

(Unaudited but reviewed)

## **Land and Houses Public Company Limited and its subsidiaries**

### **Notes to interim financial statements**

#### **For the three-month periods ended 31 March 2011 and 2010**

#### **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 Standard No. 34 (revised 2009) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, comprehensive 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 the 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 2010, with there being no changes in the structure of shareholding in subsidiaries during the period.

#### 1.4 Application of new accounting standards during the period

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

Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

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Financial Reporting Standard Interpretations:

TFRIC 15                                 Agreements for the Construction of Real Estate

Accounting Standard Interpretations:

SIC 31   Revenue-Barter Transactions Involving Advertising Services

These accounting standards will not have any significant impact on the financial statements for the current period, except for the following accounting standards.

### **TAS 19 Employee Benefits**

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

The Company and its subsidiaries have changed this accounting policy in the current period and recognise the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current period. The change has the effect of decreasing the profit of the Company and its subsidiaries for the three-month period ended 31 March 2011 by Baht 5.6 million, or 0.0005 Baht per share (Separate financial statements: decreasing profit by Baht 3.0 million, or 0.0003 Baht per share). The cumulative effect of the changes in the accounting policy has been presented in Note 2 to the financial statements.

As at 31 March 2011, the Company and its subsidiaries recognised Baht 123.4 million of such long-term employee benefit liabilities (Separate financial statements: Baht 119.2 million).

### **1.5 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 2010, except for the changes in the following accounting policies and accounting estimates due to the adoption of revised and new accounting standards.

(Unaudited but reviewed)

### ***Employee benefits***

#### *Post-employment benefits (Defined contribution plans)*

The Company, its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

#### *Post-employment benefits (Defined benefit plans)*

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, based on actuarial techniques, using the projected unit credit method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates.

For the first-time adoption of TAS 19 Employee Benefits, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in the current period.

### ***Investment properties***

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment.

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 10 - 30 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

(Unaudited but reviewed)

**2. Cumulative effect of changes in accounting policies due to the adoption of new accounting standards**

During the current period, the Company and its subsidiaries made the changes to its significant accounting policies described in Note 1.5 to the financial statements, as a result of the adoption of revised and new accounting standards. The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

**3. New accounting standards issued during the period not yet effective**

During the current period, the Federation of Accounting Professions issued the below listed new accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting Standards Interpretations:

SIC 10 Government Assistance - No Specific Relation to Operating Activities

SIC 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets

SIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

**4. Related party transactions**

The relationships between the Company and its related parties are summarised below.

<u>Name of related parties</u>	<u>Relationship</u>
Atlantic Real Estate Co., Ltd.	Subsidiary
Pacific Real Estate Co., Ltd.	Subsidiary
Land and Houses North Co., Ltd.	Subsidiary
Land and Houses Northeast Co., Ltd.	Subsidiary
Siam Tanee Property Co., Ltd.	Subsidiary
Siam Tanee Real Estate Co., Ltd.	Subsidiary (99.99 percent held by Siam Tanee Property Co., Ltd.)
L H Real Estate Co., Ltd.	Subsidiary
L H Asset Co., Ltd.	Subsidiary
L H Muang Mai Co., Ltd.	Subsidiary
Phuket Future Plan Co., Ltd.	Subsidiary (99.99 percent held by L H Muang Mai Co., Ltd.)
Double Tree Co., Ltd.	Subsidiary(99.99 percent held by L H Muang Mai Co., Ltd.)

L&H Property Co., Ltd.

Subsidiary

(Unaudited but reviewed)

<u>Name of related parties</u>	<u>Relationship</u>
L&H Sathon Co., Ltd.	Subsidiary (99.99 percent held by L&H Property Co., Ltd.)
LH Financial Group Plc.	Associate
Land and Houses Retail Bank Plc.	Associate (99.99 percent held by LH Financial Group Plc.)
Bangkok Chain Hospital Plc.	Associate (The Company sold all investments in this company in March 2011.)
Quality Construction Products Plc.	Associate
Home Product Center Plc.	Associate
Asia Asset Advisory Co., Ltd.	Associate
L&H Management Co., Ltd.	Associate (99.99 percent held by Asia Asset Advisory Co., Ltd.)
Land and Houses Property Fund	Associate
Land and Houses Property and Loan Fund-II	Associate
Quality Houses Plc.	Associate
Q.H. International Co., Ltd.	Associate (99.99 percent held by Quality Houses Plc.)
Quality Houses Property Fund	Associate of Quality Houses Plc.
Polar Property Holdings Corporation	Associate
Muang Mai Property Co., Ltd.	Shareholder of subsidiary
Reco Resorts Pte Ltd.	Shareholder of subsidiary
Siam Retail Development Co., Ltd.	Common shareholder

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.

