



Land and Houses Public Company Limited





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2012 HIGHLIGHTS

	2012	2011	Change
OPERATING RESULT			
NUMBER OF ACTIVE PROJECTS	54	53	1.9
EARNING ABILITY			
RETURN ON TOTAL REVENUES	23.07%	25.33%	(9.0)
HIGHLIGHT OF THE FINANCIAL STATEMENT (million baht)			
TOTAL REVENUES	24,432	22,139	10.4
NET PROFIT	5,636	5,609	0.5
INVENTORIES	32,537	31,472	3.4
TOTAL ASSETS	64,401	60,833	5.9
TOTAL SHAREHOLDERS' EQUITY INCLUDING MINORITY INTEREST	31,964	30,472	4.9
PER SHARE DATA			
EARNING PER SHARE	0.56	0.56	-
BOOK VALUE	3.08	2.93	4.9
MARKET PRICE (AT YEAR END)	9.75	6.15	58.5
NUMBER OF OUTSTANDING SHARES (million shares)	10,026	10,026	-

LETTER FROM THE PRESIDENT

Dear Shareholders,

In 2012, the Company recorded 25,100 million baht in bookings from its residential property business, up 30.72% from 2011. Of the total, 67% were single houses, 8% townhouses and 25% condominiums.

During the year, the Company launched 15 projects, with a combined value of 25,700 million baht. They consisted of nine single-house projects worth 20,400 million baht in total, two townhouse projects worth a combined 930 million baht and four condominium projects worth 4,370 million baht.

Other important developments during the past year of the Company and its subsidiaries are:

- The Company put three of its serviced apartment projects—Center Point Sukhumvit Thong Lor, Center Point Resident Phrom Pong, and the L&H Villa Sathorn residential project—as the underlying assets of the newly established Land and Houses Freehold and Leasehold Property Fund (LHPF) with an asset size of 3,300 million baht. The initial public offering of the fund was held in the first quarter and the fund was listed on the Stock Exchange of Thailand on April 2, 2012.
- Debentures worth a combined 6,500 million baht were issued and sold in two rounds, with an average coupon rate of 4.01%. They are:
 1. Debentures worth 4,000 million baht were issued and sold in February 2012. They came in two lots. The first lot was 900 million baht with a maturity of two years, seven months and 20 days and a fixed coupon rate of 3.85% a year. The second lot, worth 3,100 million baht, had a maturity of three years and one month and offered a fixed coupon rate of 3.99% a year.
 2. Debentures worth 2,500 million baht were issued and sold in July 2012. They had a maturity of three years and a fixed coupon rate of 4.10% a year.
- A 100%-owned subsidiary was set up in the United States with registered capital of US\$20 million to operate a property investment business there. It focuses on buying completed residential projects for rent in the San Francisco Bay area.
- Interim dividends were paid two times, totaling 0.30 baht a share:
 1. An interim dividend for operations in the first six months of 2012 was paid from net profit at the rate of 0.20 baht a share.
 2. An interim dividend for operations from July to September 2012 was paid from net profit at the rate of 0.10 baht a share.

Thanks to its determination to develop products and services and to operate its business within the framework of good corporate governance to produce good, quality products and services while being fair to all stakeholders, the Company was voted the “Trusted Brand” under the Platinum Award category in a survey on consumers by Reader’s Digest magazine. It was the only company in the property development business to be honored with such recognition for consecutive years. The Company also won “The Most Powerful Brand of Thailand 2012” award held by the Faculty of Commerce and Accountancy, Chulalongkorn University. The award was based on the results of a survey conducted by the Department of Marketing to develop brand-recognition tools.

Finally, I would like to express my sincere gratitude to our customers, shareholders, employees, financial institutions, suppliers and contractors, who have always strongly supported us in our efforts to build warm families and create quality communities and the environment under all Land & Houses projects.

Sincerely,



(Mr. Anant Asavabhokhin)
President

REPORT OF THE AUDIT COMMITTEE

Dear Shareholders,

The Audit Committee of Land & Houses Plc. consists of Mr. Prathip Wongnirund as chairman and Mr. Pakhawat Kovithvathanaphong and Mr. Wisanu Subsompon as members. The three members of the Audit Committee are not executives or employees of the Company.

In 2012, the Audit Committee met five times to perform its duties in compliance with the requirements of the Stock Exchange of Thailand and as assigned by the Company's Board of Directors. The meetings were attended by vice presidents responsible for the departments related to the meeting agendas. The minutes of the meetings were submitted to the Board of Directors regularly, the major points of which can be summarized as follows:

