



ANNUAL REPORT 2011

Q.House

QUALITY HOUSES PUBLIC COMPANY LIMITED



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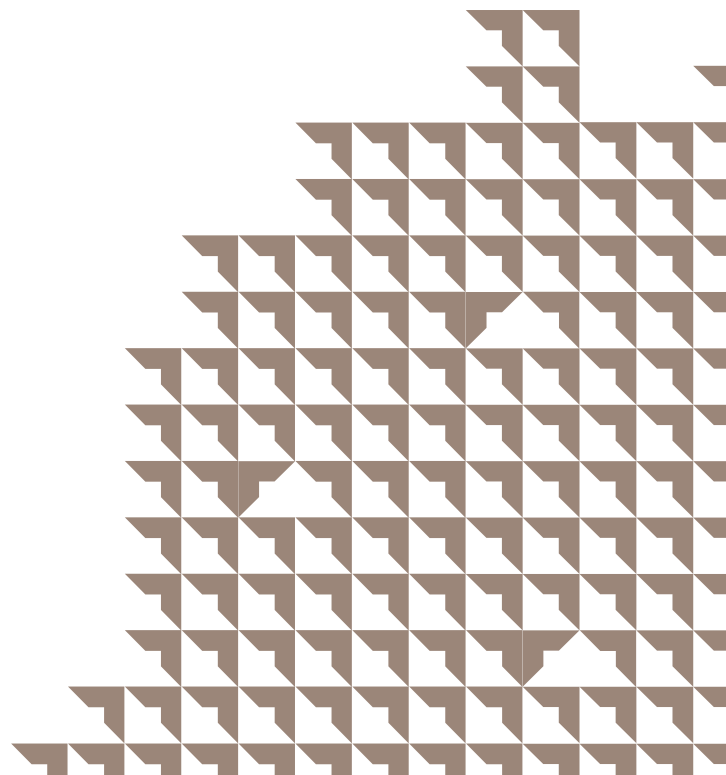
Best of
Society



Best of
Safety



Best of
Serviced



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Vision

To be the top-of-mind real estate development company for customers in all segments for its leadership in product quality and services

Missions

- Product Quality and Service Quality
 - Always improve and develop the Company's 5 qualities to satisfy the consumer .
- Work Life Quality
 - Create work environment and company culture and improve employee benefits to achieve maximum performance.
- Personnel Quality
 - Operate legally with a transparency which can be checked at every stage.
 - Encourage and support employees to develop their potential in various fields in accordance with their responsibilities.
- Social Quality
 - Promote accountability to the communities and the surroundings of areas where the Company, Quality Houses Plc., and its subsidiaries operate, as well as society.
 - Seek for new and better ways to create and build sustainability for products, environment, organization and society.
- Investment Quality
 - Improve operational efficiency in order to achieve growth in profitability.
 - Find new ways to generate sustainable long-term profitability.



Better Qualities for Client Happiness

Quality Houses Public Company Limited

We have committed to develop our real estate business for an acceptable standard, both in quality and service force for respond the main tasks in the business and the key to meet customer satisfaction for dominate the customer's mind in the long run.

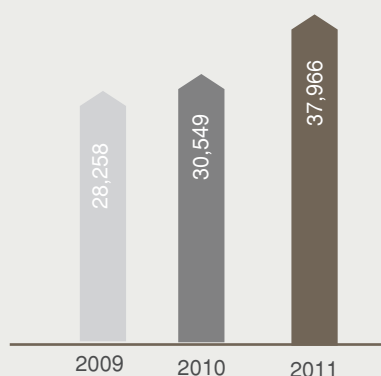
"5 Qualities" innovative design, best material, good and high social security sincere service and honesty. All of these are our policies to develop products and services for so long. We stand to maintain and improve the consistency and continue.

Financial Highlights for the year 2009 – 2011

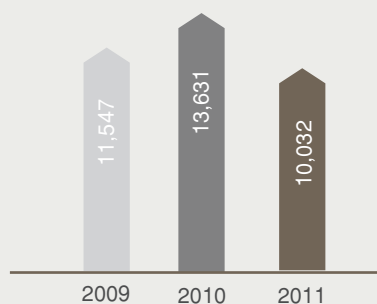
(Unit : million Baht)

	2009	2010	2011
Summary of Financial Statements Information			
• Total Assets	28,258	30,549	37,966
• Total Liabilities	15,754	17,176	24,799
• Shareholders' Equity	12,504	13,373	13,167
• Net Sales	11,355	13,241	9,849
• Total Revenues	11,547	13,631	10,032
• Gross Profit	3,377	3,882	2,868
• Net Profit	1,716	2,003	853
Financial Ratio			
• Net Profit Margin (%)	14.9	14.7	8.5
• Return on Equity (%)	14.3	15.5	6.4
• Return on Assets (%)	6.0	6.8	2.5
• Basic Earning per Share (Baht)	0.20	0.24	0.10
• Dividend per Share (Baht)	0.12	0.12	n.a
• Debt to Equity Ratio (Time)	1.3	1.3	1.9
• Time Interest Earned Ratio (Time)	5.8	0.7	(9.7)
• Book Value per Share (Baht)	1.47	1.58	1.55

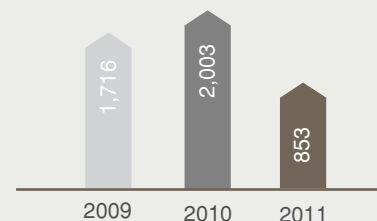
Total Assets
(million Bath)



Total Revenues
(million Bath)



Net Profit
(million Bath)



Message from the Board of Directors



Pol.Gen. Pow Sarasin
Chairman

Mr. Rutt Phanijphand
President and Chief Executive Officer

Dear Shareholders,

In 2011, the overall Thai economic condition has expanded in a decreasing ratio when comparing with the previous year as the country has been impacted by the major flooding which covered large area in the central region as well as Bangkok and its vicinity. Not only the industrial sector and commercial sectors in the flooded area were damaged but the overall market consumptions and investments in private sector were also significantly shrinking. Impacted by the above mentioned situation, the result of the business operation of Quality Houses Public Company Limited and its subsidiaries (“the Company and its subsidiaries”) is decreasing when comparing to the operating result in the previous year with details as follows:

1. Revenues from Operations Classified by Business Segments;

In 2011, the operating results from the business of property selling of the Company and its subsidiaries slowed down when compared to those in the previous year due to the impact from major flooding in Bangkok and its vicinity in the fourth quarter of 2011. The Company’s housing projects which located in the flooding area needed to be temporarily closed down while the consumers still lost their confidence in the country’s resolution to future flooding situation. All these were factors which impacted the property selling of projects in the related locations. Fortunately for the business of property for rent, the Company and its subsidiaries had the increasing revenues when compared to those in the previous year, resulting from the higher rental fees and the increasing occupancy rate of office buildings.

Revenues from operations classified by business segments of the Company and its subsidiaries can be summarized, as follows:

(Unit: million Baht)

	2011	2010	Difference(million baht)	Difference(%)
Revenues from sale of real estate	8,814	12,234	(3,420)	(28)
Revenues from rental of space in office buildings related and service charges	331	310	21	7
Revenues from rental of space in residential buildings and related service charges	704	696	8	1
Other revenues	184	391	(207)	(53)
Total revenues	10,033	13,631	(3,598)	(26)

In summary, the total revenues for 2011 and 2010 of the Company and its subsidiaries amounted to 10,033 million Baht and 13,631 million Baht respectively, decreased 26% or equal to 3,598 million Baht when compared to the operating results of the same period in 2010, as per the following details:

1.1 Revenues from sale of real estate. In 2011, the revenues of the Company and its subsidiaries decreased 28 % or equal to 3,420 million Baht due to the revenues from sale of land and houses and sale of residential condominium units, when compared to the same period in 2010, decreased by 1,726 million Baht and 1,694 million Baht respectively. The 2011 major flooding in Bangkok and its vicinity directly disrupted the real estate sector. The market was slow down since October 2011 and the consumers postponed their buying decision as well as the decision to transfer of house ownership.

In year 2011, the Company and its subsidiaries launched 16 new housing projects worth 17,505 million Baht and 3 new condominium projects worth 4,950 million Baht; 3 housing projects were sold out.

1.2 Revenues from rental of space in office buildings and related service charges. In 2011, revenues from rentals of units in office buildings and related service income of the Company and its subsidiaries increased 7 % or equal to 21 million Baht when compared to those in 2010 because the rental fee and the occupancy rate of all office buildings improved.

1.3 Revenues from rental of space in residential buildings and related service charges. In 2011, revenues under this category increased by 1 % or equal to 8 million Baht when compared to 2010. With no political turmoil in the Bangkok's central business area like those in May 2010, the revenue from service apartment and hotel rental in 2011 was improved. Although the major flooding in the fourth quarter affected the number of incoming tourists and foreign travelers to Thailand, the occupancy was compensated by Thai people who were flood victims. Additionally, the Company and its subsidiaries have reopened the Center Point Hotel and Residence Lungsuan project in October 2011 after the completion of its major renovation since November 2010.

1.4 Other Revenues. In 2011, other revenues of the Company and its subsidiaries decreased by 53 % or equal to 207 million Baht when compared to the same period of last year because the profits from sale of investments decreased by 315 million Baht. In year 2010, the Company gained from the sales of investments in its associated companies, Quality Construction Products Plc. and Home Product Center Plc., in the amount of 197 million Baht and 122 million Baht respectively. While in year 2011, the Company gained only 3 million Baht from the sales of investments in its associated company, Home Product Center Plc. Nevertheless the Company also gained 82 million Baht from the change in the shareholders' equity of LH Financial Group Plc. through an Initial Public Offering (IPO) and there was an increase of 26 million Baht in other incomes.



2. Sharing of income from investments in Associates;

In 2011, the Company took sharing of income from investments in associated companies amounted to 639 million Baht, which increased by 18 % or equal to 96 million Baht when compared to those in 2010. The Company's sharing of income from investments in associates from 3 associated companies is shown below

(Unit: million Baht)

	2011	2010	Difference(million Baht)	Difference (%)
Home Product Center Plc.	401	339	62	18
Quality Houses Leasehold Property Fund	119	110	9	8
LH Financial Group Plc.	119	94	25	27
Total	639	543	96	18

3. Costs of Sale Classified by Business Segments;

(Unit: million Baht)

	2011	2010	Difference(million Baht)	Difference (%)
Cost of real estate sold	6,317	8,658	(2,341)	(27)
Cost of rental and related services				
- Office buildings	168	161	7	4
Cost of rental and related services				
- Residential buildings	496	540	(44)	(8)
Total costs of sale	6,981	9,359	(2,378)	(25)

The cost of sale in 2011 has decreased by 25 % or equal to 2,378 million Baht when compared to those in the same period of 2010. In year 2011, the cost of real estate sold decreased by 2,341 million Baht which varied in according to the decreasing revenues from the sale of real estate. Meanwhile the cost of rental and related services of residential buildings also decreased by 44 million Baht. Since, in year 2011, the Company and its subsidiaries have changed the accounting policy by adopting the component approach for the calculation of assets & equipments depreciation, resulting in the decrease of the amount of depreciation. The cost of rental and related services of office buildings increased aligning with the increasing revenues.

4. Expenses;

(Unit: million Baht)

	2011	2010	Difference(million Baht)	Difference(%)
Selling expenses	954	801	153	19
Administrative expenses	1,393	1,141	252	22
Financial cost	309	259	50	19
Corporate income tax	182	611	(429)	(70)

4.1 Selling Expenses. In 2011, the selling expenses of the Company and its subsidiaries increased 19 % or equal to 153 million Baht when compared to those in 2010 as the advertising and publicity expenses increased by 127 million Baht. Meanwhile, the specific business tax and house ownership transfer fees increased by 49 million Baht due to the fact that the Government did not extend the period of specific business tax reduction which expired on 28 March 2010; and the period of house ownership transfer fees which expired on 30 June 2010. The other selling expenses increased for 11 million Baht while the sales promotion expenses decreased by 34 million Baht.

4.2 Administrative Expenses In 2011, the administrative expenses of the Company and its subsidiaries increased by 22 % or equal to 252 million Baht when compared to those in 2010 due to the expenses of public utility repairs and after-sale services increased by 82 million Baht; the expenses of the pre-flood protection and post-flood repairment of houses increased by 145 million Baht; and other operation expenses increased by 25 million Baht.

4.3 Finance Cost. In 2011, the finance cost which consisting of interest expenses, fees and financial advisor fees of the Company and its subsidiaries increased by 19% or equal to 50 million Baht because the average interest expenses in 2011 of the Company and its subsidiaries increased. In addition, the Company and its subsidiaries have invested in buying more lands for future development and there are interest expenses which needed to be recorded in statement of comprehensive income. Since the project has not started yet, the amount cannot be recorded as the capitalized interest.

4.4 Corporate Income Tax. In 2011, the corporate income tax of the Company and its subsidiaries decreased by 70 %, equaling to 429 million Baht when compared to those in the same period of 2010. This was in accordance with the decreasing net income before tax of the Company and its subsidiaries as above-mentioned.



5. Net income;

(Unit: million Baht)

	2011	2010	Difference(million Baht)	Difference(%)
Net income	853	2,003	(1,150)	(57)

In 2011, the net income of the Company and its subsidiaries decreased by 57 % or equal to 1,150 million Baht when compared to those in 2010; whereas, the main factors thereof can be summarized, as follows:

- The gross profits of the Company and its subsidiaries obtained from the business of sale of real estate decreased by 1,080 million Baht while the gross profits obtained from the business of property rental increased by 66 million Baht;
- The profits that the Company and its subsidiaries gained from the sale of investments in Quality Construction Products Plc. and Home Product Center Plc. decreased by 315 million Baht; and the share of income from investments in associates by the equity method increased by 96 million Baht; meanwhile, other incomes increased by 108 million Baht;
- The selling and administrative expenses and the financial cost increased by 404 million Baht and by 50 million Baht respectively; meanwhile the corporate income tax decreased by 429 million Baht

6. Financial Status;

(Unit: million Baht)

	31 Dec 2011	31 Dec 2010	Difference(million Baht)	Difference(%)
Total assets	37,966	30,549	7,417	23
Total liabilities	24,798	17,176	7,622	44
Total of shareholders' equity	13,168	13,373	(205)	(2)

Financial Position

As of 31 December 2011, the total assets and the total liabilities of the Company and its subsidiaries have increased from 2010 (as of 31 December 2010). The total assets increased by 23% or equal to 7,417 million Baht and the total liabilities increased by 44% or equal to 7,622 million Baht, resulting from the net increase of 5,492 million Baht in investing in lands and project development of the Company and subsidiaries; the net increase of 1,693 million Baht in investing in its subsidiaries, of which 1,134 million Baht were invested in LH Financial Group Plc. and 559 million Baht came from sharing of income from investments in associates.





Shareholders' Equity

As of 31 December 2011, the total shareholders' equity of the Company and its subsidiaries decreased by 2% or equal to 205 million Baht when compared to those in 2010 (as of 31 December 2010) as a result of:

- The Company and its subsidiaries had net income for the year 2011 amounted to 853 million Baht;
- For the first-time adoption of TAS 19 Employee Benefits, the Company adjusted the beginning balance of retained earnings in the current period by 93 million Baht;
- Other component of shareholder's equity increased by 52 million Baht;
- In May 2011, the Company paid dividend in the amount of 1,017 million Baht from the net profit of year 2010 in accordance with the resolution of an Annual General Meeting of shareholders of year 2011 held on 22 April 2011.

7. Summary of Significant Changes and Development in the Previous Year;


- 7.1 The Company has carried out a major renovation of its serviced apartment project, Centre Point Hotel & Residence Langsuan Project which was completed by the third quarter of 2011.
- 7.2 During 2011, the Company has issued and offered to sell unsubordinated and unsecured debentures with the total value of 6,300 million Baht in order to redeem off the existing debenture which reached its maturity during the year for the amount of 2,600 million Baht. The rest amount of 3,700 million Baht were used to pay off the loans from financial institutes, to invest in the business of real estate for sale and to be working capital.
- 7.3 The Company was granted licenses to operate hotel business at our 3 residential buildings for rent; Centre Point Hotel & Residence Petchburi, Centre Point Hotel & Residence Sukhumvit 10 and Centre Point Hotel & Residence Langsuan.
- 7.4 During 2011, the Company established the subsidiaries by directly holding the shares and indirectly through Casa Ville Co.,Ltd (of which the Company holding 100% of the total shares) with the following details:
 - Gusto Village Co.,Ltd. The Company held 100% of its shares via Casa Ville Co.,Ltd. This subsidiary was established on 1 April 2011 with the initial registered and paid-up capital of 5.0 million Baht with the objective to operate business of real estate sale in Bangkok and suburban area.
 - Casa Ville (Chonburi 2554) Co.,Ltd. The Company held 100% of its shares via Casa Ville Co.,Ltd. This subsidiary was established on 22 April 2011 with the initial registered and paid-up capital of 5.0 million Baht with the objective to operate business of real estate sale in Chonburi province area.


- Property Host Co.,Ltd. The Company held 100% of its shares. This subsidiary was established on 20 May 2011 with the initial registered and paid-up capital of 5.0 million Baht with the objective to operate business of real estate for sale and for rent.
- Casa Ville (Prachuabkhirikhan 2554) Co.,Ltd. The Company held 100% of its shares via Casa Ville Co.,Ltd. This subsidiary was established on 17 June 2011 with the initial registered and paid-up capital of 5.0 million Baht with the objective to operate business of real estate sale in Prachuabkirikun province area.

7.5 LH Financial Group Plc., of which the Company held 25.7% of the total shares, offered 1,443 million ordinary shares with a par value of 1 Baht each initial through an Initial Public Offering (IPO) at a price of 1.4 Baht per share in May 2011. As a result, the proportion of shares the Company held reduced to 22.25%. (as of 31 December 2011)

In 2011, the Company and its subsidiaries have emphasized the stability of their financial status and the operating result as may suitable to the fluctuating economic condition due to the uncertainty of the world economy and the uncertainty of flooding situation by maintaining the financial liquidity and reducing the cost but still upholding the quality of products and services. Unnecessary expenses were diminished in order to create the stability and the highest economic added values to the Company and its subsidiaries and shareholders. The Company and its subsidiaries are also aware of their responsibilities to the society and the communities. Such as donation money to help flood victims through the Thai Red Cross Society, donation money to the Support the Children Foundation to support AIDS/HIV infected children, supporting fund to the Narcotics Control Foundation, and donation money to various temples to preserve Buddhism. The Company and its subsidiaries have the policy to promote and enhance the quality of their human resources and their information technology on the basis of good governance and transparency so that investors, shareholders and the related parties shall be able to monitor and audit the operations of the Company and its subsidiaries.

The Board of Directors hereby would like to thank all customers, shareholders, business partners, debenture holders, banks and financial institutes, employees and all related parties for their continued supports to the Company and its subsidiaries which bring about the successes of the Company's business operation.

Pol.Gen. 
(Pow Sarasin)
Chairman


(Mr.Rutt Phanijphand)
President and Chief Executive Officer



Responsibilities of the Board of Directors in Regards to Financial Report



Following the guidance set by the Board of Directors' policies, the financial statements of Quality Houses Public Company Limited have been prepared in accordance with the generally accepted accounting principles by using the appropriate accounting policies consistently, whereas careful judgment and best estimates for the financial statements have been applied to reflect the correct operating results of the Company.

The Board of Directors have relied on the high quality of the company's financial statement by having established appropriate measures to review the financial information while important information is also disclosed in the notes of the financial statements. Hence, shareholders and the other interested stakeholders are able to find useful information in this financial statement.

For this purpose, the Board of Directors have appointed an Audit committee which is comprised of expert independent directors whom are directly in charge of the quality of the Company's financial statement. The Audit Committees' opinion which originates from the Audit committee's report has been disclosed in the annual report.

Through the above mentioned internal control structure, the Board of Directors believe that the auditor will have an unqualified opinion about the financial statement and that the Quality Houses Public Company limited financial statements as at 31 December 2011 is presenting the Company's financial position, the results of the operations and cash flows of the year fairly and in accordance to generally accepted accounting principles.

Pol.Gen.

(Pow Sarasin)
Chairman

(Mr. Rutt Phanijphand)
President and Chief Executive Officer

Report from the Audit Committee

To Shareholders,

The Company's Audit Committee consists of 3 independent directors , In 2011 held 6 meetings to discuss and to independently consider the Company's operations within the scope of duties of the Audit Committee. The details of the Audit Committee's members and their meetings in year 2011 were as follows:

Audit Committee		Position in the Audit Committee	Attendance / Total Meetings (Times)
1. Mr. Adul	Vinaiphat	Chairman of the Audit Committee	6/6
2. Mr. Rachai	Wattanakasaem	Audit Committee	6/6
3. Mr. Krit	Phanratanamala	Audit Committee	6/6

The Audit Committee is guided by the duties as delegated by The Company's board of directors and governed by SET would like to report the Audit Committee's operation as follows:

1. Review the Company's quarterly and Year ended financial statement with the internal auditor & the management , the Audit Committee has an opinion that the Company's financial statement presents fairly in accordance with the generally accepted accounting principles and has adequately disclosed accurate information. Especially to ensure that The Company's Financial statement has fully presented, recognized and disclosed the significant impact of the flood crisis in 2011. The external auditor did not provide any specific auditor's opinion on the financial statement.

In year 2011, the Audit Committee has 4 private meetings with the external auditors without the presence of the management team in order to exchange opinions , acknowledge the significant comments and suggestions and pursue timely preparedness for adoption of the accounting standard changes. All of which are for the accuracy of the financial statement for the financial statement' users.

2. Review internal audit's operations: considered annual audit plan which based on the determination of the Company operation system's risk, approved the annual audit plan, gave opinions on internal control systems in the internal auditor's report with the aim to prevent possible risks, gave suggestions for developing the internal audit's operations including valued the importance of the audited result monitoring ensured that the Company has a suitable and efficient internal audit system. For the year 2011, no significant flaws were found in the Company's internal control system.

3. Consider the Company's compliance with the applicable regulations and laws by assigned to the Secretary of the Audit Committee to report regularly to the Audit Committee about changes to the applicable regulations and laws. In year 2011, there is no incident indicating significant violation of these rules , related laws and regulation were found.

4. Consider the appointment of the Company's external auditors and their remuneration base on their expertise, independence, past performance and service including the appropriate remuneration. In the year 2011, the Audit Committee proposed the external auditors from Ernst & Young for proposal for approval by the board of the directors and which was subsequently approved by shareholders at the Annual General Meeting in 2011.

5. Review the connected transactions and set the guidelines for these transactions in order to make certain that the conditions for these transactions have been treated according to the rules of an arm's length basis transaction for maximizing the Company's profits and for preventing any conflicts of interest. Additionally, to ensure that each of any connected transactions are fully disclosed by the rules. The Company has acted thoroughly ,reasonably, fairly and complying with the regulations.

6. Emphasize the company's corporate governance ensure that the company complies with The Stock Exchange of Thailand's and Securities and Exchange Commission's principles of good corporate governance. The Company has set up the Whistle Blowing system and encouraged staffs to comply with rules, regulations and Code of Conduct and including pursue reservation for the environments which enhance recognition of good corporate governance and rise reliance among shareholders, investors and other stakeholders.

7. The Audit Committee has performed these duties as conducted by "The Charter of The Audit Committee" with be caution and independence.

The Audit Committee, has considerend and concluded that the Company was actively committed to the Corporate Governance Policy. This in turn resulted in none of the significant weakness in management system and the Company's operation is performed for the best interest of the Company as assigned from the Board of Director.



(Mr. Adul Vinaiphat)

Chairman of the Audit Committee



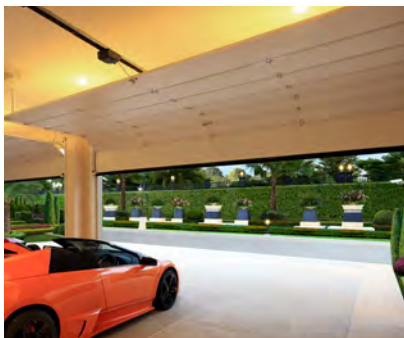
The Board of Directors and Executives

The Board of Directors

Pol. Gen. Pow	Sarasin	Chairman
Mr.Rutt	Phanijphand	Director and Chairman of Risk management Committee
Mr.Adul	Vinaiphat	Independent Director, Chairman of Audit Committee and Nominating and Remuneration Committee
Mr.Anant	Asavabhokhin	Director
Mr.Adisorn	Thananan-narapool	Director
Miss Kanokvalee	Viriyaprapaikit	Director and Nominating and Remuneration Committee
Mr.Rachai	Wattanakasaem	Independent Director, Audit Committee and Chairman of Nominating and Remuneration Committee
Mr.Suri	Buakhom	Independent Director and Chairman of Corporate Governance Committee
Mr. Krit	Phanratanamala	Independent Director and Audit Committee
Mr.Suang	Chaisurote	Director
Mrs.Suwanna	Buddhaprasart	Director, Risk management Committee and Corporate Governance Committee
Mr.Pravit	Choatewattanaphun	Director

The Executives

Mr.Rutt	Phanijphand	President and Chief Executive Officer
Mr.Suang	Chaisurote	Senior Executive Vice President
Mrs.Suwanna	Buddhaprasart	Senior Executive Vice President
Mr.Pravit	Choatewattanaphun	First Executive Vice President
Mr.Saenphin	Sukhee	Executive Vice President
Mr.Ravee	Mongkoltavee	Executive Vice President
Mr.Somchai	Warunpantulak	Senior Vice President Financial and Accounting Department
Mr.Somsak	Jirarungruangvong	Senior Vice President Treasury and Customer Transaction Serviced Department



The Profile of Directors and Executives



Pol. Gen. Pow Sarasin 82 years

- Chairman of Board of Director

Education

- B.S. in Chemistry John Hopkins University, USA
- B.S. in Criminology University of California, USA
- National-Defence Curriculum National Defence College of Thailand
- Ph.D. (Honorary) in Political Science Ramkhamhaeng University
- Director Certification Program : Program for Professional Director (DCP), IOD

Experiences

- Mar 2010-Present Vice Chairman and Chairman of Audit Committee, Charoen Pokphand Foods Plc.
- 2002-Present Chairman of the Corporate Governance Committee, Kasikornbank Plc.
- 2000-Present Advisory Director to the Management Committee, Kasikornbank Plc.
- 1995-Present Chairman, Mitsubishi Elevator Asia Company Limited.
- 1992-Present Vice Chairman, Kasikornbank Plc.
- 1994-Present Chairman of Nominating and Remuneration Committee, Charoen Pokphand Foods Plc.

Shareholding Status (as of 12 May 2011)

10,352,153 Shares representing 0.12212%



Mr. Rutt Phanijphand 64 years

- Director
- President and Chief Executive Officer
- Chairman of Risk management Committee

Education

- B.S. Kasetsart University
- M.S. in Business Ad., Fort Hays Kansas State University, Hays, Kansas, USA
- National Defense College Class 388
- Director Accreditation Program : Governance Training for Listed Company Director (DAP), IOD
- Director Certification Program : Program for Professional Director (DCP), IOD
- Financial Institutions Governance Program (FGP), IOD

Experiences

- 2010-Present Chairman, Land and Houses Fund Management Co.,Ltd. Director, Land and Houses Fund Management Co.,Ltd.
- 2009-Present Chairman of Executive Director, LH Financial Group Plc. Director, LH Financial Group Plc.
- 2007-Present Executive Director, Home Product Center Plc. Chairman of Nominating and Remuneration Committee, Home Product Center Plc.
- 2005-Present Director, Banpu Plc. Chairman of The Compensation Committee, Banpu Plc.
- 2005-Present Director, Land and Houses Bank Plc. Chairman of Executive Director, Land and Houses Bank Plc.
- 2001-Present Director, Home Product Center Plc.
- 2006-2009 Audit Committee, IRPC Plc. Director, IRPC Plc.

Shareholding Status (as of 12 May 2011)

2,336,884 Shares representing 0.02757%

The Profile of Directors and Executives



Mr. Adul Vinaiphat 65 years

- Independent Director
- Chairman of Audit Committee
- Nominating and Remuneration Committee

Education

- B.A. in Economics Thammasat University
- MA (ECON) University of Texas at Austin, Texas, USA
- Senior Administrator Course, the Office of Civil Service Commission
- National Defense College Class 388
- Capital Market Academy Leadership Program, Capital Market Academy (CMA) Class 14
- Director Certification Program : Program for Professional Director (DCP), IOD
- Audit Committee Program (ACP), IOD
- Role of The Compensation Committee (RCC), IOD
- Financial Institutions Governance Program (FGP), IOD

Experiences

- Present Director and Vice President, Thai Tapioca Development Institute (TTDI)
Director and Audit Committee, Land and Houses Bank Plc.
Chief of Nominating and Remuneration Committee, Land and Houses Bank Plc.
Chairman of the Executive Committee, Thai Packaging and Printing Plc.
- 2010-Present Director, Thai Packaging and Printing Plc.
- 2009-Present Director Audit Committee and Chief of nominating and Remuneration Committee, LH Financial Group Plc.
Chairman of Executive Director, Evergreen Plus Plc.
- 2008-Present Director, Tapioca Development Institute (Huay Bong)
- 2007-Present Director, I.G.S Plc.
- 2002-2007 President and Chief Executive Officer, Panjapol Paper Industry Company Limited and Panjapol Pulp Industry Plc.

Shareholding Staus (as of 12 May 2011)

101,942 Shares representing 0.00120%



Mr. Anant Asavabhokhin 61 years

- Director

Education

- B.S. Engineering (Civil work) Chulalongkorn University
- M.S. Industrial Engineering Illinois Institute of Technology Chicago, USA
- MBA Thammasat University
- Director Certification Program : Program for Professional Director (DCP), IOD

Experiences

- 2009-Present Chairman, LH Financial Group Plc.
- 2005-Present Chairman, Land and Houses Bank Plc.
- 1995-Present Director, Q.H. International Company Limited.
Chairman, Home Product Center Plc.
- 1992-Present Director, Siam Thani Property Company Limited.
- 1988-Present President and Chief Executive Officer, Land & Houses Plc.
- 1994-2010 Director, Quality Construction Products Plc.
- 1994-2009 Director, The Confidence Co., Ltd.

Shareholding Staus (as of 12 May 2011)

77,289,094 Shares representing 0.91171%

The Profile of Directors and Executives



Mr. Adisorn Thananun-narapool 57 years

• Director

Education

- Bachelor of Accounting, Thammasat University
- MBA Thammasat University
- Director Certification Program : Program for Professional Director (DCP), IOD
- Director Accreditation Program : Governance Training for Listed Company Director (DAP), IOD
- Capital Market Academy Leadership Program, Capital Market Academy (CMA) Class 2
- Stanford Executive Program (SEP) Graduate School of Business , Stanford University

Experiences

- 2002-Present Director and Senior Executive Vice President, Land & Houses Plc.
- 2001-Present Director, L&H Property Co.,Ltd.
Director, Land and Houses Property Fund I
Director, Land and Houses Property Fund II
- 2004-2010 Director, and Chairman of Audit Committee
MFC Asset Management Plc.

Shareholding Staus (as of 12 May 2011)

872 Shares representing 0.00001%



Ms. Kanokvalee Viriyaprapaikit 46 years

• Director
• Nominating and Remuneration Committee

Education

- Bachelor of Finance, Chulalongkorn University
- Master Degree, Investment Banking, University of Wisconsin - Madison
- Director Certification Program : Program for Professional Director (DCP), IOD
- Role of the Compensation Committee (RCC), IOD

Experiences

- 2003-Present Director, Asia Asset Advisory Co.,Ltd.
- 1998-2003 Vice President, GIC Real Estate Pte Ltd.

Shareholding Staus (as of 12 May 2011)

-None-

The Profile of Directors and Executives



Mr. Rachai Wattanakasaem 64 years

- Independent Director
- Audit Committee
- Chairman of Nominating and Remuneration Committee

Education

- Honors Degree
- MBA Industrial Management II class, Pacific States University, California, USA
- Director Certification Program : Program for Professional Director (DCP), IOD
- Role of the Compensation Committee (RCC), IOD

Experiences

- 2009 Chairman, KTB Securities Co., Ltd
Director, Krung Thai Computer Services Co., Ltd.
Director, Kasetsart University Activity Support Committee
- 2006-2007 Executive Director, Krung Thai Bank Plc.

Shareholding Staus (As of May 12, 201)

109,350 Shares representing 0.00129%



Mr. Suri Buakhom 67 years

- Independent Director
- Chairman of Corporate Governance Committee

Education

- B.S. in Economics , Kasetsart University
- MBA. Thammasat University
- Diploma of Information Technology ,Harvard University
- National Defense College Class 4010
- Director Certification Program : Program for Professional Director (DCP), Chair Person Certificate, IOD

Experiences

- 2010-Present Chairman and Chairman of Audit Committee, Thaiwire Products Plc.
- 2009-Present Director, Zhengxin Bank Co.,Ltd
- 2005-Present Advisor of Computer Online systems,
The Comptroller General's Department
- 2004-Present Advisor of Computer Online systems, The Revenue Department
- 2007-2009 Chairman, Krungthai Computer Services Plc.
- 2005-2009 Vice Chairman, Krungthai Panich Insurance Company Limited.
Director, Krungthai Bank Plc.
- 2004-2007 Advisor of Information Technology and Communications, TOT Plc.
- 2003-2007 Director, Government Information Technology

Shareholding Staus (As of May 12, 201)

-None-

The Profile of Directors and Executives



Mr. Krit Phunratnamala 43 years

- Independent Director
- Audit Committee

Education

- B.S. Engineering Chulalongkorn University
- MBA , University of Florida
- Master of Engineering, Imperial College London
- CFA Institute (Previously American Investment Management Research "AIMR")
Chartered Financial Analyst
- Director Certification Program : Program for Professional Director (DCP), IOD
- Certificate of Completion : Advanced Audit Committee Program, IOD

Experiences

- 2011-Present Director, Diamond Building Products Plc.
Director, Biodegradable Packaging for Environment Co.,Ltd
Independent Director and Audit Committee,
Group Lease Public Company Limited.
- 2006-Present Director, Union Mosaic Industry Plc.
- 2005-Present Director, Thai Prosperity Advisory Co.,Ltd.

Shareholding Status (as of 12 May 2011)

-None-



Mr. Suang Chaisurote 56 years

- Director
- Senior Executive Vice President

Education

- B.S. in Engineering, Chiang Mai University
- MBA, Thammasat University
- Director Accreditation Program : Governance Training for Listed Company Director (DAP), IOD
- Executive Education Program : Stanford University
- Director Certification Program : Program for Professional Director (DCP), IOD

Experiences

- 2011-Present Director, Casa Ville (Chonburi 2554) Co.,Ltd.
Director, Casa Ville (Prachuabkhirikhan 2554) Co.,Ltd.
Director, Property Host Co.,Ltd.
- 2010-Present Director, Idea Fitting Co.,Ltd.
Director, Casa Ville (Rayong 2553) Co.,Ltd.
Director, Casa Ville (Petchburi 2553) Co.,Ltd.
- 2003-Present Director, Siam Retail Development Co.,Ltd.
Director, Q.H. International Co.,Ltd.
- 1998-Present Director, Q.H. Management Co.,Ltd.
Director, Casa Ville Co.,Ltd.
- 2003-Feb 2010 Director, Quality Construction Products Plc.
- 2003-2009 Director, The Confidence Co.,Ltd.

Shareholding Status (as of 12 May 2011)

4,332,884 Shares representing 0.051111%

The Profile of Directors and Executives



Mrs. Suwanna Buddhaprasart 56 years

- Director
- Senior Executive Vice President
- Risk management Committee
- Corporate Governance Committee

Education

- Bachelor of Accounting, Chulalongkorn University
- MBA, Chulalongkorn University
- Director Accreditation Program : Governance Training for Listed Company Director (DAP), IOD
- Director Certification Program : Program for Professional Director (DCP), IOD
- Financial Institutions Governance Program (FGP), IOD

Experiences

- 2010-Present Director, Idea Fitting Co.,Ltd.
- 2008-Present Director, L&H Management Co.,Ltd.
Nominating and Remuneration Committee,
Land & Houses Bank Plc.
- 2005-Present Director, Land & Houses Bank Plc.
- 2003-Present Director, Home Product Center Plc.
Director, Q.H. Management Co.,Ltd.
Director, Casa Ville Co.,Ltd.
- 2000-Present Director, Q.H. International Co.,Ltd.
Director, The Confidence Co.,Ltd.

Shareholding Status (as of 12 May 2011)

5,669,346 Shares representing 0.06688%



Mr. Pravit Choatewattanaphan 54 year

- Director
- First Executive Vice President

Education

- B.S. in Engineering, Chiang Mai University
- MBA, Thammasart University
- Director Certification Program : Program for Professional Director (DCP), IOD

Experiences

- 2011-Present Director, Casa Ville (Chonburi 2554) Co.,Ltd.
Director, Casa Ville (Prachuabkhirikhan 2554) Co.,Ltd.
Director, Q.H. Management Co.,Ltd.
- 2010-Present Director, Idea Fitting Co.,Ltd.
Director, Casa Ville (Rayong 2553) Co.,Ltd.
Director, Casa Ville (Petchburi 2553) Co.,Ltd.
- 2009-Present Director, The Confidence Co.,Ltd.
- 2005-Present Director and act as Managing Director, Casa Ville Co.,Ltd.
- 2003-Present Director, Q.H. Management Co.,Ltd.
- 2001-2007 Executive Vice President, Quality Houses Plc.

Shareholding Status (as of 12 May 2011)

1,000,033 Shares representing 0.01180 %

Business Operation



Quality Houses Public Company Limited has operated the real-estate business for sale and for rent with its head office located on the 6th and 7th Floor of Q. House Lumpini Building, No. 1 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, under Public Company Limited Registration No. 131, Telephone number 0-2677-7000, Fax number 0-2677-7011, Website “www.qh.co.th” As of 31 December 2011, the Company has issued and paid up capital of 8,477.3 million Baht, divided into 8,477.3 million Baht common shares at the par value of 1 Baht per share.

1. Background and Significant Changes and Developments:

The background and significant changes and developments of Quality Houses Public Company Limited can be summarized in chronological order as follows:

- **Year 1983** : The Company was incorporated with an initial registered capital of 1 million Baht on 21 October 1983 with its primary objective to provide integrated construction services of building houses on customer’s land;
- **Year 1990** : The Company has started its business of property development for rent which consisted of 2 sections; serviced apartments and office buildings for rent;
- **Year 1991** : The Company was approved to be a listed company to trade its common shares in the Stock Exchange of Thailand on 11 September 1991;
- **Year 1992** : The Company has started its business of property development for sales;
- **Year 1993** : The Company was registered as a public company limited on 28 June 1993;
- **Year 1997** : The Company encountered problems during the country’s financial crisis;
- **Year 1999-2000** : The Company entered into debt restructuring agreements with banks and financial institutions and was able to comply well with the conditions set forth under the restructuring agreements;
- **Year 2001** : The Company has increased its capital and offered to sell 20% of its total shares to the Government of Singapore Investment Corporation Pte Ltd. (GIC), worth 812.0 million Baht;

- **Year 2005** : The Company had repaid all the aggregated amount of loans under the original restructuring terms. Furthermore, the Company has set up its subsidiary, Casa Ville Co.,Ltd., of which shares were 100% held by the Company to operate business of property development for sales, focusing on the segment of single houses and townhouses with the price range of 4.0-6.0 million Baht.
- **Year 2006** : The Company and its subsidiaries have sold properties together with the related equipment and component parts and/or have given the leasehold right and/or have transferred the property leasehold rights for 2 office building projects; Q.House Ploenjit and Q.House Lumpini to the Quality Houses Leasehold Property Fund (Formerly known as “Quality Houses Property Fund” (“Property Fund”), of which the Securities and Exchange Commission (SEC) granted its approval on 7 December 2006. And the Company has invested totally 204.5 million units in the Property Fund, equal to 25.66% of its total investment units at the value of 2,045.1 million Baht. Moreover, the fund manager has appointed Q.H. International Co.,Ltd. a subsidiary of the Company to be the property manager of all properties that the Property Fund have invested in with 5 years contract and with the condition that contractual parties may renew the contract which will not exceed 5 years at a time;
- **Year 2006** : The Company has carried out major renovations of Centre Point Hotel & Residence Petchburi Project and Centre Point Hotel & Residence Sukhumvit Project, which was completed in 2007 so that the Project shall be in good and modern condition and shall be able to compete in the market;
- **Year 2007** : The Company has carried out major renovations of Center Point Silom Project, which was completed in 2010 so that the Project shall be in good and modern condition and shall be able to compete in the market;
- **Year 2010** : The Company has carried out major renovations of Center Point Hotel & Residence Langsuan Project, which was completed in 2011 so that the Project shall be in good and modern condition and shall be able to gain more incomes and to better compete in the market. The Company has also issued and offered to sell 4 sets of unsubordinated and unsecured debentures, amounted to 5,000 million Baht, with the “A” rating of debentures assigned by Tris Rating Co.,Ltd. During the year, the Company and its subsidiaries have changed the investment proportions with the following details:-
 - 1) **Casa Ville Co.,Ltd.** The Company held 100% of the shares of Casa Ville Co.,Ltd. which operated the business of real estate sale. On 22 July 2010, this subsidiary company increased its registered capital from 100 million Baht to 3,000 million Baht and the Company has purchased total new ordinary shares amounted 2,900 million Baht so that it still held 100% shares of this subsidiary.
 - 2) **The Confidence Co.,Ltd.** The Company held 100% of its shares via Casa Ville Co.,Ltd. On 22 July 2010, this subsidiary company, which operated the business of real estate sale, increased its registered capital from 100 million Baht to 1,000 million Baht and the Company via Casa Ville Co.,Ltd. has purchased total new ordinary shares amounted 900 million Baht so that it still held 100% shares of this subsidiary.



- 3) **Casa Ville (Rayong 2553) Co.,Ltd.** The Company held 100% of its shares via Casa Ville Co.,Ltd. This subsidiary was established on 15 June 2010 with the initial registered and paid-up capital of 5.0 million Baht with the objective to operate business of real estate sale in Rayong province area.
- 4) **Casa Ville (Petchburi 2553) Co.,Ltd.** The Company held 100% of its shares via Casa Ville Co.,Ltd. This subsidiary was established on 15 June 2010 with the initial registered and paid-up capital of 5.0 million Baht with the objective to operate business of real estate sale in Petchburi province area.
- 5) **Idea Fitting Co.,Ltd.** The Company held 100% of its shares via Casa Ville Co.,Ltd. This subsidiary was established on 8 December 2010 with the initial registered and paid-up capital of 5.0 million Baht with the objective to operate business of interior decorating, furnishing and installing of related electrical household appliances for the Company and its subsidiaries' housing projects and condominium projects.
- 6) **Quality Construction Products Plc.** The Company and Q.H. International Co.,Ltd. collectively held 26% of the shares and sold the total investments in this company to SCG Construction Products Co.,Ltd., of which shares were 100% held by Siam Cement Plc.on 23 February 2010.Total shares sold were 103.1 million shares worth 4.0 Baht per share, amounted to 412.5 million Baht.
- 7) **LH Financial Group Plc.** The Company held 26% of the shares. In March 2010, this associated company had allocated common shares to increase its capital and offered to existing shareholders at the proportion of 1 existing share to 1 new share at the price of 1.0 Baht per share. The Company received the allotment of 709.0 million shares with the total price of 709.0 million Baht, of which the Company had paid up on 1 April 2010. As a result, by the end of 2010, the Company still held 25.71% share of this associated company.

Furthermore,in November 2010, this associated company has allocated more new common shares to offer to existing shareholders at the proportion of 5 existing shares to 4 new shares at the price of 1.0 Baht per share. The Company received the allotment of 1,134 million shares with the total price of 1,134 million Baht, of which the Company had paid up on 4 February 2011.

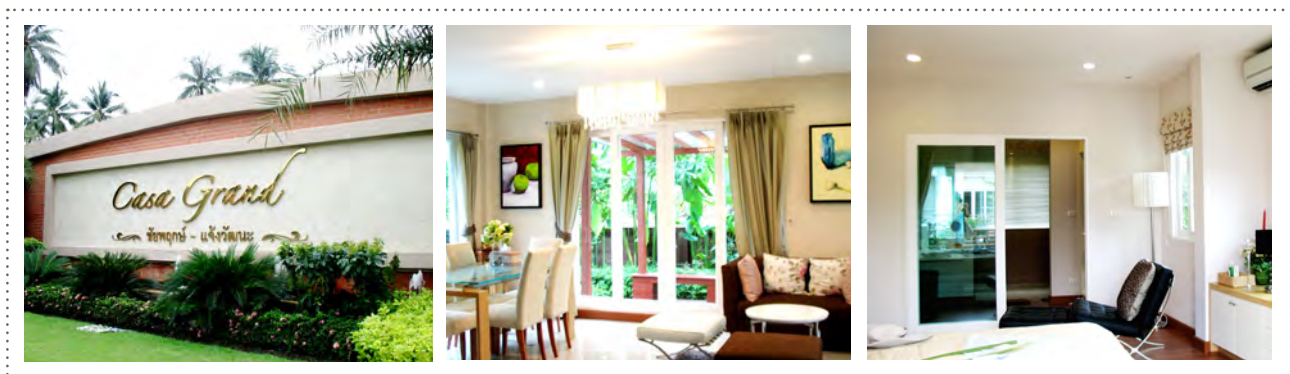
- **Year 2011** : The Company had significant changes and developments which can be summarized as follows:-

- 1) **Business of land and houses for sales:-** The Company and its subsidiary launched 16 new projects with an approximate total value of 17,505 million Baht, consisting of 3 projects managed by the Company with an approximate total value of 5,759 million Baht and 13 projects managed by its subsidiaries with an approximate total value of 11,746 million Baht.

Furthermore, the Company and its subsidiaries paid the deposit and the purchase of plots of land intended for developing additional 11 projects as well as plots of land for the future expansion of the existing 1 projects in 2010, with the total amount of 3,355.7 million Baht.