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month periods ended 31 March				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2011	2010	2011	2010	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	8.4	13.9	4.62 - 7.50% p.a. (2010: 4.35 - 7.50% p.a.)
Management fee income	-	-	2.9	2.9	Approximate cost
Guarantee fee income	-	-	-	0.2	0.50% p.a.
Sale of land	-	-	2.8	50.2	Approximate cost
Cash paid for use of land	-	-	2.8	76.2	Approximate cost
Interest expenses	-	-	0.9	1.4	3.00% p.a.
<u>Transactions with associates</u>					
Interest income	2.5	2.0	2.5	1.3	Market rate
Dividend income	45.3	24.2	45.3	24.2	Declared rate
Purchase of goods	36.5	21.2	33.1	19.0	Market price
Sales promotion expenses	-	0.1	-	-	Market rate
Services expenses	0.3	0.2	-	-	Contract price
Accounting services expenses	0.5	0.5	-	-	Contract price
Project management fee expenses	16.5	16.4	-	-	Contract price
Commission expenses	-	0.3	-	-	Contract price
<u>Transactions with related companies</u>					
Dividend income	1.7	5.6	1.7	5.6	Declared rate
Rental and service expenses	9.9	9.8	9.9	9.8	Baht 500 - 798 per square metre per month
Guarantee fee expenses	-	0.1	-	-	0.50% p.a.
Interest expenses	5.0	0.4	-	-	4.62 - 7.00% p.a. (2010: 4.35 - 7.50% p.a.)
Commission expenses	9.0	-	-	-	Contract price
<u>Transactions with directors of subsidiary</u>					
Interest expenses	0.6	0.6	-	-	7.00 - 7.50% p.a.

The balances of the accounts as at 31 March 2011 and 31 December 2010 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
2011	2010	2011	2010

**Short-term bill of exchange and deposit at financial institution (shown under cash and cash equivalents)**



Associate

Land and Houses Retail Bank Plc.	1,601.4	1,200.7	1,424.7	1,115.4
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(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2011	2010	2011	2010

**Amounts due from and accounts receivables - related parties**Subsidiaries

(Eliminated from the consolidated financial statements)

Land and Houses Northeast Co., Ltd.	-	-	0.1	-
L H Asset Co., Ltd.	-	-	2.8	2.4
Atlantic Real Estate Co., Ltd.	-	-	1.7	1.4
L H Muang Mai Co., Ltd.	-	-	-	0.1
	-	-	4.6	3.9

Associate

Home Product Center Plc.	0.1	0.1	0.1	0.1
Total	0.1	0.1	4.7	4.0

**Short-term loans to and accrued interest receivables from related parties**Subsidiaries

(Eliminated from the consolidated financial statements)

Siam Tanee Property Co., Ltd.	-	-	8.0	23.4
L H Muang Mai Co., Ltd.	-	-	62.7	61.8
L&H Property Co., Ltd.	-	-	743.2	651.9
	-	-	813.9	737.1

Associate

Land and Houses Retail Bank Plc.	0.6	0.3	0.6	0.3
Total	0.6	0.3	814.5	737.4

**Deposit to related company**Related company

Quality Houses Property Fund	8.5	8.5	8.5	8.5
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**Trade accounts payables - related parties**Associates

Quality Construction Products Plc.	16.1	12.3	16.1	12.3
Home Product Center Plc.	0.8	0.7	0.3	0.1
Total	16.9	13.0	16.4	12.4

**Amounts due to related parties**Associates

Home Product Center Plc.	9.9	2.4	7.9	2.0
Quality Houses Plc.	6.7	10.8	-	-
Q.H. International Co., Ltd.	0.6	-	-	-
	17.2	13.2	7.9	2.0

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2011	2010	2011	2010
<u>Related company</u>				
Quality Houses Property Fund	0.4	0.4	0.4	0.4
Total	17.6	13.6	8.3	2.4

**Short-term loans from and accrued interest payables to related parties**

Subsidiary

(Eliminated from the consolidated financial statements)

Pacific Real Estate Co., Ltd.	-	-	-	120.8
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Related parties

Muang Mai Property Co., Ltd.	11.4	11.2	-	-
Reco Resorts Pte Ltd.	495.3	434.5	-	-
Directors of subsidiary	41.3	40.7	-	-
Total	548.0	486.4	-	120.8

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 2011, movements of loans to/loans from the Company, subsidiaries and related companies were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	31 December			31 March
	2010	Increase	Decrease	2011
<b>Short-term loans to and accrued interest receivables from related party</b>				
<u>Associate</u>				
Land and Houses Retail Bank Plc.	0.3	2.5	(2.2)	0.6
<b>Short-term loans from and accrued interest payables to related parties</b>				
<u>Related parties</u>				
Muang Mai Property Co., Ltd.	11.2	0.2	-	11.4
Reco Resorts Pte Ltd.	434.5	60.8	-	495.3
Directors of subsidiary	40.7	0.6	-	41.3
Total	486.4	61.6	-	548.0