1. Reviewed the credibility of the Company's quarterly and annual financial statements and expressed opinions on whether they were accurate and whether essential information had been adequately and promptly disclosed according to accounting standards and all related regulations.
2. Reviewed and constantly followed up on the internal control and audit systems to ensure adequate and prompt actions were taken at all times. However, with fast and more complicated changes came business risks and the Audit Committee recommended that Management focus more on risk management. Its recommendation has been well received. It also reviewed and considered approving the 2013 audit plan of the Internal Audit and System Development Department.
3. Reviewed and followed up regularly on important legal disputes of the Company by proposing that the Company adhere to lawful guidelines on securities and the stipulations of the Stock Exchange of Thailand and other laws related to the Company's businesses. In this respect, the result was satisfactory as the number of disputes and lawsuits with consumers have dropped.
4. Reviewed the transactions between the Company and related parties or items with potential conflicts of interest to promote accurate, conclusive and accountable disclosures in which the interests of all stakeholders had been taken into consideration. The Committee found the Company had completely abided by the rules.
5. Considered, selected and recommended the nomination of auditors and their remuneration for 2012 to the Board of Directors. In the past year, the Committee was satisfied with the performance of the auditors, who performed their duties professionally and competently, and provided advice on the internal control system and risks. They also had independence in performing their duties.
6. Regularly reviewed and monitored investments made locally and abroad, and made suggestions so that the Board of Directors was aware of the importance of effective and efficient investment management. The Committee found that the Company had been aware of the issue and applied proper precaution at all times.
7. Reviewed the procurement of land and other purchases related to construction work and made appropriate suggestions so that the Board of Directors was aware of the importance of close supervision and transparency of high-value investments. The Committee found no irregularities in this respect.
8. Conducted the annual self-evaluation to determine the limitations, comprehensiveness and efficiency of its own performance. The Committee also held meetings with the auditors without Management present. The outcomes of such meeting were highly satisfactory and the suggestions made by the auditors were valuable.
9. Constantly emphasized good corporate governance to set higher working standards than normally accepted ones. The Committee also proposed that the Company focus on sustainable development by conducting its business with corporate social responsibility.

In the past year, the Audit Committee performed its duties comprehensively in essential areas as stipulated under the Audit Committee Charter and as assigned by the Board of Directors to the best of its capabilities and with utmost efficiencies.

During the year, Mr. Wisanu Subsompon was appointed member of the Audit Committee on June 27, 2012, replacing Mr. Chadchart Sittipunt, who resigned on January 16, 2012.



(Prathip Wongnirund)
Chairman Audit Committee
February 28, 2013

REPORT OF THE NOMINATION AND COMPENSATION COMMITTEE

To Shareholders,

The Nomination and Compensation Committee was appointed by the resolution of the Board of Directors' Meeting no. 7/2549. Mr. Pakhawat Kovithvathanaphong acts as the Chairman of the Nomination and Compensation Committee, Mr. Chadchart Sittipunt act as members of the Nomination and Compensation Committee and Mr. Adisorn Thananan-narapool act as members of the Nomination and Compensation Committee and also as Secretary to the Nomination and Compensation Committee. Later on, Mr. Chadchart Sittipunt resigned from the Company's director on 16 January 2012. The Board of Directors' Meeting no. 4/2555 dated 27 June 2012 then have a resolution to appoint Mr. Wisanu Subsompon to act as member of the Nomination and Compensation Committee. As a result, the Committee comprises three directors, two of whom are independent directors and one of whom is executive director of the Company.

In 2012, the Nomination and Compensation Committee held 3 meetings to consider and perform their duties as follows:

1. To nominate qualified person as the company's directors replacing those who retired by rotation.
2. To determine and fix remuneration for directors who are not employees of the Company and present to the Board of Directors.
3. To consider and select director to replace those who resigned and propose to the Board of Directors.
4. To review salary increase and bonus to President and present to the Board of Directors.

Yours sincerely,



Mr. Pakhawat Kovithvathanaphong

Chairman of the Nomination and Compensation Committee

REVENUE STRUCTURE

Product		Operated by		2012		2011		2010	
				Million Baht	%	Million Baht	%	Million Baht	%
1. Real Estate Business									
Detached houses	The Company	15,567	63.7	12,257	55.4	11,106	63.5		
	Subsidiary: Atlantic Real Estate Co., Ltd.	520	2.1	580	2.6	643	3.8		
	Subsidiary: Pacific Real Estate Co., Ltd.	-	-	-	-	23	0.1		
	Subsidiary: Land & Houses Northeast Co., Ltd.	33	0.2	56	0.3	60	0.3		
	Subsidiary: LH Muang Mai Co., Ltd.	250	1.0	260	1.2	183	1.1		
	Subsidiary: LH Real Estate Co., Ltd.	3	0.0	-	-	21	0.11		
	Subsidiary: LH Asset Co., Ltd.	37	0.2	454	2.1	531	3.0		
	Total revenue from detached houses	16,409	67.2	13,607	61.6	12,568	71.9		
Townhouses	The Company	1,376	5.6	822	3.7	1,091	6.2		
	Subsidiary: LH Asset Co., Ltd.	519	2.1	362	1.6	595	3.4		
	Total revenue from townhouses	1,895	7.7	1,183	5.3	1,685	9.6		
Condominiums	The Company	3,957	16.2	3,695	16.7	2,293	13.1		
	Subsidiary: LH Asset Co., Ltd.	17	0.1	-	-	-	-		
	Total revenue from condominiums	3,974	16.3	3,695	16.7	2,293	13.1		
Land	The Company	-	-	4	0.0	-	-		
	Subsidiary: Land & Houses North Co., Ltd.	27	0.1	-	-	-	-		
	Subsidiary: LH Muang Mai Co., Ltd.	-	-	91	0.4	-	-		
	Total revenue from land	27	0.1	95	0.4	-	-		
Total revenue from real estate business		22,305	91.3	18,580	84.0	16,545	94.7		
2. Rental income		1,797	7.4	649	2.9	350	2.0		
3. Other income		330	1.3	2,910	13.1	583	3.3		
4. Total revenue (1+2+3)		24,432	100.0	22,139	100.0	17,478	100.0		
5. Share of income from investment in associates		2,282	9.3	1,156	5.2	1,469	8.4		
Total revenue (4+5)		26,714	109.3	23,295	105.2	18,947	108.4		