- 2) **Business of condominium units for sales:-** The Company and its subsidiary launched 3 new projects with an approximate total value of 4,950.0 million Baht. Furthermore, the Company and its subsidiaries paid the deposit and the purchase of plots of land intended for developing additional 2 projects as well as plots of land for the future expansion of the existing 1 projects in 2010, with the total amount of 956.9 million Baht.
- 3) **Business of residential buildings for rent:-** In 2010, the Company has carried out a major renovation of Centre Point Hotel & Residence Langsuan which was completed by the third quarter of 2011.
- 4) **Unsubordinated and unsecured debentures:-** The Company has issued and offered to sell unsubordinated and unsecured debentures, totally 4 sets, with the following details:
- 4.1 Unsubordinated and unsecured debentures No. 1/2011 Tranche I**
In March 2011, the Company issued unsubordinated and unsecured debentures No. 1/2011, a 3-year debenture with the maturity date on 10 March 2014, bearing a fixed interest rate of 3.90% per annum, in the amount of 2,000 million Baht. The debentures have been rated "A-" by TRIS Rating Co., Ltd.
- 4.2 Unsubordinated and unsecured debentures No. 2/2011 Tranche I**
In August 2011, the Company issued a 3.5-year debenture with the maturity date on 25 February 2015, bearing a fixed interest rate of 4.70% per annum for the first 1-2 year and a fixed rate of 5.00% per annum for the last 1.5 year. With the total amount of 1,600.0 million Baht, this debentures have been rated "A-" by TRIS Rating Co., Ltd.
- 4.3 Unsubordinated and unsecured debentures No. 2/2011 Tranche II**
In August 2011, the Company issued a 5-year debenture with the maturity date on 25 August 2016, bearing a fixed interest rate of 5.00% per annum for the first 1-3 year and a fixed rate of 5.30% per annum for the 4-5 year. With the total amount of 1,400.0 million Baht, this debentures have been rated "A-" by TRIS Rating Co., Ltd.
- 4.4 Unsubordinated and unsecured debentures No. 3/2011**
In December 2011, the Company issued a 1-year debenture with the maturity date on 23 December 2012, bearing a fixed interest rate of 3.90% per annum in the amount of 1,300.0 million Baht. This debentures have been rated "A-" by TRIS Rating Co., Ltd.
- 5) **Hotel business:-** The Company was granted licenses to operate hotel business at 3 residential buildings for rent; Centre Point Hotel & Residence Petchburi, Centre Point Hotel & Residence Sukhumvit 10 and Centre Point Hotel & Residence Langsuan.
- 6) **Gusto Village Co.,Ltd.:-** The Company held 100% of its shares via Casa Ville Co.,Ltd. This subsidiary was established on 1 April 2011 with the initial registered and paid-up capital of 5.0 million Baht with the objective to operate business of real estate sale in Bangkok and suburban area.
- 7) **Casa Ville (Chonburi 2554) Co.,Ltd.:-** The Company held 100% of its shares via Casa Ville Co.,Ltd. This subsidiary was established on 22 April 2011 with the initial registered and paid-up capital of 5.0 million Baht with the objective to operate business of real estate sale in Chonburi province area.



- 8) **Property Host Co.,Ltd:-** The Company held 100% of its shares. This subsidiary was established on 20 May 2011 with the initial registered and paid-up capital of 5.0 million Baht with the objective to operate business of real estate for sales and for rent.
- 9) **Casa Ville (Prachuabkhirikhan 2554) Co.,Ltd:-** The Company held 100% of its shares via Casa Ville Co.,Ltd. This subsidiary was established on 17 June 2011 with the initial registered and paid-up capital of 5.0 million Baht with the objective to operate business of real estate sale in Prachuabkhirikhan province area.
- 10) **LH Financial Group Plc:-** The Company held 25.7% of the shares. In May 2011, the said associated company has undertaken its initial public offering (IPO) of 1,443 million shares with par value of 1 Baht at the price of 1.40 Baht. As a result, the proportion of shares the Company held reduced to 22.25%. (as at 31 December 2011)

2. Shareholders of the Company

During 2010 - December 2011, there were significant changes and developments in term of shareholders which were at least 4% of shares that have voting rights as follows

Shareholders	as at 10 May 2010		as at 22 March 2011		as at 12 May 2011	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
1. Land and Houses Plc.	2,107,539,377	24.86	2,107,539,377	24.86	2,107,539,377	24.86
2. Government of Singapore Investment Corporation Pte Ltd.	942,105,600	11.11	935,634,800	11.04	922,101,500	10.88
3. Thai NVDR Co., Ltd	495,272,182	5.84	682,189,428	8.05	605,192,272	7.14
4. HSBC Group	279,900,959	3.30	483,947,218	5.71	453,263,861	5.35
5. CHASE	159,647,870	1.88	372,644,570	4.40	409,333,470	4.83

3. The Business Enterprises

3.1 Overview of business operations of the Company, Subsidiaries and Associated Companies

Quality Houses Public Company Limited, its subsidiaries, and associated companies have operated the business of real estate development for sales and for rent and have jointly invested with other companies which can be classified as follows:

- 1) Business of land and houses for sales;
- 2) Business of condominium units for sales;
- 3) Business of residential buildings for rent (serviced apartments/Hotel);
- 4) Business of office buildings for rent;
- 5) Business of providing management services for office buildings, serviced apartments and rented houses;
- 6) Investment business;
- 7) Other businesses;

(Remark : Details as per Marketing and Competition Section 1.1 Nature of Products and Services a) through e)

3.2 Policy of Division of the Company, Subsidiaries and Associated Companies

The Company has a policy of dividing operation of the Group as follows:

1) Subsidiaries

The Company has invested in 12 companies as follows:

- 1.1) **The Confidence Co.,Ltd.** 100% of its shares is held by Casa Ville Co.,Ltd. (which is a subsidiary that the Company holds 100% of share ownership.) Its current business is property development for sales i.e. land and houses for sales and residential condominium units for sales;
- 1.2) **Q.H. Management Co.,Ltd.** The Company holds 81% of share ownership and the remaining 19% are owned by The Confidence Co.,Ltd. This subsidiary company operates a business of managing utilities of housing projects of the Company;
- 1.3) **Casa Ville Co.,Ltd.** The Company holds 100% of its shares. This subsidiary operates the business of real estate development for sales with a focus on detached houses, townhouses and residential condominium units for sales;
- 1.4) **Q.H. International Co.,Ltd.** The Company holds 100% of its shares. This subsidiary operates businesses of serviced apartments, building management and making investment in companies;
- 1.5) **Q.H. International (BVI) Co.,Ltd.** 100% of its shares was held by Q.H. International Co., Ltd. At present, this subsidiary has investment in Harbour View Co.,Ltd., a hotel and office building rental business in Haiphong city, Vietnam with a share ownership of 14.15%.
- 1.6) **Casa Ville (Rayong 2553) Co.,Ltd.** The Company holds 100% of its shares via Casa Ville Co., Ltd. This subsidiary operates the business of real estate development for sales i.e. detached houses and residential condominiums in Rayong province;
- 1.7) **Casa Ville (Petchburi 2553) Co.,Ltd** The Company holds 100% of its shares via Casa Ville Co., Ltd. This subsidiary operates the business of real estate development for sales i.e. detached houses and residential condominiums in Petchburi province;
- 1.8) **Idea Fitting Co.,Ltd.** The Company holds 100% of its shares via Casa Ville Co., Ltd. This subsidiary was established to operate business of interior decorating, furnishing and installing of related electrical household appliances for the Company and its subsidiaries' housing projects and condominium projects;
- 1.9) **Gusto Village Co.,Ltd.** The Company holds 100% of its shares via Casa Ville Co., Ltd. This subsidiary operates the business of real estate development for sales i.e. detached houses and residential condominiums in Bangkok and suburban area;
- 1.10) **Casa Ville (Chonburi 2554) Co.,Ltd.** The Company held 100% of its shares via Casa Ville Co.,Ltd. This subsidiary operates the business of real estate development for sales i.e. detached houses and residential condominiums in Chonburi province;
- 1.11) **Property Host Co.,Ltd.** The Company holds 100% of its shares. This subsidiary operates the business of real estate for sales and for rent;
- 1.12) **Casa Ville (Prachuabkhirikhan 2554) Co.,Ltd.** The Company holds 100% of its shares via Casa Ville Co.,Ltd. This subsidiary operates the business of real estate development for sales i.e. detached houses and residential condominiums in Prachuabkhirikhan province.

2) Associated Companies

The Company has invested in 2 associated companies and 1 property fund as follows:

- (a) **Home Product Center Plc.** The Company had the policy of long-term investment and, as of 31 December 2011, the Company held 19.89% of the shares. This associated company operates the business as a retailer of home improvement and construction products & services. With the service of One Stop Shopping to achieve ultimate customer satisfaction, this company today offers its buyers a full selection of over 60,000 items. Also it has established a Training Center to enhance knowledge and skills for staff at all levels to ensure better service delivery. Moreover, a Distribution Center was established to increase efficiency of the logistic system.

- (b) **L H Financial Group Plc.** (in which the Company holds 22.25% ownership as of 31 December 2011)
This associated company was established with an objective of long-term investment by holding 100% shares in Land and Houses Retail Bank Plc., which operates the business of retail banking that provides services of deposits, mortgages, corporate loans and personal loans. On 19 December 2011, the bank was approved by the Ministry of Finance to upgrade the status from retail banking to become commercial banking and named "Land and Houses Bank Plc. " and can now provide customers with full range of financial services.
- (c) **Quality Houses Leasehold Property Fund** (Formerly known as "Quality Houses Property Fund" is another long term investment in which the Company holds 25.66% of shares. It operates a business of property for rent and has registered as a closed-end Property Fund, with total capital of 7,970 million Baht. Properties invested by the Quality Houses Leasehold Property Fund include office buildings for rent under the project names of "Q.House Lumpini", "Q.House Ploenjit" and "Wave Place".

3) Other Companies

Other companies include Harbour View Co.,Ltd, which operates hotel and office building rental in Haiphong city, Vietnam. In the past, Q.H. International (BVI) Co., Ltd., a subsidiary company, invested 21% in Harbour View Co., Ltd. However, presently the proportion of share ownership has been reduced to 14.15% as the Company did not subscribe for additional shares when Harbour View Co., Ltd. offered additional proportionate shares to existing shareholders due to the fact that this company has continuously operated at loss.

3.3 Goal of Business Operation

Currently, the Company and its subsidiaries focus the operation in 3 core businesses; the business of land and houses for sales and residential condominium units for sales the business of residential buildings for rent (serviced apartment/Hotel):- and the business of office buildings for rent. The Company's policy of main business operation during the next 3 years period (2012-2014) is to focus the investment in the business of land and houses for sales and residential condominium units for sales because the business is highly profitable and able to generate cash within a shorter period, which increases the company's liquidity and allows faster amortization of financial burdens. Additionally, the Company also has a policy for its subsidiaries to expand investments in the business of land and houses for sales and residential condominium units for sale in the price range of 1.0-2.5 million Baht in order to increase business opportunities to support the growth of the Company and its subsidiaries.



The Company's Investments



1. The investments of Quality Houses Plc.

Company	Type of Business	Paid-up Capital (million Baht)	Shareholding %
1) Subsidiary companies			
1.1 Q.H. International Co., Ltd.	Serviced apartment, contracted to manage of serviced apartments, office building for rent and investing in other companies	76.8	100
1.2. Casa Ville Co., Ltd.	Developing properties for sale	3,000.0	100
1.3 Q.H. Management Co., Ltd.	Managing of common area utilities at housing projects and developing properties for sale	380.0	81
1.4 Property Host Co., Ltd.	Developing properties for sale and for rent	5.0	100
2) Associated companies			
2.1 Home Products Center Plc.	Supplier of construction materials and home decorations	5,836.7	20
2.2 LH Financial Group Plc. ^{1/}	Holding Business	11,472.1	22
2.3 Quality Houses Leasehold Property Fund ^{2/}	Investing in properties	7,863.1	26

Note : 1/ On 21 April 2009, the Annual General Meeting of the Company's shareholders passed a resolution acknowledging the process of changing the direct investment in Land and Houses Retail Bank Plc. to an indirect investment through LH Financial Group Plc.

2/ On 8 November 2011, the Quality Houses Property Fund had received an approval from the SEC to amend the fund's name to "Quality Houses Leasehold Property Fund (QHPPF)".

2. The investments of Q.H. International Co., Ltd. (Subsidiary)

Company	Type of Business	Paid-up Capital (million Baht)	Shareholding %
Q.H. International (BVI) Co., Ltd.	Investing in foreign companies	30.8	100

3. The investment of The Confidence Co., Ltd. (Formerly known as “Centre Point Management Co.,Ltd.”) (Subsidiary)

Company	Type of Business	Paid-up Capital (million Baht)	Shareholding %
Q.H. Management Co., Ltd.	Managing of common area utilities at housing projects and developing properties for sale	380.0	19

4. The investment of Casa Ville Co.,Ltd. (Subsidiary)

Company	Type of Business	Paid-up Capital (million Baht)	Shareholding %
1) The Confidence Co., Ltd (Formerly known as “Centre Point Management Co.,Ltd.”)	Lease of office building and developing properties for sale	1,000.0	100
2) Casa Ville (Rayong 2553) Co.,Ltd.	Developing properties for sale	5,000.0	100
3) Casa Ville (Petchburi 2553) Co.,Ltd.	Developing properties for sale	5,000.0	100
4) Idea Fitting Co.,Ltd.	Distribution and installation of furniture	5,000.0	100
5) Gusto Village Co.,Ltd.	Developing properties for sale	5,000.0	100
6) Casa Ville (Prachuabkhirikhan 2554)Co.,Ltd	Developing properties for sale	5,000.0	100
7) Casa Ville (Chonburi 2554) Co.,Ltd.	Developing properties for sale	5,000.0	100

5. The investment of Q.H. International (BVI) Co., Ltd.

Company	Type of Business	Paid-up Capital (million USD)	Shareholding %
Harbour View Co., Ltd.	Hotels and office buildings for rent in Haiphong City, Vietnam	6.8	14



Marketing and Competition



1. Marketing and Competition

1.1 Nature of products and services

The Company and its subsidiaries classify its products according to the nature of their business and use different marketing strategies to accommodate each business. The Company's approaches can be summarized as follows:

A) Business of Real Estate for Sales

Land and House for Sales Business

The Company and its subsidiaries have developed the land and house for sales by considering the raw lands which are in potential locations, subdividing the estate into plots, building house on those land plots and constructing related infrastructures in the project. Presently, the Company is focusing to develop projects in the locations nearby main roads that people use to commute into the city both in Bangkok and its suburb areas.

The Company and its subsidiaries have a policy to expand the target markets by offering a wide range of products from high-end, middle-end and low-end as shown below:

- High-end products

(Unit price)

Company name	Detached House			
	Q/ Q House	Prukpirom/ Prukpirom Regent	Laddarom/ Laddarom Elegance	Vararom/ Vararom Premium
	20-130 million Baht	15-60 million Baht	10-30 million Baht	7-15 million Baht
1. Quality House Plc.	✓	✓	✓	✓
2. Casa Ville Co.,Ltd.	✓		✓	✓

- Middle-end products

(Unit price)

Company name	Detached House				Townhouse
	Casa Grand/ Legend	Casa Premium/ Prima	Casa Ville/ Presto	Casa Seaside	Casa City
	6.0-8.0 million Baht	4.0-5.0 million Baht	3.0-4.5 million Baht	2.5-3.5 million Baht	3-4 million Baht
1. Casa Ville Co.,Ltd	✓	✓	✓		✓
2. Casa Ville (Petchburi 2553)Co.,Ltd.				✓	
3. Casa Ville (Rayong 2553) Co.,Ltd				✓	
4. Casa Ville(Chonburi 2554)Co.,Ltd.			✓		
5. Casa Ville (Prachuabkhirikhan 2554) Co.,Ltd.				✓	

- Low-end products

(Unit price)

Company name	Detached House		Townhouse		
	The Trust Ville	Gusto	The Trust Town	Gusto	The Trust City
	< 3 million Baht	< 2.5 million Baht	1.8-2.5 million Baht	2.5-3.0 million Baht	3.0-3.5 million Baht
1. The Confidence Co.,Ltd.	✓		✓		✓
2. Gusto Co.,Ltd.		✓		✓	

Residential Condominium Units for Sales

The Company and its subsidiaries have a policy of expanding this business by considering projects with favorable yields and by focusing on locations in the heart of the city or near mass transit lines, the BTS (sky-train) and MRT (subway), for both existing routes and their future expansions as well as the areas in residential communities which are easy to commute. Our subsidiaries also consider expanding other projects which have high potential in each provincial area.

This policy allows us to satisfy the needs of customers who look for convenience in commuting to work and to enjoy their lifestyles. Target buyers include entrepreneurs, middle management and above, as well as, office workers or younger generation who want convenience in commuting to work and to spend most of their time in city. The brand of this product type are as follows:

(Unit price)

Company name	High-end products		Middle-end products	Low-end products
	Q Condo	Q House Condo	Casa Condo	The Trust Residence
	≥ 13.0 million Baht	2.5-8.5 million Baht	1.5-2.5 million Baht	less than 2.0 million Baht
1. Quality House Plc.	✓			
2. Casa Ville Co.,Ltd.		✓	✓	
3. The Confidence Co.,Ltd				✓

B) Business of Real Estate for Rent

Residential building/service apartment/or hotel and residential unit

The Company and its subsidiaries have built buildings and rented out residential units under the “Centre Point” brand to provide residential services to expatriates who come to work or travel in Thailand. This target group has need for both short-term and long-term rentals, with particular demands of services and facilities within and outside the residential units. Therefore, the Company and its subsidiaries chose to locate projects in the central business districts which are more convenient for foreigners to reside. Moreover, the Company and its subsidiaries have emphasized additional services beyond pure residential space such as having a conference room, business center, restaurants, room cleaning service and highly effective security services. Modernized utilities and high technology communication equipments are installed in order to facilitate all these services and activities.

Assets used in operating the business of residential buildings for rent are divided into 2 types, including:

1. Assets owned by the Company
2. Assets leased by the Company for business operation under different contractual conditions, classified by term of contracts into short-term lease agreement (1-3 years) and long-term lease agreement (30 years)

Office Buildings for Rent

The Company and its subsidiaries have constructed high-rise buildings on the Company's land and on long-term leased land, which are located in central business districts (CBD) and fully equipped with public utilities and telecommunication facilities, in order to provide office space rental services to customers. The Company has also emphasized the standard quality of the building, the quality services and the proper lay-out within the building to ensure more effective business operations.

C) Business of providing management services for office buildings, residential buildings and rented houses

The Company and its subsidiaries have been hired to manage office buildings, residential buildings and rented houses projects as follows:

- Management of office buildings: Wave Place Building, Q.House Lumpini Building, and Q.House Ploenjit Building for the Quality Houses Leasehold Property Fund.(formerly known as “Quality Houses Property Fund”
- Management of residential building: Centre Point Resident Phromphong Project for Land and Houses Property and Loan Fund II.
- Management of residential buildings: Grande Centre Point Hotel & Residence Ratchadamri Project and Grande Centre Point Hotel & Residence Sukhumvit-Terminal 21 Project for L&H Property Co., Ltd.
- Management of rented houses: L&H Villa Sathorn Project for L&H Sathorn Co., Ltd

In addition, the Company and its subsidiaries are currently hired to provide accounting services to L&H Sathorn Co., Ltd., L&H Property Co., Ltd., the Centre Point Hotel & Residence Wireless Road Project and the Centre Point Sukhumvit-Thonglor Project for Land and Houses Property and Loan Fund II, as well as, to the Grande Centre Point Hotel & Residence Ratchadamri Project and the Grande Centre Point Hotel & Residence Sukhumvit-Terminal 21 for L&H Property Co., Ltd.

D) Investing Business

The Company is holding 100% of the shares of Q.H. International (BVI) Co., Ltd. through Q.H. International Co., Ltd. (The Company holds 100% of share ownership in Q.H. International Co., Ltd.)

Q.H. International (BVI) Co., Ltd. has invested in Harbour View Co.,Ltd. which operates a hotel and office building rental business in Haiphong, Vietnam and is currently holding 14.15% of common stocks in that company.

E) Other Businesses

The Company has invested in 2 companies and a Property Fund as follows:

1. Home Product Center Plc.
2. L H Financial Group Plc. which is a holding company for long-term investment in the Land and Houses Retail Bank Plc., holding 100% of the shares
3. Quality Houses Leasehold Property Fund (Formerly known as “Quality Houses Property Fund”)

1.2 Pricing Policy

The Company and its subsidiaries have a competitive pricing policy.

1.3 Distribution and Distribution Channels

1.3.1 Land and Houses and Residential Condominium Units for Sale The Company and its subsidiaries use the distribution channel through their sales offices located at each project site.

1.3.2 Residential Buildings for Rent/Service Apartments/Hotel The Company and its subsidiaries utilize several distribution channels, including the Company’s sales officers, corporate sales agents, and the Company’s website, whereas most of the sales volume is generated through their own sales officers. With the focus to retain good customer relationships and create customer satisfaction, the Company and its subsidiaries have set up the following distribution channels:

- **The Company’s sale officers:** Customers are able to contact the central sales office or request our sales officer to meet them at their office. Our sale officers are highly capable and can provide details of every project. This channel, of which most of the sales volume is generated from, has supported our focus on building customer satisfaction and keeping good relationship with our customers.
- **Sale Agents:** The Company provides opportunities to all agents to seek customers to rent rooms and the commission rate is 100% commission of the first month rental fee. This channel helps increase an opportunity to generate new customers.
- **The Company’s website:** The Company has facilitated foreign customers who are interested in our residential units/service apartment to make their reservations through the Company’s website. This channel has gradually become a higher potential channel of selling every year.

1.3.3 Office Buildings for Rent

The Company's main channel for sales is through corporate agents. These agents have a high network with extensive numbers of customers and products that offering customer's opportunity to choose. Besides, the Company's customers can directly contact the Company's sales officers to inquire about available spaces.

1.4 Target Customers and their Characteristics

The Company and its subsidiaries' cater to retail needs which may differ according to the business types as follows:

1.4.1 Land and Houses for Sale Business and Residential Condominium Units for Sale Business

The target customers are top executives, business owners, government officials, state enterprise workers and private company employees.

1.4.2 Real Estate for Rent Business

- **Office Buildings for Rent:** The target group of customer consists both of Thai and foreign firms with medium to large in size who require office space in the heart of the city.
- **Residential Buildings for Rent/Service Apartments/Hotel:** The main target group includes foreign business people visiting or working in Thailand with a plan to stay less than one month or from one month to two years. The target customers does also include tourist renters who plan for short term and long term stay.

1.5 Environmental Impact

Regarding the implementation of all the Company's projects, for any projects that requires permission and approval from the Environmental Board, the Company and its subsidiaries shall duly comply with the prescribed criteria and completely licensed. Additionally, for the projects that are not required any permission from the Environmental Board, the Company and its subsidiaries have also reinforced the following controls in order to mitigate the environmental impacts:

- **Construction:** The Company and its subsidiaries adopt noise control measures to control and prevent noise pollution that might affect the communities. Tools and equipments are stored in safe places. Construction sites are controlled to ensure safety, dust prevention and orderly work-site. The projects are separately divided into construction zone, minimizing the impact on finished houses and their residents.
- **Office Buildings for Rent and Residential Condominium for Rent/Service Apartments:** The Company and its subsidiaries have preventive and control measures to minimize impacts of public utility problems such as measures to inspect and replace equipments relating to energy consumption, garbage management and sewage testing. Therefore, none of the projects which are operated by the Company and its subsidiaries create any negative environmental impact.



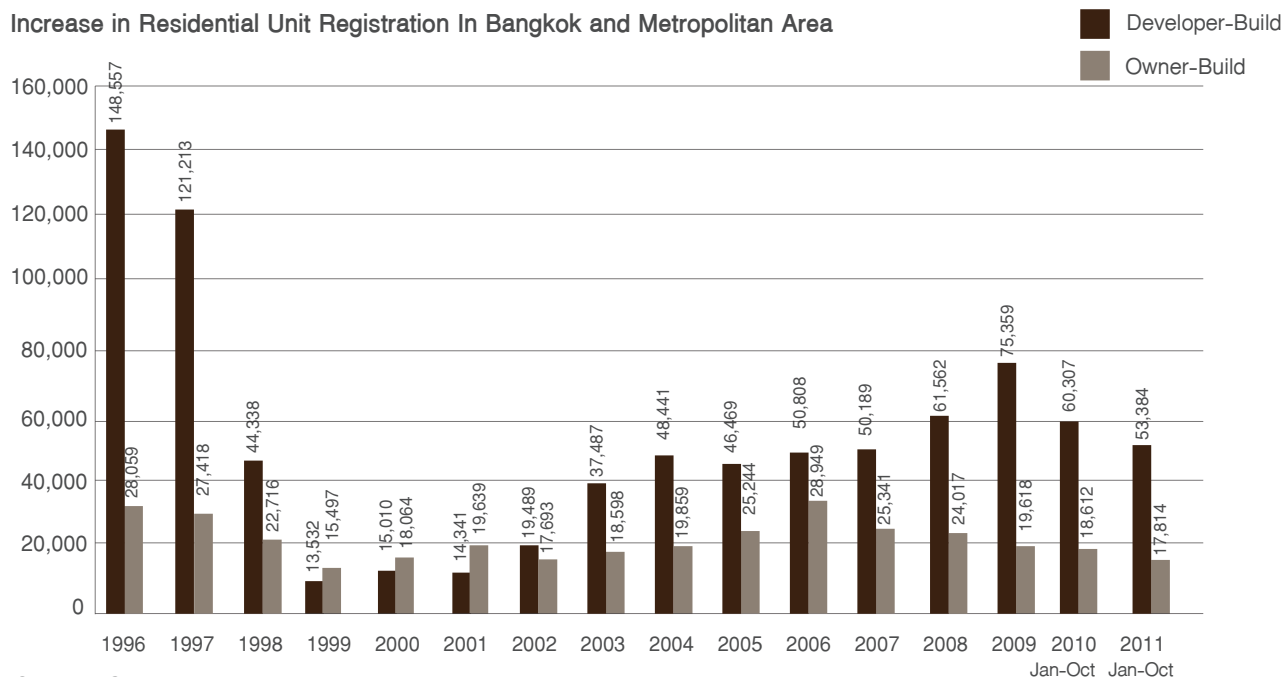
2. Industrial Situation and Competition

Classified according to the nature of the businesses operated by the Company as follows:

2.1 Land and Houses for Sale Business

The housing market in 2011 was decreasing. The number of additional house registrations by the end of October 2011 was 71,198 units, decreasing by 9.8% when comparing to the same period of year 2010 which was 78,918 units. When considering the specific types of construction, the number of developer-built houses was 53,384 units, decreasing by 11.5% while the number of owner-built houses was 17,814 units, decreasing by 4.3% from the same period last year.

Increase in Residential Unit Registration In Bangkok and Metropolitan Area



Source: Government Housing Bank

Additional Developer-built House Registrations Classified by Types of Housing between 2007-2011

(in unit)

Additional Developer-Built House Registered Classified by Type of Housing	2007	2008	2009	2010 (Jan.-Oct.)	2011 (Jan.-Oct.)	% Changes 2011/2010
Detached Houses	16,390	13,437	10,863	7,992	11,891	+48.8%
Duplexes	1,436	2,133	1,000	941	1,190	+26.5%
Townhouse and commercial buildings	14,931	11,943	9,771	10,271	9,668	-5.9%
Condominium	17,432	34,049	53,725	41,103	30,635	-25.5%
Total Additional Developer-Built House Registration	50,189	61,562	75,359	60,307	53,384	-11.5%

Source: Government Housing Bank

The figures in the Table of Additional Developer-Built House Registration Classified by the Types of Housing above, shows that the markets of detached houses and duplexes are expanding while the markets of townhouses and commercial buildings and condominium units are reducing especially for condominium. The reason is that there have been less new projects launched and numbers of finished projects were resold to the market. Besides, the number of investors in condominium market decreased due to unfavorable economic situation.

During the fourth quarter of 2011, the major flood in central Thailand which included Bangkok and its suburban area might also affect the demand of the market. Customers have a tendency to delay their buying decision especially for projects which located in the flooding area or effected from the flood. It is expected that the market demand will recover after the first quarter of 2012.

In 2012, the trend of housing markets however is forecasted to slightly slow down comparing to year 2011 due to the fact that a huge government budget will be allocated to recover the country's economy with focus on the protection of future flooding as well as for the large scale public infrastructure projects rather than to directly stimulate personal consumptions.

2.2 Office Buildings for Rent

In 2011, total supply of rental office building space in Bangkok was 8.141 million square meters, an increase of 0.157 million square meters from 2010, comprising of 0.134 million square meters of space in CBD area and 0.023 million square meters in non-CBD area. The market is highly competitive with total of 6.96 million square meters occupied (rented), which is slightly increasing by 0.065 million square meters when compared to 2010. Although the occupation of the office building space in the market improved in the second quarter of 2011, the demand turned to slow down in the third quarter due to the companies which were affected by the major flood situation delayed their decision to move or expand their space. It is forecasted that the impact will be short term. If the government has the policy and plan to solve the flooding problems, short-term and long-term, and can permanently prevent the future flooding, they will be able to regain confidence from private sector and foreign investors to continue expanding their investment. And that will definitely help improve the occupancy ratio of office buildings.

For the average rental rate, by the end of the 2011 third quarter, the rental rate was adjusted to be higher in almost every location. The average rental rate for "A" Grade properties in the CBD area increased from Baht 680 per square meter per month to Baht 690 per square meter and for "A" Grade in the non-CBD area the rate was remain the same as Baht 551 per square meter per month. For "B" Grade office in the CBD area, the average rental rate increased from Baht 467 per square meter per month to Baht 480 while in the non-CBD area the rate also increased from Baht 421 to Baht 435 per square meter per month. However, during the 2011 year end period, the average rental rate tended to remain unchanged.

In year 2012, it is forecasted that the available rental space will increase for 0.067 million square meters more. Mostly the expansion will be in the non-CBD area which will cause the market to be highly competitive. To cope with the increasing rental spaces, each operator will try to rent out their space as much as they can. The rental fee will be increased only for the office buildings that located next to Sky train stations, of which the occupancy is presently over 95%.

CBD : Central Business District - Silom, Sathorn, Surawongse, Rama IV, Ploenchit, Wireless, Down town Sukhumvit, and Asoke, etc.

Non CBD : Sukhumvit, Petchburi, Rachadapisek, Phoholyothin, Vibhavadee-rangsit, Rama 3 and Bangna-Trad etc.

2.3 Residential Buildings for Rent/ Serviced Apartments/ Hotel

In 2011, total market of residential units for rent consisted of 19,569 units available. Comparing to 2010, when the total number is 18,246* units, there was an increase of 1,323 units or about 7% due to the opening of 11 new projects. For year 2012, it is forecasted that there will be 4 more new projects launched with approximately 497 units. However, it is not expected that the increased number of residential units will make this market highly competitive. When considering the number of foreigners who received working permits to work in promoted investment (BOI) type and temporary type in the Bangkok area during the period of Jan-Sep 2011, the total number of foreign work permit holders increased by 5% or 2,819 persons from 52,870 to 55,689. It is notable that the increasing percentage of foreigners who received work permit is higher than the increasing percentage of the available residential units for rent (inclusive of the additional units that will be available in 2012). As such the trend of this market competition should be less intensified.

The main target group for residential units for rent and serviced apartments is still the Japanese and other Asian nationalities. As the biggest group of foreign investors in Thailand, the number of Japanese business men is the highest among other foreign visitors, representing 24% of the total foreigners who come to work in Thailand.

In 2011, the European financial crisis, the Tsunami disaster in Japan and the major flood in central Thailand during the fourth quarter have caused the investment to be stagnated. Foreign investors lack of confidence in the country's ability to prevent or effectively manage flood situations and the tourism was slow down. However the overall investments in Thailand still reflected an expansion, considering from the Board of Investment's statistics, in 2011, there have been investor's requests for privilege of BOI promotion for 1,847 projects with total investment value of 663,600 million Baht. There was an increase of 21% in number of projects, equaling to 323 more projects when comparing to total of 1,524 projects in the same period of 2010 and an increase of 61% in term of project value, 251,600 million Baht more than 412,000 million Baht in 2010. Thus, it is forecasted that this increasing trend will continue in 2012.

Regarding the number of foreign tourists, total number of visitors from Jan-Nov 2011 is 17 million which is 3 million or 21% more than the number of the same period of 2010 (total 14 million visitors). However when comparing quarter by quarter, the number of visitors during the fourth quarter of 2011 is lower than in 2010 due to the major flooding crisis. As a result, despite the overall expansion of foreign investments and tourism industry, both hotel business and residential units for rent business were impacted and challenged in the price war from the increasing supplies in the market.

Source : Alien Section, Work Provision Department;

the Office of Board of Investment;

the Tourism Department;

Information gathered by Quality Houses Plc.

** Remark: The number of residential units has been adjusted to be as actual as possible;*

some projects were in development phase with unclear design and not finalized number of units available.

Revenue Structure



Revenue structure of Quality Houses Public Company Limited and its Subsidiaries

(Unit : million Baht)

Revenue by Business ^{1/}	Operate by	2009		2010		2011	
		Revenue	%	Revenue	%	Revenue	%
1. Real Estate Business							
1.1 Single Detached House Business	Quality Houses Plc., and its Subsidiaries. ^{2/}	10,245.0	88.7	9,364.2	68.7	7,637.4	76.2
1.2 Residential Condominium for Sale Business	Quality Houses Plc. and Casa Vill Co.,Ltd.	-	-	2,870.3	21.1	1,176.3	11.7
1.3 Serviced Apartment Business	Quality Houses Plc., The Confidence Co.,Ltd. and Q.H. International Co.,Ltd.	824.6	7.1	696.2	5.1	704.3	7.0
1.4 Office Building for Rent Business	Quality Houses Plc., and The Confidence Co.,Ltd.	285.5	2.5	310.0	2.2	331.0	3.3
Total revenue from real estate businesses		11,355.1	98.3	13,240.7	97.1	9,849.0	98.2
2. Other income	Quality Houses Plc., and its Subsidiaries.	192.2	1.7	390.5	2.9	183.6	1.8
Total of other Income		192.2	1.7	390.5	2.9	183.6	1.8
Total		11,547.3	100.0	13,631.2	100.0	10,032.6	100.0

Note : ^{1/} The Company's revenue is entirely from domestic sales.

^{2/} Subsidiaries are Casa Vill Co.,Ltd., The Confidence Co.,Ltd., Casa Villa (Petchburi 2553) Co.,Ltd. and Casa Villa (Rayong 2553) Co.,Ltd

The structure of Income (Expenses) from associated companies through equity method

(Unit : million Baht)

Revenue by Business ^{1/}	Operate by	% Owned by the Company as at 31 Dec 2011	2009		2010		2011	
			Income (Expenses)	%	Income (Expenses)	%	Income (Expenses)	%
1. Office buildings for rent business								
Q. House Lumpini Building, Q. House Ploenjit Building and Wave Place Building	Quality Houses Leasehold Property Fund ^{2/}	25.66	111.5	24.6	109.8	20.2	118.8	18.6
	Sub-total		111.5	24.6	109.8	20.2	118.8	18.6
2. Construction Material business	Quality Construction Products Plc.	-	6.3	1.4	(0.3)	-	-	-
	Home Product Center Plc.	19.89	242.6	53.6	338.8	62.4	400.5	62.7
	Sub-total		248.9	55.0	338.5	62.4	400.5	62.7
3. Holding Business	LH Financial Group Plc. ^{1/}	22.25	92.5	20.4	94.3	17.4	119.3	18.7
	Sub-total		92.5	20.4	94.3	17.4	119.3	18.7
	Total		452.9	100.0	542.6	100.0	638.6	100.0

Note : ^{1/} On 21 April 2009, the Annual General Meeting of the Company's shareholders passed a resolution acknowledging the process of changing the direct investment in Land and Houses Retail Bank Plc. to an indirect investment through LH Financial Group Plc.

^{2/} On 28 November 2011, the Quality Houses Property Fund had received an approval from the SEC to amend the fund's name to "Quality Houses Leasehold Property Fund (QHPF)".



Risk Factors



1. Financial Risk

Risks from investments, lending, and guarantees made to the related company, Harbour View Co.,Ltd.

Harbour View Co., Ltd. is a related company. Q.H. International (BVI) Co., Ltd., is a subsidiary company (in which the Company holds a 100 % shareholding through its subsidiary company, Q.H. International Co., Ltd.), having a 14.15 % stake in Harbour View Co., Ltd. (it formerly had a 21% stake).

At the end of 2011, the net investment, after allowance for impairment of investment, was zero, considering the investment costs of 32.6 million Baht. The Company reserved an allowance for loss impairment of that investment for the full amount. This is because Harbour View Co., Ltd., which operates hotel businesses and rental office buildings in Haiphong, Vietnam, had continually operated at loss.

At the end of 2010 and 2011, the subsidiary company, Q.H. International (BVI) Co., Ltd., have lent Harbour View Co., Ltd. the amount of 3.3 million Baht and 3.5 million Baht, respectively (details may be found in the section: connected party transactions, item 1.23: financial support to other companies). As a result, the subsidiary company is vulnerable to losses pertaining to these loans because Harbour View Co., Ltd. has continued to run at an operating loss. Moreover, the Company has guaranteed the loans for Harbour View Co., Ltd. since 1997 because each shareholder is obligated to provide financial support to Harbour View Co., Ltd. in the proportion to shareholder's accumulation. Q.H. International (BVI) Co., Ltd and one of the shareholders have been committed to a loan of 4.2 million USD from a financial institution and jointly guaranteed the loan in the proportion of 50% each or the equivalent to 2.1 million USD. However, the ratio of financial support liabilities to Harbour View Co., Ltd. of the Company and its subsidiaries and of other shareholders is equivalent to the percentage of ownership of Q.H. International (BVI) Co., Ltd. Which each originally held in Harbour View Co., Ltd. which was equivalent to 21%. Later, there was a capital increase to the existing shareholders in the proportion of percentage of shareholding but Q.H. International

(BVI) Co., Ltd. did not invest in this right issuing because of the operating loss. The percentage of shares held was as a result reduced to 14.15% at the end of 2007. In 2002 and 2008, the Company reserved the allowance for contingent liability from the loan guarantee for Harbour View Co., Ltd., in the amount of 35.0 million Baht and 26.0 million Baht respectively. The Company recorded the burden of that contingent liability in the full amount of 61 million Baht. In the case that the Company has to pay for the loans on behalf of Harbour View Co., Ltd. due to the guarantee agreement, it would be in the amount of 61.0 million Baht as of 31 December 2010 and 2011 (1.6 million USD as of 31 December 2010 and 1.5 million USD as of 31 December 2011). However, Harbour View Co., Ltd. restructured its debt with a financial institution which resulted in the extension of the repayment period to 2017. Consequently, the Company's risk from the guarantee to this loan has been reduced. Additionally, the Company closely monitors the financial situation, operating results and the implementation of the debt-restructuring plan of Harbour View Co., Ltd.

Risks of liabilities of the issuance of the Company Bond

As at 31 December 2011, the Company had loans from financial institutions and debentures with the total number of 22,400.1 million Baht, consisting of short-term loans from financial institutions 3,683.1 million Baht, long-term loan due within one year 294.3 million Baht, long-term loan net of current portion 722.6 million Baht, debentures due within one year 5,700.0 million Baht and debentures, net of current portion 12,000.0 million Baht. If the Company cannot achieve the set sales target, it may affect the repayment of debentures. However, the Company expects to achieve its revenue goals as planned. As at 31 December 2011, the Company and its subsidiaries has operated total of 34 projects of land and houses for sale with total value of approximately 47,361 million Baht and with remaining sales value of 29,174 million Baht; and total of 7 projects of residential condominium units for sale with total value of approximately 11,750 million Baht and with remaining sales value of units which not yet transferred of 6,797 million Baht. These are sources of future revenue in addition to the regular businesses of residential units for rent and office buildings for rent. This will help enhance cash flow of the Company. Besides, the Company and its subsidiaries have long-term credit under the loan agreement which has not been drawn down from the bank with the total amount of 3,245 million Baht (as of 31 December 2011) that can be used as a source of funding.

According to the terms and conditions of the issued debentures, the Company is required to maintain the ratio of debt to equity not exceeding 2 to 1 times. As at 31 December 2011, the Company's debt to equity ratio by the terms and conditions was 1.72 times.

In summary, the issuance of debentures has been done in accordance with the Company's policy to acquire funding with lower cost when comparing to lending from financial institutions and to reduce the risk of interest rate volatility. So far, the Company has been able to pay interest, repay the debentures as per the redemption schedules, and maintain the debt to equity ratio at the level not exceeding 2 to 1 times as specified in the terms and conditions of the debentures.

Risks of interest rate volatility and access to capital

Since the Company and its subsidiaries need to use a huge amount of fund in real estate development, parts of this funding are loans from banks or financial institutions and debentures issuances. As such, the market interest rates have an important impact on the Company's cost of funds used in operations and project development.

To prevent the risk of interest rate fluctuations, the Company and its subsidiaries have adopted several measures depending on the trend of interest rates at that particular period. Those measures include the issuance of debentures with fixed interest rates in order to repay the loans that bear floating rate and higher interest costs and the issuance of short-term bill of exchange with lower interest rates to be sold to institutional investors. This measure helps reducing the cost of interest and

is suitable for the land and houses for sale business that needs short-term fund for project development. Another measure that the Company adopted is to improve the efficiency of project planning and construction to shorten the project development period and to reduce the burden of interest-bearing loans. In addition, the Company and its subsidiaries have allocated loans, with both fixed interest rate and floating rate, to be used in the business operation of each particular company in accordance with the business type and asset type of such company. By monitoring interest rate trend now and in the future and using appropriate financial instruments, the Company and its subsidiaries have properly manage the risk from interest rate volatility.

Furthermore, the Company has increased its capacity and its access to capital for project development by building strong relationships with several banks to compare deals and the most appropriate cost.

2. Business Risk

Risk incurred from pre-built home construction

The Company and its subsidiaries operate a real estate business with the main revenue generated from the sales of land and houses. In 2010 and 2011, the Company and subsidiaries' revenue from sales of land and houses was 70.7% and 77.5% of generated total revenue from their real estate businesses, respectively. The Company and its subsidiaries have the operating policy to insure that housing constructions were complete before selling, as opposed to building a house after receiving a deposit and some payments from customers. Due to this policy, the Company and its subsidiaries require more working capital during the construction period. Therefore, this could affect the liquidity and profitability of the Company because of the high initial investment and interest expenses incurred from loans made for such projects.

However, the Company and its subsidiaries put measures in place to prevent or to reduce the above-mentioned risk as follows:

- a) The Company and its subsidiaries have performed consumer behavior studies by surveying the customers who visited projects. The survey questions included asking customers about their budgets, price, design specifications, plot size, quality of materials, environment, and security, etc. In addition, information obtained from previous projects has been analyzed to find more details of customer needs. This enables the Company to develop pre-built houses which satisfy the customer needs and are well-accepted amongst its customers. Evidently, consumer confidence is increased by the fact that customers are able to see the quality of the products before making purchase decision.
- b) The Company and its subsidiaries are major long term real estate developers and therefore are widely recognized and have good reputation among target consumers.
- c) The Company and its subsidiaries have evaluated the demand for houses, the national economic situation, and other related factors before reviewing and planning for construction of houses or investing in new projects with important consideration placed on optimizing stock levels of the Company. Planning of construction by phases which are in line with market demands also helps reducing the risk of high working capital utilization.

Risk incurred from pre-sale home construction

In 2010 the Company had a policy to sell the house and condominium before its construction completed (Pre-sale house) with the price range low to medium, under the project names; "Casa Ville," "Casa City," "The Trust Ville" "The Trust Town", "The Trust City "and "Casa Seaside". This type of product increased sales opportunities and increased the liquidity of the Company's subsidiaries. As the Pre-sale house is priced at the beginning of the project prior to construction, it has a risk in controlling construction cost. The Company and its subsidiaries adopt measures to mitigate such risk by entering into a turnkey construction contract with the contractor and making a deal for construction materials cost in advance, for a period of 6-12 months. As this pre-sale house is not a large house, the construction time is shorter than the high priced project, which enables the Company to control its cost to a certain extent.

Additionally, the Company has used the modern construction methods of Pre-casted Prefabrication and Tunnel for building house with price lower than 3 million Baht and 2 storey townhouse to reduce construction time and to ensure better cost control.

Risk incurred from highly competitive market

Presently the real estate developing industry has been highly competitive due to increasing number of developers, launching of new projects by major operators, which result in the rapidly increasing supplies in the market. Various marketing strategies have been introduced to the market continuously in order to boost sales, intensifying the market competitions. Fortunately the Company and its subsidiaries are the major operators in the market for a long time and have a reputation for top-level and medium-high house building projects. This provides us a competitive advantage for the reputation, trustworthiness, quality and standards. The Company and its subsidiaries are also studying the feasibility of each project before making the investment; including location, project communications, growth of population, market conditions, competitors and targeted customers, to better serve the needs of our customers. In addition the Company's subsidiaries also have expanded the investment in land and houses and condominium units business in the range 1.0 to 2.5 million Baht to reach for larger customer base. As a result, the Company and its subsidiaries are still maintain the growth of the sales and are able to reduce the risk from the highly competitive market situation.

3. Risk relating to Production

Risk from construction material costs and project development costs

Since the crude oil prices in world markets are volatile and are likely to increase in the near future, this will impact the higher production costs of both construction material and project development. Meanwhile, the Company and its subsidiaries might not be able to increase the sale prices of land and houses. This might have an effect on the Company and its subsidiaries' profitability in the future.

However, the pre-built housing sales policy allows the Company and its subsidiaries to plan for construction and purchase construction materials in advance. This helps to control the costs of products and the quantities of inventories more effectively. Additionally, the Company and its subsidiaries have future contracts and make advance payments for those specific construction materials which are expected to have higher prices in the future. Considering that the Company and its subsidiaries uses a lot of construction materials, the Company and its subsidiaries have significant bargaining power which effectively lowers the cost of these materials. Consequently, the Company and its subsidiaries believe that the above mentioned measures can help, to a certain extent, to reduce costs and expenses for project developments, while maintaining the profitability of the Company and its subsidiaries. Besides, the usage of modern construction methods like Pre-casted Prefabrication and Tunnel for building house with price lower than 3 million Baht has reduced construction time and has saved financial costs and construction costs. As a result, the Company and its subsidiaries are satisfactorily able to maintain its margin.