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate financial statements			
	31 December			31 March
	2010	Increase	Decrease	2011
<b>Short-term loans to and accrued interest receivables from related parties</b>				
<u>Subsidiaries</u>				
Siam Tanee Property Co., Ltd.	23.4	0.2	(15.6)	8.0
L H Asset Co., Ltd.	-	25.1	(25.1)	-
L H Muang Mai Co., Ltd.	61.8	0.9	-	62.7
L&H Property Co., Ltd.	651.9	91.3	-	743.2
	<u>737.1</u>	<u>117.5</u>	<u>(40.7)</u>	<u>813.9</u>
<u>Associate</u>				
Land and Houses Retail Bank Plc.	0.3	2.5	(2.2)	0.6
Total	<u>737.4</u>	<u>120.0</u>	<u>(42.9)</u>	<u>814.5</u>
<b>Short-term loans from and accrued interest payables to related parties</b>				
<u>Subsidiaries</u>				
Pacific Real Estate Co., Ltd.	120.8	6.3	(127.1)	-
Land and Houses Northeast Co., Ltd.	-	10.0	(10.0)	-
Atlantic Real Estate Co., Ltd.	-	15.0	(15.0)	-
L H Asset Co., Ltd.	-	30.1	(30.1)	-
Total	<u>120.8</u>	<u>61.4</u>	<u>(182.2)</u>	<u>-</u>

### Guarantee obligations with related parties

The Company and its subsidiary have outstanding guarantees obligations with its related parties, with charges, as described in Note 20.3.

### Management's benefits

During the three-month periods ended 31 March 2011 and 2010, the Company had salaries, meeting allowance, gratuities and provision for long-term employee provident fund benefits of its management recognised as expenses as follows:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	For the three-month periods ended 31 March	
	2011	2010
Management's benefits	17,648	14,656

(Unaudited but reviewed)

## 5. Trade accounts receivables

The balances of trade accounts receivables as at 31 March 2011 and 31 December 2010 aged on the basis of due dates, are summarised below:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
Age of receivables				
Not yet due	1,557	2,225	-	-
Past due				
Less than 3 months	15,992	15,726	-	-
3 - 6 months	192	210	-	-
6 - 9 months	37	41	-	-
9 - 12 months	40	3	-	-
More than 12 months	280	283	-	-
Total	18,098	18,488	-	-
Less: Allowance for doubtful debts	(173)	(173)	-	-
Net	17,925	18,315	-	-

## 6. 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		Separate	
	financial statements		financial statements	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
Net book value of land and structures				
thereon mortgaged as collateral	6,567	7,056	6,120	6,644

(Unaudited but reviewed)

Movements in the provision for loss on diminution in value of projects during the three-month period ended 31 March 2011 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2011	87,168	53,662
Add: Addition	6,990	-
Less: Reversal of allowance of diminution in value of inventory from sale	<u>(7,748)</u>	<u>(3,503)</u>
Balance as at 31 March 2011	<u>86,410</u>	<u>50,159</u>

## 7. 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											
	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment		Book valued cost method - net		Dividend received for the three-month periods ended 31 March	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010	31 March 2011	31 December 2010	31 March 2011	31 December 2010	31 March 2011	31 December 2010	2011	2010
			(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.	23,230	92,904	99.99	99.99	23,230	92,904	-	-	23,230	92,904	-	-
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	150,000	99.99	99.99	149,999	149,999	(50,000)	(50,000)	99,999	99,999	-	-
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	58,000	99.99	99.99	25,000	25,000	-	-	25,000	25,000	-	-
L H Asset Co., Ltd.	100,000	100,000	99.99	99.99	52,734	52,734	-	-	52,734	52,734	-	-
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	-	-
					2,237,320	2,306,994	(50,000)	(50,000)	2,187,320	2,256,994	-	-

### L H Muang Mai Company Limited and its subsidiaries

As at 31 March 2011 and 31 December 2010, 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 subsidiary

During the first quarter of the year 2011, there are reductions of share capital of a subsidiary as detailed below:

(Unit: Million Baht)

Company's name	Date of approval by the Extraordinary General Meeting of subsidiary	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.	10 January 2011	11 March 2011	92.9	(69.7)	23.2

The Company received cash from decrease capital in March 2011.

