interim	Additional	Total dividend paid	Portion belonging to shareholders not entitled to	Net dividend
		dividend per share	dividend per share	dividend paid per share		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	12	<u>1,592</u>
							<u>2,791</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	<u>1,590</u>
							<u>2,585</u>

(Unaudited but reviewed)

19. Commitments and contingent liabilities

19.1 Commitments

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2010	31 December 2009	30 September 2010	31 December 2009
Commitments under construction contracts	3,784.5	2,988.9	2,414.2	996.0

19.1.2 As at 30 September 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 14.51 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 30 September 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	Rental is to be annually paid as follows: <ul style="list-style-type: none">- 1st-3rd year, paid of Baht 3.00 million (already paid)- 4th-8th year, total rental of Baht 25.00 million (Already paid Baht 15 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: <ul style="list-style-type: none">- 1st-5th year, total rental of Baht 20.16 million (Already paid Baht 0.3 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.

19.1.3 As at 30 September 2010, the Company had outstanding commitment of Baht 258 million in respect of uncalled portion of investments in L&H Property Company Limited.

19.1.4 As at 30 September 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)

19.1.5 As 30 September 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

19.1.6 As at 30 September 2010, L&H Property Company Limited is committed to pay Quality Houses Public Company Limited accounting services fee amounting to Baht 1.4 million.

19.1.7 As at 30 September 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.

19.1.8 As at 30 September 2010 and 31 December 2009, the Company has commitment related to purchase of land as follows:

(Unit: Million Baht)

	Consolidated and Separate financial statements	
	30 September 2010	31 December 2009
Commitment to purchase of land	1,359.5	1,027.8

(Unaudited but reviewed)

19.1.9 Obligations and commitments to complete projects on hand

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2010	31 December 2009	30 September 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	(11)	(12)	(10)	(8)
Number of new projects during period/year	8	12	7	11
Number of projects on hand at end of period/year	<u>42</u>	<u>45</u>	<u>36</u>	<u>39</u>
Accumulative value of sales already contracted (Million Baht)	73,411	77,033	59,695	60,849
As percentage of total sales of projects on hand	66.2	68.9	63.3	65.9
Value of sales already contracted during period/year (Million Baht)	10,563	17,153	9,367	14,991
As percentage of total sales of projects on hand	9.5	15.4	9.9	16.2
Commitments in respect of the installation of central utilities of projects on hand (Million Baht)	944.1	636.0	892.4	558.5

19.1.10 As at 30 September 2010, the subsidiaries have servitude over land of approximately 88 rai of which the cost is included in the cost of projects.

19.1.11 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.

As at 30 September 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	32.2
1 to 5 years	13.6

(Unaudited but reviewed)

19.2 Bank guarantees

As at 30 September 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	
	30 September	31 December	30 September	31 December
	2010	2009	2010	2009
Letter of guarantee for arrangement and maintenance of public utilities	1,686.5	1,122.6	1,491.6	950.0
Letter of guarantee for electricity usage	35.3	25.6	23.9	14.3
Other letter of guarantees	22.0	22.0	22.0	22.0
	<u>1,743.8</u>	<u>1,170.2</u>	<u>1,537.5</u>	<u>986.3</u>

19.3 Guarantees

As at 30 September 2010 and 31 December 2009, the Company and its subsidiaries have the following obligations in respect of guarantees.

(Unit: Million Baht)

Guarantor	Guarantee	30 September	31 December
		2010	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>

19.4 Litigation

The Company and its subsidiaries

As at 30 September 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 64 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 10.4 million. The Company and its subsidiaries have set aside provision of Baht 10.4 million for liabilities arising as a result of these cases, based on the opinion of their legal department.

Associates

The following significant lawsuits had been filed against the associates:

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

20. Reclassification

Certain amounts in the financial statements for the three-month and nine-month periods ended 30 September 2009 have been reclassified to conform to the current period’s classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follows:

(Unit: Thousand Baht)

	For the three-month period ended 30 September 2009			
	Consolidated financial statements		Separate financial statements	
	As previously		As previously	
	As reclassified	reported	As reclassified	reported
Selling expenses	109,813	112,074	93,986	98,993
Special business tax and transfer fee	2,261	-	5,007	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the nine-month period ended 30 September 2009			
	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously	As reclassified	As previously
		reported		reported
Selling expenses	341,807	357,364	295,513	307,873
Special business tax and transfer fee	15,557	-	12,360	-

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 10 November 2010.