Risk from shortage of contractors and skilled labor

To build houses and to run successful housing development projects depend a lot on contractors and skilled labor especially for the products of the Company and its subsidiaries which are mid-level and high end products that focusing on quality. We realized that the number of qualified contractors and skill labor in the market are considerably limited and might not be sufficient for the need of the Company and its subsidiaries especially when the real estate industry is growing.

The shortage of contractors and skilled labor may become a drawback for our production, for the growth of our sales and for the quality control of the Company and its subsidiaries' products. As such, the Company and its subsidiaries have a policy to recruit new contractors who are qualified to work for us. The Company and its subsidiaries, in addition, have provided more trainings and skill developments for both the existing and new contractors. In a proper situation the Company and its subsidiaries also provide adequate financial supports to ensure their company's liquidity.

4. Risks that may occur due to flood in the 4th quarter of 2011

The major flooding in the central region of Thailand has affected most of residential projects located in Bangkok and its vicinity and has caused a massive slow down in the business of real estate for sale in the fourth quarter of 2011.

For the Company and its subsidiaries' projects located in the zones of Ratchaphruk road, Chaipayruk road and other flooded areas, a total of 12 projects were affected and had impacted the followings:-

- The Company and its subsidiaries had considerably low recognized revenue from the sale or the transfer of land and house projects located in the flood zones.
- The Company and its subsidiary are obliged to provide a fund for projects to rehabilitate project environment, to repair houses that are completely built but not yet sold or transferred and to repair public infrastructure within the affected projects, which may be an amount that is more than the Company expected.

In addition, the overall market for the land and house for sale business has slowed down especially the projects located in the flood zones, which might have short term impact to the Company and its subsidiaries' revenue from the sale of land and house in 2012. Customers who have a need to buy land and houses have been put off their buying decision, trying to study more and determine the location which will be safe from flooding.

As such, this may affect the cash in-flow of the Company and its subsidiaries to be declining due to the number of houses transferred do not meet the set target. However, the Company and its subsidiaries have a policy to reduce cash outflow and accelerate cash in-flow as follows:

1. Focus on building houses and condominiums for sale in the projects that are sold well and not located in flood zone. And accelerate the expansion of land and house for sale business in provincial areas where the subsidiary companies operate.
2. Decrease / delay / postpone buying new land and any investment in large assets.
3. Decrease expenses in selling and administrative which are not urgent or necessary.
4. Manage cash flow of each project separately; the project must accelerate the sale in order to acquire money for the construction of houses in the project to be in line with its demand.
5. Establish a property fund to sell hotel and service apartment buildings in 2012 to bring in more cash in-flow in order to reduce debt burden.



Shareholder Structure and Management



1. Shareholders

List of the top 10 shareholders with the number of shares held and the proportion of shareholding as at the closing date of Shareholder Registration on 12 May 2011

Names of Shareholders	Number of Shares	% of the paid-up Capital
1. Land and Houses Plc.	2,107,539,377	24.86
2. Government of Singapore Investment Corporation Pte Ltd.	922,101,500	10.88
3. Thai NVDR Co., Ltd.	605,192,272	7.14
4. HSBC Group	453,263,861	5.35
5. CHASE	409,333,470	4.83
6. RBC Dexia Investor Services	243,386,700	2.87
7. Bangkok Bank Plc.	237,000,676	2.80
8. American International Assurance Co.,Ltd.	185,000,025	2.18
9. USB AG	138,481,626	1.63
10. State Street Bank and Trust Company	136,035,623	1.60
Total of the Top 10 shareholders	5,437,335,130	64.14
Total of the shareholders	8,477,339,715	100.00

2. Management

2.1 Structure of Management

As of 31 December 2011, the structure of the Company's management consisted of 5 committees including: The Board of Directors, the Audit Committee, the Nominating and Remuneration Committee, the Corporate Governance Committee and the Risk Management Committee.

Each committee has the list of members with scope of authority and responsibility as follows:

(A) The Board of Directors

As of 31 December 2011, the Company's Board of Directors consisted of 12 members including:

Executive Directors:	4 persons
Non-executive directors:	4 persons
Independent Directors:	4 persons(equivalent to one-third of the total directors)

List of Directors:

Board of Directors		Position
1. Pol.Gen.Pow	Sarasin	Chairman
2. Mr.Rutt	Phanijphand	Director
3. Mr.Adul	Vinaiphat	Independent Director
4. Mr.Anant	Asavabhokhin	Director
5. Mr.Adisorn	Thananan-narapool	Director
6. Miss.Kanokvalee	Viriyaprapaikit	Director
7. Mr.Rachai	Wattanakasaem	Independent Director
8. Mr.Suri	Buakhom	Independent Director
9. Mr.Krit	Phanratanamala	Independent Director
10. Mr.Suang	Chaisurote	Director
11. Mrs.Suwanna	Buddhaprasart	Director
12. Mr.Pravit	Choatewattanaphun	Director

The Company's Board of Directors meeting No. 3/2008 held on 21 March 2008 had a resolution to appoint Mrs. Suwanna Buddhaprasart, as the corporate secretary effective since as of March 22, 2008. The corporate secretary has responsibilities to ensure that activities of the Board of Directors comply with relevant legislations, regulations, and orders relating to the new Securities and Exchange. The Company determines the role and major responsibilities of the company secretary as follows:

- 1) To give primary advice to directors relating to the laws, rules and regulations of the company, including significant changes of requirements so that the Board of Directors shall be able to work smoothly and have sufficient information to consider and make decision to perform their duties and responsibilities with care and honesty.
- 2) To prepare and keep the following documents
 - List of Directors Registration
 - The Board of Directors' Meeting: Invitation for Meeting, Minutes of the Board of Directors meeting and Annual reports of the Company
 - Shareholders' Meeting: Invitation for Meeting, Minutes of the Shareholders' Meeting
- 3) To supervise the disclosure of information and reports under the responsibilities to the supervising units to adhere to corporate governance rules and regulations of the Government.
- 4) To keep the reports on the interest of directors and executives and to submit copies of reports to the Chairman and the Chairman of the Audit Committee within 7 days from the date the Company received such report.
- 5) To provide a system for storing documents and related evidences in an accurate, completed manner and can be rechecked.
- 6) To contact and communicate with general shareholders for acknowledgement of their rights and the Company's information.

Summary of Directorship of Members in the Board of Directors and other committees:

Name	Director	Executive and Authorized Director	Audit Committee and Independent Director	Nominating and Remuneration Committee	Corporate Governance Committee	Risk Management Committee
1. Pol. Gen. Pow Sarasin	✓					
2. Mr.Rutt Phaniijphand	✓	✓				✓
3. Mr.Adul Vinaiphat	✓		✓	✓		
4. Mr.Anant Asavabhokhin	✓					
5. Mr.Adisorn Thananan-narapool	✓					
6. Ms.Kanokvalee Viriyaprapaikit	✓			✓		
7. Mr.Rachai Wattanakasaem	✓		✓	✓		
8. Mr.Suri Buakhom	✓				✓	
9. Mr.Krit Phanratanamala	✓		✓			
10. Mr.Suang Chaisurote	✓	✓				
11. Mrs.Suwanna Buddhaprasart	✓	✓			✓	✓
12. Mr.Pravit Choatewattanaphun	✓	✓				

The Company's Board of Directors shall consist of not less than 5 directors but not exceeding 15 directors and at least half of the directors must have their domiciles in the Kingdom.

Directors shall vacate the office upon:

- (1) Death
- (2) Resignation
- (3) Disqualification or having any characteristics as prohibited by law
- (4) Termination by the shareholders' meeting resolution
- (5) Termination by the Court's order

The selection of the Company's Directors shall be done through the nomination process defined by the Nominating and Remuneration Committee which includes the nomination from all shareholders. The Nominating and Remuneration Committee will consider the candidate's qualifications and finally propose to the shareholders' meeting to get final approval before the formal appointment.

Most of the directors received training from the Thai Institute of Directors (IOD) as shown in the section: brief details of committees and executives. In 2011, the following directors have attended the training programs and seminars to enrich their work knowledge continuously:-

Namelist	Program/Seminar topic
1. Mr. Pravit Choatewattanaphun	Director Certification Program (DCP)
2. Mr. Rachai Wattanakasaem	Role of the Compensation Committee(RCC)

In general practice, each director will be in the position for the term of 3 years. According to the Company's regulation, one-third of the total directors on the Board shall be retired at every Annual General Meeting. If the number of directors is not a multiple of three, the number of director closest to one-third shall be retired. The Company does not determine the number of times that a director is in office or the number of other companies in which a director holds a position with. The Company believes that each director has discretion to allocate adequate time to be devoted to the Company in the said position of director. And the Company is confident that each director has the required capabilities, knowledge and experience in areas that can benefit the determination of business direction and company policies and can provide counseling to resolve problems of business operations according to the standard expected by the Company.

Definitions of Independent Director

The independent directors have important roles in enhancing investors' confidence, imposing a balance on major shareholders' power and in promoting the corporate governance under the principle of international standard. The Company therefore has defined the following requirements for its independent directors, which is in accordance with the minimum regulations prescribed by the Security and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). These requirements are:-

- (A) An independent director must hold no more than 1% of shares with voting rights in the Company, parent company, subsidiaries, associated companies, major shareholders or controlling persons of the company including the shareholding of related person of that particular independent director;
- (B) An independent director must not be or had not been the Company's executive director, nor serve as temporary employee, permanent employee, advisor on regular payroll, and controlling person of the Company, parent company, subsidiaries, associated companies, same-level subsidiary companies or major shareholders, unless the foregoing status has ended not less than 2 years prior to being appointed as an independent director. This prohibition shall not apply to the independent directors who were government officials or advisors to the government office which is the Company's major shareholder or controlling person of the Company;
- (C) An independent director must not be a blood relative or by legal registration in the nature of father, mother, spouse, wife, sibling, child, son- or daughter- in law of other directors, executives, major shareholders, authorized persons, or individuals who are about to be nominated as directors, management members or controlling persons of the Company or its subsidiaries;
- (D) An independent director must not have or use to have business relationship with the Company, parent company, subsidiaries, associated companies, major shareholders or controlling persons in a way that will prevent independent judgment. Furthermore, independent directors must not be or had been major shareholders, or controlling person of any parties who have business relationship with the Company, parent company, subsidiaries, associated companies or major shareholders or controlling persons of the company the foregoing status has ended not less than 2 years prior to being appointed as an independent director.

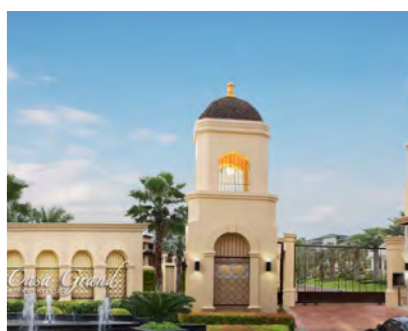
The business relationship mentioned earlier includes transactions of normal business transaction, rental or lease immovable property, transactions relating to assets or services or granting or receipt of financial assistance through loans, guarantees, using assets as loan collateral including other similar practices that can result in the Company or contractual partner having to take liability that must be repaid to the other party of more than 3% of net tangible asset of the Company or more than 20 million Baht, whichever amount is lower. The calculation of such indebtedness is to be done in according to the method of calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions. The consideration of such indebtedness shall include indebtedness occurring during the period of one year prior to the date on which the business relationship with the person commences;

- (E) An independent director must not be or had not been an auditor of the Company, parent company, subsidiaries, associated companies or controlling parties of the Company. And an independent director must not be or had not been major shareholder, controlling person or having partnership of the auditor office of the auditor of the Company, parent company, subsidiaries, associated companies, major shareholders or controlling parties of the Company, unless the foregoing relationship has ended at least 2 years prior to being appointed as an independent director;
- (F) An independent director must not be or has not been servicing professionals including legal advisors and financial advisors, receiving more than 2 million Baht per annum in remuneration for the service from the Company, parent company, subsidiaries, associated companies, major shareholders or controlling parties of the Company; and must not be the major shareholder, controlling person or holding shares of those servicing professionals, unless the foregoing relationship has ended at least 2 years prior to being appointed an independent director;
- (G) An independent director must not be appointed as representative of director of the Company, major shareholder, or related parties of the major shareholders of the Company;
- (H) An independent director must not operate the business with the same nature as and competing with the business of the Company or its subsidiaries, or must not be a managing partner of the partnership, or being an executive director, temporary employee, permanent employee, advisor on regular payroll, or holding more than 1% of the shares with voting right of any companies which operate the business with the same nature as and competing with the business of the Company or its subsidiaries;
- (I) An independent director must not have any other characteristics which cause the inability to express independent discretion, relating to the Company's operations;

After being appointed as a independent director with characteristics under (A) to (I), the independent director may be assigned by the Board of Directors to make collective decisions relating to the business operations of the Company, parent company, subsidiaries, associated companies, same-level subsidiaries or major shareholders or controlling parties of the company.

Authorities, Duties and Responsibility of the Board of Directors

- 1) Possess authorities and duties as stated in the Company's regulations, including supervising and managing the Company in accordance with the laws, the Company's objectives and regulations, and resolutions of the shareholders' meetings;
- 2) Determine vision, missions, goals, strategies and policies of the Company;
- 3) Approve strategies, important policies, objectives and goals of assets management, financial management and the Company's business plans, as well as, overseeing to ensure the effective implementation of such plans;
- 4) Scope of operational authorities such as application for permissions relating to property development as well as submission and receipt of tax documents from the Revenue Department, reporting of complaints to the police officers or inquiry officials, revocation of complaints, compromise, making a statement, as well as sending and receiving of documents relating to legal cases, etc.;



- 5) Scrutinizes the transactions required to be submitted for shareholders' approvals in the shareholders' meetings, with main sessions in the Annual General Meeting, as follows:
 - (A) Consider the Board of Director's reports showing the Company's performances which will be proposed to the meeting;
 - (B) Consider and approve the financial statements;
 - (C) Consider profit appropriation;
 - (D) Nominate new directors to replace the retiring directors;
 - (E) Nominate the auditor and determine the auditor's remunerations;
 - (F) Consider the transactions with possible conflicts of interest which must be approved by shareholders;
 - (G) Other matters;

The Company has convened the Board of Directors' meeting to approve the vision, strategies, goals, policies, business plans, and budgets of the Company, as well as, to follow up the management's work to ensure that the Company's goals and business plans are achieved. In 2011 and 2010, the Board of Directors convened 8 and 7 meetings, respectively. The procedure for these meetings is that the corporate secretary would send out an invitation to the meeting together with meeting agendas and relevant documents to the directors in advance so that the directors shall have enough time to study the data before participating in the meeting; whereby, all directors are able to express their opinions freely and are not subject to any person or a group of persons. Minute of the meetings, including directors' opinions, are recorded clearly in writing. Details on meeting attendance of the Board of Directors are as follows:

Names of Directors		Titles	Meeting Attendance /	
			Total Meetings (Times)	
			2010	2011
1. Pol.Gen.Pow	Sarasin	Chairman	7/7	6/8
2. Mr.Rutt	Phanijphand	Director	7/7	8/8
3. Mr.Adul	Vinaiphat	Independent Director	7/7	8/8
4. Mr.Anant	Asavabhokhin	Director	5/7	7/8
5. Mr.Adisorn	Thananan-narapool	Director	7/7	8/8
6. Miss.Kanokvalee	Viriyaprapaikit	Director	7/7	7/8
7. Mr.Rachai	Wattanakasaem	Independent Director	7/7	8/8
8. Mr.Suri	Buakhom*	Independent Director	5/5	8/8
9. Mr.Krit	Phanratanamala	Independent Director	7/7	8/8
10. Mr.Joompol	Meesook**	Director	2/2	-
11. Mr.Suang	Chaisurote	Director	7/7	8/8
12. Mrs.Suwanna	Buddhaprasart	Director	7/7	8/8
13. Mr.Pravit	Choatewattanaphun **	Director	5/5	8/8

Remark: * Mr. Suri Buakhom was approved and appointed as an independent director of the Company by the Annual General Meeting of 2010 No.1/2010 convened on 20 April 2010 and firstly attended the meeting on 24 June 2010;

 ** Mr. Joompol Meesook has completed his term on 1 May 2010 and it was the resolution of the Annual General Meeting of 2010 No.1/2010 convened on 20 April 2010 to appoint Mr.Pravit Choatewattanaphun to replace his position. Mr.Pravit firstly attended the meeting on 24 June 2010.

Internal Meeting of “Non-executive Directors”

On 21 February 2011 and on 28 August 2011, non-executive directors have convened internal meetings to discuss on interesting issues without the management's attendance.

Vision and Missions of the Company

The Company's Board of Directors has prescribed the vision and missions of the Company as the goals and guidelines to determine business strategies and plans with the following details:

Corporate Vision

"To be the top-of-mind real estate development company for customers in all segments for its leadership in product quality and services"

Corporate Missions

- **Product Quality and Service Quality** Always improve and develop the Company's 5 qualities to satisfy the consumer .
- **Work Life Quality** Create work environment and company culture and improve employee benefits to achieve maximum performance.
- **Personnel Quality**
 - Operate legally with a transparency which can be checked at every stage.
 - Encourage and support employees to develop their potential in various fields in accordance with their responsibilities.
- **Social Quality**
 - Promote accountability to the communities and the surroundings of areas where the Company, Quality Houses Plc., and its subsidiaries operate, as well as society.
 - Seek for new and better ways to create and build sustainability for products, environment, organization and society.
- **Investment Quality**
 - Improve operational efficiency in order to achieve growth in profitability.
 - Find new ways to generate sustainable long-term profitability.

Executive and Authorized Directors

The authorized directors of the Company are Mr. Rutt Phaniyphand, or Mr. Suang Chaisurote or Mrs. Suwanna Buddhaprasart, or Mr.Pravit Choatewattanaphun. To validate the document, two out of the four authorized to sign on behalf of the company must sign together and affix the Company seal.

(B) Audit Committee

The Company's Audit Committee consists of 3 independent directors as of 31 December 2011, as follows:

Audit Committee		Title
1. Mr. Adul	Vinaiphat	Chairman
2. Mr. Rachai	Wattanakasaem	Director
3. Mr. Krit	Phanratanamala	Director

The Secretary of the Audit Committee is Mr. Korasut Piyambut.

Details of the Audit Committee meetings attendance in 2010 and 2011 are as follows:

Names of Directors			Meeting Attendance/Total Meetings (Times)	
			2010	2011
1. Mr. Adul	Vinaiphat	Chairman	6/6	6/6
2. Mr. Rachai	Wattanakasaem	Director	6/6	6/6
3. Mr. Krit	Phanratanamala	Director	6/6	6/6

Remark: Mr. Krit Phanratanamala is a director who has the knowledge and experience in accounting or finance.

In 2011, the Audit Committee has convened meetings with the Company's auditors without the presence of the Company's management team.

Authorities and duties of the Audit Committee

The Company's Audit Committee has authorities, duties, and responsibilities to report to the Board of Directors as follows:

- 1) To review and ensure that the Company's financial reports have been prepared accurately and adequately.
- 2) To review and ensure that the Company has proper and effective internal controls and internal audit systems; and to review independency of the internal audit unit; and to give approval of appointment, transfer and termination of the chief of the internal audit unit or any other units responsible for internal audit;
- 3) To review and ensure that the Company has complied with the Securities and Exchange Act, the Stock Exchange's regulations and related laws of the Company's businesses;
- 4) To consider, select and nominate independent person to act as the Company's auditor; and to propose the remuneration for such person; and to attend meetings with the auditor for at least twice a year without the management's attendance;
- 5) To consider the compliance with laws and with the Stock Exchange of Thailand's regulations, in the case of related transactions or transactions which may have a conflict of interest to ensure that such transactions are reasonable and giving highest benefits to the Company;
- 6) To prepare and disclose reports of the Audit Committee in the Company's annual reports. The Chairman of the Audit Committee shall sign in such reports, which are required to include the following information:
 - a. Comments about the accuracy, completeness and reliability of the Company's financial statements
 - b. Comments about the adequacy of the internal control system in the Company
 - c. Comments about the Company's compliance with the applicable law and regulations i.e the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand and other laws that relate to the Company's business
 - d. Comments about the suitability of the Company's auditors
 - e. Comments on transactions which might be conflicts of interest
 - f. Number of the Audit Committee meetings and the attendances of each committee member
 - g. Comments or observations in general that the Audit Committee derived during their performing of duties under "The Charter of the Audit Committee"
 - h. Other transactions which the committee considered that the Company's shareholders and public investors should be acknowledged within the boundaries of their duties and responsibilities assigned by the Board of Directors
- 7) To perform other duties assigned by the Board of Directors with the consent of the Audit Committee

(C) Nominating and Remuneration Committee

As of 31 December 2011, the Company's Nominating and Remuneration Committee consists of 3 members, including:

Nominating and Remuneration Committee		Title
1. Mr. Rachai	Wattanakasaem	Chairman
2. Mr. Adul	Vinaiphat	Director
3. Ms. Kanokvalee	Viriyaprapaikit	Director

Authorities, Duties and Responsibilities of the Nominating and Remuneration Committee as prescribes in the Charter

- 1) To determine procedures and criteria in nominating the Company's directors or senior management, from the Managing Director position and above, in alignment with the Good Corporate Governance policy;
- 2) To select persons appropriate to be nominated as new directors or search for senior management, from the Managing Director position and above, to propose for consideration by the Board of Directors;
- 3) To determine procedures and criteria for fair and reasonable payments of remunerations and other fringe benefits to the Board of Directors and other committees as appointed by the Board of Directors and to propose such pay package for approval in the Shareholders' meeting;
- 4) To consider, recommend and determine the remunerations and other fringe benefits by taking account of duties and responsibilities of the senior management (from the position of Managing Director and above) and to consider the criteria for performance appraisal in order to determine appropriate annual compensation;
- 5) To consider and review the structure and criteria relating to compensation under no. 3 and no. 4 to ensure that they are appropriate for the responsibilities required and the operating results of the Company, thus, in accordance with the market condition;
- 6) To consider budgets for wage increases, annual bonuses, and other benefits for the Company's employees;
- 7) To prepare the operational reports for the consideration of the Board of Directors at least once a year;
- 8) To perform any other duties as assigned by the Board of Directors;

In addition, the Nominating and Remuneration Committee has required that the Company shall prepare the Company's summary for orientation of new directors with the supporting documents, as follows:

1. Public Limited Companies Act;
2. Securities and Exchange Act;
3. Certificates, Objectives and Regulations of the Company;
4. Good Corporate Governance Policy;
5. Director's Handbook;
6. Organization Structure;
7. The Company's businesses;

Moreover, the Company has prepared the succession plan of President and Chief Executive Officer.

Number of meeting attendances of the Nominating and Remuneration Committee in 2010 and 2011 are as follows:

Names of Directors			Meeting Attendance/Total Meetings (Times)	
			2010	2011
1. Mr. Rachai	Wattanakasaem	Chairman	3/3	5/5
2. Mr. Adul	Vinaiphat	Director	3/3	5/5
3. Ms. Kanokvalee	Viriyaprapaikit	Director	3/3	5/5

(D) Corporate Governance Committee

As the Board of Directors' Meeting No.7/2010 convened on 21 December 2010, has passed the resolution to establish the Corporate Governance Committee which consists of 4 members selected from directors and executives as follows:

Corporate Governance Committee		Title
1. Mr. Suri	Buakhom	Chairman
2. Mrs. Suwanna	Buddhaprasart	Director
3. Mr. Somchai	Warunpantulak	Director
4. Mr. Korasut	Piyambut	Director

Authorities and Duties of the Corporate Governance Committee

- 1) To determine and review the policies, requirements and work procedures to be in accordance with the principle of good governance;
- 2) To determine policies and plans relating to the Corporate Social Responsibilities (CSR) activities of the Company;
- 3) To monitor the progress of the corporate governance and the social responsibilities work plans; and to give recommendations and necessary supports to related work teams in order to achieve the set objectives of each plan;
- 4) To carry out the internal evaluation under the corporate governance criteria in order to determine areas for improvement;
- 5) To represent the Company in communication and execution of corporate governance activities with the executives, employees and external units;
- 6) To perform any other duties as assigned by the Board of Directors with consent from the Corporate Governance Committee;

Number of meeting attendances of the Corporate Governance Committee in 2010 and 2011 are as follows:

Names of Directors			Meeting Attendance/Total Meetings (Times)	
			2010	2011
1. Mr.Suri	Buakhom	Chairman	-	4/4
2. Mrs.Suwanna	Buddhaprasart	Director	-	4/4
3. Mr.Somchai	Warunpantulak	Director	-	4/4
4. Mr.Korasut	Piyambut	Director	-	4/4

(E) Risk Management Committee

As the Board of Directors' Meeting No.7/2010 convened on 21 December 2010, has passed its resolution to establish the Risk Management Committee which consists of directors and executives, totally 4 persons, as follows:

Risk Management Committee		Title
1. Mr.Rutt	Phanijphand	Chairman
2. Mrs.Suwanna	Buddhaprasart	Director
3. Mr.Saenphin	Sukhee	Director
4. Mr.Somsak	Jirarungruangvong	Director

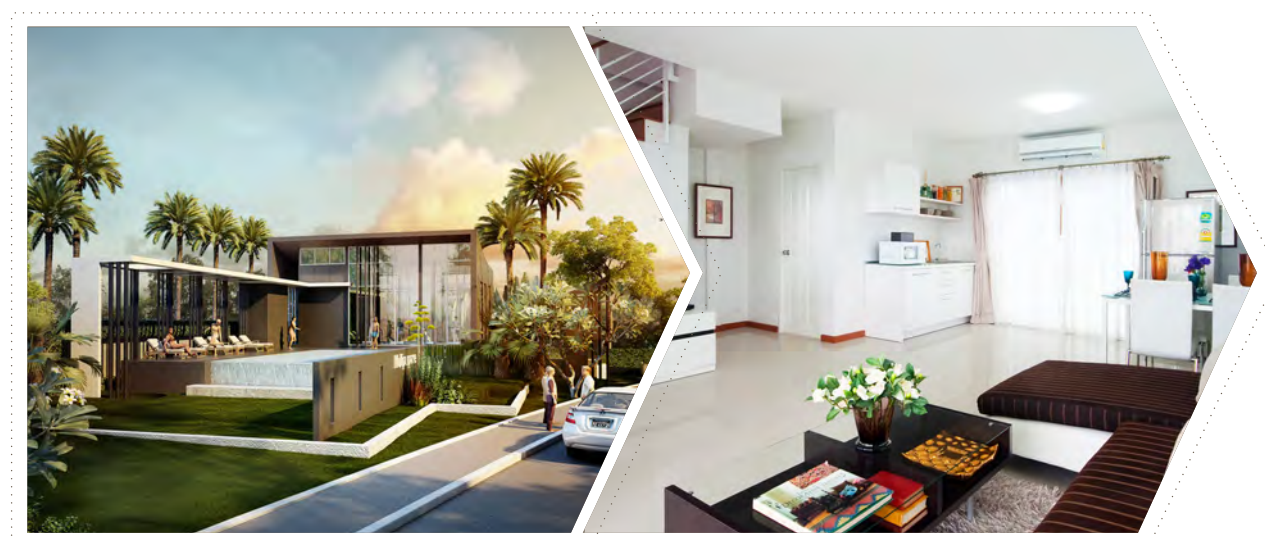
Authorities and Duties of the Risk Management Committee

- 1) To determine criteria, policies and processes of evaluation and management of risks which have impacts on the Company;
- 2) To evaluate, analyze and prioritize the risks and to determine guidelines and strategies for risk management so that the risks shall be at an acceptable level under proper costs;
- 3) To follow up and evaluate the risk management and to report the result of risk evaluation to the Audit Committee;
- 4) To make decisions and to give advice on major problems occurred in the risk management process;

(F) The Executives

The Company's Executives as at 31 December 2011 are as follows:

The Executives		Title
1. Mr.Rutt	Phanijphand	President and Chief Executive Officer
2. Mr.Suang	Chaisurote	Senior Executive Vice President
3. Mrs.Suwanna	Buddhaprasart	Senior Executive Vice President
4. Mr.Pravit	Choatewattanaphun	First Executive Vice President
5. Mr.Saenphin	Sukhee	Executive Vice President
6. Mr.Ravee	Mongkoltavee	Executive Vice President
7. Mr.Somchai	Warunpantulak	Senior Vice President, Financial and Accounting Department
8. Mr.Somsak	Jirarungruangvong	Senior Vice President, Customer Transaction Serviced and Treasury Department



2.2 Remunerations for Directors and Executives

(A) Monetary Compensation

Remuneration for Directors

The annual general meeting of shareholders no.1/2011 on 22 April 2011 approved the new directors' remuneration and bonus with following details:

- 1) **Monthly remuneration** The Company's directors will receive monthly remuneration regardless of the fact that there is a meeting or no meeting in such month. Details as follows
 - The president's remuneration is 45,000 Baht/month
 - The director's remuneration is 30,000 Baht/month
- 2) **Meeting remuneration** The directors who attend the Company's committee meetings: the board of directors meeting, the audit committee meeting, the nominating and remuneration committee and the Corporate Governance Committee will receive meeting remuneration as follows.
 - The chairman's remuneration is Baht 30,000 per each meeting. The chairman means the chairman of each board/committee: the chairman of the board of directors, the chairman of the audit committee, the chairman of the nominating and remuneration committee and the chairman of the corporate governance committee
 - The directors' remuneration for each meeting is 20,000 Baht. For the director who is also an executive director will not receive any meeting remuneration. The directors' meeting remuneration will be paid to the member of each committee for not more than 12 times per year. In case that such committee has arranged more than 12 meetings in a year, the meeting remuneration will be paid for maximum of 12 months only.

In 2010 and 2011, the Company paid out compensation to 12 directors in the amount of 15.95 million Baht and 16.53 million Baht, respectively. The compensation can be classified as follows:



Name	Position	2010			2011		
		Monthly Allowance	Meeting Allowance	Bonus	Monthly Allowance	Meeting Allowance	Bonus
1. Pol.Gen.Pow Sarasin	Chairman	540.0	210.0	1,250.0	540.0	180.0	1,276.6
2. Mr.Rutt Phaniiphand	Director and Chairman of Risk Management Committee	360.0	-	833.3	360.0	-	851.1
3. Mr.Adul Vinaiphat	Independent Director, Chairman of Audit Committee and Nominating and Remuneration Committee	360.0	410.0	1,250.0	360.0	440.0	851.1
4. Mr.Anant Asavabhokhin	Director	360.0	100.0	833.3	360.0	140.0	851.1
5. Mr.Adisom Thananan-narapool	Director	360.0	140.0	833.3	360.0	160.0	851.1
6. Ms.Kanokvalee Viriyaprapaikit	Director and Nominating and Remuneration Committee	360.0	200.0	833.3	360.0	240.0	851.1
7. . Mr. Rachai Wattanakasaem	Independent Director, Audit Committee and Chairman of Nominating and Remuneration Committee	360.0	320.0	833.3	360.0	430.0	851.1
8. Mr.Suri Buakhom*	Independent Director and Chairman of Corporate Governance Committee	210.0	80.0	-	360.0	280.0	496.5
9. Mr.Krit Phanratanamala	Independent Director and Audit Committee	360.0	260.0	833.3	360.0	280.0	851.1
10. Mr.Joompol Meesook**	Director	-	-	833.3	-	-	-
11. Mr.Suang Chaisurote	Director	360.0	-	833.3	360.0	-	851.1
12. Mrs.Suwanna Buddhaprasart	Director, Corporate Governance Committee and Risk Management Committee	360.0	-	833.3	360.0	-	851.1
13. Mr.Pravit Choatewattanaphun**	Director	240.0	-	-	360.0	-	567.4
Total		4,230.0	1,720.0	10,000.0	4,500.0	2,150.0	10,000.0

Remark: * Mr. Suri Buakhom was approved and appointed as an independent director of the Company by the Annual General Meeting of 2010 No.1/2010 convened on 20 April 2010;

** Mr. Joompol Meesook has completed his term on 1 May 2010; and the 2010 Annual General Meeting No.1/2010 convened on 20 April 2010, has passed its resolution to appoint Mr. Pravit Choatewattanaphun as a replacement director.

Remuneration for Executives

In 2010 and 2011, the total remunerations for the top 4 executives (from the Managing Director and below) and any person holding equivalent position at the fourth executives, totally 6 persons, were amounted to 56.0 million Baht and 49.6 million Baht respectively, of which details can be summarized, as follows:

Type of Remuneration	2010	2011
Salary	35.2	38.8
Bonus	18.9	8.7
Provident Fund	1.9	2.1
Total	56.0	49.6

Other Remuneration

The Company and its subsidiaries set up a Provident Fund for employees where each employee contributes voluntarily 3-6% of his/her salary to the Provident Fund. The Company and its subsidiaries will match the same amount to the Provident Fund. The Provident Fund is registered to be managed by a licensed fund management company that is in compliance with the Provident Fund Act B.E. 2542.

2.3 Corporate Governance

The Company realizes the importance of good corporate governance and therefore acts according to the guidelines of the Stock Exchange of Thailand for good corporate governance. The details of each principle are as follows:

2.3.1 Shareholders' Rights and

2.3.2 Equitable Treatment to Shareholders

The Company has a policy to treat all shareholders with equal rights in all matters including rights to obtain share certificates, to transfer shares and to receive the Company's information, to attend and vote in shareholders' meeting, etc.

In addition, the Company considers each shareholder as equal. Therefore, in order to promote good corporate governance and to show that the Company treats every shareholder equally, the Company has a policy to confer participation rights to shareholders in the Shareholder's Annual General Meeting of 2011 as follows:

- Propose additional agendas to the Shareholder's Annual General Meeting of 2011 according to the Company's rules.
- Nominate qualified candidates to be elected as the Company's directors in the Shareholder's Annual General Meeting of 2011 according to the Company's rules.

On 25 November 2010, the Company disclosed a letter to shareholders in the Stock Exchange of Thailand's system in order to allow them the opportunity to informally propose an agenda and/or nominate directors as mentioned above. The shareholders may do this through using the fax number 02-677-7003 or via sending E-mails to the executive secretary at supaphan@qh.co.th prior to submitting the complete set of original forms and related document to the corporate secretary during the period of 1 December 2010 to 31 December 2010.

The Company has prepared the invitation for shareholders' meeting (both in Thai and in English languages), with clear matter of facts, reasons, opinions of directors and supporting details of each agenda, which is important to shareholders; and has complied with the provisions prescribed by law; for examples, consideration and acknowledgement of the Company's operating results in the previous year; consideration, approval and appointment of directors; consideration of remunerations and bonuses for directors, together with the names, educational records and work history of directors; and consideration, approval and appointment of the licensed auditor, with details of the licensed auditor, independence and shareholding of the certified auditor of the Company, and remunerations of the certified auditor, etc.

The Company has assigned the Thailand Securities Depository Co., Ltd., the Company's registrar, to send shareholders the invitation for shareholders' meeting in advance before the date of the meeting so that shareholders shall be able to consider data relating to each agenda before the meeting. The Company has also facilitated shareholders who are unable to attend the meeting in person by attaching the printed form of proxy with the invitation for shareholders' meeting and has given advice in clearly producing evidences for meeting attendance and causing no burden to shareholders in attending the meeting.

The Company has disseminated the invitation for shareholders' meeting and the printed form of proxy, including supporting details of each meeting agenda (both in Thai and in English languages) through the Company's website "www.qh.co.th" in prior to the date of the meeting so that shareholders shall be able to consider all details before the meeting.

In 2011, the Company has convened the Annual General Meeting once on 22 April 2011. (The Company has assigned the Thailand Securities Depository Co., Ltd., to send shareholders the invitation for shareholders' meeting on 7 April 2011; and has also disseminated the invitation for shareholders' meeting and details of each meeting agenda (both in Thai and in English languages) through the Company's website "www.qh.co.th" on the same date.) The Company has also facilitated shareholders to attend the Annual General Meeting by selecting convenient venue for shareholders to commute which was the Q. House Lumpini Building on South Sathorn Road, located next to Lumpini Station of MRT.

In the Annual General Meeting of 2011, there were 12 directors attending the meeting, including 4 independent directors, 4 executive directors and 4 non-executive directors; moreover, the licensed auditor of the Company was invited to attend the Annual General Meeting as an observer; and all shareholders attending the said meeting shall have equal rights in all respects.

At the meeting, the time given for each point on the agenda was allotted appropriately. There was no additional agenda besides the agenda as sent to the shareholders in the invitation letter. Furthermore, the Company encouraged shareholders to express opinions and to ask questions extensively. Depending on their shareholdings, shareholders had one vote/share at the meeting. Vote counting was done through bar code and the summary of the vote count was displayed on a monitor and it was executed with transparency and accuracy. In addition, when voting was carried out for the director appointments agenda, the voting was done for one candidate at a time.

The Company prepared the memorandum of the Shareholders' Annual General Meeting in both Thai and English within 14 days after the meeting. The company recorded accurate and concise details of the meeting and resolutions made. Shareholders can review the meeting notes at www.qh.co.th.



Supervision of the Use of Insider Information

Details as written in the Section: Management No. 2.4 Supervision of the Use of Insider Information.

Procedure for Connected Transactions and Conflicts of Interest Transactions

The Company has the policy that its operations must be in accordance with the highest standards of laws, relevant regulations, and business ethics.

The Audit Committee has regularly reviewed the connected transactions or the related transactions and has ensured that the conditions for the transactions serve the best interest of the Company by treating them as transactions with outsiders on an “arm’s length basis.” The Audit Committee also supervises the Company to proceed and disclose relevant information of these related transactions completely and in compliance with official regulations.

In addition, the Company has ensured that the shareholding structures among the Company, subsidiaries, associated and related companies will not pose any conflicts of interests. The Company has made an announcement of the acquisition / disposal of assets and of related transactions for all employees in order for these employees to be aware of the guidelines for compliance with the official regulations. The details of connected transactions are shown in the Section: Connected Party Transactions.

Reporting of the Stakeholding of Directors

At the Board of Directors’ Meeting No.6/2009 convened on 25 June 2009, the Board of Directors has approved the criteria and procedures of reporting of the stakeholding of directors and executives and the disclosure of data relating to the stakeholding of directors and related parties to the Company, according to the criteria and procedures of reporting, as follows:

- 1) Directors and executives must report their stakeholding and/or the stakeholding of related parties to the Company according to the form of reporting as prescribed by the Company;
- 2) Directors and executives must report under 1) when:
 - Within 30 days after the date of assuming the office;
 - Within 30 days upon changes of data in the latest report;
- 3) The person who reported under 1) must send a written report to the Corporate Secretary within 3 working days as from the date of preparing the report;
- 4) The Corporate Secretary shall send a copy of the report of stakeholding under 3) to the Chairman of the Board of Directors and the Chairman of the Audit Committee within 7 working days as from the date when the Company has received such report;

2.3.3 Roles of Stakeholders

The Company has a detailed policy regarding treatment and responsibility for each group of stakeholders under the Company’s policy of good corporate governance. The treatments towards each group of stakeholders are as follows:

Employee

The Company has realized that employees are one of the most crucial factors that promote the Company’s successes and growth; therefore, the Company had its policy to promote and support the development of all personnel of the Company to obtain proper knowledge and abilities; and have the equitable treatment of its employees; and to respect the human rights; to create good and safe working environment; and to give fair and reasonable remuneration and welfare to its employees according to the positions, duties and responsibilities; for example:

Employees Welfare

- The Company has provided welfare of uniforms for receptionists or sales clerks stationed at the housing projects, office building for rent projects and serviced apartment projects;
- The Company has provided welfare of medical expense reimbursement (in case of outpatients) for not exceeding 6,000 Baht/person/year;
- The Company has provided welfare of flower baskets to visit employees in cases of work-related illness and child delivery;
- The Company has established a provident fund as morale in return for the employees' devotion to their works;
- The Company has established the employees' welfare committee to take care of welfare and health issues of employees; for example, providing nursing rooms stationed with professional nurses to give advice, recommendations and first-aids to employees; and to provide welfare of annual health checkups of employees;
- The Company has provided life insurances, group accident insurances and group health insurances (in case of inpatients);
- The Company has provided the system of other welfares covering the employees' family members such as welfare of funeral allowances (in case of death) for employees and family members (spouses and children); welfare of scholarships for employees' children; welfare of temporary sheltering or supporting funds for employees who were effected from the major flooding during October to November 2011; and welfare of interest-free staff loans for rebuilding the house for employees whose house was damaged by the flood.

Furthermore, the Company provides communication channels to provide information about these benefits to employees, the Company's rules and regulations by publishing all these information on the Company's intranet. The Company provides E-mail addresses to each employee so that it becomes another channel for both internal and external communication. The Company has a journal issued every 2 months to distribute information about new employees, corporate activities with clients, training and relationship building, management knowledge, and important changes to the Company.

Moreover, in order to learn more about challenges and problems that the staff facing in day-to-day operations, the Company sets up a suggestion box to receive communication from employees. This suggestion box is for employees to express their opinions freely or to file any complaint in regards to their work. The Company also performed a staff satisfactory survey including satisfaction on remuneration and welfare, opinion on human resources management, opinion on superiors and opinions in regards to work. The information and suggestions received from various channels are used seriously by the management committee in determining ways to correct and improve things that are of best interest of all stakeholders.

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Training and Employee Development

For sustainable and continuous development and growth of the Company, the Company had its policy of personnel development by assigning the Office of Welfare, Salary and Training to organize proper training courses and guideline for development of knowledge, abilities and skills to each level of employees to ensure that the Company's personnel shall have adequate work knowledge and abilities and shall be able to compete with other entrepreneurs in the markets efficiently and effectively.

The Company has set up Core Courses for employees in different levels, which include:

- **Orientation of New Employees.** All new employees shall receive the orientation in order to know the policies, rules, regulations, business structure of the Company and the data relating to the line operations of such employees, including welfare and benefits that the employees shall receive from the Company;
- **Customer Complaint Management Course** to provide operational employees whose work requires direct contact with customers from all lines of business with sufficient skills to manage and correct the customers' complaints. In this course, employees are allowed to participate by contributing ideas and opinions on how to satisfy customers which can later be adapted to use in real operations effectively and efficiently. This is done to create maximum benefits to customers and for the Company. Furthermore, there are courses in Emotional Quotient Development for Basic Operation and Basic Quality Services.

- Basic and Advanced Team Building Courses to allow employees to develop capabilities to work as a team effectively. This includes development of Emotional Quotient for work.
- Basic and Intermediate Management Skills Courses to develop leadership in employees so that they can work at their full potential. The programs include specific skills for employees in supervisor levels; basic supervisory skills, personal development, coordination skill, coaching skill, delegation skill, how to follow-up work progress and to control work quality control, Development of Emotional Quotient for Effective Management and Arts of Problem Solving and Decision Making. These programs aim to enhance the employees in supervisor role the abilities to manage their team effectively and efficiently.

Training & Education relating to environment and how to effectively use of resources The Company has continuously supported the implementation of “5S Activity” to enhance sanitation and healthy habits in workplaces, which will also increase work efficiency, higher productivity and better customer services; and help promoting good environment in workplaces and effective use of resources. Employees shall receive training before starting the implementation of any “5S Activity”. The Company has arranged to monitor and evaluate these activities at least 2 times per annum. Examples of activities to improve working environment and to reduce wastes include reusing empty pages of used paper, reusing of binders, launching a campaign of “switch-off the light during the lunch break or after use during the day” and a campaign to maintain all equipments to be in good conditions. These activities have helped promoting the better and safer environment in workplaces and have developed better work quality and more efficiency among employees throughout the organization.

In addition, the Company has also given souvenir rings to employees who have been working with the Company for 10 years and 20 years in recognition of their long-time physical and mental devotions to the Company.

Customers

The Company has prescribed its guidelines for treatment of customers in the company’s Code of Conduct, which is available at “www.qh.co.th”; and the Company has strictly complied with those guidelines and its responsibilities to customers by producing quality products and services under the policy “5-Quality Houses” (including “modern design”, “quality materials”, “good neighborhood”, “high security” and “sincere and honest services”); provided that the quality of products shall be subject to the level of prices of products sold. The Company has announced and strictly adhered to this policy; and in 2011, the Company has carried out activities classified by business segments, as follows:

Land and Houses for Sale Business

- The Company had its policy to create good and quality neighborhoods for happiness of all families staying with us; the Company and its affiliates have organized a variety of activities, emphasizing creative entertainment during the spare time, promoting the family relationship and giving opportunities for neighbors to get acquainted with each other by selecting activities which are suitable to each project such as walk rallies, arts and painting activity, T-shirt painting, flower decoration, tray garden decoration, photo frame making, including other patterns of handicrafts. These activities shall be organized twice a year, for example:
 - a. Laddarom Rachapruke Pinklao Project** The Company has organized the event “Ratanakosin Nitus - One day experience of the quality period”, an outside activity which participants had an opportunity to experience the cultural tour to realize the value of Thai traditional culture.

- b. Vararom Phaholyothin Saimai and Casa Grand Ekamai-Ramindra Projects** The Company and its subsidiaries have organized the activity called “Tum boon wai phra 9 wat @Ayudhya province” providing a tour for families who resided in the projects to travel to Ayudhya province for merit-making and paying respect to Buddha Images at 9 temples as hope for a new start with good fortune and auspices.
- c. Casa Ville Watcharapol Sukapiban 5 Project** The Company's subsidiary has organized a movie event, Harry Potter, to entertain its residents and provide opportunity for them to get acquainted with each other;
- In 2011, the Company and its subsidiaries have liaised for establishment of the juristic person of 11 housing projects which have successfully closed their sales; and have handed over the common facilities and have given financial supports and some assets to juristic persons of 12 housing projects;
 - The Company and its subsidiaries also organized activities to foster good relationships between the Company, general contractors and customers in the total of 6 projects, in which the customers had an opportunity to ask questions about how to use the equipment installed in the house and to distribute "Home Maintenance Manual" manual;
 - In the fourth quarter of 2011 there has been the major flooding in Thailand which seriously affected Bangkok and its vicinity where our projects located. The Company and its subsidiaries have set up the center to support residents in our projects, taking reports about flood situations and disseminating the updates to residents in related projects. The Company and its subsidiaries have also arranged special taskforces to work in the affected projects both to set up preventive actions to protect the projects from the flood and to provide supports to residents affected by flood. The Company and its subsidiaries have provided necessary materials and machines to protect the projects, i.e. sand bags, water pumps, trucks, boats, food & consumer products etc. depending on the specific needs of each project; and also provided supports for the recovery actions after the flooding.