## 8. Investments in associates

### 8.1 Details of investments in 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	
			31 March 2011	31 December 2010	31 March 2011	31 December 2010	31 March 2011	31 December 2010
			(Percent)	(Percent)				
LH Financial Group Plc.	Holding company	Thai	40.95	40.95	4,254,008	2,447,320	4,355,105	2,523,759
Bangkok Chain Hospital Plc.	Hospital	Thai	-	25.06	-	588,399	-	862,856
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	21.16	179,178	179,178	291,034	283,968
Home Product Center Plc.	Trading of construction materials	Thai	30.22	30.24	1,175,060	1,175,060	2,345,582	2,245,291
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	2,000	2,000	1,118	6,421
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	1,311,526	1,346,866
Quality Houses Plc.	Real estate business	Thai	24.86	24.86	3,252,802	3,252,802	4,193,972	4,177,830
Polar Property Holdings Corporation	Real estate business	Philippines	25.00	25.00	866,849	866,849	1,075,951	1,045,359
					<u>11,262,858</u>	<u>10,044,569</u>	<u>13,606,690</u>	<u>12,524,752</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements					
			Shareholding percentage		Cost		Carrying amounts based on cost method	
			31	31	31	31	31	31
			March 2011	December 2010	March 2011	December 2010	March 2011	December 2010
			(Percent)	(Percent)				
LH Financial Group Plc.	Holding company	Thai	40.95	40.95	4,254,008	2,447,320	4,254,008	2,447,320
Bangkok Chain Hospital Plc.	Hospital	Thai	-	25.06	-	588,399	-	588,399
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	21.16	179,178	179,178	179,178	179,178
Home Product Center Plc.	Trading of construction materials	Thai	30.22	30.24	1,175,060	1,175,060	1,175,060	1,175,060
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	2,000	2,000	2,000	2,000
Land and Houses Property Fund	Real estate business	Thai	49.94	49.94	20,692	20,692	20,692	20,692
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	1,512,269	1,512,269	1,512,269	1,512,269
Quality Houses Plc.	Real estate business	Thai	24.86	24.86	3,252,802	3,252,802	3,252,802	3,252,802
Polar Property Holdings Corporation	Real estate business	Philippines	25.00	25.00	866,849	866,849	866,849	866,849
					<u>11,262,858</u>	<u>10,044,569</u>	<u>11,262,858</u>	<u>10,044,569</u>

## 8.2 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 for the three-month periods ended 31 March		Dividend received for the three-month periods ended 31 March	
	2011	2010	2011	2010
LH Financial Group Plc.	39,440	36,311	-	-
Bangkok Chain Hospital Plc.	29,886	48,136	-	-
Quality Construction Products Plc.	9,965	(3,999)	-	-
Home Product Center Plc.	123,497	102,801	-	-
Asia Asset Advisory Co., Ltd.	(346)	100	-	-
Land and Houses Property Fund*	-	-	-	-
Land and Houses Property and Loan Fund-II	9,959	13,920	45,299	24,159
Quality Houses Plc.	39,208	220,776	-	-
Polar Property Holdings Corporation	13,405	82,293	-	-
Total	<u>265,014</u>	<u>500,338</u>	<u>45,299</u>	<u>24,159</u>

\* Registered its termination on 11 December 2007

(Unaudited but reviewed)

### 8.3 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 2011	31 December 2010
Bangkok Chain Hospital Plc.	Thai	-	2,645
Quality Construction Products Plc.	Thai	354	345
Home Product Center Plc.	Thai	11,977	11,582
Quality Houses Plc.	Thai	4,721	4,426
Polar Property Holdings Corporation	Philippines	2,658	4,554
<b>Total</b>		<b>19,710</b>	<b>23,552</b>

### 8.4 Summarised financial information of associates

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

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the three-month periods ended 31 March		Profit (loss) for the three-month periods ended 31 March	
	31 March	31 December	31 March	31 December	31 March	31 December	2011	2010	2011	2010
	2011	2010	2011	2010	2011	2010				
LH Financial Group Plc.	9,928	5,516	65,383	62,223	54,770	56,083	693	553	96	89
Bangkok Chain Hospital Plc.	-	1,662	-	5,493	-	1,809	-	1,164	-	165
Quality Construction Products Plc.	400	400	1,861	1,796	506	454	426	210	47	(19)
Home Product Center Plc.	4,355	4,353	17,773	16,592	11,124	10,277	7,095	6,056	408	340
Asia Asset Advisory Co., Ltd.	5	5	22	33	8	16	19	20	(1)	-
Land and Houses Property and Loan Fund-II	3,021	3,021	2,658	2,724	34	30	56	66	20	51
Quality Houses Plc.	8,477	8,477	33,167	30,549	19,730	17,176	2,347	5,161	158	1,002

b) Financial information of the overseas associate is summarises 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 December		Profit for the three-month periods ended 31 December	
	31 December	31 December	31 December	31 December	31 December	31 December	2010	2009	2010	2009
	2010	2009	2010	2009	2010	2009				
Polar Property Holdings Corporation	4,892	4,892	6,099	5,850	105	98	83	591	76	461



(Unaudited but reviewed)