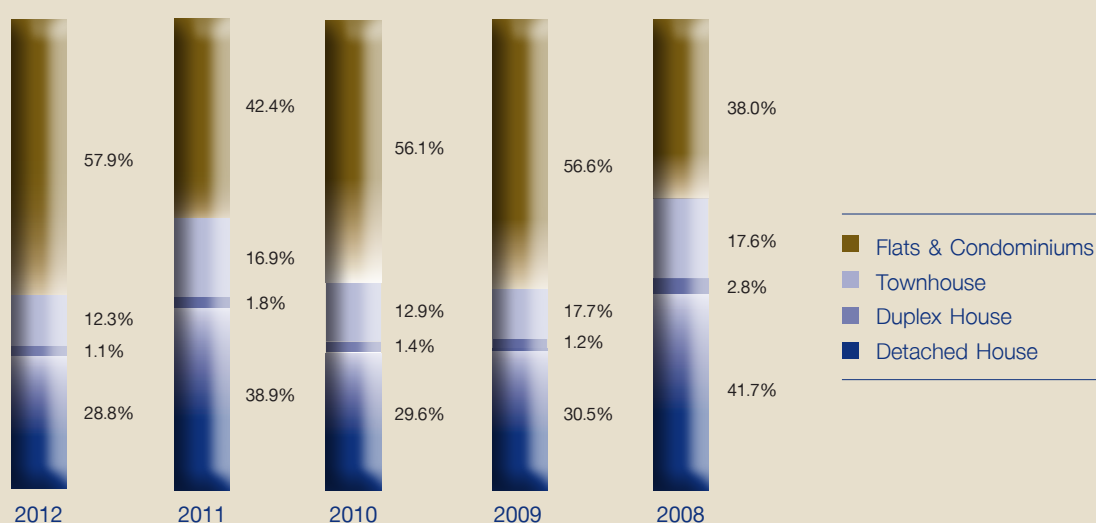
* Other incomes consist of gain from sale of investment in Bangkok Chain Hospital Plc. 2,766 million baht and loss from sale of investment in Indonesia 275 million baht

NUMBER OF HOUSING REGISTERED UNITS IN GREATER BANGKOK DURING 2008 - 2012

Unit : Unit

TYPE	2012	2011	2010	2009	2008
• HOUSING REGISTERED BY BUILT TYPE					
Owner - Built	23,497	20,128	22,498	19,618	24,017
Developer - Built	88,378	61,728	84,395	75,359	59,048
• TOTAL HOUSING REGISTERED (Owner & Developer)	111,875	81,856	106,893	94,977	83,065
• CLASSIFIED BY TYPE - OWNER BUILT					
Detached House	20,933	17,814	20,284	18,135	21,181
Duplex Houses	102	81	154	138	163
Townhouses	2,462	2,233	2,060	1,345	2,673
Flats & Condominiums	0	0	0	0	0
• TOTAL HOUSING REGISTERED BY OWNER BUILT	23,497	20,128	22,498	19,618	24,017
• CLASSIFIED BY TYPE - BY DEVELOPER BUILT					
Detached House	11,260	13,999	11,403	10,863	13,437
Duplex Houses	1,090	1,381	1,366	1,000	2,133
Townhouses	11,312	11,614	11,707	9,771	11,943
Flats & Condominiums	64,716	34,734	59,919	53,725	31,535
• TOTAL HOUSING REGISTERED BY DEVELOPER BUILT	88,378	61,728	84,395	75,359	59,048

Source : Housing Registered from Government Housing Bank
Greater Bangkok : Bangkok Provinces And 5 Perimeter Area Included.



HOUSING MARKET IN 2012

The overall residential market expanded by 36.70% year-on-year in 2012 to 111,875 units based on the number of new housing registrations in Bangkok and the vicinities. Of the new units, 23,497 were owner built units, up 16.70%, and 88,378 were developer built units, up 43.20% from 61,728 units in 2011.

**Comparative data of newly registered housing units
by type from 2010 to 2012**

Unit: units

Type	2010	2011	2012	1995*
Owner built	22,498	20,128	23,497	32,118
Developer built	84,395	61,728	88,378	146,735
Total	106,893	81,856	111,875	178,753
% change	12.5	-23.4	36.7	27.7

Source: Government Housing Bank

Notes: * 1995 is the record year with the highest new registrations since 1987

% change was year-on-year.

A comparative focus on new subdivision units by type in 2011 and 2012 reflected the following changes:

- Single houses totaled 11,260 units, down 19.60% from 13,999 units in 2011.
- Duplexes totaled 1,090 units, down 21.10% from 1,381 units in 2011.
- Townhouses totaled 11,312 units, down 2.60% from 11,614 units in 2011.
- Condominiums totaled 64,716 units, up 86.30% from 34,734 units in 2011.