Residential Building for rent (serviced apartments) Business:

The Company has organized customer relations events and activities for all projects on a monthly basis and during festivals in order to build up good relationship between the Company and its customers; for examples:



- The Grand Centre Point Hotel & Residence Ratchadamri Project by its health club organized a yoga activity for its 12 residents on Saturday 18 June 2011.
- The Centre Point Sukhumvit-Thong lo Project organized an activity of “Shaved Ice & Fruits Topping” on Sunday 22 May 2011 at the Project’s lobby area providing a cooking class of 6 favor shaved ice menu with 40 members participating.
- The Centre Point Sukhumvit-Thonglor organized an activity of “Thai Desserts” on 18 September 2011 with 50 members attending;

Office Buildings for Rent Business

The Company has organized events and activities as may be suitable to the business segments and the locations in order to build up good relationship between the Company and its customers; for examples:

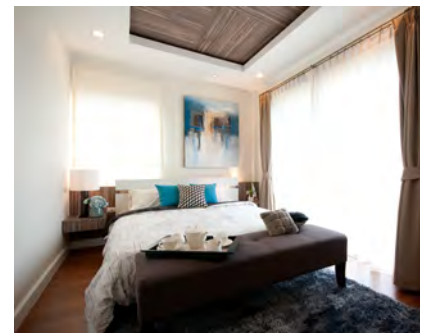
- In New Year’s Day Almsgiving Event, the Company has invited its customers to jointly give alms and to listen to sermons on a yearly basis;
- In Songkran Festival, the Company has prepared the premises and Buddha images to be watered by its customers on a yearly basis for good lucks;
- The management of Q. House Lumpini Building, in cooperation with the National Blood Donation Center, the Thai Red Cross Society, has organized the blood donation activity entitled “Prachachon Chao Thai Tham Dee - Blood Donation for the King Project” and has invited its customers and Q. House staff members to participate in the blood donation activities for the Year 2011, organized on a quarterly basis, totally 4 times a year, at Sathorn Rooms 1-2, 4th Floor, Q. House Lumpini Buidling;

In case, customers of the housing projects have complaints relating to houses; or there are emergencies relating to electricity, water supply, air-conditioning system and other problems, the Company has provided the complaints management team to make repairs and to fix such emergencies for 24 hours a day; customers may directly contact the after-sale service office at the project site or make a phone call at telephone number 0-2917-7980 during the operating hours; or email to “info@qh.co.th”.

For the office building project or the residential building project, customers can directly contact the building manager or responsible person in such building.

Business Partners

The Company and its subsidiaries have adhered to the value of business practices that uphold honesty, transparency and equality on the basis of fair competition, thus, for highest collective benefits; whereas business partners must not impair the Company’s reputations and must not breach the laws, good morals and traditions.



The purchase of products and operational procedures must be transparent and can be audited; and the business partner agreements must strictly be complied. The Company has used the Supply Chain system when ordering products to reduce steps, time and documents in the transaction allowing partners time to prepare and deliver products within agreed time frame.

Moreover, the Company has considered providing proper and reasonable assistances to its partners. For instance, if the material prices increase higher than those specified in the contract, the Company will carefully examine the price adjustments and revise new prices to the business partners. In the past year, the Company never made a late payment except when its partners did not act according to the contract or breached the conditions agreed upon. The Company also arranged a Thank you party to show our appreciation of the contractors who have supported the Company which helped building good relationships. The Company is well aware that its partners are key factors of the success and support in order to produce good products and provide attractive services with good quality and fair prices.

Banks, Financial Institutions, Holders of Debentures and Loan Creditors:

The Company adheres to the value of acting toward banks, financial institutions, and lenders with honesty. The Company repays capital and interest on a timely basis. The Company also strictly follows the conditions and rules that are specified in the lending contract and in other agreements. Whenever the problems arise, the Company will issue a written document to clarify the situation to the banks, the financial institutions and the lenders in advance. Then it will be followed by a meeting to get consensus about the solutions. The Company also adheres to the rules of good corporate governance, for example:

- Follow the agreements with business partners and lenders; in the scenarios that such agreement cannot be followed; the Company will consult with the contract partners at the earliest possible timeline in order to find solutions and damage protection strategies;
- Provide accurate and complete financial information.
- Not demand, accept or offer any dishonest advantages or gains when contracting with the lenders
- Ensure that there will be no misuse of money lent from the lenders by spending in conflicts with the loan objectives.

In the past 3 years the Company has never made any late payment.

Society, Community, and Environment

The Company always supports activities that are beneficial to the society, the community and to the environment. In 2011, the Company donated money to help flood victims through the Thai Red Cross Society; made donation to the Support the Children Foundation to support AIDS/HIV infected children; provided supporting fund to the Narcotics Control Foundation; and donated money to various temples to preserve Buddhism.

Moreover, the Company had its policy to promote and implant the employees' awareness of responsibilities to the society, communities and the environment and according to details mentioned in Section "Marketing and Competition", Sub-clause 1.5 "Environmental Impacts", as follows:

1. The Company had its policy not to take any action which may destroy the country's reputations, natural resources and the environment;
2. The Company shall not give its cooperation or support to any person who operates illegal businesses or being a threat to the society or the national security;

3. The Company has continuously implanted the awareness of responsibilities to communities and the society as a whole, within the Company and among employees at all levels;
4. The Company has supervised or controlled the strict compliance with the related laws;
5. The Company has realized the responsibilities to the society and the environment; for examples:
 - Office buildings for rent and serviced apartment projects have cooperated in conservation of energy by installing new air-conditioners replacing the old air-conditioners when it was detected that the use of energy exceeded the standard of energy consumption and the quality of the used water in buildings was tested before draining the wastewater to BMA's pipes, etc.;
 - Q. House Avenue Phraram 5 Project has contributed to the reduction of global warming by installing biogas release pipes at all treatment tanks of all houses in the Project in order to reduce the volume of Methane gas which was released to the atmosphere; moreover, the aerosol interception system was installed at the central wastewater treatment system to intercept aerosol from emission in the aeration pond by circulating air from the aeration tank to the aerosol interception tank to reduce air contaminants, etc.
 - Casa Ville Ratchaphruk-Chaengwattana Project has trialed to install the wastewater recycling system by using the sand filter and carbon filter; whereas, the recycled water can be used for watering trees in the public park; provided that, in case, the said trial had the satisfactory results, the Company would further develop the system to be used in other projects;

Respects for Human Rights:

Presently the problem of human rights has become severe and having impacts on the society and on the freedom of occupation and of business operations. The Company had its policy to counter any violations of human rights in conformity with the "legal state" society that people shall have rights and freedom under the provisions of law, according to the following guidelines:

1. The Company shall not neglect the human rights and shall not discriminate people due to differences of genders, races, religions, personal statuses, economic or social status; and shall apply the said criteria to its employment, job assignments, promotion, giving of work-related rewards, including the employment conditions;
2. The Company shall fight against human trafficking, use of child labour aged lower than the criteria prescribed by the Labour Law; and shall not do any business with the producers of products or services who get involved in human trafficking or use of child labour;
3. The Company shall support, respect and protect human rights by auditing and preventing the Company's business operation with the third parties from any violation of human rights and from any action which may violate employees' rights as protected by the law.

Infringement of Intellectual Property:

The Company had its policy, which was clearly documented, not to support its employees to infringe the intellectual property or copyrights of other persons such as by means of reproduction, modification, dissemination of computer programs to the general public, release of original or copy of such works for rent without permission from the copyright owners; and the Company has not allowed its employees to use any software which infringed the copyrights.

In order to protect and to assume responsibilities for all groups of stakeholders, the Company welcomes complaints or opinions of all groups of stakeholders through the following channels:

1. Email: info@qh.co.th;
2. Company's website: "www.qh.co.th" (for recommendations/complaints);
3. Submission of matters by hand or by post to the Corporate Secretary according to the address below:

Quality Houses Public Company Limited
No.1 Q. House Lumpini Building, 7th Floor,
Tungmahamek Sub-district, Sathorn District, Bangkok 10120

2.3.4 Disclosure of Information and Transparency

The Company has disclosed information that effects on stakeholders' decision making in regards various issues of the Company. The information is disclosed under various topics in Form 56-1 and on the Company's website, "www.qh.co.th." These include the name and backgrounds of the Board of Directors, Remuneration for Directors, Shareholding Structures of Top 10 Shareholders, Corporate Governance, Financial Statements, Risk Factors, Nature of Business, Management and Financial Position, and Operating Results. Interested parties can download the information from "www.sec.or.th" and "www.set.or.th."

Remuneration for Directors and Managements

The remuneration for directors and Sub-committees are comparable to the general practice within the same industry. The Audit committee has received remuneration according to their duties and responsibilities, which has been approved by the Nominating and Remuneration Committee prior to being submitted for approval by the shareholders in the Shareholders' Annual General Meeting. For the management of the Company, they receive remuneration linked to their performance and the performance of the Company. The Company has fully disclosed the remuneration for the directors, sub-committees and top management of the Company in the Annual Reports, under Clause 2.2 - Remuneration for Directors and Executives.

Board of Directors' Report on Financial Reporting

The Board of Directors realizes the importance of producing high quality financial statements for the company. Therefore, the Board of Directors has appointed the Audit Committee to review all of the company's financial statements to ensure full disclosure to investors. The Company also presents the report of responsibilities of the Board of Directors in the preparation and disclosure of financial statements in the Annual Reports. This is shown alongside the audited financial statements with opinions that the Company has prepared the report in accordance to generally accepted accounting standards. The Auditor has not given opinions that the financial statements of the Company had any significant notices.

The Board of Directors has given its importance on the disclosure of accurate, complete, transparent and thorough data by disseminating data and information through the data transmission channels of the Stock Exchange of Thailand and through the Company's website. The Board of Directors has reported the responsibilities on financial reports as mentioned in "Report of Responsibilities of the Board of Directors to Financial Report".

Relationship with Investors

The Company has given its importance on the disclosure of transparent and thorough data, including the Company's operating results as well as significant data affecting the prices of the Corporate securities by disseminating data and information through Set Community Portal or SCP system of the Stock Exchange of Thailand and through the media so that investors, analysts and related parties shall receive complete data; moreover, the Company has

also disseminated the Company's business data through websites "www.qh.co.th" so that interested persons in general can conveniently access the general data and the data of the Company's products and can contact the Company for inquiry of business data at Telephone No.0-2677-7000.

In 2011, the Company has presented the data to investors, as follows:

- Organized 3 road shows to attract investors in foreign countries;
- Organized 6 site visits for investors and analysts;
- Organized 4 meetings to clarify the annual and quarterly operating results to investors and analysts;
- Organized 48 company visits for investors and analysts to get informed of the status of the Company's business operation;
- Organized a press conference to clarify the annual business plans;
- Participated in several seminar activities with the business sector, including:
 - "Tisco Corporate Day" organized by TISCO Securities Co., Ltd.
 - "J.P.Morgan Thailand & Vietnam Conference 2011" organized by J.P.Morgan Securities Plc.
 - "Thailand Focus 2011" organized by Phatra Securities Plc.
 - "Thai Property Day" organized by Bualuang Securities Plc.

Moreover, the Company has also assigned the Investor Relations Office to assume responsibilities for dissemination of significant data affecting the prices of the Company's securities as well as other important data; whereas, the Investor Relations Office is under the supervision of Mrs. Suwanna Buddhaprasart, Director & Senior Executive Vice President. Investors may contact the Investor Relations Office at:

- "www.qh.co.th" in Section "Company's Data"; and "Inquiry of Investors' Data" in the topic "Contact the Investment Relations Officer" or by:
- Email: supaphan@qh.co.th

2.3.5 Board of Director's Responsibility

Corporate Governance Policy

The Company has prescribed its corporate governance policy in writing and the Board of Directors has approved the latest revised corporate governance policy in the Board of Directors' Meeting No.8/2011 convened on 26 December 2011. The Company has disseminated its corporate governance policy in the Company's website "www.qh.co.th".

The said policy has emphasized the roles of the Board of Directors, rights and equality of shareholders, treatment to stakeholders, transparent business transactions and code of conduct, internal control and risk management, including prevention of conflicts of interest, as well as the disclosure of data to related parties for thorough acknowledgement.

Business Ethics

The Company has prescribed the requirements on ethics and the code of conduct since 2002; and has also revised the business ethics. The Board of Directors has approved the latest revised business ethics in the Board of Directors' Meeting No.1/2010 convened on 23 February 2010; and the Company has disseminated the ethics and the code of conduct in the Company's website "www.qh.co.th".

Provided that the said business ethics were prepared for all employees to uphold as guidelines for their performance of duties according to the Company's missions with honest and equitable treatment to the Company, all stakeholders, the general public and the society; for prevention of possible conflicts of interest; and for transparent business operations as well as performance of work of employees. The Company has followed up the result of compliance with the said business ethics regularly and on a yearly basis.

Leadership and Vision

Members of the Board of Directors of the Company have possessed work knowledge, abilities, skills and experiences from different fields of study. The roles, duties and responsibilities between the Board of Directors and the Management have clearly been divided. The Board of Directors' meetings have been convened regularly to approve the Company's visions, strategies, goals, policies, business plans and budgets and to follow up the administration of work of the Management to be in accordance with the Company's goals. Details of missions and visions of directors can be found in the Sub-clause 2.1 "Structure of Management: (A) Board of Directors; Subject: Visions and Missions of the Company".

Balance of Power of Non-Executive Directors

As at 31 December 2011, the Company had 12 directors comprising of :

Executive directors:	4	persons
Non-executive directors:	4	persons
Independent directors:	4	persons (equivalent to one-third of the total directors)

Aggregation or Segregation of Positions

The Chairman of the Board of Directors is not the same person as the Managing Director in order to segregate clearly the monitoring from daily management. The Chairman will ensure that important matters are raised for consideration at the meeting. The Board of Directors sets the right emphasis on reviewing and approving strategies presented by management and monitors that the strategies are implemented. The Managing Director is to lead his management team to implement the approved strategies under the framework determined by the Board of Directors.

Board of Directors' Meetings

The Board of Directors has its independence in giving approvals of the Company's visions, missions, strategies, goals, business plans and budgets; and has provided the mechanism to supervise and follow up short-term and long-term operations of the management to be in accordance with the Company's goals and business plans for the highest benefits of shareholders and in consideration of interests of all stakeholders, as per details of meeting attendances of the Board of Directors and subcommittees as shown in Sub-clause 2.1 "Structure of Management: (A) (B) and (C) respectively.

Internal Meeting of "Non-executive Directors"

Non-executive directors have convened internal meeting to discuss on interesting issues without the management's attendance twice in 2011; on 28 February 2011 and on 28 August 2011.

Self-evaluation of Annual Performances

The Board of Directors has arranged self-evaluation of the whole Board of Directors. In the Board of Directors' Meeting No.8/2011 convened on 28 December 2011, the Board of Directors has evaluated the performances of work of the whole Board of Directors in 2011 by considering 6 main areas follows

- Structure and qualifications of Directors;
- Roles, duties and responsibilities of the Board of Directors;
- Meetings of the Board of Directors;
- Performance of duties of the Board of Directors;
- Relationship with the Management;
- Self-development of Directors and Development of Executives;

Sub Committees

As of December 31, 2011, the Company had 4 subcommittees which were set up to consider related matters, including:

- The Audit Committee;
- The Nominating and Remuneration Committee;
- The Corporate Governance Committee;
- The Risk Management Committee;

Scope of powers, duties, responsibilities and details of meetings of the above-mentioned subcommittees is presented in the Section "Management: Sub-clause 2.1 "Structure of Management (B) (C) (D) and (E)" respectively.

Internal Controls and Audit Systems

The Company has established the internal control systems by setting up the internal audit division as a separate unit, which directly reports to the Audit Committee. The Company's policy relating to internal controls is concise and effective.

The Audit Committee has evaluated and given its opinions on the adequacy and suitability of the internal control system of the Company according to the audit reports of the Internal Audit Division. The reports are proposed to the Board of Directors for acknowledgement on a quarterly basis. The Audit Committee also regularly convened meetings with the licensed auditor of the Company to acknowledge the results of reviews and audits, evaluation of internal control system and summary of issues of amendments of the Accounting Standards, law, rules and other related regulations.

Details of the internal control were presented in Section 4 "Internal Control".

Risk management: There is a management team who performs regular evaluations of risks and sets out measures to minimize them. At minimum, the following risk factors are to be assessed:

1. Financial risks:- risks from investment, provision of loans and guarantee of related companies, risks from the liabilities of the issuance debentures, risks from interest rate volatility and access to capital;
2. Risks of business operation:- risks from construction of houses before sale, risks from Pre-sale houses, risk from highly competitive market situations;
3. Risks of production:- risks from costing of construction materials and project development; and risks from shortage of construction contractors and skilled workers;
4. Risks of the consequences of the major flooding situation in the fourth quarter of 2011

The above details have already been presented in the topic "Risk Factors".

2.4 Supervision of the Use of Insider Information

The Company had the policy to control the use of the Company's internal data for personal benefits by prohibiting the executives to use the Company's data for personal benefits and prohibiting the trading of the Company's securities during 1 month before the financial statements shall be announced to the public. In addition to the above-mentioned prohibition, the Company had no policy to prohibit the executives' trading of the Company's securities. However, directors and/or executives of the Company shall be obliged to prepare report of holding of the Company's securities by spouses and minor children and the related parties of directors and/or executives under Section 258 of the Securities and Exchange Act B.E.2535 within 3 working days as from the date of changes of holding of the Company's securities. Directors and/or executives must always report such changes of holding of the Company's securities. The Company had no measures of punishment, in case, it was found that any executive has violated the Company's policies. However, in case directors and/or executives has breached the law and caused damage to the Company and the third parties, the Company shall cooperate and coordinate with the regulatory authorities to take legal actions.

2.5 Personnel

(A) At the end of 2010 and 2011, the Company and its subsidiaries had the total of 981 and 1,071 employees, respectively. They can be grouped by the Company's business lines as follows:

(Unit : person)

Business Lines	Number of Employee (person)	
	2010	2011
1. Line of the Managing Director	27	30
2. Line of house projects	535	615
3. Line of office buildings for rent and Residential building for rent	326	327
4. Line of operation support	93	99
Total	981	1,071

(B) Labor dispute in the past 3 years period (2009-2011)

- None -

(C) Total Compensation and Type of Compensation of Employees

The Company and its subsidiaries provide compensation to employees according to their duties, responsibilities and performance by comparing their performance with the set target in each year. The compensation includes salary, annual bonus, and provident fund. The details of total compensation for employees in 2010 and 2011 are shown below:

(Unit : million Baht)

Type of Compensation	2010	2011
1. Salary	390.8	425.9
2. Bonus	137.1	81.6
3. Provident Fund	14.0	15.6
4. Others ^{1/}	53.0	71.1
Total	594.9	594.2

Remark : ^{1/}Other compensations include training expenses, medical expenses, health & life insurance premiums and other benefits

(D) Policy on Human Resource Development

The Company and its subsidiaries have a policy to train and develop its human resources continually in order to enhance their knowledge and capabilities. There are training programs available for employees at every level. Information of some of these programs are provided in the Management section clause 2.3.3 Role of Stakeholders sub clause Employees.

3. Dividend Policy

The Company had the policy to pay dividend for not exceeding 50% of earnings in the consolidated financial statements after deduction of all kinds of reserves as prescribed by the Company and according to the law.

Regarding the dividend payment policy of subsidiaries, the Company's subsidiaries shall pay dividend to the Company from the earnings of subsidiaries; whereas, the Board of Directors and/or subsidiaries shall consider the dividend payment policy as may be suitable to the management of capital structure and overall financial management. In April 2011, Casa Ville Co., Ltd., has paid dividend to the Company amounted to Baht 300.00 million.

4. Internal Control

In the Board of Directors' Meeting No.1/2012 convened on 27 February 2012, and attended by all 3 independent directors and members of the Audit Committee. The Board of Directors has evaluated the internal control system by considering the data and inquiring different issues from the Management in order to evaluate 5 aspects of the internal control system of the Company, which are:-

- 4.1 Organization and environment
- 4.2 Risk management
- 4.3 Operation control by management
- 4.4 Information system and data communication and
- 4.5 Monitoring & Control system



The Board of Directors concluded that the Company had its sufficient and proper internal control relating to business transactions with the majority shareholders, directors, executives or related parties and the third parties. The independent directors and members of the Audit Committee had the same opinion with the Board of Directors.

The details of the internal control of the five areas are as follows:

4.1 Organization and Environment

The Management and employees had positive attitudes in favour of the internal control. The Management has given the importance on business ethics and integrity as may be suitable for circumstances and according to the audit report on each particular incident. In case that there is any employee of the Company breaching the code of conduct or performing his/her duty which may affect the business ethics and integrity, the Management will treat such case fairly and transparently.

In general, the Company had proper and favorable environment which promoted the sufficient and effective internal control; for examples:

- The Company has clearly defined its goals of business operations, which can be assessed and used as guide lines for performance appraisal in different aspects.
- The Company has reviewed its operational goals to ensure that they are properly prescribed; and are achievable. The Company has also considered the patterns of motivations or compensations which are suitable for the set goals, not offering excessive benefits for employees, which might lead to employee's fraud or misconduct.
- The Company has provided the organizational structure which supported the Management to operate efficiently and effectively;
- The Company has defined the code of conduct and written regulations prohibiting the Management and employees to behave themselves in the manner which may cause conflicts of interest with the Company's businesses, including punishments in case of violation thereof;
- The Company has provided the policy and written procedures for work relating to high risk transactions such as finance, purchasing and management, etc., in order to prevent any fraud attempts and any potential damage;
- The Company has clearly provided the operation control and monitoring system operated by the responsible units, including the Internal Audit Department which has the autonomy in auditing and reporting directly to the Audit Committee. Meanwhile, the Audit Committee has its duty to make the audit plan according to the importance of risk levels, covering critical work processes in the Company and its subsidiaries;

The Audit Committee has supervised the internal audit work by giving approvals of the annual audit plans; acknowledging the audit results; giving opinions on the concise internal control in order to prevent or reduce potential risks ;and giving guidelines for reporting and following up the result of improvement so that the internal audit work shall be proceeded properly and effectively. In 2011, no significant errors relating to the internal control have been found.

4.2 Risk Management

The Company has given the importance on the risk management and has set up “the Risk Management Committee” to evaluate and follow up both the overviews and the details of risk management plans of each unit in the Company on regular basis. The Company and has provided proper and timely system of reporting and following up of risk management; provided that the Company’s executives have evaluated the situations and risks and have analyzed the events which may have impacts on, and cause damage to, the Company. The Company has prescribed the preventive and corrective measures and has followed up events which are the causes of risk factors, as well as measures to mitigate those risks. Moreover, the Company has notified all units to comply with the risk management plan as prescribed, by taking account of risks on the said matters as proposed in Section “Risk Factors”.

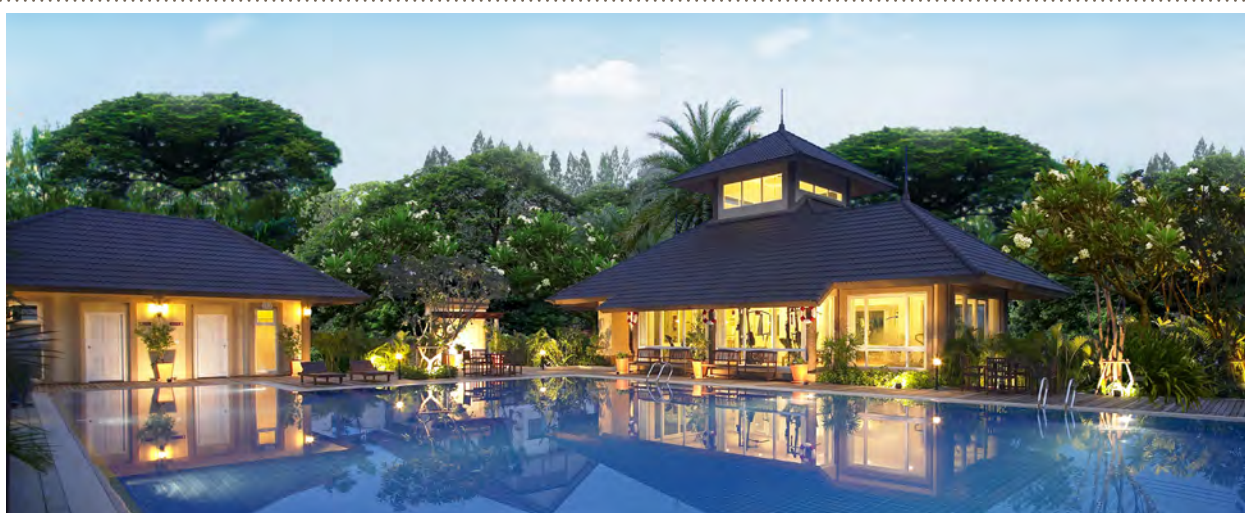
4.3 Operation Control by the Management

The management control of operation is critical and is the factor to ensure the Company and shareholders that the guidelines provided by the Management have been responded and followed by all employees of the Company, including:

- The Company has prescribed the scope of powers and duties; and limit of approval powers of the Management at each level;
- The Company has divided duties and job responsibilities into 3 functions, as follows:
 - (1) Approval;
 - (2) Recording of accounting transactions and information;
 - (3) Checking and taking responsibilities of assets

This effectively separates authority and provides verification processes.

- In case of having its business transactions with the related parties, the Company shall have the concise measures to monitor and ensure that such business transactions are done in accordance with the processes prescribed by the authorities and shall be considered on the arm’s length basis, thus, for the highest benefits of the Company;
- In case of the approved business transactions with the related parties that shall be binding the Company in the long term, the Company has regularly audited and followed up the compliance with the agreed conditions.
- In case of the Company’s investments in subsidiaries or associated companies, the Company shall regularly analyze and evaluate the operating results of the subsidiaries and associated companies;



- The Company had measures to control its business operations to comply with the related laws, thus, to reduce risks in business operations and to preserve the Company's reputations;

4.4 Information Systems and Data Communication

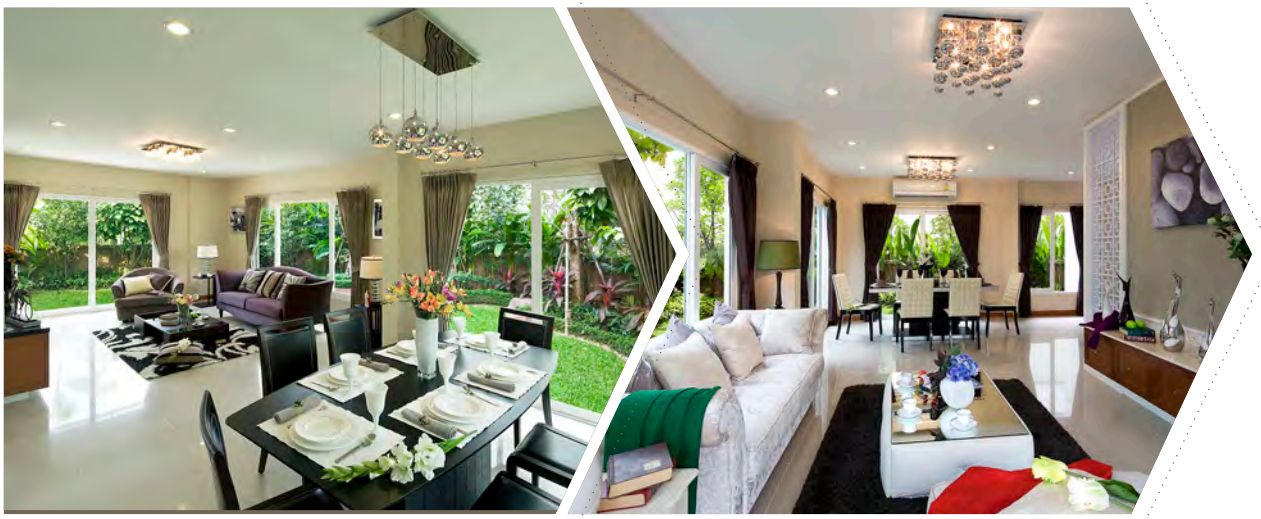
The Company has continuously developed and improved the information system to support its business operations and expansion as well as to meet the legal requirements, i.e. system changes to support the IFRS (International Financial Reporting Standard), develop the platform to enable the connection with mobile devices like mobile phone. The majority of the information system shall be operated on the Oracle platform; all payments, budgeting and approval are controlled and processed via the system; and all systems both account payables and account receivables are linked to the accounting and financial system for easy, non-overlapping, accurate, rapid and effective operations of work.

In addition to the backup of data into a tape format to be kept outside the organization, the Company has also established the data backup center to send crucial data in every 30 minutes and the testing system will automatically respond back via e-mail to the responsible person 8 times per day to ensure that the delivery of data is successful. Moreover, there are contingency exercises twice a year to test the recovery of data; according to the latest test, the data backup center can be operated within 1 hours.

Work systems can be classified by business segments, as follows:

1) Land and house and condominium unit selling business

The information system cover the land purchasing system, supply-chain employment system, construction work system, selling and ownership transfer system, and the marketing activities system like "Friend Gets Friend" and Electronic Direct Mail (which can provide analysis of customer's interest in the sending messages). All information system are linked to the relevant parts of the accounting and financial system. Moreover, the Company has developed the executive information system (EIS) to support its executives; the data from EIS system are processed on daily basis so that the executives shall have the data ready for consideration and use in business decision making. In the previous year, the Company has developed the project information system which enables its management to keep track of all data relating to the project development. Additionally, the Microsoft Project software are utilized company-wide, enabling the project management to be more effective; each unit can update the progress of their work in the shared files and communicate to others via automatic alert e-mail;



2) Business of residential buildings for rent (serviced apartments);

The information system comprehensively supports the hotel management and residential buildings for rent. For the sales management, the system can manage the sales of all buildings from one point, regardless of sales channels; direct contacts, via internet or other point of sales such as restaurants, spa, etc. The system includes smart devices such as keycards linked to the information system of restaurants to provide PABX breakfast services; and the system can retrieve the data of telephone use and can be logged in to promptly calculate the service fees. The system can also support to retrieve customer credit card data and link to the automatic payment system which helps reducing workload and better serve the customers and at the same time all data are linked to the Company's accounting and financial system. Moreover, data from the EIS system are processed daily providing the executives the data promptly for consideration and use in business decision making. In the past year, the EIS reports are automatically submitted to related executives every morning. Also the control system of pass card to activate elevators and room access are implemented to increase security of the residents.

3) Business of office buildings for rent;

The information system supports the management of all office buildings, including contract execution, receipt of payments, debt-pressing; and is linked to the accounting and financial system. Presently, the Company is implementing the Preventive Maintenance system to support the planning and reporting of machine & equipments maintenance.

4) Back office operation

The information system supports the operation of all units in the organization, including the budget system, financial management system, accounting and related systems such as the purchasing system, fixed asset system, durable articles requisition control system, control of petty cash withdrawal and payments. The budget shall be controlled as approved by the Board of Directors; and audit of hierarchical approval powers as prescribed in the Company's Regulations to ensure that the control system, the audit and prevention of potential damage shall be available; provided that all systems shall support the multi-company operations.

4.5 Monitoring & Control System

The Company has followed up and evaluated the internal control and evaluation of the operation quality; and has prescribed the work procedures and continuously followed up the result of compliance with the internal control system, which is part of the normal operation of the Management, work supervisors and related personnel. The Company has also evaluated the result of internal audit performed by an independent unit; and has reported the audit results to the Audit Committee directly.

In 2011, the Audit Committee has convened 6 meetings to consider and follow up the financial status and operating results regularly; to give significant recommendations which have impacts on the executive organization periodically; and to follow up the operation of work according to the prescribed goals. The internal control system shall continuously be reviewed and improved promptly to be in line with the changing situations.

Moreover, the Company's auditor, Ernst & Young Office Limited, represented by Mrs. Gingkarn Atsawarangsalit, the auditor of financial statements of 2011, has not given its opinions in the Auditor's Report that the Company had any defects relating to the internal control system.

Connected Party Transactions



1. Transactions between Quality Houses Plc. and its Subsidiaries and Related Companies/Persons;

1.1 Land and Houses Property and Loan Fund II ("the Fund");

Type of Business

Own 3 buildings as follows:

1. Centre Point Sukhumvit Thong-lo Building (Serviced Apartment Business);
2. Centre Point Hotel and Residence Wireless Road Building (Hotel and Serviced Apartment Business);
3. Centre Point Residence Phromphong Building (Non-Serviced Apartment Business);

Relationship

1. Land and Houses Plc., and its 4 subsidiaries, including Siam Thani Property Co., Ltd., Atlantic Real Estate Co., Ltd., Land and Houses North Co., Ltd., and Land and Houses North East Co., Ltd., hold 50% of investment units of the Fund; meanwhile Land and Houses Plc. is one of the major shareholders of Quality Houses Plc., holding 24.86% of the total shares as of 12 May 2011; Land and Houses Plc., and the Company also have their joint directors, i.e., Mr. Anant Asavabhokhin and Mr. Adisorn Thananan-narapool;
2. Reco Group consisting of Reco Plaza Pte Ltd., Reco Metrosite Pte Ltd., Reco Peak Pte Ltd., Reco Thai Park Pte Ltd., and Reco Pagoda Pte Ltd., which has the same group of major shareholders as the Government of Singapore Investment Corporation Pte Ltd. (GIC), hold 50% of investment units of the Fund; meanwhile GIC is one of the major shareholder of Quality Houses Plc., holding 10.88% of the total shares as of 12 May 2011.

GIC is also one of the major shareholders of Land and Houses Plc., holding 16.27% of the total shares as of 26 August 2011;

3. Asia Asset Advisory Co., Ltd., of which its major shareholders are Land and Houses Plc., holding 40% of the total shares, Government of Singapore Investment Corporation Pte Ltd. (GIC), holding 40% of the total shares, and Ms. Kanokvalee Viriyaprapaikit, holding 20% of the total shares, is the project advisor and project management of the Fund The Company and Asia Asset Advisory Co., Ltd., have their joint directors, i.e., Mr. Anant Asavabhokhin and Miss Kanokvalee Viriyaprapaikit.
4. The Company and the Fund have their joint directors, i.e., Mr. Anant Asavabhokhin and Mr. Adisorn Thanananan-narapool;

1.1.1 Transaction: Q.H. International Co., Ltd. ("Subsidiary") has leased properties from the Fund;

Connected (a) Centre Point Hotel & Residence Wireless Road Project

Transactions

Type of Lease Contract The Subsidiary has taken on lease of the hotel building including fixtures, furniture, system works and equipments from the Fund. The Subsidiary owns the right to renew the lease agreement by notifying in written in order to negotiate the term and condition of the agreement as deemed necessary.

Total Lease Payments paid to the Fund 1st Agreement (1 September 2009-31 December 2010) with the following details:

- Fixed monthly rentals totaling of 81.2 million Baht;
- Additional rental fees are based and calculated from a formula specified in the Building Lease Agreement;

2nd Agreement (1 January 2011 - 31 December 2013) The Subsidiary shall pay the rental fee for the period of 3 years which will total up to, but not exceeding, 340.0 million Baht with the following details:

- Year 2011 (1 January-31 December): 94.5% of profit from monthly operation or not lower than 4.0 million Baht deducted by the add-back costs in each month. Total rental fee for the whole year shall be approximately 95.0 million Baht.
- Year 2012 (1 January-31 December): 94.5% of profit from monthly operation or not lower than 4.2 million Baht deducted by the add-back costs in each month. Total rental fee for the whole year shall be approximately 114.0 million Baht
- Year 2013 (1 January -31 December): 94.5% of profit from monthly operation or not lower than 4.41 million Baht deducted by the add-back costs in each month. Total rental fee for the whole year shall be approximately 131.0 million Baht

The add-back costs include property tax, signboard tax, depreciation, building insurance premium and other expenses, which adding up to 2% of total revenues.

Terms of Agreement 1st Agreement (1 September 2009-31 December 2010) 1 year and 4 months;
2nd Agreement (1 January 2011-31 December 2013) 3 years

Properties Rentals	In 2010:	78,637,980	Baht
	In 2011:	72,972,320	Baht
Accrued Expense	As of 31 December 2010:	1,426,201	Baht
	As of 31 December 2011:	4,270,018	Baht
Other Receivables	As of 31 December 2010:	1,321,358	Baht;
	As of 31 December 2011:	-	Baht;

Opinions of the Audit Committee:

The Audit Committee has considered and agreed that the entering into such related transactions was reasonable and beneficial to the business of residential buildings for rent of the Company and its subsidiaries, which is the normal business operation of the Company and its subsidiaries. The Company and its subsidiaries shall receive benefits of incomes from rentals and service charges obtained from customers of the property for rent business and service charges from the hotel business. Additionally, all these activities will increase awareness among the target customers of the brand “Centre Point Hotel & Residence Wireless Road”. The Audit Committee has given its opinions that such transactions were reasonable and made with fair prices.

Connected Transactions (b) Centre Point Sukhumvit-Thong lo Project;

Type of Lease Contract The Subsidiary has taken on lease of the residential building/serviced apartment, including fixtures, furniture, system works and equipments from the Fund.

ลักษณะสัญญา	<u>1st Agreement</u>	(1 December 2005–30 November 2011) The agreement covers the lease of the building as well as fixtures, furniture, system works and equipments. The agreement is divided into 2 terms within the period of 6 years;
	<u>2nd Agreement</u>	(1 December 2011–31 December 2012) The agreement covers the lease of the building as well as fixtures, furniture, system works and equipments for the period of 1 year and 1 month.
Total Lease Payments paid to the Fund	<u>1st Agreement</u>	Rentals and additional rental fees not exceeding 473 million Baht for the period of 6 years, calculated from the leasing terms with the following details: <ul style="list-style-type: none"> Fixed monthly rentals consist of: <ul style="list-style-type: none"> 1st Term (3 years): not exceeding 141 million Baht; 2nd Term (3 years): not exceeding 200 million Baht; Additional rental fees calculated from a formula specified in the Building Lease Agreement; Additional payments for asset renovation at the rate of 3% of total revenue from the management fee of the leased properties.

2nd Agreement The Subsidiary shall pay the rental fee of the properties to the Fund for the period of 1 year and 1 month the total amount not exceeding 92 million Baht with the following details:-

The Subsidiary shall pay, as the rental fee, 94.5% of profit from monthly operation or not lower than 3 million Baht deducted by the add-back costs in each month. Total rental fee for the whole year shall be approximately 92 million Baht. The add-back costs include property tax, signboard tax, depreciation, building insurance premium and other expenses, which adding up to 2% of total revenues.

Terms of Agreement 1st Agreement 1st Term (3 years): 1 December 2005-30 November 2008
 2nd Term (3 years): 1 December 2008-30 November 2011
2nd Agreement 1 year and 1 month: 1 December 2011-31 December 2012

Properties Rentals	In 2010:	69,163,823	Baht
	In 2011:	57,907,047	Baht
Renovation Fees	In 2010:	3,569,233	Baht
	In 2011:	3,363,355	Baht
Accrued expense	As of 31 December 2010:	15,452,830	Baht
	As of 31 December 2011:	17,929,727	Baht
Other Receivables	As of 31 December 2010:	-	Baht
	As of 31 December 2011:	446,200	Baht

Remark : Transactions of property lease of Centre Point Sukhumvit-Thong lo Project from the Fund are considered within the scope of the connected transactions as approved in the Annual General Meeting No.1/2005 convened on 10 November 2005

Opinions of the Audit Committee:

The Audit Committee has considered and agreed that the entering into such related transactions was reasonable and beneficial to the business of residential buildings for rent of the Company and its subsidiaries, which is the normal business operation of the Company and its subsidiaries. The Company and its subsidiaries shall receive benefits of incomes from rentals and service charges obtained from customers of the property for rent business and service charges from the hotel business. Additionally, all these activities will increase awareness among the target customers of the brand "Centre Point Sukhumvit-Thong lo". The Audit Committee has given its opinions that such transactions were reasonable and made with fair prices.

1.1.2 Transactions: The Company and Q.H. International Co., Ltd. ("its Subsidiary") provided management services for buildings and other services to the Fund;

Contractual Parties The Fund and the Company and Q.H. International Co., Ltd. ("Its Subsidiary"), of which the Company has held its total shares.

Connected Transactions **(a) Centre Point Residence Phromphong Project (Non-Serviced Apartment for rent);**
The Company and its subsidiary have provided management services, accounting and sales agent services for the Fund by using the trademark “Centre Point Resident” for the said building.

Management Revenues	In 2010:	3,360,000	Baht
(Management fee and Accounting Service fee)	In 2011:	3,596,400	Baht

Other Service Revenues	In 2010:	88,632	Baht
(Commissions/Agent fee)	In 2011:	1,365,160	Baht

Other Receivables	As of 31 December 2010:	4,668	Baht
	As of 31 December 2011:	676,929	Baht

Pricing Policy The Company and its subsidiary have charged the prices at the general market rate of outsourcing personnel or at the lump sum fee rate by combining costs and profits.

Reason for entering into transactions As the Company and its subsidiary had experiences and expertise in the business of residential buildings for rent and office buildings for rent; and their entering into the said transactions has increased the business opportunities to generate more incomes, expand its market and strengthen the trademark among the general customers. In case the Fund launches new projects in the future, the Fund can utilize this trademark only when it continues the contract with the Company and/or its subsidiary to manage such project.

Opinions of the Audit Committee:

The Audit Committee was of the opinion that it would be rational to enter into the agreement, since the transaction would yield reasonable rates of return to the Company.

Connected Transactions **(b) Centre Point Sukhumvit-Thong lo Project;**
The Subsidiary has leased tricycles for the said project.

Tricycle Rental Revenues	In 2010:	30,603	Baht
	In 2011:	34,970	Baht

Other Receivables	As of 31 December 2010:	92,776	Baht
	As of 31 December 2011:	125,521	Baht

Pricing Policy The Subsidiary has fixed the prices according to the general trading conditions.

Reason for entering into transactions As the Subsidiary already own the resources, it is reasonable for the Company to use the said resources to generate incomes.

Opinions of the Audit Committee:

The Audit Committee was of the opinion that it would be rational to enter into the transaction, since it would yield reasonable return to the Company.

1.2 M&A Guard Service Co., Ltd.

Type of Business	Providing security services		
Relationship	<ul style="list-style-type: none"> Mr. Kanit Sarasin, Mr. Kalin Sarasin, Pol. Maj. Gen. Chinnapat Sarasin and Mrs. Amara Sarasin hold 20.0%, 0.0025%, 15.0% and 20% of the total shares respectively (as of 30 April 2011). Mr. Kanit Sarasin, Mr. Kalin Sarasin and Pol. Maj. Gen. Chinnapat Sarasin are sons of Pol.Gen. Pow Sarasin, Chairman of the Company. Mrs. Amara Sarasin, wife of Mr. Kanit Sarasin, is a director of M&A Guard Service Co., Ltd., 		
Terms of Agreement	1 st Hiring Agreement: 1 year period (1 January 2010-31 December 2010) 2 nd Hiring Agreement: 1 year period (1 January 2011-31 December 2011)		
Rate of Service Fee	1 st Hiring Agreement: Monthly service fee is 181,920 Baht (with total number of 18 security guards) 2 nd Hiring Agreement: Monthly service fee is 128,202 Baht (with total number of 8 security guards) and daily service fee of 410 Baht per working day in each month (with total number of 8 security guards).		
Total Service Fee paid	In 2010:	2,221,891	Baht
	In 2011:	2,326,405	Baht
Account Payable	In 2010:	201,280	Baht
	In 2011:	212,245	Baht
Other Payables	As of 31 December 2010:	181,533	Baht
	As of 31 December 2011:	-	Baht
Pricing Policy	The Subsidiary has fixed the prices according to the general trading conditions which are comparable.		

Opinions of the Audit Committee:

The Audit Committee was of the opinion that it would be rational to enter into the transaction since the prices are competitive with other service providers as well as the other company that the Company is also hiring i.e. Ranger Investigation Co.,Ltd.