**8.5** The Company's interim consolidated financial statements for the three-month period ended 31 March 2011 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 2011	Share of income (loss) from investments under the equity method for the three-month periods ended 31 March	
		2011	2010
<b>Reviewed by auditor and another auditors of the same firm</b>			
LH Financial Group Plc.	4,355,105	39,440	36,311
Asia Asset Advisory Co., Ltd.	1,118	(346)	100
Land and Houses Property Fund <sup>(1)</sup>	32,402	-	-
Land and Houses Property and Loan Fund-II	1,311,526	9,959	13,920
Quality Houses Plc.	4,193,972	39,208	220,776
Home Product Center Plc.	2,345,582	123,497	102,801
<b>Reviewed by other auditor</b>			
Bangkok Chain Hospital Plc.	-	29,886	-
Quality Construction Products Plc.	291,034	9,965	(3,999)
<b>Unreviewed by auditors</b>			
Bangkok Chain Hospital Plc.	-	-	48,136 <sup>(2)</sup>
Polar Property Holdings Corporation	1,075,951	13,405 <sup>(3)</sup>	82,293 <sup>(4)</sup>
Total	13,606,690	265,014	500,338

<sup>(1)</sup> Registered its termination on 11 December 2007

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

<sup>(3)</sup> Determined based on the audited financial statements for the year ended 31 December 2010

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

(Unaudited but reviewed)

### **Polar Property Holdings Corporation**

During the year 2010, the Company did not receive the financial statements for the year ended 31 December 2010 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 2010, amounting to Baht 1,045 million and share of income from this associate accounted for under the equity method in the consolidated financial statements for the year then ended Baht 111 million were determined based on the financial statements for the nine-month period ended 30 September 2010 provided by that company's management, which were not reviewed by its auditor. In addition, the Company has not adjusted for the possible effect of application of different accounting policies.

During the current period, the Company received the audited financial statements for the year ended 31 December 2010 of Polar Property Holdings Corporation whose auditor expressed an unqualified opinion on those statements. The Company used such financial statements to calculate share of income under the equity method for the purposes of the consolidated financial statements for the three-month period ended 31 March 2011 because the deadline for submission of the financial statements of Polar Property Holdings Corporation to the Stock Exchange of Philippines is after the deadline for preparation of the consolidated financial statements of the Company. In addition, certain accounting policies of Polar Property Holdings Corporation differ from those of the Company's group. However, the management of the Company believes that the effect of the difference of accounting period and differences in accounting policies will not have a material impact on the consolidated financial statements of the Company.

### **8.6 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 1.9 million ordinary shares. As a result, the Company's percentage shareholding in that company has changed from 30.24 percent to 30.22 percent.

(Unaudited but reviewed)

### 8.7 Bangkok Chain Hospital Public Company Limited

In March 2011, the Company sold all investments in Bangkok Chain Hospital Public Company Limited totaling 416.6 million shares at a price of Baht 8.5 each. The Company received net consideration from selling this investments totaling Baht 3,501 million. As a result, the Company has gain on sale of the investment as follow:

(Unit: Thousand Baht)

	For the three-month period ended 31 March 2011	
	Consolidated financial statements	Separate financial statements
Gain on sale of investments	2,765,536*	2,912,262

\* Including a Baht 144.4 million from the transfer of share premium of associate to profit due to disposals of investments.

Share of income from this associate accounted for under the equity method in the consolidated financial statements for three-month period ended 31 March 2011 Baht 29.9 million determined based on the financial statements for period from beginning date to disposal date.

### 8.8 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. The Company received net consideration from selling this investment 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 gain on sale of the investment as follows:

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the three-month period ended

31 March 2010

	Consolidated financial statements	Separate financial statements
Gain from sale of investments	77,022*	77,187

\* Including a Baht 44 million from the transfer of share premium of associate to profit due to disposals of investments

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.

#### **8.9 LH Financial Group Public Company Limited**

In November 2010, LH Financial Group Public Company Limited allotted its new ordinary shares to be offered to its shareholders in a ratio of 4 new shares for every 5 existing shares, at a price of Baht 1 each. In February 2011, the Company subscribed 1,807 million new ordinary shares from this allotment or a total of Baht 1,807 million and made payment for such shares on 4 February 2011.

In April 2011, LH Financial Group Plc. offered 1,443 million new ordinary shares with a par value of Baht 1 each, for an Initial Public Offering (IPO) at Baht 1.40 per share. As a result, the Company's percentage shareholding in that company has changed from 40.95 percent to 35.75 percent.

(Unaudited but reviewed)

## 9. Other long-term investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2011	2010	2011	2010
<b>Available-for-sale securities</b>				
Equity securities	288,568	292,490	288,568	292,490
Less: Changes in fair value of securities	(39,951)	(19,012)	(39,951)	(19,012)
Available-for-sale securities - net	248,617	273,478	248,617	273,478
<b>Other investments</b>				
Equity securities	2,212,883	2,212,883	1,988,616	1,988,616
Less: Allowance for impairment	(1,999,680)	(1,377,671)	(1,978,616)	(1,356,607)
Other investment - net	213,203	835,212	10,000	632,009
Total	461,820	1,108,690	258,617	905,487

During the three-month period ended 31 March 2011, the Company set up provision for impairment of investment in a company in Indonesia totaling Baht 622 million because, at present, the invested company has had retained loss and low ability to generate profit. Such company needs much time to recover which depends on uncertainty factors in the future. Consequently, the Company set up the full provision for such investment during this quarter.