**Comparative data of newly registered housing units
by developer built type from 2010-2012**

Unit: units

Type of developer built	2010	2011	2012	1995*
Single houses	11,403	13,999	11,260	20,793
% change	5.0	22.8	-19.6	16.4
Duplexes	1,366	1,381	1,090	938
% change	36.6	1.1	-21.1	336.3
Townhouses	11,707	11,614	11,312	58,093
% change	19.8	-0.8	-2.6	16.0
Condominiums	59,919	34,734	64,716	66,911
% change	11.5	-42.0	86.3	-1.5
Total	84,395	61,728	88,378	146,735
% change	12.0	-26.9	43.2	7.8

Source: Government Housing Bank

Notes: * 1995 is the record year with the highest new registrations since 1987.

Various factors affected the residential market in 2012. Among them are:

- The economy grew by 6.4% compared to 0.10% in 2011. Quarterly growth was 0.40%, 4.40%, 3.10% and 18.90% respectively. Exports increased by 11% while overall consumption rose by 6.7%, investments by 13.30% and industrial output by 7%.
- Interest rates fell slightly from the beginning of the year. In early 2012, the minimum lending rate (MLR) was 7.25% before declining to 7.125% at the end of the first quarter. It declined to 7% (Siam Commercial Bank) in the last quarter of the year. Soft loans with special interest rates sponsored by the Bank of Thailand to help victims of the great floods that took place in late 2011 helped stimulate the market and speed up home-buying decisions among consumers. The policy rate was also cut from 3% to 2.75% during the year.
- Inflation rose slightly in 2012 from 2011, averaging 3.2% for all of 2012 compared to 3.8% in 2011.
- Overall construction material prices rose minimally from the levels in 2011. The overall construction material price index rose by 3.5% from the 2011 level but the price index for cement shot up 16% year-on-year.
- Land prices increased, affecting operating costs for new projects.
- The residential market, especially the low-rise segment, in areas hit by the great floods in 2011 did not recover in the first quarter of 2012, affecting the residential market in the early part of the year.

Residential market outlook in 2013

The overall developer housing market in 2013 looks set to expand by 10% from the level in 2012 to 97,000 units. The positive and negative factors influencing the housing market in 2013 are:

- The Thai economy has a tendency to expand by 4.50% to 5.50%.
- Interest rates are likely to be steady.
- Inflation looks set to be in a range between 2.50% and 3.50%.
- Construction material prices will likely increase on the back of higher production costs and the daily minimum wage increase to 300 baht.
- The shortages of laborers and contractors will intensify, driving up costs.
- Land prices will continue to increase on the back of the residential market expansion, especially condominiums, the growing business sector, and the implementation of the state infrastructure projects
- Commercial banks are strict in considering pre-finance loans while mortgages will be subjected to the Bank of Thailand's loan-to-value (LTV) rule.
- The condominium segment will continue to grow steadily.
- Housing prices will be 5-10% higher.

INVESTMENT IN SUBSIDIARIES AND AFFILIATES

COMPANY	PAID UP CAPITAL (MIL. BHT.)	HOLDING SHARES	PAR VALUE	% HOLD
INVESTMENT IN RELATED PARTIES				
• LISTED COMPANY				
1 QUALITY CONSTRUCTION PRODUCTS PLC.	400	84,627,680	1	21.16
2 QUALITY HOUSES PLC.	9,184	2,283,167,658	1	24.86
3 HOME PRODUCT CENTER PLC.	7,041	2,120,220,590	1	30.11
4 LH FINANCIAL GROUP PLC.	11,979	4,200,549,600	1	35.07
• NON-LISTED COMPANY				
1 ASIA ASSET ADVISORY CO., LTD.	5	199,994	10	39.99
2 LAND AND HOUSES PROPERTY FUND. 1	40	2,013,462	10	49.94
3 LAND AND HOUSES PROPERTY FUND. 2	1,569	78,412,634	10	49.99
4 L H MUANG MAI CO., LTD.	900	49,499,995	10	55.00
5 L&H PROPERTY CO., LTD.	2,450	14,699,994	100	60.00
6 ATLANTIC REAL ESTATE CO., LTD.	15	149,979	100	99.99
7 LAND AND HOUSES NORTH CO., LTD.	14	134,998	100	99.99
8 PACIFIC REAL ESTATE CO., LTD.	6	58,095	100	99.99
9 SIAM TANEE PROPERTY CO., LTD.	100	999,994	100	99.99
10 L H ASSET CO., LTD.	100	999,994	100	99.99
11 L H REAL ESTATE CO., LTD.	58	579,994	100	99.99
12 LAND AND HOUSES NORTH-EAST CO., LTD.	150	1,499,994	100	99.99
13 LAND AND HOUSES U.S.A., INC. (USD)	11	11,300,000	1	100.00
• Holding by SIAM TANEE PROPERTY CO.,LTD.				
1 SIAM TANEE REALESTATE CO., LTD.	475	4,753,461	100	99.99
• Holding by LH MUANG MAI CO., LTD.				
1 PHUKET FUTURE PLAN CO., LTD.	210	2,099,994	100	99.99
2 DOUBLE THREE CO., LTD.	190	1,899,994	100	99.99
• Holding by L&H PROPERTY CO., LTD.				
1 L&H SATHON CO., LTD.	268	2,679,994	100	99.99
2 L&H RETAIL MANAGEMENT CO., LTD.	0.10	9,995	10	99.99
3 L&H HOTEL MANAGEMENT CO., LTD.	0.10	9,997	10	99.99
• Holding by ASIA ASSET ADVISORY CO., LTD.				
1 L&H MANAGEMENT CO., LTD.	0.10	9,993	10	99.93
• Holding by LH FINANCIAL GROUP PLC.				
LAND AND HOUSES BANK PLC.	12,500	1,249,999,900	10	99.99
• Holding by LAND AND HOUSES BANK PLC.				
1 LAND AND HOUSES FUND MANAGEMENT CO., LTD.	300,000	2,999,995	100	99.99