1.3 M&A Business Center Co., Ltd.

Type of Business	Providing services of office spaces and equipments		
Relationship	<ul style="list-style-type: none"> Mrs. Amara Sarasin and Mr. Kanit Sarasin are equally holding 0.0033% of the total shares of M&A Business Center Co., Ltd.; Mrs. Amara Sarasin (wife of Mr. Kanit Sarasin, son of Pol.Gen. Pow Sarasin, Chairman of the Company) is a director of M&A Business Center Co., Ltd. 		
Shareholding Structure	<p>As of 22 March 2011, M&A Business Center Co., Ltd., had its paid-up shares, totally 30,000 shares, and major shareholders are as follows:</p> <ol style="list-style-type: none"> M&A Advisory Co., Ltd., holding 29,994 shares or equal to 99.98% of the total shares; Mrs. Amara Sarasin, holding 1 share or equal to 0.0033% of the total shares; Mr. Kanit Sarasin, holding 1 share or equal to 0.0033% of the total shares; 		
Connected Transactions	M&A Business Center Co., Ltd. has rented space in Q. House Convent Building for the location of its office.		
Terms of Agreement / Rental and Service Fees	<p>The Space Lease Agreements were divided into 2 agreements for the total area of 917 square meters, with the following details:</p> <p>1st Agreement: Period: 3 years (16 August 2007-15 August 2010); total rented space is 604 square meters; rate of rentals and service fees is 420 Baht/ square meter/month; renewal period is 3 years (16 August 2010-15 August 2013) at the rate of 450 Baht/square meter/ month;</p> <p>2nd Agreement: Period: 3 years, 6 months and 15 days (1 February 2007-15 August 2010); total rented space is 313 square meters; rate of rentals and service fees is 420 Baht/square meter/month; renewal period is 3 years (16 August 2010-15 August 2013) at the rate of 450 Baht/ square meter/ month.</p>		
Rental and Service Revenues	In 2010:	5,376,228	Baht
	In 2011:	5,519,367	Baht
Accounts Receivable for Rental and Service fees	As of 31 December 2010:	40,598	Baht
	As of 31 December 2011:	46,815	Baht
Deposit for Rental and Service fees	As of 31 December 2010:	412,650	Baht
	As of 31 December 2011:	412,650	Baht

1.4 M&A Advisory Co., Ltd.

Type of Business	Giving advice relating to business operations;		
Relationship	<ul style="list-style-type: none"> Pol.Gen. Pow Sarasin (Chairman of the Company), Mr. Kanit Sarasin (Son of Pol.Gen. Pow Sarasin) and Mrs. Amara Sarasin (wife of Mr. Kanit Sarasin) are holding 7.5%, 33.0% and 4.79% of the total shares of M&A Advisory Co., Ltd respectively (as of 15 September 2011); Mr. Kanit Sarasin and Mrs. Amara Sarasin are directors of M&A Advisory Co., Ltd. 		
Shareholding Structure	<p>As of 19 September 2011, M&A Advisory Co., Ltd., had its paid-up shares, totally 400,000 shares, and major shareholders were as follows:</p> <ol style="list-style-type: none"> 1. Mr. Kanit Sarasin, holding 131,998 shares equaling to 33% of the total shares; 2. Miss Hiroko Tominaga, holding 56,519 shares equaling to 14.13% of the total shares; 3. Pol.Gen. Pow Sarasin, holding 30,000 shares equaling to 7.5% of the total shares. 		
Connected Transactions	M&A Advisory Co., Ltd., has leased office spaces in Q. House Convent Building.		
Terms of Agreement/ Rental and Service fees	<p>Period: 3 years (1 July 2009-30 June 2012); total rented space: 322 square meters; rate of rentals and service fees: 420 Baht/square meter/month</p>		
Rental and Service Revenues	In 2010:	1,905,856	Baht
	In 2011:	1,874,785	Baht
Account Receivable for Rental and Service fees	As of 31 December 2010:	24,795	Baht
	As of 31 December 2011:	17,938	Baht
Deposit for Rental and Service fees	As of 31 December 2010:	135,240	Baht
	As of 31 December 2011:	135,240	Baht

1.5 M&A Accounting & Tax Co., Ltd.

Type of Business	Accounting and tax services		
Relationship	<p>Pol.Gen. Pow Sarasin (Chairman of the Company) and Mr. Kanit Sarasin (Son of Pol.Gen. Pow Sarasin) are holding 16.28% and 13.05% of the total shares of M&A Accounting & Tax Co., Ltd respectively (as of 22 March 2011). Mrs. Amara Sarasin (wife of Mr. Kanit Sarasin) is also one of the shareholders.</p>		
Connected Transactions	M&A Accounting & Tax Co., Ltd., has leased office spaces in Q. House Convent Building.		
Terms of Agreement / Rental and Service fees	<p>Period: 3 years (1 April 2011-31 March 2014); total rented space: 474 square meters; rate of rentals and service fees: 470 Baht/square meter/month</p>		

Rental and Service Revenues	In 2010:	-	Baht
	In 2011:	2,232,806	Baht
Account Receivable for Rental and Service fees	As of December 31, 2010:	-	Baht
	As of December 31, 2011:	1,650	Baht
Deposit for Rental and Service fees	As of December 31, 2010:	-	Baht
	As of December 31, 2011:	668,340	Baht

1.6 Land and Houses Fund Management Co.,Ltd.

Type of Business	Operating securities business and derivative business and being a derivative fund manager and derivative advisor		
Relationship	<ul style="list-style-type: none"> The Company and Land and Houses Plc., are the shareholders in LH Financial Group Plc., holding 22.25% and 40.95% respectively of the total shares (as of 31 December 2011). Meanwhile, LH Financial Group Plc., is the shareholder of Land and Houses Bank Plc., holding 100% of the total shares; and the Land and Houses Bank Plc. is holding 100% shares of Land and Houses Fund Management Co.,Ltd. Mr. Rutt Phanijphand and Mr. Adisorn Thananan-narapool are joint directors of the Company and Land and Houses Fund Management Co.,Ltd. 		
Connected Transactions	Land and Houses Fund Management Co.,Ltd. has leased office spaces in Q. House Sathorn Building.		
Terms of Agreement / Rental and Service fees	Period: 3 years (28 October 2010-27 October 2013); total rented space: 240 square meters; rate of rentals and service fees: 450 Baht/square meter/month		
Rental and Service Revenues	In 2010:	-	Baht
	In 2011:	1,831,686	Baht
Account Receivable for Rental and Service fees	As of 31 December 2010:	-	Baht
	As of 31 December 2011:	30,538	Baht
Deposit for Rental and Service fees	As of 31 December 2010:	-	Baht
	As of 31 December 2011:	342,271	Baht

1.7 Land and Houses Bank Plc.

Type of Business	Operating a business of commercial bank, including all businesses relating to or in connection with commercial banks or businesses permitted by the law governing commercial banks, both in Thailand and in foreign countries		
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Relationship	<ul style="list-style-type: none"> The Company and Land and Houses Plc., are the shareholders in LH Financial Group Plc., holding 22.25% and 40.95% respectively of the total shares (as of 31 December 2011); meanwhile, LH Financial Group Plc., is the shareholder of Land and Houses Bank Plc., holding 100% of the total shares; Land and Houses Plc., the group of Mr. Anant Asavabhokhin (including Miss Alisa Asavabhokhin and Mr. Achawin Asavabhokhin, children of Mr. Anant Asavabhokhin) and Miss Piangjai Hanpanich (mother of Mr. Anant Asavabhokhin) are holding 24.86%, 0.00019% and 0.91153% respectively of the total shares of Quality Houses Plc. (as of 12 May 2011). and Mr. Anant Asavabhokhin is one of the major shareholders of Land and Houses Plc., holding 23.76% of the total shares (as of 7 April 2011). Mr. Anant Asavabhokhin, Mr. Rutt Phanijphand, Mr. Adul Vinaiphat and Mrs. Suwanna Buddhaprasart are joint directors of the Company and Land and Houses Bank Plc.; Mr. Rutt Phanijphand and Mrs. Suwanna Buddhaprasart are joint directors of Land and Houses Bank Plc. and the Company's subsidiaries,(of which the Company holding the 100% shares both directly and indirectly) which are Q.H. Management Co., Ltd., The Confidence Co., Ltd., Casa Ville Co., Ltd., Gusto Village Co.,Ltd., Property Host Co.,Ltd., Casa Ville (Rayong 2554) Co.,Ltd., Casa Ville (Prachuabkhirikhan 2554) Co.,Ltd., Casa Ville (Chonburi 2554) Co.,Ltd.,and Q.H. International Co., Ltd.
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Connected Transactions (a) Transactions relating to the Bank

Contractual Parties	The Company and its subsidiaries have opened bank accounts in the category of current deposits, savings deposits, short-term demand deposits and sales promotion with customers of the Company with the Land and Houses Bank Plc.
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Bank Deposits	As of 31 December 2010:	711,541,188	Baht
	As of 31 December 2011:	779,229,162	Baht
Interest Incomes	In 2010:	8,835,629	Baht
	In 2011:	13,058,651	Baht
Bank Charges	In 2010:	640,204	Baht
	In 2011:	873,918	Baht

Connected Transactions (b) Lease of spaces in Q. House Asoke Building

Contractual Parties	Land and Houses Bank Plc., has leased office spaces in Q. House Asoke Building.
Terms of Agreement/ Rental and Service Fees	<p>The lease agreements were divided into 2 agreements, total rented space: 406 square meters, with the following details:</p> <ol style="list-style-type: none"> Period: 3 years (1 October 2009-15 September 2012); total area: 335 square meters; rate of rentals and service fees: 120 Baht/square meter/month; Period: 3 years (1 October 2009 - 30 September 2012); total area: 71 square meters; rate of rentals and service fees: 500 Baht/square meter/month

Rental and Service Fees	In 2010:	1,072,470	Baht
	In 2011:	608,150	Baht
Account Receivable for Rental and Service fees	As of 31 December 2010:	4,465	Baht
	As of 31 December 2011:	401	Baht
Deposit for Rental and Service fees	As of 31 December 2010:	227,100	Baht
	As of 31 December 2011:	106,500	Baht

Connected Transactions (c) Service Fees for Landscape Maintenance and Gardening

Contractual Parties Q.H. Management Co., Ltd., a subsidiary that the Company holds 100% of the total shares both directly and indirectly, has provided maintenance and gardening of landscape service to Land and Houses Bank Plc.

Terms of Agreement/ Rental and Service Fees Contract No.1; 1st Floor; contract term: 1 year (June 2009-May 2010) with renewal period of 1 year (June 2010-May 2011). The contract was again renewed for another 1 year (June 2011-May 2012) at service fee of 15,000 Baht/month.
Contract No.2; 5th Floor and 24th Floor; contract term: 1 year. During June 2009-January 2010 the service fee was 5,000 Baht/month but there has been a reduction in service areas so the service fee from February 2010-May 2010 decreased to 1,000 Baht/month. The 1st renewal of the 1 year contract was from June 2010-May 2011 with the rate of 1,000 Baht/month; and the 2nd renewal of the 1 year contract was from June 2011-May 2012 with the same rate of 1,000 Baht/month

Service Revenues	In 2010:	196,000	Baht
	In 2011:	192,000	Baht

Accounts Receivable	As of 31 December 2010:	17,200	Baht
	As of 31 December 2011:	17,120	Baht

Connected Transactions (d) Providing maintenance service of fixed asset system, OS data recovery service and computer training programs

Quality Houses Plc., has provided services of improving and maintaining the fixed asset system, data recovering, repairing the operating system which have errors in OS program design and providing services of computer training.

Term of Service Agreement 1 Year (January 2010- December 2010); the contract can be renewed for a period of not exceeding 12 months at a time.

Rate of Service Fees 644,000 Baht/Year (exclusive of VAT)

Service Revenue	In 2010:	701,346	Baht
	In 2011:	182,400	Baht

Other Receivables	As of 31 December 2010:	172,270	Baht
	As of 31 December 2011:	-	Baht

Connected Transactions (e) Property sales promotion expense;

The Company and its subsidiaries had the sales-promotional campaign for customers who bought their real properties covering loans and interest expenses for a period of time, for only customers who took on loan from Land and Houses Bank Plc. Whereas, the Company and its subsidiaries shall repay such customers' loans or interest expenses to Land and Houses Bank Plc., according to the sales promotion campaign at that time.

Sales promotion period Depending on the period of sales-promotional campaign of each project in such year

Sales promotion expenses Sales promotion expenses provided to customers such as:

1. The Company and its subsidiaries paid the sales promotion expenses to each customer who bought their real properties with monthly installment repayments of housing loans not exceeding 3,100 Baht per one million Baht of loans per installment, totally 12 installments as from the first installment that customers repaid the loans to Land and Houses Bank Plc.;
2. The Company and its subsidiaries paid the sales promotion expenses to each customer who bought their real properties as the interest expense of housing loans, totally 12 installments as from the date when customers already registered the mortgage of the sold property as guarantee for their repayment of debts;

Sales-promotional expenses	In 2010:	54,625,514	Baht;
	In 2011:	35,114,206	Baht;

Connected Transactions (f) Lease of residential units in Center Point Saladaeng Project

Rental and Service Fees	In 2010:	Market price
	In 2011:	Market price

Rental and Service Revenues	In 2010:	-	Baht
	In 2011:	280,659	Baht

Opinions of the Audit Committee:

The Audit Committee has summed up transactions in (3)-(7) to consider the rates of rentals and service fees, rates of interest income, rates of bank fee, related service fees for maintenance and gardening of landscape, service fee of OS data and program recovery service and sales promotion expenses to customers who bought real properties; and has given the opinions classified by transactions, as follows:

Banking Transactions:

The Audit Committee has considered the opening of each type of bank accounts, rates of interest income and normal bank charges as normal and in the same practice as other individuals or companies which were generally announced such as interest rates for bank deposits, rates of bank service charges, including methods and supporting documents for consideration of the opening of bank accounts or business transactions with the bank.

Rentals of Spaces in Office Buildings:

The Audit Committee has considered the rates of rentals and service fees of spaces for rent to individuals or other companies and found that they were equivalent to those rates prescribed for general customers; moreover, the Audit Committee has inquired the executives of the Company regarding the necessity to use the above-mentioned rates of rentals; therefore, the Audit Committee has given its opinions that there were proper reasons to enter into those transactions and the Company has received the compensation at fair market prices.

Service Fees for Maintenance and Gardening of Landscape :

The Audit Committee has considered the contract rates of service fees and found that they were in accordance with the ordinary course of business and were reasonable and under the fair market prices when compared to those of the same business.

OS Data Recovery Service:

The Audit Committee has considered the rates of service fees under the Data Recovery Service Agreement, which were in accordance with the ordinary course of business and were reasonable and under the fair market prices when compared to those of the same business.

Sales Promotion Expenses to Customers who Bought Real Property:

The Audit Committee has considered the transactions of sale promotion expenses to customers who bought real property for the repaid principal and interest expenses, which were in accordance with the ordinary course of business when compared to the value of other sales promotion campaigns prescribed by the Management and given to other customers who bought real property, such transactions were proper and comparable to customers of the same type.

Moreover, the Audit Committee has inquired the executives of the Company regarding the reasons and necessities of all of the above-mentioned business transactions; and has given its opinions that the transactions were in accordance with the ordinary course of business and were reasonable and under the fair market prices.

Rentals of residential units in Center Point Saladaeng Project:

The Audit Committee has inquired the executives of the Company regarding the necessity to allow the rental of the above-mentioned residential units; therefore, the Audit Committee has given its opinions that the transactions were in accordance with the ordinary course of business and were reasonable and under the fair market prices

1.8 Mr. Anant Asavabhokhin**Relationship**

Mr. Anant Asavabhokhin is one of the major shareholders of Land and House Plc., holding 23.76% of the total shares (as of 7 April 2011) and a joint director of the Company and Land and Houses Plc. Land and Houses Plc., holds 24.86% of the Company's shares (as of 12 May 2011)

Connected Transactions Mr. Anant Asavabhokhin has rented a residential unit in Centre Point Hotel & Residence Sukhumvit 10 Project

Rental and Service Rates	In 2010:	88,972	Baht/month (exclusive of VAT)
	In 2011:	-	Baht/month (exclusive of VAT)

Rental and Service Fees	In 2010:	407,805	Baht
	In 2011:	-	Baht

Accounts Receivable for Rental and Service Fees	As of 31 December 2010:	-	Baht
	As of 31 December 2011:	-	Baht

Opinions of the Audit Committee:

The Audit Committee has inquired the executives of the Company regarding the necessity to allow the rental of the above-mentioned residential units; therefore, the Audit Committee has given its opinions that the transactions were in accordance with the ordinary course of business and were reasonable and under the fair market prices

1.9 Home Products Center Plc.

Type of Business	Retail business, distributing construction materials and home decorating accessories
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Relationship	<ul style="list-style-type: none"> Land and Houses Plc., is the major shareholder of the Company and Home Products Center Plc., holding 24.86% of the total shares (as of 12 May 2011) and 30.07% of the total shares (as of 12 October 2011) respectively; The Company is the major shareholder of Home Products Center Plc., holding 19.89% of the total shares (as of 3 March 2011); Mr. Anant Asavabhokhin is a joint director of the three companies; meanwhile, Mr. Rutt Phaniyphand and Mrs. Suwanna Buddhaprasart are joint directors of the Company and Home Products Center Plc.;
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Connected Transactions	Quality Houses Plc. and its subsidiaries have purchased products and services from Home Products Center Plc.;
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Value of Purchased Products and Services	In 2010:	5,196,600	Baht
	In 2011:	10,149,836	Baht

Accounts payable	As of 31 December 2010:	840,491	Baht
	As of 31 December 2011:	340,010	Baht

Pricing Policy	Prices of products that Home Products Center Plc., has sold to the Company and its subsidiaries were wholesale prices for the third parties in general and could be freely bargained
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Opinions of the Audit Committee:

The Audit Committee has given its opinions that there was a proper reason to enter into the said transactions as the Company and its subsidiaries were able to select a variety of products and other construction materials from Home Products Center Plc., and had their freedom to bargain the prices and to select the products. The Company and its subsidiaries did not execute any product sale agreement with special conditions to be binding the said company in the long term; therefore, the Company and its subsidiaries were able to purchase the same type of products or replacement products from other companies, in case, prices of the said products were cheaper than those offered by Home Products Center Plc.

1.10 Quality Construction Products Plc.

Type of Business	Manufacturing and distributing autoclaved aerated concrete		
Relationship	<ul style="list-style-type: none"> Land and Houses Plc., is the major shareholder of the Company and Quality Construction Products Plc. ("Q-CON"), holding 24.86% of the total shares (as of 12 May 2011) and 21.16% of the total shares (as of 28 February 2011) respectively. 		
Connected Transactions	Quality Houses Plc. and its subsidiaries have purchased products from Quality Construction Products Plc.		
Value of Purchased	In 2010:	81,427,721	Baht
Products and Services	In 2011:	90,634,806	Baht
Accounts payable	As of 31 December 2010:	15,846,572	Baht
	As of 31 December 2011:	2,048,244	Baht
Accounts Receivable (Advances payment)	As of 31 December 2010:	340,955	Baht
	As of 31 December 2011:	196,953	Baht
Pricing Policy	Prices of products that Quality Construction Products Plc., has sold to the Company and its subsidiaries, were the sale prices prescribed in details of Product Sale Agreement incorporated as part of the conditions of the Sale of Q-Con Share Agreement.		
Remarks :	<p><i>The Company and its subsidiary (Q.H. International Co., Ltd.) held 25.78% and 1.45% of the total shares in Q-CON (as of 31 December 2009) respectively. On 23 February 2010, the Company and its subsidiary signed the Sale of Q-CON Share Agreement with SCG Construction Products Co., Ltd., which Siam Cement Plc., has held 100% of the shares. The whole payment was made and all shares were transferred on 24 February 2010. Moreover, on 2 March 2010, the Company signed the Product Sale Agreement with Q-CON, with the term of Agreement of 3 years. The Company agreed to purchase light-weight bricks at the minimum quantity and prices as prescribed in the Product Sale Agreement incorporated as part of the conditions of the Sale of Q-CON Share Agreement.</i></p>		

Opinions of the Audit Committee:

The Audit Committee has given its opinions that there was a proper reason to enter into the said transactions as they were in accordance with the conditions agreed under the Sale of Q-CON Share Agreement, and with independence of both parties. And the Company and its subsidiary also gained the profits from the sale of shares of Quality Construction Products Plc. Moreover, the Company and its subsidiary have used the light-weight brick products in construction of houses, exceeding the minimum quantity prescribed in the Product Sale Agreement and the contractual prices were not different from the market prices at that time. When the contractual period has become due; or when the Company and its subsidiary did not breach the Product Sale Agreement, the Company may purchase the same type of products or replacement products from other companies, in case, they were cheaper than those purchased from Quality Construction Products Plc.

1.11 Siam Retail Development Co., Ltd.

Type of Business	Shopping Center		
Relationship	Mr. Suang Chaisurote is a joint director of the two companies		
Connected Transactions	Q.H.International Co.,Ltd., the Subsidiary whose 100% shares are directly owned by the Company has hired Siam Retail Development Co.,Ltd. to manage the rental space for retail commercials in Q. House Lumpini Building.		
Term of Agreement	3 years (15 May 2009-14 May 2012)		
Rates of service fees:	<u>1st Term:</u> (15 May 2009-31 December 2009)	207,000	Baht/month;
	<u>2nd Term:</u> (1 January 2010-14 May 2012)	219,840	Baht/month;
	Only the compensation of Siam Retail Development Co., Ltd.'s officers for retail space management were adjusted from 107,000 Baht/month to 119,840 Baht/month for a period of 2 years starting as from January 2010 until December 2011.		
Administrative expenses and commissions	In 2010:	2,638,080	Baht
	In 2011:	2,638,080	Baht
Accounts Payable	As of 31 December 2010:	235,229	Baht
	As of 31 December 2011:	470,458	Baht
Pricing Policy	Siam Retail Development Co., Ltd., has fixed the prices with the trading conditions used in the markets in general for outsourcing of personnel or at the lump sum rates under the method of costs plus profits.		

Opinions of the Audit Committee:

The Audit Committee has given its opinions that there was a proper reason to enter into the said transactions at the market prices freely agreed by both parties.

1.12 L&H Property Co., Ltd.

Type of Business	<p>Developing real properties for rent (2 projects), as follows:</p> <ol style="list-style-type: none"> 1. Grande Centre Point Hotel and Residence Sukhumvit-Terminal 21 Project (Hotel, Serviced Apartment and a Department Store); 2. Grande Centre Point Hotel and Residence Ratchadamri Project (Hotel and Serviced Apartment) 		
Relationship	<p>The Company had its major shareholders including Land and Houses Plc., and Government of Singapore Investment Corporation Pte Ltd. (GIC); meanwhile, Land and Houses Plc., and Reco Resort Pte Ltd. (the same group as GIC), holding shares in L&H Property Co., Ltd., and having joint directors, with the following details:</p> <ol style="list-style-type: none"> (1) Land and Houses Plc., holding 60% of the total shares in L&H Property Co., Ltd., and being a major shareholder of Quality Houses Plc., holding 24.86% of the total shares (as of 12 May 2011); (2) Reco Resort Pte Ltd., holding 40% of the total shares in L&H Property Co., Ltd.; and GIC is a major shareholder of the Company, holding 10.88% of the total shares (as of 12 May 2011). GIC is also a major shareholder of Land and Houses Plc., holding 16.27% of the total shares (as of 26 August 2011); (3) Mr. Anant Asavabhokhin and Mr. Adisorn Thananan-narapool are directors of the Company and L&H Property Co., Ltd.; (4) Mr. Anant Asavabhokhin and Miss Kanokvalee Viriyaprapaikit are directors of the Company and Asia Asset Advisory Co., Ltd. Land and Houses Plc. and Reco Resort Pte Ltd. are holding equal proportions of shares (i.e., 40% of the total shares) in Asia Asset Advisory Co., Ltd. 		
Connected Transactions	<p>Quality Houses Plc. is hired by L&H Property Co.,Ltd. to co-ordinate and prepare project proposal (design and construction phases) of the hotel construction project, to be an inspector for project's public utilities, to implement computer systems and to do the company's bookkeeping, with the following details:</p>		
Connected Transactions	(a) Agreement to provide accounting services		
Nature of Agreement	Outsourced to do bookkeeping and related tax services		
Terms of the Agreement	1 st term:	2 Years	(1 July 2009-30 June 2011)
	2 nd term:	6 montns	(1 July 2011-31 December 2011)
Service Rate	1 st term:	149,533	Baht/month
	2 nd term:	163,551	Baht/month
Service Revenues	In 2010:	1,794,393	Baht
	In 2011:	1,878,505	Baht

Connected Transactions **(b) Grande Center Point Hotel and Residence Sukhumvit-Terminal21 Project**

Nature of Agreement	<ul style="list-style-type: none"> Hiring contract to co-ordinate and design the project <p>To gather management information and data in order to prepare proposal to develop the new hotel or serviced apartment project as well as to co-ordinate with the designer and construction contractor of the project.</p>		
Service Rate	1,000,000		Baht
Service Revenues	In 2010:	-	Baht
	In 2011:	1,000,000	Baht
Accounts Receivable	As of 31 December 2010:	-	Baht
	As of 31 December 2011:	1,070,000	Baht
Service Rate	<ul style="list-style-type: none"> Hiring contract for project management <p>Project management fee is to be calculated based on the project's revenue. The formula used is 2% of current year income plus 5.5% of accumulated profit at year-end of current year minus the accumulated profit at year-end of the previous year.</p>		
Service Revenues	In 2010:	-	Baht
	In 2011:	1,486,904	Baht
Advance Payment	As of 31 December 2010:	-	Baht
	As of 31 December 2011:	13,684	Baht
Accounts Receivable	As of 31 December 2010:	-	Baht
	As of 31 December 2011:	1,590,987	Baht
Service Rate	<ul style="list-style-type: none"> Hiring contract for project management services of 8 personnels <p>The fee is calculated from the monthly compensation and fringe benefit of each person plus 20% add-up</p>		
Service Revenues	In 2010:	-	Baht
	In 2011:	1,168,920	Baht
Accounts Receivable	As of 31 December 2010:	-	Baht
	As of 31 December 2011:	1,250,744	Baht
Nature of Agreement	<ul style="list-style-type: none"> Hiring contract for computer system project implementation <p>To implement the hotel management computer system and to provide consultations relating to the usage of such program.</p>		
Term of Agreement	1 October 2011-30 June 2012		

Service Rate	1,953,000	Baht (exclusive of VAT)	
Service Revenues	In 2010:	-	Baht
	In 2011:	820,000	Baht
Accounts Receivable	As of 31 December 2010:	-	Baht
	As of 31 December 2011:	877,400	Baht
Nature of Agreement	<ul style="list-style-type: none"> Hiring contract for machinery inspecting and testing To inspect and test related machines in the Project		
Terms of the Agreement	1 st contract:	within 31 December 2011	
	2 nd contract:	within 31 December 2012	
Service Rate	1 st contract:	325,000	Baht/month
	2 nd contract:	921,500	Baht/month
Service Revenues	In 2010:	-	Baht
	In 2011:	1,157,000	Baht
Accounts Receivable	As of 31 December 2010:	-	Baht
	As of 31 December 2011:	1,237,990	Baht
Connected Transactions	(c) Grande Center Point Hotel and Residence Ratchadamri Project		
Terms of the Agreement	<ul style="list-style-type: none"> Hiring contract for computer software maintenance 3 years (1 October 2007-30 September 2010) and renewed for 3 more years (1 October 2010-30 Sep 2013)		
Service Rate	1 st term (1 October 2007-30 September 2010):	50,000	Baht/month
	2 nd term (1 October 2010-30 September 2013):	100,000	Baht/month
Service Revenues	In 2010:	750,000	Baht
	In 2011:	1,200,000	Baht
Service Rate	<ul style="list-style-type: none"> Hiring contract for project management Project management fee is to be calculated based on the project's revenue. The formula used is 2% of current year income plus 5.5% of accumulated profit at year-end of current year minus the accumulated profit at year-end of the previous year.		
Service Revenues	In 2010:	14,311,007	Baht
	In 2011:	20,652,187	Baht
Accounts Receivable	As of 31 December 2010:	-	Baht
	As of 31 December 2011:	9,092,383	Baht

	<ul style="list-style-type: none"> Hiring contract for project management services of 9 personnels
Service Rate	The fee is calculated from the monthly compensation and fringe benefit of each person plus 20% add-up

Service Revenues	In 2010:	7,991,653	Baht
	In 2011:	6,297,018	Baht

	<ul style="list-style-type: none"> Other Expenses
Service Rate	As per advances paid by the Company

Service Revenues	In 2010:	8,280,626	Baht
	In 2011:	75,426	Baht

Accounts Receivable	As of 31 December 2010:	-	Baht
	As of 31 December 2011:	780,115	Baht

Opinions of the Audit Committee:

The Audit Committee has given its opinions that the entering into such related transactions was reasonable and beneficial to the business of hotel/residential buildings for rent of the Company, which is the normal business operation of the Company. The Company shall receive benefits from revenues of provision of service and provision of project management; as a result, the target groups of customers have increasingly recognized the product brand under the name of "Grande Centre Point Hotel and Residence". The service fees collected by the Company were in accordance with the market prices.

1.13 L&H Sathon Co.,Ltd.

Type of Business	Real properties for rent;		
Relationship	<ol style="list-style-type: none"> Land and Houses Plc. holds 60% of the total shares in L&H Property Co., Ltd. and L&H Property Co., Ltd. holds 100% of the total shares in L&H Sathon Co., Ltd.; Land and Houses Plc. holds 24.86% of the total shares in the Company (as of 12 May 2011); Mr. Anant Asavabhokhin and Mr. Adisorn Thananan-narapool are joint directors of the three companies. 		
Connected Transactions	(a) Quality Houses Plc. provide services of supplying customers who have a need for single house for L&H Villa Sathon Project by L&H Sathon Co., Ltd. (which is not the real estate project operated by the Company and its subsidiaries but the customer's requirement identified by the Company's sales team);		
Service Revenues	In 2010:	33,448	Baht
(Commissions and others)	In 2011:	1,508,596	Baht
Accounts Receivable	As of 31 December 2010:	-	Baht
	As of 31 December 2011:	641,365	Baht

Connected Transactions (b) Q.H. International Co., Ltd. is hired to manage L&H Villa Sathon Project

Term of the Agreement:	1 st Term (1 June 2009-30 April 2010):	11 months
	2 nd Term (1 May 2010-31 December 2010):	8 months
	3 rd Term (1 January 2011-31 December 2012):	2 years
Service Rate	1 st Term (1 June 2009-30 April 2010):	195,000 Baht/month
	2 nd Term (1 May 2010-31 December 2010):	195,000 Baht/month
	3 rd Term (1 January 2011-31 December 2012):	209,000 Baht/month
Building Management Revenues	In 2010:	2,340,000 Baht
	In 2011:	2,508,000 Baht
Other Receivable	As of 31 December 2010:	208,650 Baht
	As of 31 December 2011:	223,630 Baht
Pricing Policy:	The said service fees were comparable to market prices.	

Connected Transactions (c) Other Expenses

Service Rate	As per advances paid by the Company		
Service Revenues	In 2010:	1,722	Baht
	In 2011:	19,297	Baht
Other Receivable	As of 31 December 2010:	1,893	Baht
	As of 31 December 2011:	-	Baht

Opinions of the Audit Committee:

The Audit Committee has given its opinions that there was a proper reason to enter into the said transactions at the fair market prices.

1.14 L&H Management Co., Ltd.

Type of Business	Providing personnel services in management of real property
Relationship	<ol style="list-style-type: none"> Asia Asset Advisory Co., Ltd. holds 100% of the shares in L&H Management Co., Ltd.; Land and Houses Plc. holds 40.0% of the total shares in Asia Asset Advisory Co., Ltd.; Land and Houses Plc., the group of Mr. Anant Asavabhokhin (Miss Alisa Asavabhokhin and Mr. Achawin Asavabhokhin, children of Mr. Anant Asavabhokhin) and Miss Piangjai Hanpanich, mother of Mr. Anant Asavabhokhin are shareholders of Quality Houses Plc., holding 24.86%, 0.00019% and 0.91153% respectively of the total shares (as of 12 May 2011); Mr. Anant Asavabhokhin holds 23.76% of the total shares in Land and Houses Plc. (as of 7 April 2011); Mr. Anant Asavabhokhin is a joint director of the three companies; and Miss Kanokvalee Viriyaprapaikit is a joint director of Quality Houses Plc. and Asia Asset Advisory Co., Ltd.;

Connected Transactions	(a) Outsourced and supporting in preparation of accounts; Quality Houses Plc. was outsourced to do bookkeeping and support the preparation of related document for L&H Management Co., Ltd.		
Term of the Agreement:	1 st Term	2 years (1 October 2009-30 September 2011)	
	2 nd Term	1 year (1 October 2011-30 September 2012)	
Service Rate	1 st Term (1 October 2009-30 September 2011):	51,402	Baht/month
	2 nd Term (1 October 2011-30 September 2012):	56,075	Baht/month
Service Revenues	In 2010:	616,822	Baht
	In 2011:	630,841	Baht
Other Receivable	As of 31 December 2010:	55,000	Baht
	As of 31 December 2011:	120,000	Baht

Connected Transactions: **(b) Personnel Management Service Fees**
Q.H. International Co., Ltd. ("the Subsidiary") has hired L&H Management Co., Ltd., to manage personnel of Centre Point Hotel and Residence Wireless Road Project and Centre Point Sukhumvit-Thong lo Project;

Restricted by the law, the Land and Houses Property and Loan Fund II ("the Fund"), (of which 50% of its total shares are held by Land and Houses Plc. and its 4 subsidiaries, Siam Thani Property Co.,Ltd., Atlantic Real Estate Co.,Ltd, Land and Houses North Co.,Ltd and Land and Houses Northeast Co.,Ltd.), is not allowed to manage its own serviced apartment projects but can only rent out the properties, Centre Point Hotel and Residence Wireless Road Building and Centre Point Hotel and Residence Sukhumvit-Thong lo Building. So Q.H. International Co., Ltd. ("the Subsidiary") has taken on lease of both hotel/serviced apartment buildings including fixtures, furniture, system works and equipments from the Fund in order to manage and operate the rental businesses to the general customers for the period of not over 3 years. To mitigate the risk of paying severance pay for employees working for this short-term project, the Subsidiary agreed to hire L&H Management Co.,Ltd to undertake the responsibility of hiring work forces to work under the project which is still supervised and managed by the Subsidiary. And the Subsidiary pays the personnel management fee to L&H Management Co.,Ltd.

Term of the Agreement:	1 st Term:	1 year and 4 months (1 September 2009-31 December 2010)
	2 nd Term:	3 years (1 January 2011-30 December 2013)
Service Rate	L&H Management Co., Ltd. set the price that is comparable to commercial condition and generally adopted in the market for outsourcing of personnel or at the lump sum rates under the method of costs plus profit.	

Management Service Fee	In 2010:	16,045,022	Baht
	In 2011:	15,435,318	Baht

Other Receivable	As of 31 December 2010:	622,574	Baht
	As of 31 December 2011:	29,866	Baht

Pricing Policy The said service fees were comparable to market prices;

Opinions of the Audit Committee:

The Audit Committee has given its opinions that there was a proper reason to enter into the said transactions at the fair market prices.

1.15 Quality House Leasehold Property Fund (“the Fund”)

Type of Business Investing in real properties for rent (summary on details of the Fund can be viewed in Clause 3: Business Operation of Each Product Line, Sub-clause 3.1(e): Other Businesses)

Relationship:

1. On 7 December 2006, Quality Houses Plc. has invested 204.5 million units at the unit price of 10 Baht, amounted to Baht 2,045 million in the Fund; and on 31 December 2011, the Company still held 25.66% in the Fund;
2. Land and Houses Plc. held 24.86% of the total shares of the Company (as of 12 May 2011) and invested 3.67% in the Fund (as of 30 November 2011) respectively;
3. Government of Singapore Investment Corporation Pte Ltd. (GIC) held 10.88% of the total shares of the Company (as of 12 May 2011) and invested 3.67% in the Fund (as of 30 November 2011) respectively.

Connected Transactions:

- The Company has given the leasehold right of land and building and related equipment of Q. House Ploenjit Building and has transferred the ownership of the building, public utility systems and related equipments; and has transferred the leasehold right of land of Q. House Lumpini Project to the Fund;
- The Company and Q.H. International Co., Ltd., a subsidiary, of which shares were 100% held by the Company, have been hired to manage 3 office buildings for rent, including Q. House Lumpini, Q. House Ploenjit and Wave Place;
- The Company and its subsidiary have given the right to the Fund to invest in each of the building projects being operated, prior to the third parties, as of the date of initial investment of the Fund; provided that the Fund shall exercise the right of investment within 5 years as from the first date of trading of such investment units of the Fund in the stock market and the prices of investment of the Fund shall be in accordance with the criteria prescribed in the related security law and according to the agreed amounts;
- The Company has rented its office spaces in Q. House Lumpini Building;

Term of Lease for
Q. House Ploenjit
Building 30 Years (8 December 2006–7 December 2036)

Term of Lease for Lumpini Q. House Building	1 st Term: 6 th and 7 th Floor: 3 years (1 October 2008-30 September 2011) 16 th Floor: 3 years (1 June 2010-31 May 2013) 2 nd Term: 6 th and 7 th Floor: 3 years (1 October 2011-30 September 2014)
Term of Building Management Agreement	1 st Term: 5 Years 24 Days (8 December 2006-31 December 2011) 2 nd Term: 5 Years (1 January 2012-31 December 2016)
Long-term Rental Fee for Q. House Ploenjit Building	819 million Baht (fully paid)
Rates of Rental Fee for Q. House Lumpini Building	1 st Term: Leased spaces on 6 th Floor and 7 th Floor, totally 2,848.80 square meters; and the rate of rentals (1 October 2008-30 September 2011) is 660 Baht/square meter/month; Leased spaces on 16 th Floor, totally 421 square meters; and the rate of rentals (1 June 2010-31 May 2013) is 725 Baht/square meter/month; 2 nd Term: Leased spaces on 6 th Floor and 7 th Floor, totally 2,848.80 square meters; and the rate of rentals (1 October 2011-30 September 2014) is 700 Baht/square meter/month.
Building Management Income	Calculated from base fee plus special management fee, as follows: a) Base Fee; <ul style="list-style-type: none"> 1% of net operating income; and 2.4% of net profit (in case, the guaranteed net profit of Q.House Lumpini Project is higher than the actual net profit, the higher amount shall be used for calculation); b) Special Management Fee; <ul style="list-style-type: none"> 30% of the difference between the actual net profit and the estimated net profit in the Annual Action Plan; <p>Provided that the Fund has guaranteed the base fee as the difference of (a) amounted to 18.25 million Baht and (b) sum of base fee and special management fee according to operating results.</p>
Rental Income Received in advance(Land, building and equipment of Q. House Ploenjit Building)	As of 31 December 2010: 704,580,646 Baht As of 31 December 2011: 677,413,979 Baht
Rental Expenses (Q. House Lumpini Building)	In 2010: 29,490,598 Baht In 2011: 33,003,279 Baht
Incomes from Rentals (Land, building and equipment of Q. House Ploenjit Building)	In 2010: 27,166,667 Baht In 2011: 27,166,667 Baht

Incomes from Building management fees (Q. House Ploenjit Building, Q. House Lumpini Building and Wave Place Building)	In 2010:	23,884,011	Baht
	In 2011:	24,809,254	Baht
Incomes from other service fees	In 2010:	20,608	Baht
	In 2011:	5,021	Baht
Accrued expenses	As of 31 December 2010:	281,409	Baht
	As of 31 December 2011:	335,407	Baht
Deposit for Rental and Service fees	As of 31 December 2010:	6,925,847	Baht
	As of 31 December 2011:	6,583,589	Baht
Advance Payment	As of 31 December 2010:	-	Baht
	As of 31 December 2011:	736,160	Baht
Other Receivables (Management fees + overtime pay)	As of 31 December 2010:	2,119,963	Baht
	As of 31 December 2011:	2,138,168	Baht

Opinions of the Audit Committee:

The Audit Committee has given its opinions that the distribution and/or giving of leasehold right in land, building and the related equipments to the Quality House Leasehold Property Fund (formerly known as "Quality House Property Fund") was operated in accordance with the resolutions of the Board of Directors' Meeting No.10/2006 convened on 19 October 2006, approving the Company and its subsidiary to distribute real property and fixtures and the related equipments and/or to give the leasehold right and/or to transfer the leasehold right of real property for 2 office building projects operated by the Company and its subsidiary, i.e., Q. House Ploenjit and Q. House Lumpini, with the returns from letting out the land, building and equipments of Q. House Ploenjit, for a period of 30 years. The Company and its subsidiary have already received the full amount of money, totally 819 million Baht, when having registered the leasehold right with the Department of Lands; and the returns from sale of buildings and transfer of the leasehold right in the land of Q. House Lumpini, totally 5,102 million Baht, which was regarded as fair prices because the Company has compared the price with each prospective buyer and has selected the bidder who has offered the best proposals and conditions, including the highest returns to the Company. The Audit Committee has also considered the report of 2 independent valuers at that time, estimating the asset value of the two projects, as follows:

Valuers	Estimated Price	
	Q. House Ploenjit	Q. House Lumpini
CB Richard Ellis (Thailand) Co., Ltd.	838.6 million Baht	5,566.8 million Baht
Bangkok Property Appraisal Co., Ltd.	800.4 million Baht	5,240.9 million Baht

The Audit Committee has given its opinions that there was a proper reason to enter into the said transactions at the fair prices; and the rates of rentals and service fees collected by the Fund from the Company were at the fair market prices.

1.16 Kasikorn Bank Plc.

Type of Business Operating a business of commercial bank, including all businesses relating to or in connection with commercial bank or businesses permitted under the law governing commercial banks both in Thailand and in foreign countries;

Relationship Pol.Gen. Pow Sarasin is the authorized director and the Vice Chairman of Kasikorn Bank Plc. and is the Chairman of the Company.

Connected Transactions (a) Transactions relating to the Bank
The Company and its subsidiaries have opened bank accounts in the category of current deposits, savings deposits, short-term demand deposits, loans and payment of loan interest to Kasikorn Bank Plc.

Details of the related transactions are as follows:

Bank Deposit	As of 31 December 2010:	9,428,789	Baht
	As of 31 December 2011:	10,066,166	Baht
Long-term loan accounts	As of 31 December 2010:	30,000	Baht
	As of 31 December 2011:	-	Baht
Interest expense	In 2010:	9,515,465	Baht
	In 2011:	5,924,048	Baht
Loan provision fees	In 2010:	33,724	Baht
	In 2011:	68,116	Baht
Letter of guarantee fees	In 2010:	1,954,224	Baht
	In 2011:	1,724,065	Baht
Accrued expenses	As of 31 December 2010:	-	Baht
(Loan provision fees)	As of 31 December 2011:	177,513	Baht

Connected Transactions (b) Lease of Spaces in Q. House Asoke Building
Kasikorn Bank Plc. has leased advertising space and other space for ATM installation in Q. House Asoke Building.

Term of Lease	1 Year (1 January 2011-31 December2011)		
Rates of rentals and service fees	<ul style="list-style-type: none"> Advertising space Space for ATM installation Other service 	3,000 Baht/month 5,000 Baht/month As per actual usage	
Incomes from rentals and service fees	In 2010:	120,864	Baht
	In 2011:	118,374	Baht
Guarantee of rent and service	As of 31 December 2010:	60,000	Baht
	As of 31 December 2011:	60,000	Baht

Opinions of the Audit Committee:

(a) Transactions relating to the Bank

The Audit Committee has considered the opening of each type of savings accounts, rates of interest income, interest expense and bank service charges and found that the said transactions were in accordance with normal practice as same as individuals or other companies that Kasikorn Bank Plc., has announced to the general public such as interest rates, bank deposit, rates of interest expense, rates of bank service charges, as well as methods and supporting documents for opening of bank accounts or transactions with the Bank; therefore, the Audit Committee has given its opinions that, while making such transactions, the transactions were reasonable and made with fair market prices.

(b) Lease of Spaces in Q. House Asoke Building

The Audit Committee has considered the rates of rentals and service fees of office building spaces let out to individuals or other companies and found that they were equivalent to those rates prescribed for general customers; moreover, the Audit Committee has inquired the executives of the Company regarding the necessity to use the above-mentioned rates of rentals; therefore, the Audit Committee has given its opinions that there were proper reasons to enter into those transactions and the Company has received the compensation at fair market prices.

1.17 Mr. Suang Chaisurote

Relationship	Mr. Suang Chaisurote is a director of the Company and its subsidiaries.		
Connected Transactions	Casa Ville Co., Ltd., a subsidiary, which the Company has held 100% of the shares, has sold condominium units of Q. House Condo Sathorn Project to Mr. Suang Chaisurote.		
Total Value of Returns	General market prices deducted by discounts calculated according to the criteria and conditions of giving discounts to employees and directors in buying land with structure and condominium units.		
Incomes from sale of condominiums	In 2010:	5,376,000	Baht
	In 2011:	-	Baht

1.18 Mrs. Suwanna Buddhaprasart

Relationship	Mrs. Suwanna Buddhaprasart is a director of the Company and its subsidiaries.		
Connected Transactions	Casa Ville Co., Ltd., a subsidiary, which the Company has held 100% of the shares, has sold condominium units of Q. House Condo Sathorn Project to Mrs. Suwanna Buddhaprasart .		
Total Value of Returns	General market prices deducted by discounts calculated according to the criteria and conditions of giving discounts to employees and directors in buying land with structure and condominium units.		
Incomes from sale of condominiums	In 2010:	2,872,000	Baht
	In 2011:	-	Baht

1.19 Mr. Adul Vinaiphat

Relationship	Mr. Adul Vinaiphat is the Chairman of the Audit Committee and director of the Company.		
Connected Transactions	Casa Ville Co., Ltd., a subsidiary, which the Company has held 100% of the shares, has sold condominium units of Q. House Condo Sathorn Project to Mr. Adul Vinaiphat.		
Total Value of Returns	General market prices deducted by discounts calculated according to the criteria and conditions of giving discounts to employees and directors in buying land with structure and condominium units.		
Incomes from sale of condominiums	In 2010:	4,049,500	Baht
	In 2011:	-	Baht

1.20 Miss Nathinee Phanijphand

Relationship	Miss Nathinee Phanijphand is a daughter of Mr. Rutt Phanijphand who is the President and Chief Executive Officer of the Company and director of the subsidiaries.		
Related Transactions	Quality Houses Plc. has sold condominium units of Q. Condo Langsuan Project to Mr. Rutt Phanijphand and he has transferred the ownership of the property to his daughter.		
Total Value of Returns	General market prices deducted by discounts calculated according to the criteria and conditions of giving discounts to employees and directors in buying land with structure and condominium units.		
Incomes from sale of condominiums	In 2010:	19,879,200	Baht
	In 2011:	-	Baht

1.21 Mr. Rutt Phanijphand

Relationship	Mr. Rutt Phanijphand is the President and Chief Executive Officer of the Company and director of the subsidiaries.		
Related Transactions	Casa Ville Co., Ltd., a subsidiary, which the Company has held 100% of the shares, has sold land and house located in Rayong province to Mr. Rutt Phanijphand.		
Total Value of Returns	Fair market prices with general trading conditions		
Incomes from sale of	In 2010:	-	Baht
Land and house	In 2011:	3,122,000	Baht

Opinions of the Audit Committee:

The Audit Committee has summed up transactions in Sub-clauses 1.17-1.21 to consider the total value of returns of entering into the said connected transactions and found that they were reasonable and in accordance with the criteria and conditions of giving discounts to employees and directors in buying land with structure and condominium units as usual; provided that directors who were the related parties did not attend the meeting and cast their votes in such session of the meeting; therefore, the Audit Committee has given its opinions that such transactions were reasonable.