## 10. Land held for development

As at 31 March 2011 and 31 December 2010, 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 December	31 March	31 December
	2011	2010	2011	2010
Net book value of mortgaged land held for development to secure loans	1,023	1,313	-	290

(Unaudited but reviewed)

## 11. Investment properties

Movements of the investment properties account during the three-month period ended 31 March 2011 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
<b>Net book value as at 1 January 2011</b>	412,309
Depreciation for period	(6,368)
<b>Net book value as at 31 March 2011</b>	<u>405,941</u>

A subsidiary has placed its investment properties which located on land sub-leasehold rights which have net book value as at 31 March 2011 of Baht 406 million (31 December 2010: Baht 412 million) as collateral of the long-term loans.

## 12. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2011 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Net book value as at 1 January 2011</b>	488,173	306,236
Acquisitions during period - at cost	66,543	58,471
Disposals during period - net book value at disposal date	(49)	(49)
Depreciation for period	(47,264)	(28,234)
<b>Net book value as at 31 March 2011</b>	<u>507,403</u>	<u>336,424</u>

## 13. Leasehold rights

		(Unit: Thousand Baht)	
		Consolidated financial statements	
Project	Remaining period of leasehold rights (1 years)	31 March 2011	31 December 2010
Grande Centre Point Hotel & Residence	27.2	2,014,867	2,037,382
L&H Villa Sathon	27.3	164,545	166,029
L&H Sukhumvit	29.4	3,442,110	2,731,421
Vacant Land	15.5	583	592
		<u>5,622,105</u>	<u>4,935,424</u>

(Unaudited but reviewed)

Subsidiaries have pledged their land leasehold rights and land sub-leasehold rights with a total net book value as at 31 March 2011 of Baht 2,179 million (31 December 2010: Baht 2,203 million) as collateral for long-term loans.

#### 14. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2011	2010	2011	2010
Bank overdrafts	16,127	12,422	-	-
Promissory notes	500,000	500,000	500,000	500,000
Bill of exchange	2,555,000	2,725,000	2,555,000	2,725,000
Less: Prepaid interest	(9,795)	(19,836)	(9,795)	(19,836)
Net	<u>3,061,332</u>	<u>3,217,586</u>	<u>3,045,205</u>	<u>3,205,164</u>

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

#### 15. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2011	2010	2011	2010
Long-term loans	7,865,807	7,614,046	4,532,000	4,670,260
Less: Current portion	(328,395)	(477,511)	-	(138,260)
Net	<u>7,537,412</u>	<u>7,136,535</u>	<u>4,532,000</u>	<u>4,532,000</u>

(Unaudited but reviewed)

Movements in the long-term loans during the three-month period ended 31 March 2011 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
<b>Balance as at 1 January 2011</b>	7,614,046	4,670,260
Add: Additional borrowing on existing loan agreements	480,000	-
Less: Repayment	(228,239)	(138,260)
<b>Balance as at 31 March 2011</b>	<u>7,865,807</u>	<u>4,532,000</u>

As at 31 March 2011 and 31 December 2010, long-term loans from banks secured by the mortgage of land and structures thereon, land held for development, investment properties, land 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, the maintenance of certain financial ratios and formal reporting when the Company has a legal case which may affect its ability to repay loan.

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



(Unaudited but reviewed)

As at 31 March 2011 and 31 December 2010, there were available long-term loan facilities from financial institutions as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
Undrawdown loan facilities	4,440	4,976	2,401	2,456

In addition, as at 31 March 2011, a subsidiary has available long-term loan facilities from shareholder, except for facilities from the Company, totally Baht 424 million (31 December 2010: Baht 480 million).

## 16. Debentures

Debenture	Interest rate	Age	Repayment	Maturity	Consolidated and Separate financial statements			
					Number of debenture (Shares)		Amount (Thousand Baht)	
					31 March 2011	31 December 2010	31 March 2011	31 December 2010
Unsubordinated and unsecured debentures								
- 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	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	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	1,000,000	1,000,000
- No. 1/2011	Fixed rate 3.54%	3 years	At maturity	20 January 2014	2,500,000	-	2,500,000	-
Total					<u>13,500,000</u>	<u>11,000,000</u>	<u>13,500,000</u>	<u>11,000,000</u>
Less: Current portion of debentures							<u>(2,000,000)</u>	<u>(2,000,000)</u>
Net							<u>11,500,000</u>	<u>9,000,000</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)

As at 31 March 2011, the Company has issued debentures under the above-mentioned approval totaling Baht 8,500 million.

Movements in the debentures during the three-month period ended 31 March 2011 are summarised below.