COMPANY NAME	ADDRESS	TEL. NO.	FAX. NO.	TYPE OF BUSSINESS	AUTHORIZED SHARE CAPITAL
1 QUALITY CONSTRUCTION PRODUCTS PLC.	144 Moo 16 Bangpa-in Industrial Estate Udomsorayuth Rd., Bangkrason Bangpa-in, Ayutthaya Thailand 13160. Website : qcon.co.th	(66-35) 221-271	(66-35) 221-270	BUILDING MATERIAL	400 Common million shares OF Baht 1 each
2 QUALITY HOUSE PLC.	7 th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120 Website : www.qh.co.th	66 2677 7000	66 2677 7005	PROPERTY DEVELOPMENT	9,184 Common million shares OF Baht 1 each
3 HOME PRODUCT CENTER PLC.	96/27 Moo 9 Bangkhen Amphoe Muang Nonthaburi Thailand 11000 Website : homepro.co.th	66 2832 1000	66 2832 1400	TRADING OF CONSTRUCTION MATERIAL	7,041 Common million shares OF Baht 1 each
4 LH FINANCIAL GROUP PLC.	5 th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120 Website : lhfg.co.th	66 2359 0000	66 2677 7223	FINANCIAL BUSINESS	11,979 Common million shares OF Baht 1 each
5 ASIA ASSET ADVISORY CO., LTD.	15 th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	66 2343 8899	66 2343 8890	INVESTMENT ADVISOR	0.5 Common million shares OF Baht 10 each
6 LAND AND HOUSES PROPERTY FUND 1	16 th Sathorn Thani Bldg.1, 90/42-43 North Sathorn Rd., Silom, Bangrak, Bangkok Thailand 10500.	66 2636 8248	66 2636 6482	PROPERTY FUND	4 Common million shares OF Baht 10 each
7 LAND AND HOUSES PROPERTY FUND 2	130-132 Wireless Road, 15 th , 17 th Floor Sindhorn Building Tower III, Bangkok Thailand 10330	66 2688 7777	66 2688 7700	PROPERTY FUND	156.9 Common million shares of Baht 10 each
8 L H MUANG MAI CO., LTD.	9/9 Moo 6 Thepkrasadtree Tumbonratsada Aumphoeuang Phuket Thailand 83000	(66-76) 381-150-2	(66-76) 381-111	PROPERTY DEVELOPMENT	90 Common million shares OF Baht 10 each
9 L&H PROPERTY CO., LTD.	15 th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	66 2343 8899	66 2343 8890	PROPERTY DEVELOPMENT	24.5 Common million shares OF Baht 100 each
10 ATLANTIC REAL ESTATE CO., LTD.	37-38 th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	66 2343 8900	66 2230 8131	PROPERTY DEVELOPMENT	0.15 Common million shares OF Baht 100 each
11 LAND AND HOUSES NORTH CO., LTD.	319 Moo 4 ThumnonongJom Aumphoe- sansang Chiang Mai Thailand 50210	(66-53) 498-911-3	(66-53) 354-349 (66-53) 111-111	PROPERTY DEVELOPMENT	0.14 Common million shares OF Baht 100 each
12 PACIFIC REAL ESTATE CO., LTD.	37-38 th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	66 2343 8900	66 2230 8131	PROPERTY DEVELOPMENT	0.058 Common million shares OF Baht 100 each
13 SIAM TANEE PROPERTY CO., LTD.	37-38 th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	66 2343 8900	66 2230 8131	PROPERTY DEVELOPMENT	1 Common million shares of Baht 100 each