1.22 Land and Houses Plc.

Relationship	Land and Houses Plc. is the major shareholder of the Company, holding 24.86% of the total shares (as of 12 May 2011)		
Connected Transactions	Land and Houses Plc., has leased a residential unit of Centre Point Hotel & Residence Sukhumvit Project;		
Rates of rentals and service fees	In 2010:	88,972	Baht/month (exclusive of VAT)
Income from Rentals and service fees:	In 2011:	75,785	Baht

Opinions of the Audit Committee:

The Audit Committee has considered the rates of rentals and service fees of the same type of residential unit that the Company has let out to individuals or companies in general and found that the Company has collected the rentals and service fees from Land and Houses Plc., at the rate comparable to the market prices of for long-term rent of residential unit in projects located on Sukhumvit Road.

Moreover, the Audit Committee has inquired the executives of the Company regarding the reasons and necessities to let out the above-mentioned residential unit, and has given its opinions that they were normal business transactions of the Company; and the Company has received the compensation at the market prices; therefore, the Audit Committee has given its opinions that there were proper reasons to enter into those transactions.

1.23 Financial Assistance to Associated Company; Harbour View Co., Ltd.

Type of Business	Hotel and office building for rent in Hai Phong City of Viet Nam;								
Relationship	<ul style="list-style-type: none">Q.H. International Co., Ltd., a subsidiary, which the Company has held 100% of the shares, holds 99% of the total shares of Q.H. International (BVI) Co., Ltd. And Q.H. International (BVI) Co., Ltd. operates a business of investment in real property in foreign countries; and holds 14.15% of the total shares of Harbour View Co., Ltd.Mrs. Suwanna Buddhaprasart is a joint director of the Company and Q.H. International Co., Ltd.								
Connected Transactions	<p>(a) Loan Provision</p> <p>Q.H. International (BVI) Co., Ltd., a subsidiary of the Company, has provided loans to Harbour View Co., Ltd.</p> <table><tr><td>As of 31 December 2010:</td><td>3.3 million Baht</td></tr><tr><td>As of 31 December 2011:</td><td>2.5 million Baht</td></tr></table> <p>Policy of interest calculation: LIBOR + 2%</p>			As of 31 December 2010:	3.3 million Baht	As of 31 December 2011:	2.5 million Baht		
As of 31 December 2010:	3.3 million Baht								
As of 31 December 2011:	2.5 million Baht								
Interest Incomes:	<table><tr><td>In 2010:</td><td>40,807</td><td>Baht</td></tr><tr><td>In 2011:</td><td>60,568</td><td>Baht</td></tr></table>	In 2010:	40,807	Baht	In 2011:	60,568	Baht		
In 2010:	40,807	Baht							
In 2011:	60,568	Baht							
Accrued Interest:	<table><tr><td>As of 31 December 2010:</td><td>899,462</td><td>Baht</td></tr><tr><td>As of 31 December 2011:</td><td>1,008,419</td><td>Baht</td></tr></table>	As of 31 December 2010:	899,462	Baht	As of 31 December 2011:	1,008,419	Baht		
As of 31 December 2010:	899,462	Baht							
As of 31 December 2011:	1,008,419	Baht							
(b) Loan Guarantee	<p>Quality Houses Plc., is the loan guarantor of Harbour View Co., Ltd., according to the proportion of shareholding in subsidiary (21% of the total shares) amounted to US\$ 2.10 million; however, since Harbour View Co., Ltd., has increased the capital to existing shareholders; and the subsidiary has not subscribed for the said right issue, the proportion of shareholding is now decreased to 14.15% but the burden of guarantee remains unchanged. (Details are as per “Risk Factors; Sub-clause 1.1 “Financial Risks”; Subjects: “Risks from Investment”, “Loan Provision”, and “Guarantee of Related Company: Harbour View Co., Ltd.)</p>								
Years of Guarantee	1997-Present								

Opinions of the Audit Committee:

The Audit Committee has given its opinions that there was a proper reason relating to the provision and guarantee of loans to Harbour View Co., Ltd., and it was made according to the proportion of shareholding.

Interim movements of loan provision in 2011:

(Unit: million Baht)

Long-term Loans	31 December 2010	Increase	Decrease	31 December 2011
Harbour View Co., Ltd.	3.30	0.20	-	3.50
Total	3.30	0.20	-	3.50

In 2011, interest incomes from the said provision of loans were amounted to 0.2 million Baht.

Opinions of the Audit Committee on Parties with Co-benefits and Connected Transactions:

The Audit Committee has considered that the structure of shareholding between the Company, its subsidiaries, associated companies and related companies did not cause any conflict of interest between the Company, directors and executives of the Company and did not have any nominee in the structure of shareholding or management of the group companies.

The Audit Committee has considered and approved that the related transactions currently occurred between the Company and related parties with potential conflicts as defined by the Announcement of the Securities and Exchange Commission No.Gor.Jor.17/2008 on the Submission and Exceptions from Submission of the Form of Proposal of Securities dated December 15, 2008, were made with fair market value; moreover, the Audit Committee and the Company shall jointly supervise such related transactions which may occur in the future to be made with fair market value and shall disclose the types and value of related transactions of the Company and the related parties with potential conflicts under the announcements and regulations of the Securities and Exchange Commission.

2. Measures or Procedures for Approving Transactions among Connected Parties;

Before the connected transactions shall be made, they must be proposed to the Audit Committee to consider whether they are suitable and in compliance with the law governing securities and stock exchange, regulations, announcements, orders or requirements of the Stock Exchange of Thailand. The Audit Committee shall then attend and give its opinions in the Board of Directors' meeting or the shareholders' meeting for consideration and approval; provided that parties with potential conflicts of interest or stakeholders of such connected transactions shall not be entitled to cast their votes in order to pass the resolution for such transactions.

3. Policies and Trends Incurring Connected Transactions in the Future

The Company and its subsidiaries still have the policy of incurring connected transactions currently and in the future depending on the suitability and necessities of the business and shall prescribe conditions according to the nature of normal business operation which can be compared with the market prices; or in case, the reference prices are not available, the Company and its subsidiaries shall use the cost prices plus the gross profits. Each and every connected transactions shall be proposed to the Audit Committee for consideration and approval to ensure that they are in accordance with the law governing securities and stock exchange, regulations, announcements, orders or requirements of the Stock Exchange of Thailand and the Office of Securities and Exchange Commission, as well as in compliance with the requirements on the disclosure of data of related transactions and acquisition or disposal of major assets of the Company or its subsidiaries.

Moreover, in case there are connected transactions of the Company or its subsidiaries with parties with conflicts of interest or potential conflicts of interest, the Company and its subsidiaries shall propose such transactions to the Audit Committee to give its opinions on the reasons, necessities and suitability of such transactions. In the event that the Audit Committee has no expertise to consider such potential transactions, the Company and its subsidiaries shall provide an independent expert or auditor of the Company and its subsidiaries to give opinions and to propose the related data and information to the Audit Committee for consideration and submission to the Board of Directors' meeting or the shareholders' meeting for consideration and decision making. The Company and its subsidiaries shall disclose the connected transaction in the Annual Report and Notes to the Financial Statements audited by the auditor of the Company and its subsidiaries.

4. Reasons why parties with potential conflicts of interest have held more than 10% of the total shares in the subsidiaries or the associated companies and why the Company had the major shareholders who might do businesses in competition with the Company

Quality Houses Plc., has organized the structure of shareholding between the Company, its subsidiaries, associated companies and related companies to prevent any conflicts of interest between the Company, directors and executives of the Company. The Company shall not have any nominee in the structure of shareholding or management of the group companies. However, there is a party which might have conflicts of interest, Land and Houses Plc., the major shareholder of the Company holding 24.86% of the total shares (as of 12 May 2011) due to the following reasons:

- i. Land and Houses Plc. operate the businesses of real estate development for sale and rent which are similar to the Company;
- ii. Mr. Anant Asavabhokhin is a major shareholder of Land and Houses Plc., holding 23.76% of the total shares (as of 7 April 2011) and is the Chairman and the President of Land and Houses Plc. while Mr. Adisorn Thananan-narapool is a director and an executive director of Land and Houses Plc. Both Mr. Anant Asavabhokhin and Mr. Adisorn Thananan-narapool are member of the Board of Directors of the Company, totally consists of 12 members, as representatives of Land and Houses, the major shareholder of the Company.
- iii. Land and Houses Plc. and the Company are holding more than 10% shares in Home Products Center Plc; each company holding 30.07% of the total shares of Home Products Center Plc. (as of 12 October 2011) and 19.89% (as of 12 October 2011) respectively. The reason of this shareholding is due to the fact that Home Products Center Plc. was the joint investment between the Company and other parties since the date of its incorporation. In year 1995, QH International Co.,Ltd. (the subsidiary which the Company holding 100% of the total shares) held 30% of the total shares of Home Products Center Plc. Later in 2001 the Company bought all the shares, equaling to 27% of the total shares, of this associated company from QH International Co.,Ltd. in order to support the Company's businesses for the construction materials and interior decoration equipments.

In order to prevent or minimize the conflicts of interest which might incur from the fact that Land and Houses Plc. is the major shareholder of the Company and that the executive director and directors of Land and Houses Plc. are also joint directors of the Company, following guidelines have been set.

1. The structure of shareholders of the Company includes the group of shareholders who are institutes or funds which holding total number of shares more than the number of shares held by Land and Houses Plc. In case there are any conflicts of interest or potential conflicts of interest which might cause any damages to the interest of shareholders, this group of institutional investors or the funds shall be able to cast their votes against such transactions in the General Shareholders' Meeting.
2. The Company's executive committee/management team is independent and liberated to manage the Company's businesses and to make decision in all aspects. There is no director, executive director, executive or employee of Land and Houses Plc. in the Company's executive committee so the business operations of both companies are totally separated.
3. In case there are any connected transactions of the Company or its subsidiaries with parties with conflicts of interest or potential conflicts of interest, the Company and its subsidiaries shall propose such transactions to the Audit Committee which consists of independent directors to examine and give its opinions on the reasons, necessities and suitability of such transactions. In the event that the Audit Committee has no expertise to consider such potential transactions, the Company and its subsidiaries shall provide an independent expert or auditor of the Company and its subsidiaries to give opinions and to propose the related data and information to the Audit Committee for consideration. This practice will also include any transactions that are critical or have high impact to the Company's businesses.



Explanation and Analysis of Financial Status and past performance



A. Overview of past performance

In 2011, overall Thai economy expanded in a decreasing rate compared to the previous year. Early in the year, the manufacturing sector in Thailand has been affected from the tsunami disaster in Japan which caused the shortage of spare parts for electronic equipments and vehicles manufacturing. Moreover, during the fourth quarter of the year, there has been the severe major flooding which widely covered the central region of the country as well as Bangkok and its vicinity. The industrial sectors and commercial sectors which located in the flooding area were relentlessly damaged as well as the overall market consumptions and investments in private sector that were also shrinking.

The economic slow down and impact from the major flooding in Bangkok and its vicinity has caused the Company's business of property selling to be decelerated when compared to those in the previous year. The Company's housing projects which located in the flooding area needed to be temporarily closed down while the consumers still lost their confidence in the country's resolution to future flooding situation. All these were factors which impacted the property selling of projects in the related locations. For the business of property for rent, the Company and its subsidiaries had the increasing revenues when compared to those in the previous year, resulting from the higher rental fees and the increasing occupancy rate of office buildings.

In 2011, the Company and its subsidiaries had revenue from main business of 9,849.0 million Baht, decreased from the year 2010 by 3,391.7 million Baht or about 25.6 %, while the total cost of sales was 6,980.5 million Baht decreased from the year 2010 by 2,378.2 million Baht or 25.4 %. The net profit in year 2011 and 2010 was 852.9 million Baht and 2,002.6 million Baht respectively with gross margin in year 2011 and 2010 of 29.1 % and 29.3 % respectively.

B. Past performance of each business sector

Performance of the Company and its subsidiaries depends on the country's economy and it can be categorized by the types of business as follows:

(1) Revenues from sales and service

- Business of real estate for sale

The Company and its subsidiaries recorded sales of real estate as income in the income statement once construction are completed under the contract and the ownership have been transferred to buyers after all payments received from buyers (Completion method).

In 2011, the total revenue from the sale of real estate decreased by 3,420.8 million Baht or 28.0% from the year 2010 as the Company and its subsidiaries had the total revenue from the sale of lands and houses and the sale of residential condominium decreased by 1,726.8 million Baht and by 1,694.0 million Baht respectively when compared to the same period last year. The major flooding in Bangkok and its vicinity has directly impacted the real estate business. The market has been slowed down since October 2011 and the consumers have postponed the transfer of the properties as well as to make decision to buy new properties.

In 2011, the Company and its subsidiaries have launched 16 new housing projects with the total project value of 17,505.0 million Baht, 3 new condominium projects with the total value of 4,950.0 million Baht and have closed 3 sold-out housing projects.

- Business of Residential for rent (Serviced Apartment/Hotel)

Due to the fact that residential tenants are mostly foreigners working in Thailand, Residential for rent business depends on the growth of the domestic economy, especially investment by foreigners in Thailand.

In 2011, the revenue that the Company and its subsidiaries had from space rental in residential buildings and related services of increased by Baht 8.1 million or 1% when compared to 2010. With no political turmoil in the Bangkok's central business area like those in May 2010, the revenue from service apartment and hotel rental in 2011 was improved. Although the major flooding in the fourth quarter affected the number of incoming tourists and foreign travelers to Thailand, the occupancy was compensated by Thai people who were flood victims. Furthermore, in October 2011, the Company has reopened the Center Point Hotel and Residence Lungsuan project after the completion of its major renovation since November 2010.

- Business of Office building for rent

The impacts from major flooding, tsunami disaster in Japan and European debt crisis have caused economic slow down in Thailand and resulted in the stagnant market office building in 2011. As the demand was slightly increased, the buildings' owners struggled to keep their own client base by offering to stay with the current rental fee and service charges.

By the way, as Thailand is the centre for ASEAN communities and the country is offering privileges and benefits for foreigners to locate their regional office here. This shall be a factor that attracts more foreign investors which will improve the office building market in the near future.

In 2011, the Company had increased the income from business of office rental by 21.0 million Baht or 7% when compared to 2010 as occupancy rates and rental rates of all projects were improved.

(2) Other incomes and share of income from investments in associated companies

In 2011, the Company had other incomes and share of income from associated companies under the equity method as can be seen as follows:

- (a) The Company had other incomes, in 2011, decreasing by 207.0 million Baht or 53% compared to the same period of the year 2010 due to:
- In 2011, the Company gained the profit from the sale of investments 315.4 million Baht less than in 2010 when it gained 197.0 million Baht and 121.6 million Baht from the sale of investments in “Quality Construction Products Plc.” and “Home Product Center Plc.” respectively. In 2011, the Company gained only 3.2 million Baht from the sale of investments in Home Product Center Plc.
 - In 2011, the Company recorded the net result from the change in the shareholders' equity of LH Financial Group Plc. For the amount of 82.0 million Baht when this associated company offered its new ordinary shares through an Initial Public Offering (IPO).
 - In 2011, the Company and its subsidiaries have other incomes increasing by 26.4 million Baht
- (b) The Company's revenue of share of income (loss) from investments in associated companies base on the equity method increased by 96.0 million Baht or 19.8 % compared to the year 2010 as shown below.

(Unit: million Baht)

Companies/Funds	Year 2010	Year 2011	Increase (decrease)
Home Product Center Plc.	338.8	400.5	61.7
Quality House Leasehold Property Fund	109.8	118.8	9.0
LH Financial Group Plc.	94.3	119.3	25.0
Quality Construction Products Plc.	(0.3)	-	0.3
Total	542.6	638.6	96.0

(3) Cost of Sales, Selling expenses and Administration expenses

Cost of sales In years 2011 and 2010, the Company and its subsidiaries had cost of sales from businesses of real estate for sale of 6,316.8 million Baht and 8,657.8 million Baht or 90.5% and 92.5% of the total cost of sales and rental respectively. The remainders were cost of sales from business of residential for rent (serviced apartment / Hotel) and office building for rent, totally 663.8 million Baht and 701.0 million Baht or 9.5% and 7.5% respectively.

Selling Expenses In 2011, selling expenses increased by 152.1 million Baht or 19.0 %, compared with the year 2010 as advertisement and public relation expense increased by 126.9 million Baht. Special Business tax and transfer fee increased by 49.3 million Baht. Since the government did not extend the period of specific business tax reduction (expired on 28 March 2010) and transfer fee reduction (expired on 30 June 2010). The other selling expenses increased by 9.6 million Baht but the promotion expense decreased by 33.7 million Baht.

Administration expenses For the year 2011, administrative expenses increased by 251.5 million Baht or 22%, compared with the same period of year 2010 as the maintenance costs of facilities in the projects and after-sale service increased by 82.2 million Baht. The expense of pre-flood protection and post-flood repairment of houses increased by 144.8 million Baht and other administrative expenses increased by 24.5 million Baht.

(4) Gross Profit Margin

Gross profit margin from the real estate sales, serviced apartment and office building for rent for the years 2010 and 2011 are detailed as follows.

(Unit: million Baht)

Gross profit	Year 2010 %	Year 2011 %
Real estate for sale business	29.2	28.3
Residential for rent/serviced apartment/hotel business	22.4	29.6
Office building for rent business	48.2	49.2

Business of Real estate for Sales In 2011, the Company and its subsidiaries had gross profit margin from sales of real estate dropped to 28.3% compared to the year 2010 which equaled to 29.2%. This was because the Company and its subsidiaries could not adjust the product sale price to compensate the increasing in construction cost during the year. Also the real estate market began to slow down since October 2011, resulting from the severe major flooding in the central region and Bangkok and its vicinity.

Business of Residential for Rent/Serviced Apartment /Hotel In 2011, the Company and its subsidiaries had gross profit margin increased by 29.6% compared to the year 2009 when the gross profit margin was 22.4%. In 2011, Thailand politic situation was back to normal and there was no political turmoil during the year. Also, the Company has changed its Accounting Policy regarding the method of calculating depreciation of Property, Plant and Equipment using the Component Approach which resulted in the decreasing amount of depreciation. By the way, the Company had executed the policy to support the flood victims by reducing rental fee for the customers who were affected from the flood, which caused the decrease in the gross profit margin during the last quarter of the year.

It is notable that in 2010 the country's political unrest resulted in the significantly decreasing revenue from the business of the Company and its subsidiaries. Also the Company enormously renovated residential rooms in some parts of the "Centre Point Silom" building which was completed in August 2010 and closed for renovation of room and common area in the "Centre Point Langsuan" project in November 2010, so that the Company could compete with others in the market and increased rental prices. The project was completed in September 2011.

Business of Office Rental In year 2011, the Company had gross profit margin from the business of office rental increased to 49.2 %, compared to year 2010 which had a gross profit of 48.2 % due to the improved occupancy rates and rental rate in all projects.

(5) Finance Costs

The finance cost composed of interest expense, fee and financial advisory fees. In 2011, these cost increased by 50 million Baht, or 19 % because the average interest rate paid in 2011 of the Company and subsidiary increased. In addition, the Company has invested in buying more lands for future development and there are interest expenses which needed to be recorded in statement of comprehensive income. Since the project has not started yet, the amount cannot be recorded as the capitalized interest

(6) Operating Results

In 2011, the Company and its subsidiaries's net income decreased by 1,149.7 million Baht or 57 %, compared with the results for the year 2010, due to:

- The Company and its subsidiaries had gross profit from real estate sale revenue decreased by 1,079.8 million Baht while gross profit from rental properties increased by 66.3 million Baht;
- The Company had gain on sales of investments in Quality Construction Products Plc. and Home Product Center Plc. decreased by 315.4 million Baht and had profit sharing from investments in associated companies under the equity method increased 96.0 million Baht. The Company also had gain from the changes in the shareholders' equity of LH Financial Group Plc. for the amount of 82.0 million Baht. When the associated company offered its shares through an Initial Public Offering (IPO). And other incomes increased by 26.4 million Baht.
- The Company and its subsidiaries had costs of sales and management and financial cost increased by 403.6 million Baht and 50.2 million Baht respectively; while the corporate income tax decreased by 428.6 million Baht.

(7) Return on Equity

The Annual General Meeting of shareholders of the Company no. 1/2011 convened on 22 April 2011 approved to distribute of the dividend payment for operation in year 2010 with a rate of 0.12 per share. This is equivalent to pay of 50.2% of the net profit of operation in year 2010. The dividend was totally paid of 1,017.3 million Baht, which already paid on 20 May 2010. As at 31 December 2010, the Company and its subsidiaries had the rate of Return On Equity (ROE) of 6.43%.

C Financial Status

(1) Assets

The Company and its subsidiaries had the total assets as at 31 December 2010 and 2011 of 30,548.9 million Baht and 37,966.2 million Baht respectively. At the end of year 2011, the Company and its subsidiaries had the total assets increased by 7,417.2 million Baht or 24.3% compared to year 2010. Details of major assets include:

Current Assets

- Cash and Cash Equivalent

The Company and its subsidiaries have a policy to hold cash as required. The cash at the end of years 2010 and 2011 were 1,114.1 million Baht and 1,113.3 million Baht respectively. The cash at the end of year 2011 decreased by 0.8 million Baht or 0.1 % when compared to the year 2010. The reason that the Company and its subsidiaries have high amount of cash on hand is because the Company and its subsidiaries have accelerated the transfer of ownership of houses and condominium units during the year end period.

- Trade Accounts Receivables and Other Receivables

At the end of years 2010 and 2011, the Company and its subsidiaries had net trade accounts receivables and other receivables of 51.4 million Baht and 67.3 million Baht respectively , increased 15.9 million Baht or 31%. The reason that the amount of receivable is increased is due to the fact that the Company and its Subsidiaries have an increasing trade accounts receivables and other receivables from Business of residential for rent/ serviced apartment/hotel. So the amount of this tax to be returned needed to be booked as other receivables.

The Company and its subsidiaries had a policy to provide 30-day credit terms to its customers. The Company and its subsidiaries have a unit which monitors customer's payment patterns so that receivables are not overdue for more than one month. Most accounts receivable are in the group of payments overdue for not more than 3 months.

- **Lands and Construction in Progress-net**

The value of lands and construction projects-net at the end of years 2010 and 2011 were 10,855.9 million Baht and 16,426.9 million Baht respectively, increasing by 5,571 million Baht or 51.3% when compared to year 2010. This is due to the Company and its subsidiaries have launched 16 new housing projects with project values of 17,505.0 million Baht and 3 condominium projects valued 4,950.0 million Baht. So all the project costs (6,354.7 million Baht) were transferred from the non-current assets which were booked as "Lands and project development costs-net" to current assets and booked as "Lands and Construction in progress-net". However, as the major flooding in Bangkok and its vicinity since October 2011 has affected the Company and its subsidiaries' sales volume and the transfer of properties to be lower than the set target, the number of inventories was highly increased when compared to the previous year.

The proportion of "Land and construction in progress-net" to "Total current assets" at the end of years 2010 and 2011 were 89% and 90% respectively. Lands and Construction in progress-net is the major component of current assets which will generate income to the Company and its subsidiaries within approximately 1-3 years depending on the type and size of projects.

Non-Current Assets

- **Investments in associated companies.**

Investments in associated companies under the cost method at the end of 2010 and 2011 were 4,232.9 million Baht and 5,339.5 million Baht respectively; while, according to the equity method, investments were 4,366.4 million Baht and 6,059.3 million Baht respectively. In November 2010, the Company received the allocation of new ordinary shares of LH Financial Group Plc., which offered its shareholders in the ratio of 4 new shares for the existing 5 shares at the price of 1 Baht per share. The Company was allocated of 1,134.4 million shares with total value of 1,134.4 million Baht. The amount was paid off in February 2011. Below are details of the Company's investment in the associated companies.

(Unit: million Baht)

Investments in associated companies	31 Dec 2010		31 Dec 2011		Profit (Loss)	
	Cost method	Equity method	Cost method	Equity method	Cost method	Equity method
Quality Houses Leasehold Property Fund	2,045.1	1,396.6	2,017.7	1,359.3	(27.4)	(37.3)
LH Financial Group Plc.	1,536.6	1,582.6	2,671.0	2,961.1	1,134.4	1,378.5
Home Product Center Plc.	651.1	1,387.2	650.8	1,738.9	(0.3)	351.7
Total	4,232.8	4,366.4	5,339.5	6,059.3	1,106.7	1,692.9

- **Investments in Subsidiaries**

Investments in subsidiaries for the financial statements of the Company under the cost method at the end of 2010 and 2011 were 3,383.0 million Baht and 3,388.0 million Baht respectively. The increased value of Baht 5.0 million Baht or 0.1% was because, in May 2011, the Company has established a new subsidiaries company named "Property Host Co.,Ltd" with the issued and paid up capital of 5.0 million Baht. The Company held 100% of the total shares with the objective to operate business of real estate for rent.

Moreover, in 2011 the Company established 3 new companies by holding the shares through the Casa Ville Co.,Ltd. in proportion of 100 %. Such subsidiaries were Casa Ville (Chonburi 2554) Co.,Ltd., Casa Ville (Prachuabkirkhan 2554) Co.,Ltd. and Gusto Village Co.,Ltd.(As detailed in Section Business Operation item number 1 Background and Significant Changes and Developments)

- **Investments in Other Companies**

Q. H. International (BVI) Co., Ltd., a subsidiary of the Company's subsidiaries invested in Harbour View Co.,Ltd. in the proportional of 14.15 % (as detailed in Section 2: Risk Factors, Article 2.1 Financial risk About the risk of investment, Lending and Guarantee of the Company related to Harbour View Co., Ltd.).

- **Investment properties**

The Company has recorded the investment properties at cost less accumulated depreciation and allowance for lessor impairment. As at the end of 2010 and 2011, the amounts of Investment properties were 559.2 million Baht and 544.3 million Baht respectively. The decrease of 14.9 million Baht or 3% was caused by the deduction of depreciation amount.

At the end of 2011 and 2010, the Company had real estates for investment as 1 office buildings, Q.House Ploenjit project, which was owned by the Company. In 2006, the Company had given the leasehold rights of property of this project to the Quality House Leasehold Property Fund for the term of 30 years with the right to extend the contract for another term of 30 years. The contract started on 8 December 2006.

- **Lands, Buildings and Equipment-net / Leasehold-net**

Lands, Buildings and Equipment-net/ Leasehold-net at the end of 2010 and 2011 were valued at 2,851.5 million Baht and 2,946.3 million Baht respectively, increasing by 94.7 million Baht or 3.3 % compared to the end of 2010. The Company has invested in the renovation of residential building, Center Point Hotel and Residence Langsuan Project, for 224.7 million Baht. Purchase of assets and adjusted leasehold in other projects net increased of 87.7 million Baht; while the depreciation and leasehold write-off which were recorded as expenses in this year equaled to 217.7 million Baht.

At the end of years 2011 and 2010, the Company had "Lands, buildings and equipment-net" consisting of 1 piece of raw land, 6 residential rental buildings and 3 rental office buildings which are assets that generated long-term rental income.

- **Lands and Project Development Cost-net**

The value of lands and project development cost-net at the end of years 2010 and 2011 was valued at 10,113.0 million Baht and 10,031.5 million Baht respectively. In 2011, the Company and its subsidiaries have bought 12 pieces of land for housing project and 3 pieces for condominium project with total value of 4,312.6 million Baht. The majority of assets were in the process of development for sale together with empty lands waiting for development. Therefore, such assets were listed under this item as they are assets that yet to generate any revenue. The duration of project development before generating revenue will be approximately 1-2 years depending on the duration of licenses in allocation of lands and constructions as well as on the sizes and types of project.

These land properties are mostly for the housing projects and condominium projects for sale which were under development and not ready to launch as the projects for sell. Therefore, the Company and its subsidiaries were not able to transfer the projects that were not ready for sale to the current assets that generates revenue under the subject "Lands and construction in progress-net". Meanwhile, the Company and its subsidiaries had launched 19 projects, which resulted in the transfer of land and cost of net development project of Baht 6,354.7 million to be recorded under "Lands and construction projects in progress-net."

The total value of lands and construction in progress-net / lands, buildings and equipment-net / leasehold-net lands and project development cost-net at the end of years 2010 and 2011 were 24,379.5 million Baht and 29,949.0 million Baht respectively, which equaled to 73.0% and 73.2% of the total assets. These assets shall be used to generate incomes to the Company and its subsidiaries in both short term and long term and were presented according to the net cost after deducted by the provision for loss on diminution in value of the project at the value of 479.2 million Baht.

In order to set the provision for allowance for loss on diminution in value of the project, the Company and its subsidiaries used the book value to compare with the appraised value by independent assessors. In the case that the value of the book value was higher than the appraised value, the high difference will be recorded as an expense under accounting "Allowance for loss on diminution in value of the project".

(2) Providing Financial Assistance to Associated and Related Companies

Subsidiaries provided a loan to the Harbour View Co., Ltd., a related company at the end of years 2010 and 2011 of Baht 3.3 million and Baht 3.5 million respectively. At the end of year 2011, the related company has an outstanding loan with a bank, based on the unaudited financial statement which was prepared by their management department, of 3.0 million US dollar. The Company recorded a provision for liabilities from loan guarantees as mentioned at the end of year 2009 and it was worth a total of 61.0 million Baht (as detailed in Part Risk Factors Clause 1 Financial Risk: Risks from investments, lending, and guarantees made to the related company, Harbour View Co.,Ltd.)

(3) Liquidity

Cash flows from financial activities in the past are detailed as follows:

(Unit: million Baht)

Cash Flows	Year 2010	Year 2011
Cash Flows from (use in) Operation	(855.0)	(5,685.2)
Cash Flows from (use in) Investments	45.1	(1,033.4)
Cash Flows from (use in) Financial Assistance Activities	737.2	6,717.8

In year 2010, The Company and its subsidiaries had net cash flow for use in operating activities of 5,685.2 million Baht as to the Company and its subsidiaries had paid and transferred payments for purchasing of lands and speeding up the development of many new launched projects including project of condominium units for sale in order to support sale growth. However, the Company and its subsidiaries had decreasing sales volume and did not meet the forecasted sales budget due to the problem of major flood in Bangkok and its vicinity. The Company and its subsidiaries' projects which located in the flooding area needed to be temporarily closed down during the fourth quarter of the year. As a result, the Company and its subsidiaries had used cash flow use-in business operation higher than in 2010 when the cash flow use-in business operation of the Company and its subsidiaries was amounted only 855.0 million Baht.

In year 2011, the Company and its subsidiaries had net cash flow use-in investments of 1,033.4 million Baht as the Company has paid off 1,134.4 million Baht for the allocated new ordinary shares of LH Financial Group Plc. (as detailed in (C) Financial Status (1) Assets (Non-Current Assets) topic: Investments in associated companies); and paid for land, buildings and equipment-net for 106.0 million Baht. For cash flow from investment activities, the Company received dividends from investments in associated companies with a total of 161.6 million Baht, cash received from return of capital from Quality Houses Leasehold Property Fund of 27.4 million Baht and cash from other investment activities of 17.6 million Baht. Whereas in year 2010, the Company and its subsidiaries had net cash flow from investment activities of 45.1 million

Baht as the Company received money from the sale of investments of the Home Product Center Co.,Ltd. and Quality Construction Products Co., Ltd. of Baht 555.5 million and received dividends from investments in associated companies with a total of Baht 295.9 million. However, the Company subscribed in the right offering of share capital of LH Financial Group Co.,Ltd. of Baht 709.0 million and the Company bought shares of Home Product Center Co.,Ltd. during the year 2010 of Baht 20.4 million and invested in other investment activities of 76.9 million Baht.

In year 2011, the Company and its subsidiaries had cash flows from financial activities of 6,717.8 million Baht which were received from the net increase of bond of 3,700.0 million Baht, long-term loans of 927.0 million Baht and short-term loans from financial institutions of 3,108 million Baht; and in May 2554, the Company had paid dividend of 1,017.2 million Baht. Whereas in 2010, the Company and its subsidiaries had cash flows from financial activities of 737.2 million Baht which were received from the net increase of bond of 3,000.0 million Baht and had repaid long-term loans of 245.5 million Baht and short-term loans from financial institutions of Baht 1,000.0 million Baht. Also, in May 2010 the Company paid dividends of 1,017.3 million Baht.

(4) Source of funds

Optimal capital structure

Since the Company and its subsidiaries operate business of real estate for sale and rent, the appropriateness of capital structure must take into account of the source of funding, the proportion of funds from loans and shareholders' equity, management of the asset level, debts and liabilities of the shareholders.

The total assets of the Company and its subsidiaries mainly generated short and medium term profits for 1-3 years. Therefore, the Company and its subsidiaries has managed cash flows of the business by sourcing long-term financing sources to invest in long-term projects and sourcing short-term financing sources to invest in short-term project to ensure the appropriateness of funding.

The Company and its subsidiaries had a policy to utilize more of long-term loan sources by issuing debentures to offer to financial institutions and individuals with maturity date of 3-5 years. At the end of year 2010 and 2011 the ratio of debentures to total loans equaled to 79.0% and 95.3% respectively. Additionally, the sources of fund were from long-term loans from banks or financial institutions and short-term bill of exchange with low interest rates in order to manage the interest cost to be in average low rate. At the end of year 2010 and 2011 the ratio of these other loans to total loans equaled to 21.0% and 4.7% respectively. The loan details are provided as described in section (6) Liabilities.

At the end of years 2011 and the year 2010, the Company and its subsidiaries have proportions of loan and debts as follows.

(Unit: %)

Loans Ratio	31 December 2010	31 December 2011
Short-term Loans	22	43
Long-term Loans	78	57
Total	100	100

(Unit: %)

Liabilities Ratio	31 December 2010	31 December 2011
Current Liabilities	29	45
Non-current Liabilities	71	55
Total	100	100

To ensure appropriate capital structure, the Company and its subsidiaries had increased the ratio of the non-current liabilities to the total liabilities to be more than the ratio of the current liabilities to the total liabilities by using long-term sources of fund or issuing debentures to repay short-term loans and the debentures which will be mature in 2012 with the total amount of 9,677.4 million Baht. The reason the ratio of the current liabilities to the total liabilities in 2011 was higher than in 2010 was that the Company has debentures which will mature in 2012 amounted 5,700 million Baht. However, the Company has a policy to issue other long-term debentures or using long-term source of fund to repay short-term loans and the debentures which will be due in 2012.

At the end of years 2010 and 2011, the Company and its subsidiaries had total liabilities to equity ratio of shareholders equal to 1.28 times and 1.88 times respectively, which increased from the previous year. The problem of flood situation in Bangkok and its vicinity since October 2011 has affected the revenue of real estate sale; meanwhile the Company and its subsidiaries had invested more in buying new pieces of lands and developing new projects to support the future growth. As such, the Company and its subsidiaries have cash inflow which was lower than the set target, resulting in the increasing total liabilities,

(5) Shareholders' Equity

Total shareholders' equity as of the end of 2010 and 2011 amounted to 13,372.6 million Baht and 13,167.6 million Baht, respectively, decreasing by 205.0 million Baht or 2.0 % from 2010 due to the followings:

- The Company had net profit of 852.9 million Baht for the year 2010;
- For the first-time adoption of TAS 19 Employee Benefits, the Company adjusted the beginning balance of retained earnings in the current period by 92.7 million Baht
- Other comprehensive income increased by 52.0 million Baht
- In May 2011, the Company paid dividend in the amount of 1,017.2 million Baht from the net profit of year 2010 in accordance with the resolution of an Annual General Meeting of shareholders of year 2011 held on April 20, 2011

(6) Liabilities

Most liabilities of the Company and its subsidiaries at the end of 2011 were loans from commercial banks and financial institutions and debentures, which amounted to 22,400.1 million Baht or 90.3% of total liabilities. Details are as follows:

(Unit: million Baht)

Loans	31 December 2010	Additional lending	Repayment	31 December 2011
Short-term loans from financial institutions	600.0	23,191.0	20,107.9	3,683.1
Long-term loans	90.0	2,457.8	1,530.8	1,017.0
Unsecured debentures	14,000.0	6,300.0	2,600.0	17,700
Total	14,690.0	31,948.8	24,238.7	22,400.1

The Company and its subsidiaries had mortgaged lands, leasehold rights together with buildings and some of leasehold rights as collateral to secure the loan agreements.

As of the end of 2010 and 2011, total liabilities of the Company and its subsidiaries' were 17,176.3 million Baht and 24,798.5 million Baht, respectively. For the year-end 2011, total liabilities were composed of 11,269.4 million Baht of current liabilities and 13,529.1 million Baht of long-term liabilities. The debt to equity ratio increased from 1.28 times in 2010 to 1.88 in 2011. (As mentioned in Section 1 Item (4) Source of Funding - Optimal Capital Structure.)

(7) Commitments and Contingent Liabilities

As at 31 December 2011, the Company and its subsidiaries had the following outstanding commitments and contingent liabilities as follows:

- The Company and its subsidiaries had the outstanding commitments in respect of contracts to purchase lands and to develop future projects as mentioned below:

(Unit: million Baht)

Item	Year 2010	Year 2011
Construction contract	1,921.0	4,112.0
Agreements to purchase land for development of future projects	1,111.0	336.0

- The Company and its subsidiaries entered into several lease agreements to lease lands and buildings, for approximate terms of 30 years and to lease office buildings, motor vehicles and equipment, with terms range between 1 to 3 years.

As of 31 December 2011 and 2010, the Company and its subsidiaries had the future minimum lease payments required under those operating leases contracts as follows.

(Unit: million Baht)

Payable within	Year 2010	Year 2011
Less than 1 year	40.0	22.0
1 - 5 years	73.0	76.0
More than 5 years	135.0	133.0

- A subsidiary had entered into lease agreements to lease buildings and related assets from Land and Houses Property and Loan Fund-II, with a term of 3 years. The subsidiary was entitled to renew the leases for a period of 3 years by giving a Fund notice of its intention to renew in writing at least 90 days before the expiration of the lease.

As at 31 December 2010 and 2011, the subsidiary had the following commitments in respect of the lease agreements:

(A) Future minimum lease payments required under the lease agreements.

(Unit: million Baht)

Payable within	Year 2010	Year 2011
Less than 1 year	61.0	86.0
1 - 3 years	-	53.0

(B) Renovation fees and surcharges which vary with the gross revenues earned by the subsidiary from management and administration of the leased assets.

- The Company and its subsidiaries had commitments to various service contracts amounted to 19 million Baht in 2011 and 14.0 million Baht in 2010.
- The Company had commitment in respect of uncalled portion of investment in a subsidiary of approximately 19.0 million Baht in 2011 and 2010.

- The Company had contingent liabilities with respect to loan guarantees provided on behalf of Harbour View Company Limited for an amount equal to 50% of that company's obligations to its bank (As of 31 December 2011, that company had outstanding liabilities to the bank, based on the unaudited financial statements prepared by its management, of US \$ 3 million). As of 31 December 2011, the Company had set aside provision of 61 million baht for losses arising from such guarantees in its accounts.
- The Company had contingent liabilities to banks in relation to the financial support it provided to a subsidiary company for loans obtained for development of the subsidiary's projects. (As of 31 December 2011, the subsidiary had 1,017 million Baht worth of outstanding loans to the banks.)
- As of 31 December 2011, a subsidiary company had servitude over land of approximately 39 rai and the 46 rai as at the year end of 2010, of which the cost of land was included in the cost of projects.

(C) Major Factors and Influences on Future Business Operations or Financial Position

Factors that might affect real estate business in the future include:

- (1) Overall Thailand economy expansion has been slowed down due to impacts from the deceleration of manufacturing sectors which rely on spare parts for electronic equipments from Japan which had been severely threaten by tsunami in March 2011; the uncertainties of the world economic caused by European debt crisis; and the major flooding in central Thailand, Bangkok and its vicinity since October 2011. In addition, consumer anxiety regarding the country's ability to effectively handle flood situation not to happen again in 2012 might result in the lack of consumer confidence and delay their decision to buy properties.
- (2) Increases in construction material price and other project development costs, i.e. minimum wage rates which will be 300 Baht per day and minimum 15,000 Baht for salary of new graduate, can lead to higher construction and project development costs. Meanwhile, the Company and its subsidiaries may not increase the price to cover the higher cost due to the increasing competition in the real estate businesses.

Despite the above-mentioned factors which affected the Company and its subsidiaries' operating results, the operating results of the Company and its subsidiaries' real estate for rent businesses were still good while the real estate for sale businesses were slow down. In 2012, it is expected that the Company and its subsidiaries will expand continuously in line with the nation's economic recovery and its ability to manage preventive actions of flooding situations in Bangkok and its vicinity.

By the way, the Company and its subsidiaries will continue the policy of operating its business with caution and with vigilance by reducing unnecessary expenses, focusing on the quality of products and services provided for our customers, as well as, by controlling and minimizing production costs and operating costs and by improving efficiencies of operational processes by shortening production times.

Furthermore, the Company continued to study and research customer expectations in order to fully understand the target groups of the Company and its subsidiaries and expanded into the new market segment of houses and residential condominium for sales, to the middle-end and low-end consumers. The Company also plan to adjust the capital structure to use more medium-term and long-term capital, which are compatible with the nature of business that requires medium-term and long-term sources of funding.

Report of Independent Auditor

To the Shareholders of Quality Houses Public Company Limited

I have audited the accompanying consolidated statements of financial position of Quality Houses Public Company Limited and its subsidiaries as at 31 December 2011 and 2010, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and have also audited the separate financial statements of Quality Houses Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Quality Houses Public Company Limited and its subsidiaries and of Quality Houses Public Company Limited as at 31 December 2011 and 2010, and the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the above financial statements, I draw attention to the matter as discussed in Note 3 to the financial statements, during the current year, the Company adopted the revised and new accounting standards issued by the Federation of Accounting Professions, and applied them in its preparation and presentation of the financial statements.

Gingkarn Atsawarangsarit
Certified Public Accountant (Thailand) No. 4496
Ernst & Young Office Limited Bangkok
27 February 2012

Report of Independent Auditor

To the Shareholders of Quality Houses Public Company Limited

I have audited the accompanying consolidated statements of financial position of Quality Houses Public Company Limited and its subsidiaries as at 31 December 2011 and 2010, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and have also audited the separate financial statements of Quality Houses Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Quality Houses Public Company Limited and its subsidiaries and of Quality Houses Public Company Limited as at 31 December 2011 and 2010, and the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the above financial statements, I draw attention to the matter as discussed in Note 3 to the financial statements, during the current year, the Company adopted the revised and new accounting standards issued by the Federation of Accounting Professions, and applied them in its preparation and presentation of the financial statements.

Gingkarn Atsawarangsalit

Certified Public Accountant (Thailand) No. 4496

Ernst & Young Office Limited Bangkok

27 February 2012

Quality Houses Public Company Limited and its subsidiaries
Statements of financial position
As at 31 December 2011 and 2010

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
Assets					
Current assets					
Cash and cash equivalents	8, 9	1,113,322,277	1,114,144,209	573,439,807	705,762,335
Trade and other receivables	8, 10	67,321,657	51,429,045	58,020,845	41,416,016
Land and construction in progress	11	16,426,938,092	10,855,862,839	6,840,172,302	6,001,695,390
Other current assets					
Advance for construction work		292,147,056	14,989,254	19,839,529	3,774,969
Advance for construction material		59,600,472	71,590,311	30,612,638	52,906,123
Specific business tax refundable		35,140,831	35,140,831	35,140,831	35,140,831
Others		181,604,741	62,063,545	105,467,152	56,013,652
Total current assets		18,176,075,126	12,205,220,034	7,662,693,104	6,896,709,316
Non-current assets					
Restricted bank deposits	12	22,528,123	21,990,283	22,208,123	21,990,283
Investments in subsidiaries	13	-	-	3,388,027,500	3,383,027,900
Investments in associates	14	6,059,309,034	4,366,400,508	5,339,545,750	4,232,860,258
Other long-term investments					
Investment in other company	15	-	-	-	-
Investments in marketable equity securities		1,998	1,998	1,998	1,998
Long-term loans to related parties	8	3,532,458	3,299,966	11,429,822,585	6,857,227,927
Investment properties	16	544,291,914	559,219,413	544,291,914	559,219,413
Property, plant and equipment	17	1,433,913,818	1,439,241,045	1,375,494,714	1,413,575,153
Leasehold rights	18	1,512,365,076	1,412,297,449	1,512,365,076	1,412,297,449
Land and project development costs	19	10,031,519,389	10,112,956,503	3,888,842,155	4,281,437,599
Other non-current assets					
Deposits for lease of land and building		95,389,753	100,349,119	95,389,753	100,349,119
Deposits for purchase of land		56,130,824	298,239,278	4,720,000	13,569,000
Others		31,097,121	29,717,109	20,898,824	20,450,834
Total non-current assets		19,790,079,508	18,343,712,671	27,621,608,392	22,296,006,933
Total assets		37,966,154,634	30,548,932,705	35,284,301,496	29,192,716,249

The accompanying notes are an integral part of the financial statements.

Quality Houses Public Company Limited and its subsidiaries
Statements of financial position (continued)
As at 31 December 2011 and 2010

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	8, 20	3,683,131,730	600,000,000	3,683,131,730	600,000,000
Trade and other payables	8, 21	545,918,396	621,228,421	307,001,234	375,724,724
Current portion of long-term loans	8, 22	294,353,000	50,000	-	20,000
Current portion of unsecured debentures	23	5,700,000,000	2,600,000,000	5,700,000,000	2,600,000,000
Short-term loan from related party	8	-	-	142,793,342	133,118,981
Income tax payable		11,286,815	236,842,497	-	83,192,941
Short-term provisions	25	201,276,575	153,125,191	115,095,687	100,074,279
Other current liabilities					
Advance received from customers		226,135,389	91,402,863	55,973,599	57,778,485
Deposits for rental and service	8	114,611,022	110,000,630	89,238,780	82,893,214
Retention guarantees		264,468,942	258,201,588	130,176,593	143,401,238
Accrued expenses	8	164,100,228	215,187,264	85,579,152	138,136,308
Current portion of rental income received in advance	8	27,224,000	27,224,000	27,224,000	27,224,000
Others		36,917,345	31,079,164	18,949,068	18,568,404
Total current liabilities		11,269,423,442	4,944,341,618	10,355,163,185	4,360,132,574
Non-current liabilities					
Long-term loans, net of current portion	22	722,648,000	90,000,000	-	-
Unsecured debentures, net of current portion	23	12,000,000,000	11,400,000,000	12,000,000,000	11,400,000,000
Long-term loan from related party	8	-	-	252,297,595	219,332,957
Provision for long-term employee benefits	24	77,171,843	-	70,262,516	-
Long-term provisions	25	80,046,253	64,601,985	80,046,253	64,601,985
Other non-current liabilities					
Rental income received in advance, net of current portion	8	649,266,935	677,356,646	649,266,935	677,356,646
Total non-current liabilities		13,529,133,031	12,231,958,631	13,051,873,299	12,361,291,588
Total liabilities		24,798,556,473	17,176,300,249	23,407,036,484	16,721,424,162

The accompanying notes are an integral part of the financial statements.