(Unit: Thousand Baht)

	Consolidated and Separate financial statements
<b>Balance as at 1 January 2011</b>	11,000,000
Add: Issue of new debentures	2,500,000
<b>Balance as at 31 March 2011</b>	<b>13,500,000</b>

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.

#### 17. Deficit on changes in value of available-for-sale investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
Associates' investments	5,998	5,820	-	-
Company's investments	(39,951)	(19,012)	(39,951)	(19,012)
Total	<u>(33,953)</u>	<u>(13,192)</u>	<u>(39,951)</u>	<u>(19,012)</u>

#### 18. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

	For the three-month periods ended 31 March			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Profit for the period (Thousand Baht)	2,028,157	1,170,407	1,878,149	621,225
Weighted average number of ordinary shares (Thousand shares)	10,025,922	10,025,922	10,025,922	10,025,922
Earnings per share (Baht/share)	0.20	0.12	0.19	0.06

(Unaudited but reviewed)

## 19. Financial information by segment

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

The Company and its subsidiaries' financial information by segment of real estate business and rental and service business in the consolidated financial statements for the three-month periods ended 31 March 2011 and 2010 are as follows:

(Unit: Million Baht)

	Real estate business		Rental and service business		Consolidation	
	2011	2010	2011	2010	2011	2010
Revenues from external customers	3,699	4,240	103	107	3,802	4,347
Total revenues	3,699	4,240	103	107	3,802	4,347
Loss from impairment	(7)	(1)	-	-	(7)	(1)
Segment profit (loss)	703	983	(14)	(4)	689	979
Unallocated income (expenses):						
Other income					36	13
Gain from sale of investments					2,766	77
Share of income from investment in associates					265	500
Other expenses					-	(2)
Loss from impairment of other long-term investment					(622)	-
Finance cost					(80)	(86)
Corporate income tax					(1,041)	(317)
Profit for the period					2,013	1,164

## 20. Commitment and contingent liabilities

### 20.1 Commitments

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
Commitments under construction contracts	3,105.6	3,638.5	2,319.8	2,542.7

(Unaudited but reviewed)

20.1.2 As at 31 March 2011, 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 17.81 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 2011 L&H Property Company Limited is committed to pay security expenses at the rate of Baht 11,160 per month throughout the period of construction and the period of the lease.

b) Land sub-lease agreement

Agreement date	Agreement period	Maturity date	Rental rate
28 July 2005	33 years	28 July 2038	- 1st-3rd year, paid of Baht 3.00 million (already paid) - 4th-8th year, total rental of Baht 25.00 million (Already paid Baht 15.00 million) - 9th-13th year, total rental of Baht 30.00 million - 14th-18th year, total rental of Baht 36.00 million - 19th-23rd year, total rental of Baht 43.20 million - 24th-28th year, total rental of Baht 51.84 million - 29th-33rd year, total rental of Baht 62.21 million

(Unaudited but reviewed)

c) Land lease agreement

Agreement date	Agreement period	Rental rate
10 March 2006	30 years <sup>*</sup>	Rental is to be monthly paid as follows: <ul style="list-style-type: none"><li>- 1st-5th year, total rental of Baht 20.16 million (Already paid Baht 2.35 million)</li><li>- 6th-10th year, total rental of Baht 23.18 million</li><li>- 11th-15th year, total rental of Baht 26.66 million</li><li>- 16th-20th year, total rental of Baht 30.66 million</li><li>- 21st-25th year, total rental of Baht 35.25 million</li><li>- 26th-30th year, total rental of Baht 40.54 million</li></ul>

<sup>\*</sup> 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.

20.1.3 As at 31 March 2011, the Company had outstanding commitment of Baht 258 million in respect of uncalled portion of investments in L&H Property Company Limited.

20.1.4 As at 31 March 2011, 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 16.6 million per annum.

20.1.5 As 31 March 2011, L&H Property Company Limited is committed to pay project management fees to the following associate.

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

20.1.6 As at 31 March 2011, L&H Property Company Limited is committed to pay Quality Houses Public Company Limited accounting services fee amounting to Baht 3.7 million.

(Unaudited but reviewed)

20.1.7 As at 31 March 2011, 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.

20.1.8 As at 31 March 2011 and 31 December 2010, the Company has commitment related to purchase of land as follows:

(Unit: Million Baht)

	Consolidated and Separate financial statements	
	31 March	31 December
	2011	2010
Commitment to purchase of land	622.5	2,117.8

20.1.9 Obligation and commitment to complete projects on hand

	Consolidated financial statements		Separate financial statements	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
Number of projects on hand at beginning of period/year	45	45	39	39
Number of closed projects during period/year	(4)	(11)	(4)	(10)
Number of new projects during period/year	1	11	1	10
Number of projects on hand at end of period/year	42	45	36	39
Accumulative value of sales already contracted (Million Baht)	59,416	79,232	48,202	64,807
As percentage of total sales of projects on hand	62.7	68.3	58.7	65.1
Value of sales already contracted during period/year (Million Baht)	3,601	16,384	3,139	14,479
As percentage of total sales of projects on hand	3.8	14.1	3.8	14.6
Commitments in respect of the installation of central utilities of projects on hand (Million Baht)	865.9	926.8	845.0	875.0

20.1.10 As at 31 March 2011, the subsidiaries have servitude over land of approximately 90 rai of which the cost is included in the cost of projects.