COMPANY NAME	ADDRESS	TEL. NO.	FAX. NO.	TYPE OF	AUTHORIZED
14 L H ASSET CO., LTD.	37-38 th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	66 2343 8900	66 2230 8131	PROPERTY DEVELOPMENT	1 Common million shares of Baht 100 each
15 L H REAL ESTATE CO., LTD.	37-38 th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	66 2343 8900	66 2230 8131	PROPERTY DEVELOPMENT	0.58 Common million shares of Baht 100 each
16 LAND AND HOUSES NORTH-EAST CO., LTD.	114/39 Ratchasima-Pakthongchai Road Tumbonhnongjabok Aumphoemuang Nakhonratchasima Thailand 30000	(66-44) 465-294 (66-43) 258-282-3	(66-44) 349-344-5 (66-43) 258-282-3	PROPERTY DEVELOPMENT	1.5 Common million shares of Baht 100 each
17 LAND AND HOUSES U.S.A., INC.	17485 Monterey Road, Suite 308 Morgan Hill CA 95037 USA	408 796 7387		PROPERTY INVESTMENT	11.3 Common million shares of USD 1 each
18 SIAM TANEE REAL ESTATE CO., LTD.	37-38 th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	66 2343 8900	66 2230 8131	PROPERTY DEVELOPMENT	4.75 Common million shares of Baht 100 each
19 PHUKET FUTHER PLAN CO., LTD.	9/17 Moo 6 Thepkrasadtree Tumbonratsada Aumphoemuang Phuket Thailand 83000	(66-76) 381-150-2	(66-76) 381-111	PROPERTY DEVELOPMENT	2.1 Common million shares of Baht 100 each
20 DOUBLE THREE CO., LTD.	9/17 Moo 6 Thepkrasadtree Tumbonrat- sada Aumphoemuang Phuket Thailand 83000	(66-76) 381-150-2	(66-76) 381-111	PROPERTY DEVELOPMENT	1.9 Common million shares of Baht 100 each
21 L&H SATHON CO., LTD.	15 th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	66 2343 8899	66 2343 8890	PROPERTY DEVELOPMENT	2.68 Common million shares of Baht 100 each
22 L & H MANAGEMENT CO., LTD.	15 th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	66 2343 8899	66 2343 8890	PROPERTY DEVELOPMENT	10,000 Common shares of Baht 10 each
23 L&H RETAIL MANAGEMENT CO., LTD.	15 th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	66 2343 8899	66 2343 8890	RETAIL	10,000 Common shares of Baht 10 each
24 L&H HOTEL MANAGEMENT CO., LTD.	15 th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	66 2343 8899	0 66 2343 8890	HOTEL	10,000 Common shares of Baht 10 each
25 LAND AND HOUSES BANK PLC.	G, 1 st , 5 th , 6 th , 32 th Floor Q.House Lumpini Bldg.,No. 1 South Satorn Road, Tungmahamek, Satorn, Bangkok Thailand 10120	66 2359 0000	66 2677 7223	BANK	1,250 Common million shares of Baht 10 each
26 LAND AND HOUSES FUND MANAGEMENT CO., LTD.	Website : www.lhbank.co.th 15 th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120 Website : www.lhfund.co.th	66 2343 8899	66 2343 8890	MANAGEMENT FUND	3 Common million shares of Baht 100 each

RISK FACTORS

1. Operating risks

Risk incurred by pre-built construction

The Company and its subsidiaries operate real-estate development businesses, with house construction for sale being their core business. In 2000, the Company shifted its policy from built-to-order houses to pre-built houses. Pre-built houses gradually represented a larger portion in 2001 and 2002, and since 2003 the Company has operated the business of pre-built housing units. The only exception is the residential condominiums and townhouses under the Indy brand, of which policy the Company changed from pre-built to selling the units before building them from September 2010. The shift in policy from built-to-order houses to pre-built houses and condominiums has called for higher construction budgets since the Company no longer received advance payments from its customers, which could be used as revolving funds during construction periods. Other factors that may potentially affect home-buying decisions in the future include: (1) higher prices of consumer goods and food as a result of soaring, volatile world oil prices; (2) higher prices of residential units in line with rising construction-material costs; and (3) the slower pace of economic growth. These factors may affect the purchasing power and home-buying decisions of the Company's target customer groups (details in Section 2 Item 3.2 on Market Outlook and Competition). The Company is therefore exposed to the risk of not being able to sell all the residential units after they have been completed, resulting in a high level of inventory cost and eventually affecting its liquidity and profitability. However, the Company expects to sell all pre-built houses and avoid a heavy inventory burden due to the following reasons:

(1) The Company has studied consumer behaviors by conducting surveys on visitors of its housing projects in such areas as budgets, land-plot sizes and house plans, etc. Besides, sales statistics of old projects have been taken into consideration in analyzing customers' demand. These precautions have enabled the Company to construct pre-built houses that sell.

(2) Most customers today prefer pre-built houses, as they are confident the units will be handed over to them by contractual schedules. During the financial crisis of 1997-1998, many operators could not build houses and hand them over to customers by contractual terms.

(3) As a major property developer with a strong presence in the market for more than 20 years, the Company has an advantage in terms of both marketing information and an insight into the demand of its target customer groups. Therefore, it is able to develop residential units that meet the demand of customers, resulting in the residential projects developed under the Land & Houses brand being widely accepted among the target customer groups in terms of both quality and locations.

(4) While there exist today risk factors influencing homebuyers' decisions, demand for quality residential units among the Company's target customer groups remains steady since they expect good after-sales services

2. Production risks

(1) Risk incurred by the shortages of construction materials and labor, and higher construction-material costs

A steadily increasing supply of new projects in the market today has triggered higher demand for construction materials and labor. The higher demand could lead to shortages in construction materials and workers and result in higher construction-material costs. The overall construction-material price index rose by 3.5% on average in 2012 from 2011. The construction-material and labor shortages could aggravate and the construction costs could be higher in the future due to an increase in construction work. Under such a scenario, the Company's project-development time could be longer and its construction cost higher, eventually affecting its liquidity and profitability.