Quality Houses Public Company Limited and its subsidiaries
Statements of financial position (continued)
As at 31 December 2011 and 2010

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Shareholders' equity					
Share capital					
Registered					
8,883,558,370 ordinary shares of Baht 1 each		<u>8,883,558,370</u>	<u>8,883,558,370</u>	<u>8,883,558,370</u>	<u>8,883,558,370</u>
Issued and paid up					
8,477,339,715 ordinary shares of Baht 1 each		8,477,339,715	8,477,339,715	8,477,339,715	8,477,339,715
Share premium		379,246,114	379,246,114	379,246,114	379,246,114
Retained earnings					
Appropriated - statutory reserve	26	441,120,546	416,833,252	441,120,546	416,833,252
Unappropriated		3,814,064,409	4,095,403,349	2,579,557,343	3,197,871,712
Other components of shareholders' equity		<u>55,827,377</u>	<u>3,810,026</u>	<u>1,294</u>	<u>1,294</u>
Total shareholders' equity		<u>13,167,598,161</u>	<u>13,372,632,456</u>	<u>11,877,265,012</u>	<u>12,471,292,087</u>
Total liabilities and shareholders' equity		<u>37,966,154,634</u>	<u>30,548,932,705</u>	<u>35,284,301,496</u>	<u>29,192,716,249</u>

The accompanying notes are an integral part of the financial statements.

Quality Houses Public Company Limited and its subsidiaries
Statements of comprehensive income
For the years ended 31 December 2011 and 2010

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Profits or loss:					
Revenues					
Sales of real estate		8,813,672,114	12,234,503,041	4,183,346,149	6,045,987,851
Rental of units in office buildings and related service income		330,989,266	309,993,769	334,454,125	312,282,456
Rental of units in residential buildings and related service income		704,370,381	696,222,246	421,656,183	422,926,534
Other income					
Dividend income	13, 14	-	-	461,590,067	595,880,428
Interest income		13,944,367	9,412,705	426,864,597	302,728,952
Income from forfeitures of booking and down payments		2,760,635	1,132,156	743,890	511,406
Gain on sales of investments	14	3,243,421	318,661,498	3,538,198	236,653,948
Gain on changes in shareholders' equity of associated company	14	81,965,718	-	-	-
Others		81,621,376	61,308,603	61,213,358	51,154,005
Total revenues		10,032,567,278	13,631,234,018	5,893,406,567	7,968,125,580
Expenses					
Cost of real estate sold		6,316,775,119	8,657,777,742	2,978,518,780	4,192,840,773
Cost of rental and related services - office buildings		168,191,867	160,502,102	168,191,867	160,502,102
Cost of rental and related services - residential buildings		495,573,853	540,468,753	283,776,207	324,356,790
Selling expenses		953,455,789	801,291,191	393,836,479	425,781,152
Administrative expenses		1,392,852,908	1,141,388,767	942,592,372	833,083,377
Reversal of provision for impairment of investment in associated company		-	-	-	(220,000,000)
Total expenses		9,326,849,536	11,301,428,555	4,766,915,705	5,716,564,194
Profit before share of income from investments in associates, finance cost and corporate income tax		705,717,742	2,329,805,463	1,126,490,862	2,251,561,386
Share of income from investments in associates	14	638,610,164	542,643,763	-	-
Profit before finance cost and corporate income tax		1,344,327,906	2,872,449,226	1,126,490,862	2,251,561,386
Finance cost		(309,096,639)	(258,892,216)	(598,343,166)	(467,999,053)
Profit before corporate income tax		1,035,231,267	2,613,557,010	528,147,696	1,783,562,333
Corporate income tax		(182,310,808)	(610,918,420)	(42,401,816)	(271,064,789)
Profit for the year		852,920,459	2,002,638,590	485,745,880	1,512,497,544
Other comprehensive income:					
Gain (loss) on changes in value of available-for-sale investments		52,017,351	(2,675,616)	-	-
Other comprehensive income for the year		52,017,351	(2,675,616)	-	-
Total comprehensive income for the year		904,937,810	1,999,962,974	485,745,880	1,512,497,544
Earnings per share	28				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.10	0.24	0.06	0.18

The accompanying notes are an integral part of the financial statements.

Quality Houses Public Company Limited and its subsidiaries
Statements of changes in shareholders' equity
For the years ended 31 December 2011 and 2010

(Unit : Baht)

	Consolidated financial statements						
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other comprehensive income		
			Appropriated	Unappropriated	Surplus on changes in value of available-for-sale investments	Share premium of associated company	Total
Balance as at 31 December 2009	8,477,339,715	379,246,114	341,208,375	3,185,642,699	6,485,642	113,620,479	12,503,543,024
Dividend paid (Note 31)	-	-	-	(1,017,253,063)	-	-	(1,017,253,063)
Total comprehensive income for the year	-	-	-	2,002,638,590	(2,675,616)	(113,620,479)	1,886,342,495
Unappropriated retained earnings transferred to statutory reserve	-	-	75,624,877	(75,624,877)	-	-	-
Balance as at 31 December 2010	8,477,339,715	379,246,114	416,833,252	4,095,403,349	3,810,026	-	13,372,632,456
Balance as at 31 December 2010	8,477,339,715	379,246,114	416,833,252	4,095,403,349	3,810,026	-	13,372,632,456
Commulative effect of changes in accounting policy for employee benefits (Note 5)	-	-	-	(92,774,512)	-	-	(92,774,512)
Dividend paid (Note 31)	-	-	-	(1,017,197,593)	-	-	(1,017,197,593)
Total comprehensive income for the year	-	-	-	852,920,459	52,017,351	-	904,937,810
Unappropriated retained earnings transferred to statutory reserve	-	-	24,287,294	(24,287,294)	-	-	-
Balance as at 31 December 2011	8,477,339,715	379,246,114	441,120,546	3,814,064,409	55,827,377	-	13,167,598,161

The accompanying notes are an integral part of the financial statements.

Quality Houses Public Company Limited and its subsidiaries
Statements of changes in shareholders' equity
For the years ended 31 December 2011 and 2010

(Unit : Baht)

	Separate financial statements						
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other comprehensive of equity		Total
			Appropriated	Unappropriated	Other comprehensive income Surplus on changes in value of available-for-sale investments	income	
Balance as at 31 December 2009	8,477,339,715	379,246,114	341,208,375	2,778,252,108	1,294	11,976,047,606	
Dividend paid (Note 31)	-	-	-	(1,017,253,063)	-	(1,017,253,063)	
Total comprehensive income for the year	-	-	-	1,512,497,544	-	1,512,497,544	
Unappropriated retained earnings transferred to statutory reserve	-	-	75,624,877	(75,624,877)	-	-	
Balance as at 31 December 2010	8,477,339,715	379,246,114	416,833,252	3,197,871,712	1,294	12,471,292,087	
Balance as at 31 December 2010	8,477,339,715	379,246,114	416,833,252	3,197,871,712	1,294	12,471,292,087	
Cumulative effect of changes in accounting policy for employee benefits (Note 5)	-	-	-	(62,575,362)	-	(62,575,362)	
Dividend paid (Note 31)	-	-	-	(1,017,197,593)	-	(1,017,197,593)	
Total comprehensive income for the year	-	-	-	485,745,880	-	485,745,880	
Unappropriated retained earnings transferred to statutory reserve	-	-	24,287,294	(24,287,294)	-	-	
Balance as at 31 December 2011	8,477,339,715	379,246,114	441,120,546	2,579,557,343	1,294	11,877,265,012	

The accompanying notes are an integral part of the financial statements.

Quality Houses Public Company Limited and its subsidiaries

Statements of cash flows

For the years ended 31 December 2011 and 2010

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash flows from operating activities				
Profit before tax	1,035,231,267	2,613,557,010	528,147,696	1,783,562,333
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Decrease in land and construction in progress as a result of transfer to cost of sales	6,316,775,119	8,657,777,742	2,978,518,780	4,192,840,773
Depreciation	123,376,591	175,583,390	114,849,231	168,768,776
Amortisation of leasehold rights	115,341,280	103,847,311	115,341,280	103,847,311
Amortisation - others	4,959,367	4,959,367	4,959,367	4,959,367
Loss (gain) on sales of equipments	400,302	589,334	(44,092)	150,452
Income from forfeitures of booking and down payments	(2,760,635)	(1,132,156)	(743,890)	(511,406)
Gain on sales of investments	(3,243,421)	(318,661,498)	(3,538,198)	(236,653,948)
Gain on changes in shareholders equity of associated company	(81,965,718)	-	-	-
Share of income from investments in associates	(638,610,164)	(542,643,763)	-	-
Reversal of provision for impairment of investment in associated company	-	-	-	(220,000,000)
Provision for loss arising from litigation	15,444,268	-	15,444,268	-
Provision for long-term employee benefits	8,882,686	-	7,687,154	-
Unrealised gain on exchange	(923,063)	(363,662)	(513,569)	(535,733)
Interest income	(13,944,367)	(9,412,705)	(426,864,597)	(302,728,952)
Dividend income	-	-	(461,590,067)	(595,880,428)
Interest expenses	274,408,608	220,987,277	574,414,495	435,630,667
Income from operating activities before changes in operating assets and liabilities	7,153,372,120	10,905,087,647	3,446,067,858	5,333,449,212
Operating assets decrease (increase)				
Trade and other receivables	(15,892,612)	9,761,073	(16,604,829)	6,762,374
Land and construction in progress	(5,103,317,043)	(3,928,670,705)	(2,008,881,939)	(2,055,106,940)
Advance for construction work	(277,157,802)	50,204,594	(16,064,560)	49,540,250
Advance for construction material	11,989,840	127,777,542	22,293,485	24,177,988
Other current assets	(44,908,018)	17,094	(30,035,231)	581,896
Land and project development costs	(5,999,366,238)	(6,172,975,050)	(1,194,514,430)	(1,701,291,858)
Leasehold rights	(215,408,907)	(24,875,510)	(215,408,907)	(24,875,510)
Deposits for purchase of land	56,828,454	(242,822,478)	(4,720,000)	41,847,800
Other non-current assets	(1,380,012)	(2,943,813)	(447,991)	(1,085,117)

The accompanying notes are an integral part of the financial statements.

Quality Houses Public Company Limited and its subsidiaries
Statements of cash flows (continued)
For the years ended 31 December 2011 and 2010

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Operating liabilities increase (decrease)				
Trade and other payables	(78,197,487)	49,852,518	(71,387,590)	(35,698,958)
Advance from customers	109,403,451	(414,721,555)	(29,150,706)	(37,182,515)
Deposits for rental and service	4,610,392	2,563,644	6,345,566	918,336
Retention guarantees	6,267,354	48,214,638	(13,224,645)	18,609,286
Accrued expenses	(2,935,653)	36,461,758	(37,535,748)	29,275,744
Other current liabilities	5,838,181	(2,017,943)	380,664	(927,855)
Cash flows from (used in) operating activities	(4,390,253,980)	440,913,454	(162,889,003)	1,648,994,133
Cash paid for interest expenses	(812,404,393)	(604,635,298)	(808,979,545)	(597,863,214)
Cash paid for corporate income tax	(482,499,669)	(691,243,707)	(145,013,026)	(330,733,629)
Net cash flows from (used in) operating activities	(5,685,158,042)	(854,965,551)	(1,116,881,574)	720,397,290
Cash flows from investing activities				
Increase in restricted bank deposits	(537,840)	(91,751)	(217,840)	(91,751)
Cash paid for purchase of additional shares of subsidiary companies	-	-	(4,999,600)	(2,900,000,000)
Cash received from return of capital from associated company	27,425,059	-	27,425,059	-
Cash paid for purchase of additional shares of associated companies	(1,134,432,000)	(729,435,935)	(1,134,432,000)	(729,435,935)
Proceeds from sales of investment in associated companies	3,859,648	555,476,943	3,859,648	532,256,943
Dividend received from subsidiaries	-	-	300,000,000	300,000,000
Dividend received from associates	161,590,067	295,880,428	161,590,067	295,880,428
Decrease (increase) in long-term loans to related parties	799,526	620,814	(4,597,676,432)	691,185,733
Cash received from interest income	13,835,410	9,465,117	452,459,938	275,988,360
Increase in property, plant and equipment (net of disposal)	(105,957,167)	(86,823,346)	(64,232,201)	(72,911,631)
Net cash flows from (used in) investing activities	(1,033,417,297)	45,092,270	(4,856,223,361)	(1,607,127,853)

The accompanying notes are an integral part of the financial statements.

Quality Houses Public Company Limited and its subsidiaries
Statements of cash flows (continued)
For the years ended 31 December 2011 and 2010

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash flows from financing activities				
Increase (decrease) in short-term loans from				
financial institutions	3,108,000,000	(1,000,000,000)	3,108,000,000	(1,000,000,000)
Increase in short-term loan from related party	-	-	7,000,000	68,000,000
Cash received from long-term loans	2,457,824,297	1,682,931,568	587,146,630	823,497,514
Repayment of long-term loans	(1,530,873,297)	(1,928,436,084)	(587,166,630)	(1,024,415,315)
Increase in long-term loan from related party	-	-	43,000,000	65,000,000
Proceeds from issuance of debentures	6,300,000,000	7,000,000,000	6,300,000,000	7,000,000,000
Cash paid for redemption of debentures	(2,600,000,000)	(4,000,000,000)	(2,600,000,000)	(4,000,000,000)
Dividend paid	(1,017,197,593)	(1,017,253,063)	(1,017,197,593)	(1,017,253,063)
Net cash flow from financing activities	6,717,753,407	737,242,421	5,840,782,407	914,829,136
Net increase (decrease) in cash and cash equivalents	(821,932)	(72,630,860)	(132,322,528)	28,098,573
Cash and cash equivalents at beginning of year	1,114,144,209	1,186,775,069	705,762,335	677,663,762
Cash and cash equivalents at end of year	1,113,322,277	1,114,144,209	573,439,807	705,762,335
Supplemental cash flows information				
Non-cash transactions				
Transfer of land and project development costs to land and construction in progress	6,354,712,703	4,826,257,477	1,647,051,759	2,287,960,185
Transfer of property, plant and equipment to land and project development costs	2,435,000	21,000,000	2,435,000	21,000,000
Transfer of deposit for purchase of land to land and project development costs	185,280,000	160,842,000	13,569,000	26,737,000
Revaluation increase (decrease) in investments	52,017,351	(2,675,616)	-	-
Adjustment of provision for long-term employee benefits with the beginning balance of retained earnings	92,774,512	-	62,575,362	-

The accompanying notes are an integral part of the financial statements.

Quality Houses Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the years ended 31 December 2011 and 2010

1. General information

Corporate information

Quality Houses Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the property development. The registered office of the Company is at 7th Floor, Q. House Lumpini Building, No. 1 South Sathorn Road, Tungmahamek, Sathorn, Bangkok.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Quality Houses Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Subsidiary companies	Nature of business	Country of incorporation	Percentage of shareholding	
			2011 %	2010 %
Casa Ville Co., Ltd.	Real estate development	Thailand	100	100
Q.H. International Co., Ltd.	Lease of residential building and managing of service apartment	Thailand	100	100
Property Host Co., Ltd.	Lease of land	Thailand	100	-
The Confidence Co., Ltd. (100% held through Casa Ville Co., Ltd.)	Real estate development	Thailand	100	100
Q.H. Management Co., Ltd. (81% held by the Company and 19% held through The Confidence Co., Ltd.)	Managing of public utilities of real estate business and land owner	Thailand	100	100
Q.H. International (BVI) Co., Ltd. (100% held by Q.H. International Co., Ltd.)	Holding company	British Virgin Island	100	100
Casa Ville (Rayong 2553) Co., Ltd. (100% held through Casa Ville Co., Ltd.)	Real estate development	Thailand	100	100
Casa Ville (Petchburi 2553) Co., Ltd. (100% held through Casa Ville Co., Ltd.)	Real estate development	Thailand	100	100
Idea Fitting Co., Ltd. (100% held through Casa Ville Co., Ltd.)	Distribution and installation of furniture	Thailand	100	100
Gusto Village Co., Ltd. (100% held through Casa Ville Co., Ltd.)	Real estate development	Thailand	100	-
Casa Ville (Chonburi 2554) Co., Ltd. (100% held through Casa Ville Co., Ltd.)	Real estate development	Thailand	100	-
Casa Ville (Prachuapkhirikhan 2554) Co., Ltd. (100% held through Casa Ville Co., Ltd.)	Real estate development	Thailand	100	-

b) Subsidiaries are fully consolidated being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

d) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

2.3 The separate financial statements, which present investments in subsidiaries and associates under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards during the year

During the current year, 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

Financial Reporting Standard Interpretations:

TFRIC 15	Agreements for the Construction of Real Estate
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Accounting Standard Interpretations:

SIC 31	Revenue-Barter Transactions Involving Advertising Services
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These accounting standards do not have any significant impact on the financial statements, 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 year and recognise the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current year. The change has the effect of decreasing the profit of the Company and its subsidiaries for the year ended 31 December 2011 by Baht 12 million, or 0.0014 Baht per share (Separate financial statements: decreasing profit by Baht 8 million, or Baht 0.0009 per share). The cumulative effect of the changes in the accounting policy has been presented in Note 5 to the financial statements.

As at 31 December 2011, the Company and its subsidiaries recognised Baht 77 million of such long-term employee benefit liabilities (Separate financial statements: Baht 70 million).

4. New accounting standards issued during the years not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

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

Accounting Standard 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

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 for the following accounting standards.

TAS 12 Income Taxes

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

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

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

During the current year, the Company made the changes to its significant accounting policies described in Note 3, 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.

The amounts of adjustments affecting the statement of financial position as at 1 January 2011 are summarised below.

(Unit : Thousand Baht)

	1 January 2011	
	Consolidate financial statements	Separate financial statements
Statements of financial position		
Decrease in investments in associates from the adjustment of provision for long-term employee benefits of associated companies	24,486	-
Increase in provision for long-term employee benefits	68,289	62,575
Decrease in unappropriated retained earnings	92,775	62,575

6. Significant accounting policies

6.1 Revenue recognition

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

Sales of land and houses and sales of residential condominium units are recognised as revenue when the significant risks and rewards of ownership of the goods have passed to the buyer, whereby construction works are completed and the ownerships have been transferred to buyers after all payments received from the buyers.

(b) Rental and services income

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

(c) Interest income

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

(d) Dividends

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

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

In determining the cost of land and houses sold and cost of residential condominium units sold, the anticipated total development costs (taking into account actual costs incurred to date) are attributed to land and houses sold on the basis of the salable area and to residential condominium units sold on the basis of the salable area weighted to the selling price of the unit, and then recognised as costs in the income statement concurrently with revenue from sales.

Development costs are stated at cost, consisting of cost of land, design fees, utilities, construction and related interest.

6.3 Cash and cash equivalents

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

6.4 Trade accounts receivable

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

6.5 Land and construction in progress

Land and construction in progress are stated at cost less provision for loss on diminution in value of projects. The details of cost calculation are as follows: -

Land	-	Cost of land using the weighted average method, calculating it separately for each project
Construction in progress	-	Construction in progress consists of the cost of construction, public utility costs and interest capitalised to cost of projects by records cost of construction and public utilities based on the actual cost incurred.

6.6 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded as gains or losses in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholders' equity, and will be recorded in profit or loss when the securities are sold.
- c) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).
- d) Investments in associates are accounted for in consolidated financial statements using the equity method.
- e) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method, net of allowance for impairment loss (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

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

6.7 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 (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 15 - 60 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.

6.8 Property, plant and equipment/Depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation, and less allowance for impairment of assets (if any). Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives (before the year 2011):

Buildings	-	30 years
Others	-	5 - 20 years

During the current year, the Company changed its accounting estimates with respect to the useful lives of assets used to calculate depreciation of building and equipment, in order to comply with a component approach, whereby the depreciation charge is recorded separately for each significant component of an item of building and equipment. The Company applied this change in estimate prospectively. The estimated useful lives of building and equipment are as follows:

Buildings	-	60 years
Architectural work	-	30 years
Interior work	-	10 - 15 years
Furniture, fixtures, equipment and office equipment	-	5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on building and equipment under development.

The cost of linen, crockery, glass, silver and kitchen utensils purchased to meet the normal requirements of the residential buildings have been regarded as a base stock and subsequent purchases are expended when incurred.

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

6.9 Leasehold rights and amortisation

Leasehold rights are stated at cost less accumulated amortisation. The Company amortises leasehold rights on a straight-line basis over the leasehold period.

The amortisation is included in determining income.

6.10 Borrowing costs

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

Capitalisation rates are calculated based on the weighted average of the interest expenses incurring during the year on loans for development of projects.

6.11 Goodwill

Goodwill which was incurred as a result of the investment in an associated company being acquired at cost higher than the associated company's net book value, is included in the carrying amount of investment in associated company. The entire carrying amount of the investment is tested for impairment when circumstances indicate that the investment in associated company may be impaired, by comparing its recoverable amount with its carrying amount.

6.12 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

6.13 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The property, plant or equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

6.14 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in profit or loss.

6.15 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the investment properties, property, plant and equipment, land and construction in progress, land and project development costs and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

6.16 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats 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.

For the first-time adoption of TAS 19 Employee Benefits, the Company 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 year.

6.17 Provisions

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

6.18 Income tax

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

7. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

Leases

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

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Fair value of financial instruments

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

Impairment of equity investments

The Company and its subsidiaries treat available-for-sale investments and other investments as impaired when the management judgment that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the Company’s plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying cost. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Project development costs estimation

In calculating cost of land and houses sold, the Company and its subsidiaries have to estimate all project development costs, comprising land and land improvement costs, design and construction costs, public utility costs, borrowing costs and other related costs. The management estimates these costs based on their business experience and revisits the estimations on a periodical basis or when the actual costs incurred significantly vary from the estimated costs.

Provision for loss arising from loan guarantees

In recording provision for loss arising from guarantees of loans to related companies, the management estimates the expenses expected to be incurred as a result of providing such guarantees based on the ability of those companies to make payment of their debts to the creditors, and records the provision according to the proportion of guarantee provided.

Goodwill

The initial recognition and measurement of goodwill and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Provision for public utilities maintenance/repairment of houses after flood

In estimating the Company’s and subsidiaries’ provision for public utilities maintenance/repairment of houses after the floods, management considered historical data and/or currently available information about the costs of various types of repairment work.

Compensation for Housing Estate Juristic Persons

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

Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The management has exercised judgment to assess of the results of the litigation (if any) and recorded certain contingent liabilities as at the balance sheet date. However, actual results could differ from the estimates.

8. Related party transactions

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

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2011	2010	2011	2010	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Interest income	-	-	417	296	MLR and MLR minus certain rates per annum
Rental and service income	-	-	4	3	Market price
Rental and service expenses	-	-	1	-	Market price
Other service expense	-	-	35	34	Market price
Building management income	-	-	9	13	Baht 428,000 per month (2010: 3.5% of gross property operating revenue or not less than Baht 700,000 per month)
Dividend income	-	-	300	300	As declared
Interest expense	-	-	17	10	MLR minus certain rates per annum
<u>Transactions with associated companies</u>					
Material cost	10	5	6	3	Wholesale price charged by the related company to third parties
Rental expenses	33	30	33	30	Market price
Bank charge	1	1	-	-	Market price
Rental and service income	28	28	28	28	Market price
Building management income	25	24	7	8	1% of gross property operating revenue and 2.4% of net property profit
Other service income	-	1	-	1	Contract value
Interest income	13	9	10	6	0.25% - 3.45% per annum
Dividend income	162	296	162	296	As declared
Other service expenses	35	55	16	26	Contract value
<u>Transactions with related parties</u>					
Lease of land and building	134	148	-	-	Contract value which compared to the amounts as estimated by independent consultant
Renovation fees	-	4	-	-	Contract value which compared to the amounts as estimated by independent consultant
Material cost	147	81	53	32	Market price
Other service fee	23	23	4	4	Contract value
Rental and service income	12	16	12	12	Market price
Sales of real estate	3	32	-	20	Market price
Building management income	4	3	-	-	Contract value
Other service income	42	28	39	28	Contract value
Interest expenses	12	10	12	10	1.27% - 3.87% and MLR minus certain rates per annum

As at 31 December 2011 and 2010, the balances of the accounts between the Company and those related parties are as follows:

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Deposits at financial institutions (shown under cash and cash equivalents)				
Associated company				
Land and Houses Retail Bank Plc.	762,305	711,541	409,219	410,735
Related companies				
KASIKORNBANK Plc. (Common directors)	<u>10,076</u>	<u>9,429</u>	<u>8,375</u>	<u>7,423</u>
Total deposits at financial				
Institutions - related parties	<u>772,381</u>	<u>720,970</u>	<u>417,594</u>	<u>418,158</u>
Trade and other receivable - related parties				
<u>Trade accounts receivable - related parties</u>				
Subsidiary companies	-	-	113	15
Associated company	17	21	-	4
Related companies (Common directors				
or common shareholders)	<u>127</u>	<u>107</u>	<u>127</u>	<u>66</u>
Total trade accounts receivable - related parties	<u>144</u>	<u>128</u>	<u>240</u>	<u>85</u>
<u>Other receivables - related parties</u>				
Other receivable:				
Subsidiary companies	-	-	3,496	2,225
Associated companies	2,874	2,292	1,372	797
Related companies (Common				
directors or common shareholders)	<u>18,291</u>	<u>12,827</u>	<u>17,423</u>	<u>10,384</u>
	21,165	15,119	22,291	13,406
Advance:				
Subsidiary company	-	-	1,139	1,079
Total other receivables - related parties	<u>21,165</u>	<u>15,119</u>	<u>23,430</u>	<u>14,485</u>
Total trade and other receivable -				
related parties	<u>21,309</u>	<u>15,247</u>	<u>23,670</u>	<u>14,570</u>
Trade and other payable - related parties				
<u>Trade accounts payable - related parties</u>				
Subsidiary company	-	-	11,686	27,570
Associated company	340	840	249	63
Related companies (Common				
directors or common shareholders)	<u>15,410</u>	<u>20,055</u>	<u>5,633</u>	<u>3,936</u>
Total trade accounts payables				
- related parties	<u>15,750</u>	<u>20,895</u>	<u>17,568</u>	<u>31,569</u>
<u>Other payables - related party</u>				
Subsidiary company	-	-	748	-
Total trade and other payables -				
related parties	<u>15,750</u>	<u>20,895</u>	<u>18,316</u>	<u>31,569</u>
Deposit for rental and service - related parties				
Subsidiary companies	-	-	800	504
Associated company	107	227	107	227
Related companies (Common				
directors or common shareholders)	<u>1,618</u>	<u>608</u>	<u>1,618</u>	<u>608</u>
Total	<u>1,725</u>	<u>835</u>	<u>2,525</u>	<u>1,339</u>

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Accrued expenses - related parties				
Subsidiary companies	-	-	1,001	658
Associated companies	450	281	335	281
Related companies (Common directors or common shareholders)	<u>23,412</u>	<u>17,061</u>	<u>177</u>	<u>182</u>
Total	<u>23,862</u>	<u>17,342</u>	<u>1,513</u>	<u>1,121</u>
Rental income received in advance				
Associated company (Note 8.3)	<u>676,491</u>	<u>704,581</u>	<u>676,491</u>	<u>704,581</u>

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements		Interest policy
	2011	2010	2011	2010	
Long-term loans to related parties					
<u>Subsidiary companies</u>					
Q.H. International (BVI) Co., Ltd.	-	-	1,364	1,305	MLR
Casa Ville Co., Ltd.	-	-	11,420,386	6,855,923	MLR, 3.9%, 4.4%
Property Host Co., Ltd.	-	-	8,073	-	3.9%
<u>Related party</u>					
Harbour View Co., Ltd.					
(Common directors)	<u>3,532</u>	<u>3,300</u>	<u>-</u>	<u>-</u>	LIBOR + 2%
Total	<u>3,532</u>	<u>3,300</u>	<u>11,429,823</u>	<u>6,857,228</u>	
Short-term loan from financial institution - related party (shown under short-term loans from financial institutions)					
<u>Related party</u>					
Land and Houses Fund					
Management Company Limited					
(Common directors)	<u>485,000</u>	<u>-</u>	<u>485,000</u>	<u>-</u>	3.35% - 3.87%
Long-term loan - related party (shown under current portion of long-term loans)					
<u>Related party</u>					
KASIKORNBANK Plc.					MLR - 0.75%,
(Common directors)	<u>-</u>	<u>30</u>	<u>-</u>	<u>20</u>	MLR - 1.25%
Short-term loan from related party					
<u>Subsidiary company</u>					
Q.H. International Co., Ltd.	<u>-</u>	<u>-</u>	<u>142,793</u>	<u>133,119</u>	MLR - 1%, 4.4%, 3.9%
Long-term loan from related party					
<u>Subsidiary company</u>					
Q.H. Management Co., Ltd.	<u>-</u>	<u>-</u>	<u>252,298</u>	<u>219,333</u>	MLR - 1%, 4.4%, 3.9%

During the year 2011, the movements of loans to and loans from related parties were as follows :

(Unit : Thousand Baht)

	Consolidated financial statements			
	31 December 2010	Increase	Decrease	31 December 2011
Long-term loan to related party				
<u>Related party</u>				
Harbour View Co., Ltd.	<u>3,300</u>	<u>232</u>	<u>-</u>	<u>3,532</u>
Short-term loans from financial institutions - related parties				
<u>Related parties</u>				
KASIKORNBANK Plc.	-	1,000,000	(1,000,000)	-
Land and Houses Fund				
Management Co., Ltd.	<u>-</u>	<u>663,000</u>	<u>(178,000)</u>	<u>485,000</u>
	<u>-</u>	<u>1,663,000</u>	<u>(1,178,000)</u>	<u>485,000</u>
Long-term loans - related party				
<u>Related party</u>				
KASIKORNBANK Plc.	<u>30</u>	<u>276,000</u>	<u>(276,030)</u>	<u>-</u>

(Unit : Thousand Baht)

	Separate financial statements			
	31 December 2010	Increase	Decrease	31 December 2011
Long-term loans to related parties				
<u>Subsidiary companies</u>				
Q.H. International (BVI) Co., Ltd.	1,305	59	-	1,364
Casa Ville Co., Ltd.	6,855,923	9,391,082	(4,826,619)	11,420,386
Property Host Co., Ltd.	<u>-</u>	<u>8,073</u>	<u>-</u>	<u>8,073</u>
Total	<u>6,857,228</u>	<u>9,399,214</u>	<u>(4,826,619)</u>	<u>11,429,823</u>
Short-term loans from financial institutions - related parties				
<u>Related parties</u>				
KASIKORNBANK Plc.	-	1,000,000	(1,000,000)	-
Land and Houses Fund				
Management Co., Ltd.	<u>-</u>	<u>663,000</u>	<u>(178,000)</u>	<u>485,000</u>
Total	<u>-</u>	<u>1,663,000</u>	<u>(1,178,000)</u>	<u>485,000</u>
Long-term loans - related party				
<u>Related party</u>				
KASIKORNBANK Plc.	<u>20</u>	<u>276,000</u>	<u>(276,020)</u>	<u>-</u>
Short-term loan from related party				
<u>Subsidiary company</u>				
Q.H. International Co., Ltd.	<u>133,119</u>	<u>184,067</u>	<u>(174,393)</u>	<u>142,793</u>
Long-term loan from related party				
<u>Subsidiary company</u>				
Q.H. Management Co., Ltd.	<u>219,333</u>	<u>75,122</u>	<u>(42,157)</u>	<u>252,298</u>

Directors and management's benefits

During the year ended 31 December 2011 and 2010, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Short-term employee benefits	67	74	67	74
Post-employment benefits	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total	<u><u>69</u></u>	<u><u>76</u></u>	<u><u>69</u></u>	<u><u>76</u></u>

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related party and provision of financial support to its subsidiary, as described in Note 32.6 and 32.7.

8.2 The Company and its subsidiaries have the following long-term agreements with property funds in which it or its related companies hold investment units: -

(Unit : Million Baht)

	Counterparty	Contract amount
a) Agreement relating to the lease of building and assets - Centre Point Wireless Road	Land and Houses Property and Loan Fund-II	81*
b) Agreement relating to the lease of building and assets - Centre Point Sukhumvit - Thonglor	Land and Houses Property and Loan Fund-II	340
c) Agreement to sell building and transfer leasehold rights to land - Q. House Lumpini project	Quality Houses Property Fund	5,102
d) Agreement to lease immovable properties - Ploenchit Q. House Project	Quality Houses Property Fund	819

(* The lease agreement covers a period of 16 months while stipulating the condition to extend the lease).

- 8.3 On 21 November 2006, the Company entered into an agreement to lease immovable properties of Q. House Ploenchit project to Quality Houses Property Fund, whereby the Company agreed to lease land, building and other related equipment to the Fund and in return received 30 years' rental for the land, building, public utilities and other related equipment of the project totaling Baht 819 million. The Company recorded this rental fees as "Rental income received in advance" in the balance sheets, and it will be recognised as income on a straight line basis over the period of the lease contract.

9. Cash and cash equivalents

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash	6,425	4,907	3,098	2,920
Bank deposits	<u>1,106,897</u>	<u>1,109,237</u>	<u>570,342</u>	<u>702,842</u>
Total	<u><u>1,113,322</u></u>	<u><u>1,114,144</u></u>	<u><u>573,440</u></u>	<u><u>705,762</u></u>

As at 31 December 2011, bank deposits in current accounts, saving accounts and fixed deposits carried interests between 0.50% and 2.50% per annum (2010: between 0.25% and 1.50% per annum).

10. Trade and other receivables

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<u>Trade receivables - related parties</u>				
Aged of receivables				
Up to 3 months	<u>144</u>	<u>128</u>	<u>240</u>	<u>85</u>
Total trade receivables - related parties	<u>144</u>	<u>128</u>	<u>240</u>	<u>85</u>
<u>Trade receivables - unrelated parties</u>				
Aged of receivables				
Up to 3 months	33,833	28,677	26,057	20,798
3 - 6 months	4,478	1,805	4,210	1,795
6 - 12 months	3	340	1	266
Over 12 months	<u>1,023</u>	<u>853</u>	<u>388</u>	<u>465</u>
Total	39,337	31,675	30,656	23,324
Less: Allowance for doubtful debts	<u>(770)</u>	<u>(770)</u>	<u>(381)</u>	<u>(381)</u>
Total trade receivables - unrelated parties, net	<u>38,567</u>	<u>30,905</u>	<u>30,275</u>	<u>22,943</u>
Total trade receivable - net	<u>38,711</u>	<u>31,033</u>	<u>30,515</u>	<u>23,028</u>

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Other receivables				
Advance to related party	-	-	1,139	1,079
Other receivables - related parties	21,165	15,119	22,291	13,406
Other receivable - unrelated parties	<u>7,446</u>	<u>5,277</u>	<u>4,076</u>	<u>3,903</u>
Total other receivables	<u>28,611</u>	<u>20,396</u>	<u>27,506</u>	<u>18,388</u>
Total trade and other receivables - net	<u>67,322</u>	<u>51,429</u>	<u>58,201</u>	<u>41,416</u>

11. Land and construction in progress

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Land	8,352,104	5,352,416	3,155,949	2,716,831
Interest cost	975,657	742,634	477,239	405,371
Construction under development	<u>7,130,191</u>	<u>4,791,827</u>	<u>3,233,815</u>	<u>2,906,324</u>
Total	16,457,952	10,886,877	6,867,003	6,028,526
Less: Provision for loss on diminution				
in value of projects	<u>(31,014)</u>	<u>(31,014)</u>	<u>(26,831)</u>	<u>(26,831)</u>
Land and construction in progress - net	<u>16,426,938</u>	<u>10,855,863</u>	<u>6,840,172</u>	<u>6,001,695</u>

During the current year, the Company and its subsidiaries included borrowing costs of Baht 430 million as cost of "Land and construction in progress" (the Company only: Baht 161 million) (2010: Baht 310 million, the Company only: Baht 154 million). These were determined by applying a capitalisation rate of 2.8% (the Company only: 1.1%) (2010: 3.0%, the Company only: 1.5%).

The Company and its subsidiaries have mortgaged certain plots of land and structures thereon as collateral for credit facilities granted by financial institutions.

Additional information of the Company and its subsidiaries' projects.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Total estimated sales value of projects on hand				
of which contracts have been signed	65,932	59,779	31,206	35,922
Total value of contracts signed according to the				
letters reserving plots of land and structures thereon	29,987	33,761	15,014	21,548
Percentage of total estimated sales value of				
projects	45%	56%	48%	60%
Total value of contracts signed according to the letters				
reserving plots of land and structures thereon not yet				
recognised as income	4,399	1,290	400	114

12. Restricted deposits at financial institutions

These represent fixed deposits pledged with the banks to secure credit facilities.

13. 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		Shareholdings percentage		Cost		Dividend received during the year	
	2011	2010	2011 (%)	2010 (%)	2011	2010	2011	2010
Casa Ville Co., Ltd.	3,000,000	3,000,000	100	100	2,999,999	2,999,999	300,000	300,000
Q.H. International Co., Ltd.	76,836	76,836	100	100	76,836	76,836	-	-
Property Host Co., Ltd.	5,000	-	100	-	5,000	-	-	-
The Confidence Co., Ltd.*	1,000,000	1,000,000	-	-	-	-	-	-
Casa Ville (Rayong 2553) Co. Ltd.*	5,000	5,000	-	-	-	-	-	-
Casa Ville (Petchburi 2553) Co. Ltd.*	5,000	5,000	-	-	-	-	-	-
Idea Fitting Co., Ltd.*	5,000	5,000	-	-	-	-	-	-
Gusto Village Co., Ltd.*	5,000	-	-	-	-	-	-	-
Casa Ville (Chonburi 2554) Co., Ltd.*	5,000	-	-	-	-	-	-	-
Casa Ville (Prachuapkhirikhan 2554) Co., Ltd.*	5,000	-	-	-	-	-	-	-
Q.H. Management Co., Ltd. (and 19% held through The Confidence Co., Ltd.)	380,000	380,000	81	81	306,193	306,193	-	-
Q.H. International (BVI) Co., Ltd.**	30,796	30,796	-	-	-	-	-	-
					<u>3,388,028</u>	<u>3,383,028</u>	<u>300,000</u>	<u>300,000</u>

* 100% held through Casa Ville Co., Ltd.

** 100% held through Q.H. International Co., Ltd.

On 4 April 2011, the Annual General Meeting of Casa Ville Co., Ltd.'s shareholders approved the payment of a dividend of Baht 10 per share to its shareholders, or a total of Baht 300 million. This dividend was paid on 27 April 2011.

In April 2011, the Company established Gusto Village Co., Ltd. with a registered share capital of Baht 5 million (consisting of 50,000 ordinary shares with a par value of Baht 100 each), of which 100% is held by Casa Ville Co., Ltd.

In April 2011, the Company established Casa Ville (Chonburi 2554) Co., Ltd. with a registered share capital of Baht 5 million (consisting of 50,000 ordinary shares with a par value of Baht 100 each), of which 100% is held by Casa Ville Co., Ltd.

In May 2011, the Company established Property Host Co., Ltd. with a registered share capital of Baht 5 million (consisting of 50,000 ordinary shares with a par value of Baht 100 each), of which 100% is held by the Company.

In June 2011, the Company established Casa Ville (Prachuapkhirikhan) Co., Ltd. with a registered share capital of Baht 5 million (consisting of 50,000 ordinary shares with a par value of Baht 100 each), of which 100% is held by Casa Ville Co., Ltd.

14. Investments in associates

14.1 Details of associates:

(Unit : Thousand Baht)

(Unit : Thousand Baht)								
Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholdings percentage		Cost		Carrying amounts based on equity method	
			2011	2010	2011	2010	2011	2010
			(%)	(%)				
Quality Houses Leasehold Property								
Fund (Formerly known as "Quality Houses Property Fund")	Investment in immovable properties	Thailand	26	26	2,017,695	2,045,120	1,359,343	1,396,560 ⁽¹⁾
Home Product Center Plc.	Trading	Thailand	20	20	650,819	651,140	1,738,907	1,387,205
LH Financial Group Plc. (held 100% in Land and Houses Retail Bank Plc.)	Holding company	Thailand	22	26	2,671,032	1,536,600	2,961,059	1,582,636
					<u>5,339,546</u>	<u>4,232,860</u>	<u>6,059,309</u>	<u>4,366,401</u>

⁽¹⁾ Carrying amounts are based on equity method, and presented net of unrealised gains on sales of building and transfer of leasehold rights to land of Q. House Lumpini project to the Fund.

(Unit : Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholdings percentage		Cost	
			2011 (%)	2010 (%)	2011	2010
Quality Houses Leasehold Property Fund (Formerly known as "Quality Houses Property Fund")	Investment in immovable properties	Thailand	26	26	2,017,695	2,045,120
Home Product Center Plc.	Trading	Thailand	20	20	650,819	651,140
LH Financial Group Plc. (held 100% in Land and Houses Retail Bank Plc.)	Holding company	Thailand	22	26	2,671,032	1,536,600
					<u>5,339,546</u>	<u>4,232,860</u>

14.2 Share of income/loss and dividend received

During the year, the Company has recognised its share of net income/loss from investments in associate companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit : Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of income (loss) from investments in associates during the years		Dividend received during the years	
	2011	2010	2011	2010
Quality Houses Leasehold Property Fund (Formerly known as "Quality Houses Property Fund")	118,846	109,854	128,638	149,416
Home Product Center Plc.	400,512	338,798	32,952	135,829
Quality Construction Products Plc.	-	(307)	-	10,635
LH Financial Group Plc.	<u>119,252</u>	<u>94,299</u>	<u>-</u>	<u>-</u>
Total	<u>638,610</u>	<u>542,644</u>	<u>161,590</u>	<u>295,880</u>

14.3 Fair value of investments in listed associates

In respect of investments in associated companies that are listed companies on the Stock Exchange of Thailand, their fair values are as follows:

(Unit : Million Baht)

Company's name	Fair values as at 31 December	
	2011	2010
Quality Houses Leasehold Property Fund (Formerly known as "Quality Houses Property Fund")	1,697	1,912
Home Product Center Plc.	12,769	7,665
LH Financial Group Plc.	3,548	-
Total	18,014	9,577

14.4 Summarised financial information of associates

Financial information of the associated companies 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 years ended		Net income for the years ended	
	31 December		31 December		31 December		31 December		31 December	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Quality Houses Leasehold Property Fund (Formerly known as "Quality Houses Property Fund")	7,863	7,970	8,944	8,997	286	273	919	875	542	470
Home Product Center Plc.	5,837	4,353	20,650	16,592	12,529	10,354	30,502	25,915	2,005	1,638
LH Financial Group Plc.	11,472	5,516	81,245	62,312	67,933	56,086	1,874	1,533	496	408

Quality Houses Leasehold Property Fund (Formerly known as "Quality Houses Property Fund")

During the current year, Quality Houses Leasehold Property Fund reduced the value of its investment units of Baht 0.1341 per unit, without any change in the number of units. As a result, the Fund has paid-in capital from unitholders of Baht 7,863 million. The Company received the refund of capital from the Fund amounting to Baht 27.4 million on 19 March 2011.

Home Product Center Plc.

During the current period, the Company sold 430,000 ordinary shares of Home Product Center Plc. As a result, the Company has a Baht 3 million gain on sale of investment, presenting it as other income in consolidated statement of comprehensive income of the current year. In addition, the warrant holders of Home Product Center Plc. exercised their right to convert 11 million warrants to 29 million ordinary shares. The percentage of the Company's shareholding in Home Product Center Plc. remained at 20%.

On 5 April 2011, the Annual General Meeting of the shareholders of Home Product Center Plc. passed a resolution to approve payment of dividend to its shareholders, comprising a stock dividend at a rate of 1 dividend shares for every 6 existing shares, or equivalent to Baht 0.1667 per share, and payment of a cash dividend of Baht 0.0193 per share. The Company received 145 million shares of stock dividend and Baht 17 million of cash dividend on 29 April 2011.

On 29 September 2011, the Extraordinary General Meeting of the shareholders of Home Product Center Plc. passed a resolution to approve payment of dividend to its shareholders, comprising a stock dividend at a rate of 1 dividend shares for every 7 existing shares, or equivalent to Baht 0.1429 per share, and payment of a cash dividend of Baht 0.0159 per share. The Company received 145 million shares of stock dividend and Baht 16 million of cash dividend on 27 October 2011.

Quality Construction Products Plc.

On 23 February 2010, the Company and Q.H. International Co., Ltd. (a subsidiary 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 Product Plc. to SCG Building Materials Co., Ltd. (owned 100% by Siam Cement Plc.). The Company and the subsidiary agreed to sell all of the 103.1 million shares that they held in Quality Construction Products Plc. at a price of Baht 4 per share, or a total of Baht 412.5 million. The settlement and share transfer was made on 24 February 2010. As a result, the Company has a Baht 197 million gain on sale of investment in the consolidated financial statements (including a Baht 114 million from the transfer of share premium of associated company to profit due to disposals of investment), presenting it as other income in consolidated statement of comprehensive income of the year 2010.

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

LH Financial Group Plc.

In November 2010, LH Financial Group Plc. allotted its new ordinary shares to be offered to its shareholders in a ratio of 5 new shares for every 4 existing shares, at a price of Baht 1 each. The Company received 1,134 million new ordinary shares from this allotment, or a total of Baht 1,134 million and made payment for such shares on 4 February 2011.

In May 2011, LH Financial Group Plc. offered 1,443 million new ordinary shares with a par value of Baht 1 each through an Initial Public Offering (IPO), at a price of Baht 1.40 per share, resulted in an additional share premium in the financial statements of the associated company. In addition, the percentage shareholding of the Company's in the associated company has decreased from 26% to 22%. The Company recorded the net result from the change in the shareholders' equity of the associated company of Baht 82 million, presenting it as other income in the consolidated statement of comprehensive income for the current year.