(Unaudited but reviewed)

#### 20.1.11 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 31 March 2011, the future minimum lease payments and services fee payments required under these non-cancellable contracts were as follows:

(Unit: Million Baht)

	<u>Consolidated and Separate financial statements</u>
Payable within:	
Less than 1 year	25.0
1 to 5 years	4.7

#### 20.2 Bank guarantees

As at 31 March 2011 and 31 December 2010, 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)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
Letter of guarantee for arrangement and maintenance of public utilities	1,498.7	1,727.1	1,281.9	1,525.9
Letter of guarantee for electricity usage	58.5	36.6	44.0	22.7
Other letter of guarantees	22.0	22.0	22.0	22.0
	<u>1,579.2</u>	<u>1,785.7</u>	<u>1,347.9</u>	<u>1,570.6</u>

(Unaudited but reviewed)

### 20.3 Guarantees

As at 31 March 2011 and 31 December 2010, the Company and its subsidiaries have the following obligations in respect of guarantees.

(Unit: Million Baht)

Guarantor	Guarantee	31 March 2011	31 December 2010
Land and Houses Plc.	Customers	-	1.0
L&H Property Co., Ltd.	L&H Sathon Co., Ltd.	390.0	390.0

### 20.4 Litigation

#### The Company and its subsidiaries

As at 31 March 2011, 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 60.3 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 11.1 million. The Company and its subsidiaries have set aside provision of Baht 11.1 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 2011, the case is being heard by the Supreme Court. However, the Fund’s legal advisor believes that the outcome of the case will not adversely affect the Fund, as the Fund was a preferred creditor and thus had a preferential right to receipt of payment from the mortgaged assets. In addition, the prices at which the assets were transferred in settlement of debt were those appraised by an independent appraisal firm and thus can be held to be fair price.
- b) Land and Houses Property and Loan Fund-II (“the Fund”) has been sued in a civil case, related to illegal encroachment on land in order to provide a thoroughfare to Soi Sukhumvit 55. On 18 July 2006, the South Bangkok Civil Court dismissed such lawsuit. Subsequently, the plaintiff appealed the decision and the Appeal Court found in accordance with the Court of First Instance on 20 April 2010. Currently, the lawsuit is in the process of the Supreme Court’s consideration. However, the Fund’s legal advisor believes that the outcome of the case will not adversely affect the Fund because the land under dispute is on a public road and the plaintiff therefore has no right to sue the Fund or to claim damages.
- c) Land and Houses Property and Loan Fund-II (“the Fund”) has been sued by a condominium estate juristic person seeking compensation of Baht 51.6 million for damage to common areas, plus interest at the rate of 7.5 percent per annum calculated from the day following the date of filing of the case. On 8 November 2010, the South Bangkok Civil Court dismissed such lawsuit. Currently, the case is in the process of the Appeal Court's consideration. However, the Fund’s legal advisor believes that the outcome of the case will not adversely affect the Fund.

### **21. Reclassification**

Certain amounts in the financial statements for the three-month period ended 31 March 2010 and for the year ended 31 December 2010 have been reclassified to conform to the current period’s classification but with no effect to previously reported profit or shareholders' equity. The reclassifications are as follows:

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As previously		As previously	
	As reclassified	reported	As reclassified	reported
<b>Statements of financial position</b>				
Investment properties - net	412,309	-	-	-
Property, plant and equipment - net	488,173	3,178,867	-	-
Leasehold rights - net	4,935,424	2,657,039	-	-
<b>Income statements</b>				
Selling expenses	102,109	110,564	88,057	95,736
Special business tax and transfer fee	8,455	-	7,679	-
Administrative expenses	313,080	298,679	260,726	246,325
Management benefit expenses	-	14,401	-	14,401
Other expenses	-	2,886	-	1,551
Loss from impairment of projects	976	-	-	-
Loss from disposal of property, plant and equipment	1,910	-	1,551	-

## 22. Subsequent events

The Annual General Meeting of the Company's shareholders held on 26 April 2011 passed resolutions as follows:

1. Approve payment of a dividend of Baht 0.18 per share, or a total of Baht 1,804.7 million, to be paid on 19 May 2011.
2. Approve the issuance and offer unsubordinated and/or subordinated, unsecured and/or secured debentures, with and/or without debentureholder representation or other type of debentures in revolving amount of Baht 20,000 million or the equivalent in any other currency, with maximum terms of 10 years, to be issued in Thailand and/or offshore.

## 23. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 13 May 2011.