However, as of December 31, 2012, the Company and its subsidiaries had 54 ongoing projects, giving them relatively high bargaining power when dealing with contractors and construction-material suppliers. Furthermore, the shift in policy to building houses and residential condominiums before selling them instead of after the customers made reservations (except for condominiums and townhouses under the Indy brand which the Company has allowed the customers to make reservations before construction since September 2010) has enabled the Company and its contractors to plan the construction and place material orders in advance. This strategy has helped prevent a construction-material shortage and given the Company a better control of its construction cost and development time.

(2) Risk incurred by floods

In the fourth quarter of 2011, massive flooding occurred in Thailand including Bangkok and its vicinities, affecting residents in the areas. The Company did not take the unprecedented damage for granted and assisted the residents of its projects, both those which had already been handed over and those which had not. It helped provide sandbags to block floodwaters and water pumps to drain water out of the projects. For the projects where water reached the house floors, the Company found temporary living units for the customers. It also procure food, drinking water and other necessities for customers at projects where commuting was difficult throughout the difficult period. The floods might affect the Company's future sales because houses in flood zones might not sell well. To reduce the risk from flooding, the Company has made it its policy to not concentrate its land plot purchases in certain locations in the future. In developing new project, the Company will take into consideration the elevation levels of the plots and fill them appropriately. It will also increase the proportion of condominium development in the future.

3. Financial risks

(1) Risk incurred by the impairment of long-term investments

As of December 31, 2012, long-term investments of the Company and its subsidiaries totaled 3,208.56 million baht, representing 4.98% of total assets (Details in Section 2 Item 10 on Financial Position and Operating Results). Most of them were in equity securities. Among the major items are: (1) 2,142.34 million baht in Starmall Inc. in the Philippines; (2) 519.75 million baht in Land and Houses Property Fund; (3) 333.44 million baht in Quality Houses Property Fund; and (4) 202.83 million baht in Bangkok Mass Transit System Plc. The Company is therefore exposed to the risk incurred by the impairment of these investments.

When investing in equity securities, the Company focuses primarily on real-estate businesses and those related to its core business, as well as on interesting businesses which it deems having potential to generate appropriate returns. A decision to do so is subjected to the scrutiny of the Board of Directors.

For long-term investments in the equity securities, the Company set aside investment impairment allowances of 139.78 million baht under the unrealized profit (loss) from investments in other companies in the balance sheets.

(2) Risk incurred by lending to subsidiaries

As of December 31, 2012, the Company extended loans and accrued interest payables totaling 924.60 million baht to 4 of its subsidiaries in the form of unsecured promissory notes payable at call, the details of which are as follows:

Subsidiary	% of shares held by the Company	Loan extended to subsidiaries (million baht)	Interest rate (%)
L&H Asset Co., Ltd.	99.99	60.1	5.0
Land & Houses Northeast Co. Ltd.	99.99	50.1	5.0
L & H Property Co., Ltd.	60.00	745.5	MLR-1.5
LH Muang Mai Co., Ltd.	55.00	68.8	7.0
Total		924.6	

The Company is therefore exposed to the risk of defaults by its subsidiaries, with L & H Property Co., Ltd. (LHP) being the largest debtor.

LHP and its subsidiaries are investing in the L&H Sukhumvit project. The new development, anchored by the Terminal 21 shopping center and Grande Centre Point Hotel, was completed in late 2011. To date, three buildings have been completed and rented out:

1. The Grande Centre Point Hotel and Residence, located on Soi Mahatlek Luang 1, Rajdamri Road, Lumpini sub-district, Pathumwan district, Bangkok, is a leasehold property with 25.40 years remaining as of December 31, 2012.

2. L&H Sukhumvit, on Sukhumvit 21, is a leasehold project on a plot of 9-1-44 rai with 27.7 years remaining as of December 31, 2012. The Terminal 21 shopping center and the Grande Centre Point Sukhumvit-Terminal 21 Hotel were opened in the fourth quarter of 2011.

The 2 projects will generate returns in the long term. The lending is also in proportion to the Company's shareholding. In 2010-2012, LHP and its subsidiaries had revenue of 350.23 million, 653.17 million and 1,797.75 million baht respectively and net losses of 156.12 million and 184.84 million baht in 2010 and 2011 respectively. They began to turn a profit in 2012 when reporting net income of 197.71 million baht. In the future, LHP and its subsidiaries will generate more revenue and net profit from the two projects. They already started repaying the Company in 2012, when it paid back 276.60 million baht.