During the current year, the warrant holders of LH Financial Group Plc. exercised their right to convert 101 million warrants to 101 million ordinary shares. The percentage of the Company's shareholding in LH financial Group Plc. remained 22%.

15. Investment in other company/Provision for loss arising from guarantee

(Unit : Thousand Baht)

	Consolidated financial statements	
	2011	2010
<u>Held by Q.H. International (BVI) Co., Ltd.</u>		
Harbour View Co., Ltd. (Registered in Vietnam)	32,599	32,599
Less: Allowance for impairment of investment	<u>(32,599)</u>	<u>(32,599)</u>
Total	<u><u>-</u></u>	<u><u>-</u></u>

As discussed in Note 32.6, the Company has an outstanding obligation in respect of loan guarantees provided on behalf of Harbour View Co., Ltd., equal to 50% of that company's obligations to its bank. For prudent reasons, the Company has set aside a provision of Baht 61 million for losses arising from the guarantees and believes that such provision should be appropriated under current situation.

16. Investment properties

The net book value of investment properties as at 31 December 2011 and 2010 is presented below.

(Unit : Thousand Baht)

	Consolidated and separate financial statements	
	2011	2010
Office building for rent		
Cost	888,957	888,957
Less: Accumulated depreciation	(238,281)	(217,275)
Less: Allowance for diminution in value	(106,384)	(112,463)
Net book value	<u>544,292</u>	<u>559,219</u>

A reconciliation of the net book value of investment properties for the years 2011 and 2010 is presented below.

(Unit : Thousand Baht)

	Consolidated and separate financial statements	
	2011	2010
Net book value at beginning of year	559,219	572,110
Depreciation charged	(21,006)	(18,970)
Depreciation adjustment	<u>6,079</u>	<u>6,079</u>
Net book value at end of year	<u>544,292</u>	<u>559,219</u>

As at 31 December 2011, the net book value of rental income received in advance from lessee amounting to Baht 676 million, and the fair value of investment properties as determined based on valuations performed by an accredited independent valuer was Baht 860 million, which has been determined using the income approach. The main assumptions used in the valuation are yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates which has been determined based on rental information of tenants of building of Quality Houses Leasehold Property Fund that leased the building from the Company.

17. Property, plant and equipment

(Unit : Thousand Baht)

	Consolidated financial statements									
	Land and land improvement	Leasehold improvement	Buildings	Office equipment	Operating supplies	Furniture and fixtures	Operating equipment	Vehicles and others	Building and equipment under development	Total
<u>Cost</u>										
31 December 2009	602,027	270,097	1,208,517	208,651	21,821	579,728	192,427	171,614	22,791	3,277,673
Transfer in (out)	-	392	-	-	-	39,176	-	-	(39,568)	
Transfer to land and project develop- ment costs	(27,053)	-	-	-	-	-	-	-	-	(27,053)
Purchase	-	698	552	21,837	5,550	12,920	16,959	9,967	18,716	87,199
Disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,256)</u>	<u>(1,799)</u>	<u>(5,018)</u>	<u>(11,639)</u>	<u>(2,516)</u>	<u>-</u>	<u>(25,228)</u>
31 December 2010	574,974	271,187	1,209,069	226,232	25,572	626,806	197,747	179,065	1,939	3,312,591
Transfer in (out)	-	-	1,961	2,061	-	1,836	12,300	-	(18,158)	-
Transfer to land and project develop- ment costs	-	-	(2,435)	-	-	-	-	-	-	(2,435)
Purchase	-	3,653	2,918	21,599	7,140	9,617	1,084	35,435	22,514	103,960
Disposal	<u>-</u>	<u>(722)</u>	<u>(20)</u>	<u>(9,440)</u>	<u>(2,288)</u>	<u>(21,791)</u>	<u>(18,265)</u>	<u>(10,351)</u>	<u>-</u>	<u>(62,877)</u>
31 December 2011	<u>574,974</u>	<u>274,118</u>	<u>1,211,493</u>	<u>240,452</u>	<u>30,424</u>	<u>616,468</u>	<u>192,866</u>	<u>204,149</u>	<u>6,295</u>	<u>3,351,239</u>
<u>Accumulated depreciation</u>										
31 December 2009	2,095	105,780	611,761	180,963	-	431,943	170,517	138,881	-	1,641,940
Depreciation for the year	492	8,367	44,751	12,659	-	68,210	9,815	12,319	-	156,613
Depreciation adjustment	<u>-</u>	<u>(12)</u>	<u>-</u>	<u>(4,077)</u>	<u>-</u>	<u>(5,096)</u>	<u>(11,585)</u>	<u>(2,253)</u>	<u>-</u>	<u>(23,023)</u>
31 December 2010	2,587	114,135	656,512	189,545	-	495,057	168,747	148,947	-	1,775,530
Depreciation for the year	492	9,880	18,717	14,207	-	36,216	10,145	12,712	-	102,369
Depreciation for disposal	<u>-</u>	<u>(208)</u>	<u>(13)</u>	<u>(9,246)</u>	<u>-</u>	<u>(21,594)</u>	<u>(18,140)</u>	<u>(9,193)</u>	<u>-</u>	<u>(58,394)</u>
31 December 2011	<u>3,079</u>	<u>123,807</u>	<u>675,216</u>	<u>194,506</u>	<u>-</u>	<u>509,679</u>	<u>160,752</u>	<u>152,466</u>	<u>-</u>	<u>1,819,505</u>
<u>Allowance for impairment</u>										
31 December 2009	<u>97,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,820</u>
31 December 2010	<u>97,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,820</u>
31 December 2011	<u>97,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,820</u>
<u>Net book value</u>										
31 December 2010	<u>474,567</u>	<u>157,052</u>	<u>552,557</u>	<u>36,687</u>	<u>25,572</u>	<u>131,749</u>	<u>29,000</u>	<u>30,118</u>	<u>1,939</u>	<u>1,439,241</u>
31 December 2011	<u>474,075</u>	<u>150,311</u>	<u>536,277</u>	<u>45,946</u>	<u>30,424</u>	<u>106,789</u>	<u>32,114</u>	<u>51,683</u>	<u>6,295</u>	<u>1,433,914</u>
Depreciation for the year										
2010 (Baht 127 million included in cost of rental and services, and the balance in administrative expenses)										<u>156,613</u>
2011 (Baht 71 million included in cost of rental and services, and the balance in administrative expenses)										<u>102,369</u>

Separate financial statements

	Land and land improvement	Leasehold improvement	Buildings	Office equipment	Operating supplies	Furniture and fixtures	Operating equipment	Vehicles and others	Building and equipment under development	Total
<u>Cost</u>										
31 December 2009	601,963	268,191	1,208,410	200,690	19,434	577,538	189,210	149,110	22,791	3,237,337
Transfer in (out)	-	392	-	-	-	39,176	-	-	(39,568)	-
Transfer to land and project development costs	(27,053)	-	-	-	-	-	-	-	-	(27,053)
Purchase	-	283	453	15,726	3,300	11,682	16,692	6,057	18,716	72,909
Disposal	-	-	-	(3,778)	(1,256)	(5,018)	(11,625)	(2,023)	-	(23,700)
31 December 2010	574,910	268,866	1,208,863	212,638	21,478	623,378	194,277	153,144	1,939	3,259,493
Transfer in (out)	-	-	1,961	2,061	-	1,836	12,301	-	(18,159)	-
Transfer to land and project development costs	-	-	(2,435)	-	-	-	-	-	-	(2,435)
Purchase	-	2,484	1,592	15,120	5,637	8,260	531	7,707	20,779	62,110
Disposal	-	(165)	(20)	(9,112)	(2,253)	(21,786)	(17,884)	(10,021)	-	(81,241)
31 December 2011	574,910	271,185	1,209,961	220,707	24,862	611,688	189,225	150,830	4,559	3,257,927
<u>Accumulated depreciation</u>										
31 December 2009	2,057	105,523	611,749	176,447	-	431,442	168,270	125,124	-	1,620,612
Depreciation for the year	486	8,263	44,742	10,643	-	67,587	9,257	8,821	-	149,799
Depreciation adjustment	-	(12)	-	(3,785)	-	(5,096)	(11,578)	(1,842)	-	(22,313)
31 December 2010	2,543	113,774	656,491	183,305	-	493,933	165,949	132,103	-	1,748,098
Depreciation for the year	485	9,757	18,699	11,502	-	35,489	9,852	8,059	-	93,843
Depreciation for disposal	-	(102)	(13)	(8,982)	-	(21,589)	(17,759)	(8,884)	-	(57,329)
31 December 2011	3,028	123,429	675,177	185,825	-	507,833	158,042	131,278	-	1,784,612
<u>Allowance for impairment</u>										
31 December 2009	97,820	-	-	-	-	-	-	-	-	97,820
31 December 2010	97,820	-	-	-	-	-	-	-	-	97,820
31 December 2011	97,820	-	-	-	-	-	-	-	-	97,820
<u>Net book value</u>										
31 December 2010	474,547	155,092	552,372	29,333	21,478	129,445	28,328	21,041	1,939	1,413,575
31 December 2011	474,062	147,756	534,784	34,882	24,862	103,855	31,183	19,552	4,559	1,375,495
<u>Depreciation for the year</u>										
2010 (Baht 126 million included in cost of rental and services, and the balance in administrative expenses)										149,799
2011 (Baht 71 million included in cost of rental and services, and the balance in administrative expenses)										93,843

During the current year, the Company reclassified its leasehold rights, investment properties and property, plant and equipment and considered the component approach, whereby depreciation charges are determined separately for each significant component of plant and equipment, and changed its accounting estimates with respect to the useful lives of assets. The Company applied the change in estimate prospectively from 2011. The effect of the change was to decrease depreciation charges for property, plant and equipment by a total of Baht 26 million, decrease amortisation of leasehold rights by a total of Baht 15 million and increase profit for the year by Baht 41 million.

As at 31 December 2011, certain plant and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation and allowance for impairment loss) of those assets amounted to approximately Baht 655 million (2010: Baht 647 million) (the Company only: Baht 639 million, 2010: Baht 636 million).

The Company has mortgaged certain plots of land and structures thereon as collateral for credit facilities granted by financial institutions.

18. Leasehold rights

(Unit : Thousand Baht)

Projects	Consolidated and separate financial statements	
	2011	2010
Q. House Convent	347,216	347,344
Q. House Sathorn	499,729	492,622
Q. House Asoke	645,324	643,031
Centre Point Bangrak	1,013,489	1,010,595
Centre Point Langsuan	832,657	631,565
Total	3,338,415	3,125,157
Less: Accumulated amortisation	(1,826,050)	(1,712,859)
Leasehold rights - net	1,512,365	1,412,298
Amortisation of leasehold rights for the year	115,341	103,847

Baht 115 million of the amortisation of leasehold rights for the year 2011 (2010: Baht 104 million) has been charged to cost of rental and related services.

The Company has mortgaged its leasehold rights with structures thereon with a total net book value as at 31

December 2011 of Baht 987 million (2010: Baht 846 million) as collateral credit facilities granted by financial institutions.

19. Land and project development costs

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Land	8,686,183	8,677,859	3,010,595	3,504,175
Interest cost	521,430	494,090	443,931	421,185
Construction under development	<u>1,067,932</u>	<u>1,185,034</u>	<u>678,342</u>	<u>600,104</u>
Total	10,275,545	10,356,983	4,132,868	4,525,464
Less: Provision for loss on diminution in value of projects	<u>(244,026)</u>	<u>(244,026)</u>	<u>(244,026)</u>	<u>(244,026)</u>
Land and project development costs - net	<u>10,031,519</u>	<u>10,112,957</u>	<u>3,888,842</u>	<u>4,281,438</u>

During the current year, the Company and its subsidiaries included borrowing costs of Baht 86 million (the Company only: Baht 44 million) (2010: Baht 109 million, the Company only: Baht 51 million) as cost of "Land and project development costs". These were determined by applying a capitalisation rate of 2.8% (the Company only: 1.1% (2010: 3.0%, the Company only: 1.5%).

The Company and its subsidiaries have mortgaged certain plots of land and structures thereon as collateral for credit facilities granted by financial institutions.

20. Short-term loans from financial institutions

(Unit : Thousand Baht)

	Interest rate	Repayment condition	Consolidated financial statements		Separate financial statements	
			2011	2010	2011	2010
Promissory notes	MMR	Repayment per schedule in 2011	-	500,000	-	500,000
Short-term loans	MOR minus certain rates	Repayment per schedule in 2011	-	100,000	-	100,000
Bills of exchange to financial institutions	3.35% - 3.88%	Repayment per schedule in 2012	3,708,000	-	3,708,000	-
Less: Prepaid interest			<u>(24,868)</u>	<u>-</u>	<u>(24,868)</u>	<u>-</u>
Net			<u>3,683,132</u>	<u>600,000</u>	<u>3,683,132</u>	<u>600,000</u>

21. Trade and other payables

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Trade payables - related parties	15,750	20,895	17,568	31,569
Trade payables - unrelated parties	400,141	476,486	163,469	224,597
Other payable - related parties	-	-	748	-
Other payable - unrelated parties	12,659	9,367	8,072	5,079
Accrued interest	<u>117,368</u>	<u>114,480</u>	<u>117,144</u>	<u>114,480</u>
Total trade and other payables	<u>545,918</u>	<u>621,228</u>	<u>307,001</u>	<u>375,725</u>

22. Long-term loans

(Unit : Thousand Baht)

			Consolidated financial statements		Separate financial statements	
	Interest rate	Repayment schedule	2011	2010	2011	2010
Land and House projects						
- The security is under development and will generate income	MLR minus certain rates	Repayment when there is the transfer of ownership of houses on land to project customers	732,001	50	-	20
- The security has not been developed yet or is under development but not yet generating income	MLR minus certain rates	Repayment when there is the transfer of ownership of houses on land to project customers	285,000	90,000	-	-
Total			1,017,001	90,050	-	20
Less: Current portion			(294,353)	(50)	-	(20)
Long-term loans - net of current portion			722,648	90,000	-	-

Movements in the long-term loans account during the year ended 31 December 2011 are summarised below.

(Unit : Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2011	90,050	20
Add: Additional borrowings during the year	2,457,824	587,147
Less: Repayment during the year	<u>(1,530,873)</u>	<u>(587,167)</u>
Balance as at 31 December 2011	<u><u>1,017,001</u></u>	<u><u>-</u></u>

Most of the loan agreements include covenants and restrictions. These pertain to, among other things, dividend payment, increases and reductions of share capital, the provision of guarantees to loans or aval to promissory notes of any other persons or companies, conducting any merger or acquisition with other companies, and the maintenance of certain financial ratios. Any actions performed by the Company and its subsidiaries which are not in compliance with these covenants and restrictions are to be reported to the lenders in writing to request the lenders consent.

In addition, the Company agreed to provide assurances to the lenders of a subsidiaries company, whereby there are certain covenants pertaining to, among other things, the maintenance of its level of shareholding in the subsidiaries, the provision of financial support to the subsidiaries if its lacks capital for development of its projects, the deferral of the application of any rights to demand payment of loans from the subsidiaries or the enforcement of rights over collateral, for as long as the subsidiaries has not made full repayment of credit facilities to the banks.

The Company and its subsidiaries have mortgaged certain plots of land, leasehold rights, and related buildings thereon, to secure these loans, in accordance with the loan agreements.

As at 31 December 2011, the long-term loan facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 3,245 million (2010: Baht 2,446 million).

23. Unsecured debentures

Type of debenture				Consolidated and separate financial statements			
				Number of debentures (Units)		Amount (Thousand Baht)	
				2011	2010	2011	2010
Unsubordinated and unsecured debentures							
- No. 1/2008							
- Tranche I	Fixed rate of 4.25% p.a.	3 years	14 March 2011	-	1,400,000	-	1,400,000
- Tranche II	Years 1-3: Fixed rate of 4.25% p.a. Year 4: Fixed rate of 4.70% p.a.	4 years	14 March 2012	600,000	600,000	600,000	600,000
- No. 2/2008	Fixed rate of 5.25% p.a.	3 years	8 October 2011	-	1,200,000	-	1,200,000
- No. 1/2009	Fixed rate 5.30% p.a.	3 years	19 March 2012	1,300,000	1,300,000	1,300,000	1,300,000
- No. 2/2009	Fixed rate 4.55% p.a.	3 years	24 July 2012	2,500,000	2,500,000	2,500,000	2,500,000
- No. 1/2010							
- Tranche I	Fixed rate of 3.45% p.a.	3 years	17 May 2013	1,000,000	1,000,000	1,000,000	1,000,000
- Tranche II	Fixed rate of 3.45% p.a.	3 years	3 June 2013	1,000,000	1,000,000	1,000,000	1,000,000
- No. 2/2010	Fixed rate of 3.65% p.a.	5 years	9 July 2015	2,500,000	2,500,000	2,500,000	2,500,000
- No. 3/2010	Fixed rate of 3.65% p.a.	5 years	9 July 2015	500,000	500,000	500,000	500,000
- No. 4/2010	Fixed rate of 3.36% p.a.	3 years	11 April 2014	2,000,000	2,000,000	2,000,000	2,000,000
6 months							
- No. 1/2011	Fixed rate of 3.90% p.a.	3 years	10 March 2014	2,000,000	-	2,000,000	-
- No. 2/2011							
- Tranche I	Years 1-2: Fixed rate of 4.70% p.a. Remaining 1.5 years: Fixed rate of 5.00% p.a.	3 years 6 months	25 February 2015	1,600,000	-	1,600,000	-
- Tranche II	Years 1-3: Fixed rate of 5.00% p.a. Years 4-5: Fixed rate of 5.30% p.a.	5 years	25 August 2016	1,400,000	-	1,400,000	-
- No. 3/2011	Fixed rate of 3.90% p.a.	1 year	23 December 2012	1,300,000	-	1,300,000	-
Total				17,700,000	14,000,000	17,700,000	14,000,000
Less: Current portion of debentures						(5,700,000)	(2,600,000)
Unsecured debentures - net of current portion						12,000,000	11,400,000

Movements in debentures accounts during the year ended 31 December 2011 are summarised below.

(Unit : Thousand Baht)

Consolidated and separate financial statements	
Balance as at 1 January 2011	14,000,000
Add: Issuance of debentures during the year	6,300,000
Less: Redemption of debentures during the year	<u>(2,600,000)</u>
Balance as at 31 December 2011	<u>17,700,000</u>

All of unsecured debentures include covenants and restrictions. These pertain to, among other things, dividend payment and the maintenance of certain financial ratios.

On 22 April 2011, the Annual General Meeting of the Company's shareholders approved the cancellation of Baht 1,000 million of unissued debentures and issuance and offer of debentures in an amount of up to Baht 10,000 million or the equivalent in any other currency, with a maximum terms of 10 years, and may be issued in one or several tranches by way of public offering and/or private placement and/or institutional investors in Thailand or offshore, in accordance with the relevant Notification of the Office of Securities and Exchange Commission.

On 27 February 2012, a meeting of the Company's Board of Directors approved the issuance and offer of debentures in an amount of up to Baht 20,000 million, comprising Baht 10,000 million of debentures for which approval was requested at this time and Baht 10,000 million debentures that were previously approved by the Annual General Meeting of the Company's shareholders on 22 April 2011.

24. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2011, which is compensations on employees' retirement, was as follows:

(Unit : Thousand Baht)

	Consolidated financial statements	Separate financial statements
Cumulative effect of change in accounting policy for employee benefits adjusted against beginning balance of retained earnings (Note 5)	68,289	62,575
Current service cost	6,294	5,368
Interest cost	3,210	2,941
Benefits paid during the year	<u>(621)</u>	<u>(621)</u>
Balance at end of year	<u>77,172</u>	<u>70,263</u>

Principal actuarial assumptions at the valuation date were as follows :

	Consolidated and separate financial statements	
	2011	2010
	(% per annum)	(% per annum)
Discount rate	4.7%	4.7%
Future salary increase rate (depending on age)	6.0% - 10.0%	6.0% - 10.0%
Staff turnover rate	0% - 12.5%	0% - 12.5%

Amounts of defined benefit obligation for the current and previous two periods are as follows:

(Unit : Thousand Baht)

	Consolidated financial statements	Separate financial statements
Year 2011	77,172	70,262
Year 2010	68,289	62,575
Year 2009	59,558	54,928

25. Provisions

(Unit : Thousand Baht)

	Consolidated financial statements						
	Short-term provisions				Long-term provisions		
	Provision for public utility maintenance	Compensation for Housing Estate Juristic Persons	Provision for repairment of houses after floods	Total	Loan guarantee	Litigation	Total
At 1 January 2011	84,859	68,266	-	153,125	61,000	3,602	64,602
Increase during the year	27,044	17,349	29,476	73,869	-	15,444	15,444
Utilised	<u>(7,689)</u>	<u>(18,028)</u>	<u>-</u>	<u>(25,717)</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2011	<u>104,214</u>	<u>67,587</u>	<u>29,476</u>	<u>201,277</u>	<u>61,000</u>	<u>19,046</u>	<u>80,046</u>

(Unit : Thousand Baht)

	Separate financial statements						
	Short-term provisions				Long-term provisions		
	Provision for public utility maintenance	Compensation for Housing Estate Juristic Persons	Provision for repairment of houses after floods	Total	Loan guarantee	Litigation	Total
At 1 January 2011	55,040	45,034	-	100,074	61,000	3,602	64,602
Increase during the year	12,412	7,766	13,693	33,871	-	15,444	15,444
Utilised	<u>(4,873)</u>	<u>(13,976)</u>	<u>-</u>	<u>(18,849)</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2011	<u>62,579</u>	<u>38,824</u>	<u>13,693</u>	<u>115,096</u>	<u>61,000</u>	<u>19,046</u>	<u>80,046</u>

During the current year, the Company and its subsidiaries recognised provision for repairment under warranty claims for customers' houses as a result of the floods in October and November 2011. In calculating this provision the Company and its subsidiaries took into account the number of houses damaged by the floods and currently available information about the cost of various types of repairment work.

26. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

27. Expenses by nature

Significant expenses by nature are as follow:

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Purchase of land and payment of construction during the year	11,771,292	10,701,737	3,424,400	4,009,107
Changes in land and construction in progress	(5,567,881)	(406,673)	(838,477)	(304,288)
Changes in land and project development costs	113,364	(1,637,286)	392,595	488,022
Salary and wages and other employee benefits	594,240	594,994	437,303	472,271
Depreciation	123,377	175,583	114,849	168,769
Amortisation expenses	115,341	103,847	115,341	103,847
Rental expenses from operating lease agreements	217,273	214,855	64,959	60,185
Expenses of pre-flood protection and post-flood repairment of houses	144,780	-	80,638	-

28. Earnings per share

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

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

	For the year ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Profit for the year (Thousand Baht)	852,920	2,002,639	485,746	1,512,498
Weighted average number of				
ordinary shares (Thousand shares)	8,477,340	8,477,340	8,477,340	8,477,340
Earnings per share (Baht/share)	0.10	0.24	0.06	0.18

29. Segment information

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

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

(Unit : Million Baht)

	Rental and service				Elimination of inter-segment							
	Real estate business		business		Others		Total		revenues		Consolidation	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenues from external customers	8,814	12,235	1,035	1,006	94	62	9,943	13,303	-	-	9,943	13,303
Inter-segment revenues	-	-	10	13	47	47	57	60	(57)	(60)	-	-
Total revenues	<u>8,814</u>	<u>12,235</u>	<u>1,045</u>	<u>1,019</u>	<u>141</u>	<u>109</u>	<u>10,000</u>	<u>13,363</u>	<u>(57)</u>	<u>(60)</u>	<u>9,943</u>	<u>13,303</u>
Segment income	544	2,033	145	84	94	62	783	2,179	-	-	783	2,179
Unallocated income (expenses):												
Interest income											4	9
Gain on changes in shareholders' equity of associated company											82	-
Gain on sales of investments											3	319
Selling expenses											(5)	(6)
Administrative expenses											(186)	(190)
Share of income from												
Investments in associates											639	543
Finance cost											(285)	(240)
Corporate income tax											(182)	(611)
Profit for the year											<u>853</u>	<u>2,003</u>
Land and construction in progress	16,442	10,874	-	-	-	-	16,442	10,874	(15)	(18)	16,427	10,856
Investment properties	-	-	544	559	-	-	544	559	-	-	544	559
Property, plant and equipment	223	206	1,189	1,208	22	25	1,434	1,439	-	-	1,434	1,439
Land and project development costs	10,064	10,145	-	-	-	-	10,064	10,145	(32)	(32)	10,032	10,113
Leasehold rights	-	-	1,512	1,412	-	-	1,512	1,412	-	-	1,512	1,412
Unallocated assets											<u>8,017</u>	<u>6,170</u>
Total assets											<u>37,966</u>	<u>30,549</u>

Transfer prices between business segment are set out in Note 8.

30. Provident fund

The Company and its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees, and the Company and subsidiaries contributed to the fund monthly at the rates of 3 - 6% of basic salary. The fund, which is managed by American International Assurance Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2011, the Company and its subsidiaries contributed Baht 16 million to the fund (the Company only: Baht 12 million) (2010: Baht 14 million, the Company only: Baht 12 million).

31. Dividend

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Paid on
Final dividend for 2009	Annual General Meeting of the shareholders on 20 April 2010	1,017	0.12	20 May 2010
Total for 2010		<u>1,017</u>	<u>0.12</u>	
Final dividend for 2010	Annual General Meeting of the shareholders on 22 April 2011	1,017	0.12	20 May 2011
Total for 2011		<u>1,017</u>	<u>0.12</u>	

32. Commitments and contingent liabilities

As at 31 December 2011 and 2010, the Company and its subsidiaries have the following outstanding commitments and contingent liabilities:

32.1 The Company and its subsidiaries have the following outstanding commitments in respect of agreements to purchase of land and construction of projects:

	(Unit: Million Baht)	
	2011	2010
Construction contracts	4,112	1,921
Agreements to purchase land for development of future projects	336	1,111

32.2 The Company and its subsidiaries have entered into several lease agreements to lease land and buildings, for terms of approximately 30 years, and to lease office building, motor vehicles and equipment, with terms of generally between 1 and 3 years.

As at 31 December 2011 and 2010, future minimum lease payments required under those operating leases contracts were as follows.

	(Unit : Million Baht)	
	2011	2010
Payable within:		
Less than 1 year	22	40
1 - 5 years	76	73
More than 5 years	133	135

32.3 A subsidiary has entered into lease agreements to lease buildings and related assets from Land and Houses Property and Loan Fund-II, with terms of 3 years. The subsidiary is entitled to renew the leases for a period of 3 years by giving the Fund notice of its intention to renew in writing at least 90 days before the expiration of the lease.

As at 31 December 2011 and 2010, the subsidiary has the following commitments in respect of the lease agreements:

(a) Future minimum lease payments required under the lease agreements.

	(Unit : Million Baht)	
	2011	2010
Payable within:		
Less than 1 year	86	61
1 - 3 years	53	-

(b) Renovation fees and surcharges which vary with the gross revenues earned by the subsidiary from management and administration of the leased assets.

32.4 The Company and its subsidiaries have commitments totaling Baht 19 million in respect of various service commitments (2010: Baht 14 million).

32.5 The Company has commitment in respect of uncalled portion of investment in a subsidiary of approximately Baht 19 million (2010: Baht 19 million).

32.6 The Company has contingent liabilities in respect of loan guarantees provided on behalf of Harbour View Company Limited at an amount equal to 50% of that company's obligations to its bank. (As at 31 December 2011, that company has outstanding liabilities to the bank, based on the unaudited financial statements prepared by its management, of USD 3 million). As at 31 December 2011, the Company had set aside provision of Baht 61 million for losses arising from such guarantees in its accounts.

32.7 The Company has contingent liabilities to banks in relation to the financial support it provided to a subsidiary company for loans obtained for development of the subsidiary's projects. (As at 31 December 2011, the subsidiary has outstanding loans to the banks of Baht 1,017 million).

32.8 As at 31 December 2011, a subsidiaries has servitude over land of approximately 39 rai (2010: 46 rai) of which the cost is included in the cost of projects.

33. Bank guarantees

As at 31 December 2011, there were the following outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business of the Company and its subsidiaries.

	(Unit : Million Baht)	
	2011	2010
Letters of guarantee for allotment of project areas	1,145	1,577
Letters of guarantee for arrangement and maintenance of public utilities	74	74
Letters of guarantee for electricity usage	15	19
Other letter of guarantee	25	40
	<u>1,259</u>	<u>1,710</u>

34. Litigations

- 34.1 During the years 1998 to 2009, the Company's customers sued the Company for the refund of payments and others, as at 31 December 2011, totaling Baht 13 million made for land and houses in the Company's projects (2010: Baht 13 million). The lawsuits are currently in the judicial process. For reasons of prudence, the Company has set aside provisions totaling Baht 4 million for the loss from these litigations.
- 34.2 During the year 2009, a construction contractor sued the Company for compensatory damages totaling Baht 3 million and the refund of retentions. During the current period, the Company and the contractor entered into an agreement to settle the dispute, whereby the Company agreed to pay a compensation of Baht 0.7 million to the contractor. The Company recorded such compensation as an expense in the statement of comprehensive income.
- 34.3 During the year 2010, a Housing Estate Juristic Person sued the Company for Housing Estate Subsidy and Public Utility Maintenance totaling Baht 32 million and Baht 102 million, respectively. The lawsuits are currently in the judicial process. For reasons of prudence, the Company has set aside provisions totaling Baht 15 million for the loss from these litigations.
- 34.4 During the year 2011, a Housing Estate Juristic Person sued the Company for compensatory damages amounting to Baht 16 million with respect to road construction work in the Company's project. The lawsuits are currently being mediated by the Civil Court. However, the management believes that there will be no material impact because the Company has completed the construction work before it was delivered to the Housing Estate Juristic Person.
- 34.5 During the year 2011, an individual sued a subsidiary company for compensatory damages of Baht 2 million from land fill of the subsidiary's project. The lawsuits are currently being heard by the Civil Court. However, the management believes that there will be no material impact to the subsidiary company.
- 34.6 During the year 2011, the customers sued a subsidiary company for compensatory damages and requested for the return of land and houses, with aggregated claim amounting to Baht 30 million. The lawsuits are currently being heard by the Civil Court. However, the management believes that there will be no material impact because the subsidiary company expects that it will be able to complete the repair of the houses to the customers.

35. Financial instruments

35.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, trade accounts payable, short-term loans, long-term loans and debentures. The financial risks associated with these financial instruments and how they are managed in described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, loans, and other receivables. The Company and its subsidiaries manage the risk by adopting

appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans and other receivables as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries exposure to interest rate risk relates primarily to their cash at financial institutions, short-term loans, debentures and long-term borrowings. However, since most of these financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2011 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

	Fixed interest rates			Floating interest rate (Million Baht)	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years				
<u>Financial assets</u>							
Cash and cash equivalents	-	-	-	834	279	1,113	0.50% - 3.45%
Trade and other receivables	-	-	-	-	67	67	-
Restricted bank deposits	-	-	-	23	-	23	2.35% - 2.50%
Long-term loans to related parties	-	-	-	4	-	4	LIBOR + 2%
<u>Financial liabilities</u>							
Short-term loans from financial institutions	-	-	-	3,683	-	3,683	Note 20
Trade and other payable	-	-	-	-	546	546	-
Long-term loans	-	-	-	1,017	-	1,017	Note 22
Unsecured debentures	5,700	12,000	-	-	-	17,700	Note 23

Foreign currency risk

As at 31 December 2011, the Company and its subsidiaries have no material financial instruments which denominated in foreign currency.

35.2 Fair values of financial instruments

The estimated fair value of financial instruments as at 31 December 2011, in comparison with the related amounts carried in the balance sheet, is as follows:

	(Unit : Million Baht)	
	Carrying amount	Fair value
<u>Financial assets</u>		
Cash and cash equivalents	1,113	1,113
Trade and other receivables	67	67
Deposits at bank with restrictions	23	23
Long-term loans to related parties	4	4
<u>Financial liabilities</u>		
Short-term loans from financial institutions	3,683	3,683
Trade and other payables	546	546
Long-term loans	1,017	1,017
Unsecured debentures	17,700	17,657

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

- (a) For financial assets and liabilities which have short-term maturity, including cash and cash at banks, accounts receivable and accounts payable, their carrying amounts in the statement of financial position approximate their fair value.
- (b) For debts and equity securities, their fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
- (c) For fixed rate debentures and long-term loans, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- (d) For debentures and long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.

36. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial capital structure in order to support its business and maximise shareholder value.

The Company manages its capital position with reference to its debt-to-equity ratio in order to comply with a condition in long-term loan agreements and a covenant of debentures, which requires the Company to maintain a debt-to-equity ratio of not more than 1.75:1 and 2:1, respectively.

No changes was made in the objectives, policies or processes during the years end 31 December 2011 and 2010.

37. Events after reporting period

On 27 February 2012, the meeting of the Company's Board of Directors approved the payment of dividend for the year 2011 to the Company's shareholders, comprising a stock dividend at a rate of 1 dividend share for every 12 existing shares, or equivalent to Baht 0.08333 per share, and payment of a cash dividend of Baht 0.00926 per share. This dividend will be paid on 21 May 2012.

The above dividend payment is to be proposed to the Annual General Meeting of the Company's shareholders for approval.

38. Reclassification

To comply with the Notification of the Department of Business Development relating to the financial statement presentation as described in Note 2 and as the result of the adoption of revised and new accounting standards as described in Note 3, certain amounts in the financial statements for the year ended 31 December 2010 have been reclassified to conform to the current year's classification, without any effect to the previously reported profit or shareholder's equity.

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2012.

Remuneration for the Auditor

1. Audit Fee

The Company and its subsidiaries paid an audit fee to the auditor of Baht 3,656,000 in 2010 and Baht 4,806,000 in 2011 respectively. The Company has not other expenses relating to the reviewing of financial statements in 2010 and 2011.

2. Non-Audit Fee

In 2010 and 2011, there were no other fees paid since the company had not used any other services from the auditor.

Other References

1. The Securities Registrar

Thailand Securities Depository Company Limited

Head Office

No. 62, 4th and 7th Floor, Stock Exchange of Thailand Building ,
Klong Toey Sub-District, Klong Toey District , Bangkok 10110
Tel: 0-2359-1200-49 Fax: 0-2359-1259

Branch

2nd Floor, Capital Market Academy Building,
2/7 Moo 4 (North Park Project), Vibhavadee-Rangsit Road,
Tungsoyong Sub-District , Laksi District , Bangkok 10210
Tel: 0-2596-9000 Fax: 0-2832-4994-6

2. The Auditor

- | | |
|-----------------------------------|---|
| 2.1 Mr. Sopon Permsirivallop | Licensed auditor registration no. 3182 and/or |
| 2.2 Miss Sumalee Reewarabandith | Licensed auditor registration no. 3970 and/or |
| 2.3 Mrs. Gingkarn Atsawarangsalit | Licensed auditor registration no. 4496 |

Ernst & Young Co., Ltd.

No. 193/136-137, 33rd Floor, Lake Rajada Office Complex ,
New Rajadapisek Road, Bangkok 10110
Tel: 0-2264-0777 Fax: 0-2264-0789-90

3. Debenture Registrar

- 3.1 Unsubordinated and Unsecured Debentures of Quality Houses Public Company Limited No. 2/2009
No. 2/2009 ,Tranche 1 (QH127A) and Tranche 2 (QH127B)
No. 2/2010 ,Tranche 1 (QH157A)
No. 2/2011 ,Tranche 1 (QH152A) and Tranche 2 (QH168A)
No. 3/2011 ,Tranche 1 (QH12DA)

Siam Commercial Bank Company Limited

3rd Floor,Building 2,1060 New Pechaburi Road, Makhasan, Rachathevi, Bangkok 10400
Tel : 0-2256-2323-7, Fax 0-2256-2406

- 3.2 Unsubordinated and Unsecured Debentures of Quality Houses Public Company Limited
No.1/2008,Tranche 2 (QH123A)
No.2/2010, Tranche 1 (QH135A) and Tranche 2 (QH136A)

Kasikornbank Public Company Limited

1 Kasikornthai Ratburana Road, Bangkok 10140
Tel : 0-2888-8888 Fax : 0-2888-8882

**3.3 Unsubordinated and Unsecured Debentures of Quality Houses Public Company Limited
No. 1/2009 (QH123B)**

TMB Bank Public Company Limited

3000 Phahon Yothin Road, Jomthong, Chatuchak, Bangkok 10900

Tel : 0-2299-1111 Fax : 0-2617-9111

3.4 Unsubordinated and Unsecured Debentures of Quality Houses Public Company Limited

No. 2/2010 , Tranche 1 (QH157B)

No. 4/2010 (QH144A)

No. 1/2011 (QH143A)

CIMB Thai Bank Public Company Limited

Langsuan Building 44 Langsuan Road, Lumpini, Patumwan, Bangkok 10330

Tel : 0-2626-7503 Fax : 0-2626-7543

4. Appraisal Company

Siam Phitiwat Co., Ltd.

569 Soi Ramkhamhaeng 39 (Thepleela 1)

Ramkhamhaeng Road , Phlapphla , Wang Thonglang , Bangkok 10310

Tel : 0-2530-7500-07 Fax : 0-2530-7515-16,0-2934-6623-24

Rich Appraisal Co.,Ltd.

79 Soi Charoen Nakhon 45

Charoen Nakhon Road, Klong San , Bangkok 10600

Tel : 0-2438-9132 Fax : 0-2438-9134

Plan Appraisal Co.,Ltd.

1 Glas Haus Building , 7th Floor ,

Sukhumvit 25 Road , North Klongtoey , Wattana , Bangkok 10110

Tel : 0-2260-6300 Fax : 0-2260-6011

Head Office and Projects Location

Location of Head Office

Quality Houses Public Company Limited	7 th Floor , Q. House Lumpini Building , No.1 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120	Tel 0-2677-7000 or 0-2343-8888 Fax 0-2677-7011
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Location of Housing Projects

Q.House Avenue Phraram 5	Bangkuvieng , Bangkruai , Nonthaburi	Call 1388 Press 52 or Tel 0-2449-6111
Q Twelve	Taling Chan , Taling Chan Bangkok	Tel 0-2408-6612
Prukpirom Regent Ratchaphruk - Rattanathibet	Bang Phlap , Pak Kret , Nonthaburi	Call 1388 Press 69 or Tel 0-2193-5000-5
Prukpirom Ratchaphruk - Rattanathibet	Omkret, Pak Kret, Nonthaburi	Call 1388 Press 63 or Tel 0-2195-4666
Laddarom Elegance Ratchaphruk - Rattanathibet	Omkret, Pak Kret, Nonthaburi	Call 1388 Press 62 or Tel 0-2195-4777
Laddarom Elegance Middle Ring Road - Mahidol Junction	Middle Ring Road , Thasala , Meuang, Chiangmai	Call 1388 Press 71 or Tel 053-115888-9
Laddarom Watcharapol - Rattanakosin	Khlong Thanon , Sai Mai ,Bangkok	Call 1388 Press 15 or Tel 0-2994-1600-1
Laddarom Chaiyaphruk- Chaengwattana	Bangphlab, Klong Pra-Udom, Pak Kret-Bangbuathong, Nonthaburi	Call 1388 Press 64 or Tel 0-2196-8766-7
Laddarom Ratchaphruk- Rattanathibet 2	Omkret, Pak Kret, Nonthaburi	Call 1388 Press 61 or Tel 0-2196-8000
Vararom Kaewnawarat	Sunpuloei , Doi Saket , Chiangmai	Call 1388 Press 72 or Tel 053-286111-2
Vararom Charoen Muang	Tonpao, Sankamphaeng , Chiangmai	Call 1388 Press 73 or Tel 053-286555-6
Vararom Premium Watcharapol- Chatu Chot	Orgern, Saimai, Bangkok	Call 1388 Press 13 or Tel 0-2153-1664-6
Casa Grand Chaiyaphruk - Chaengwattana	Khlong Phra Udom , Pak Kret, Nonthaburi	Call 1388 Press 67 or Tel 0-2501-7973-5
Casa Grand Rattanathibet - Ratchaphruk	Bang Rak Noi, Meuang Nonthaburi	Call 1388 Press 68 or Tel 0-2191-9888

Location of Housing Projects

Casa Grand Taksin-Phraram 2	Chom Thong ,Chom Thong, Bangkok	Call 1388 Press 45 or Tel 0-2476-1215-6
Casa Grand Kaset-Navamintr	Chorakhe Bua , Lat Phrao, Bangkok	Call 1388 Press 22 or Tel 0-2553-1714-5
Casa Legend Phraram 2	Samae Dam , Bang Khun Thian , Bangkok	Call 1388 Press 44 or Tel 0-2497-7388-9
Casa Premium Ratchaphruk- Chaengwattana	Khlong Khoi ,Pak Kret , Nonthaburi	Call 1388 Press 60 or Tel 0-2593-3126-9
Casa Ville Ratchaphruk- Chaengwattana	Laharn, Bang Rak Noi , Bangbuathong, Pak Kret, Nonthaburi	Call 1388 Press 65 or Tel 0-2195-2888-91
Casa Ville Bangna - Suvarnabhumi	Dokmai, Prawet, Bangkok	Call 1388 Press 33 or Tel 0-2181-5131-3
Casa Ville Phraram 2 - 3	Samae Dam , Bang Khun Thian, Bangkok	Call 1388 Press 43 or Tel 0-2898-4055, 0-2898-4044
Casa Ville Watcharapol-Sukhaphiban 5	Orgern, Saimai, Bangkok	Call 1388 Press 14 or Tel 0-2192-5555
Casa Ville Rangsit Klong 2	Klongrangsit , Thanyaburi , Pathumthani	Call 1388 Press 16 or Tel 0-2533-1966
Casa ville Ramkumhaeng- Outer Ring Road	Ratpattana Rd., Saphan Sung , Saphan Sung, Bangkok	Call 1388 Press 21 or Tel 0-2171-6435-7
Casa Ville Ramintra-Outer Ring Road	Tha Raeng , Bang Khen , Bangkok	Tel 0-2181-1440-2
Casa Presto Ratchaphruk- Chaengwattana	Om Kluea , Pak Kret , Nonthaburi	Call 1388 Press 66 or Tel 0-2148-3000-1
Casa Presto - Phraram 2	Tha Kham , Bang Khun Thian , Bangkok	Tel 0-2416-4099
The Trust Ville Watcharapol-Hathairat	Hathairat Rd., Bueng Kham Phroi , Lam Luk Ka , Pathumthani	Tel 0-2560-2225
The Trust Town Ratchaphruk- Rattanathibet	Ratchaphruk Rd., Omkret, Pak Kret, Nonthaburi	Tel 0-2196-8300
The Trust Town Outer Ring Road- Lamlukka	Liap Khlong 6, Bueng Kham Phroi, Lamlukka , Pathumthani	Tel 0-2192-3233
The Trust City Ngamwongwan 25	Ngamwongwan Rd., Bang Khen, Meuang, Nonthaburi	Tel 0-2589-1881 0-2589-0624
Casa Seaside Cha-Am	Cha-am, Petchburi	Tel 032-472-613
Casa Seaside Rayong	Taphong , Meuang Rayong, Rayong	Tel 038-655-484

Location of Condominium

Q Langsuan	Lumpini , Pathumwan , Bangkok	Call 1388 Press 81 or Tel 0-2255-1999
Casa Condo Ratchada-Thapra	Ratchadapisek Road ,Thon Buri , Bangkok	Call 1388 Press 83 or Tel 0-2476-1515
Casa Condo Sukhumvit 97	Sukhumvit Road , Bangchak , Phra Khanong , Bangkok	Call 1388 Press 84 or Tel 0-2332-4789
Casa Condo Asoke - Dindang	Asoke-Dindaeng Road., Dindaeng , Dindaeng , Bangkok	Tel 0-2245-1500
Casa Condo Chang Puak	Chotana Road., Chang Phueak , Meuang Chiang Mai ,Chiang Mai	Tel 053-211-113-4
The Trust Residence Pinklao	Borommaratchachonnani Road., Arun Ammarin ,Bangkok Noi , Bangkok	Tel 0-2434-9449
The Trust Residence Ratchada- Phraram 3	Nonsi Road., Chong Nonsi ,Yan Nawa, Bangkok	Tel 0-2294-3223

Location of Serviced Apartments / Hotel

Centre Point Hotel & Residence Petchburi	Soi Somprasong 3, Petchburi Road , Bangkok	Tel 0-2254-1373-7
Centre Point Hotel & Residence Sukhumvit	Sukhumvit Soi 10, Bangkok	Tel 0-2653-1783
Centre Point Silom	Charoenkrung Road, Bangrak, Bangkok	Tel 0-2266-0521-49
Centre Point Hotel & Residence Langsuan	Langsuan Road, Bangkok	Tel 0-2657-2400-21
Centre Point Saladaeng	Pharam 4 Road, Soi Saladaeng 1, Bangkok	Tel 0-2267-5500-3
Centre Point Hotel & Residence Wireless	Wireless Road, Bangkok	Tel 0-2659-5000
Centre Point Sukhumvit-Thonglor	Sukhumvit Road, Soi Sukhumvit 55 (Thonglor), Bangkok	Tel 0-2365-8300
The Grande Centre Point Hotel & Residence Ratchadamri	Ratchadamri Road , Lumpini , Pathumwan , Bangkok	Tel 0-2670-5000

Location of Office Buildings for Rent

Information Centre call 0-2677-7070 and follow by project's numbers

Q. House Convent	1 st Floor, Q. House Convent Building, No. 38 Convent Road, Silom, Bangrak, Bangkok	Tel 0-2234-7500-4
Q. House Asoke	16 th Floor, Q. House Asoke Building, No. 66 Sukhumvit 21, North Klongtoey, Wattana, Bangkok	Tel 0-2264-2245-7
Q. House Sathorn	Ground Floor, Q. House Sathorn Building, No. 11 South Sathorn Road, Tungmahamek, Sathorn, Bangkok	Tel 0-2679-1621-2
Q. House Ploenjit	5 th Floor, Q. House Ploenjit Building, No. 598 Ploenjit Road, Lumpini, Pathumwan, Bangkok	Tel 0-2254-1020-1
Q. House Lumpini	7 th Floor, Q. House Lumpini Building, No.1 South Sathorn Road, Tungmahamek, Sathorn, Bangkok	Tel 0-2677-7177

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