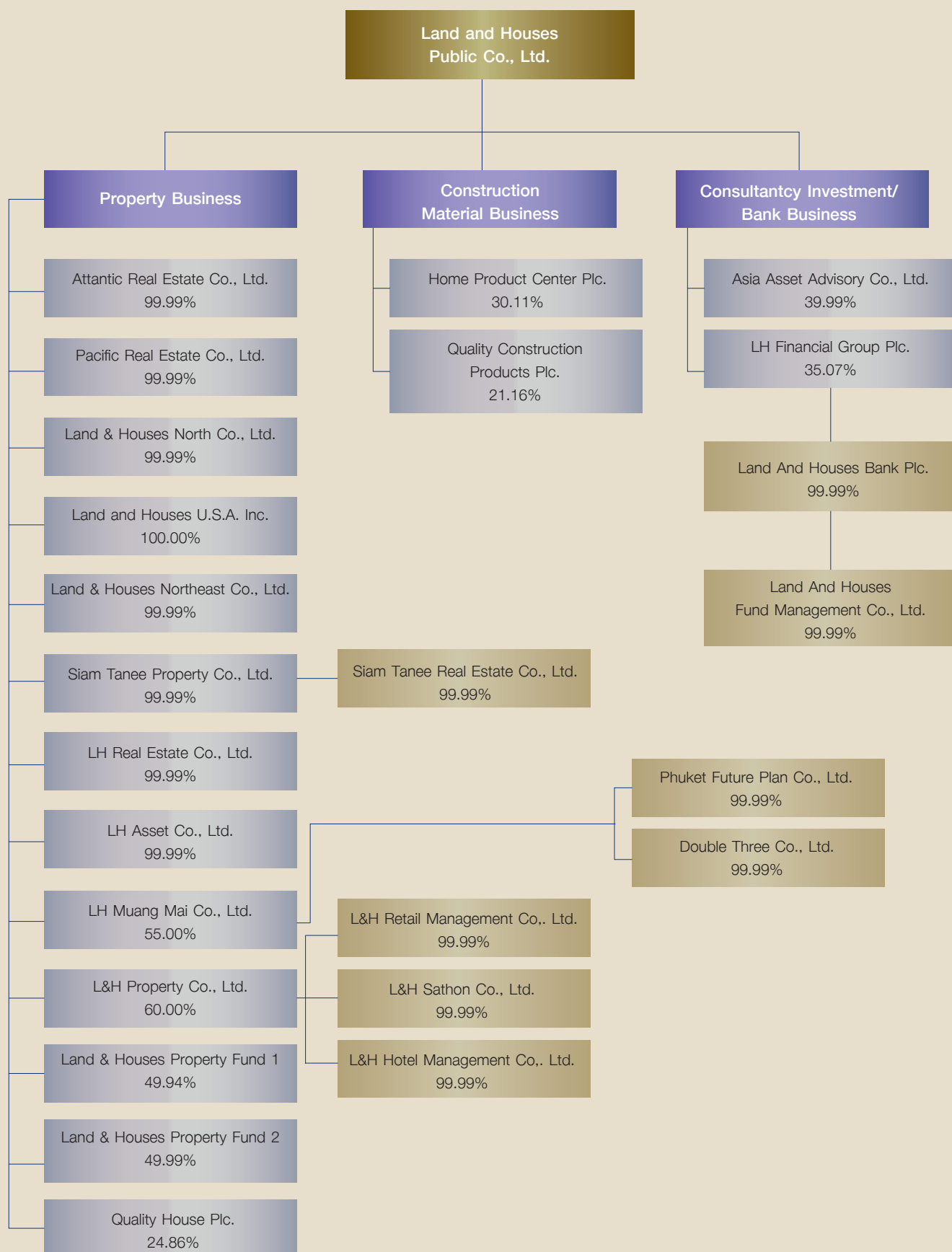
LH Muang Mai Co., Ltd. (LHM), which owed the Company 47.7 million baht, has an operational project in Phuket. It also launched two new projects in 2011 and 2012. When LHM sells the new projects in the future, it will be able to repay the loans to the Company.

Besides, the Company has a policy to keep a close watch on the operations of its subsidiaries by sending its representatives to sit on their boards and take part in determining their policies and closely monitoring their operations, including prompt repayments of debts and interest owed to the Company. As a result, the Company believes the subsidiaries are unlikely to face any problem repaying their debts owed to the Company and has not allocated an allowance for doubtful accounts for the amount lent to its subsidiaries.

3. Risk incurred by lawsuits

As of Dec 31, 2012, the major lawsuits faced by the Company were those in which the juristic persons of two subdivision villages sued it for failing to inform them of the servitude rights of access to main roads, demanding damages totaling 1,212.30 million baht. If the Company loses the cases, it may have to book payment for maximum damages of 1,212.30 million baht, which will affect its net profit. At present, the cases are being heard in court. In any case, the Company estimated the liability for the amount of 129.28 million baht, which it deems adequate.

OVERALL PICTURE OF BUSINESSES OF THE COMPANY AND ITS SUBSIDIARIES AND ASSOCIATES



OVERALL PICTURE OF BUSINESSES OF THE COMPANY AND ITS SUBSIDIARIES AND ASSOCIATES

Nature of Business

Background, key changes and developments

Land & Houses Plc. was set up on August 30, 1983 to conduct property development business with initial registered capital of 5 million baht. The majority shareholders during the inception were Mr. Anant Asavabhokhin and Ms. Piangjai Harnpanij. The Company was approved to list on the Stock Exchange of Thailand on February 17, 1989 and became a listed company on April 1, 1991.

From 1998 to 1999, the Company faced financial problems due to the financial crisis and the flotation of foreign exchange rates. It completed debt restructuring in 1999 through the increase of capital among existing shareholders and the entry of a new majority shareholder, Government of Singapore Investment Corporation (GIC). Since then to the latest register-book closing date on November 28, 2012, the Asavabhokhin family remained the largest shareholder group, with 30.52% of all shares, while GIC controlled 16.01%.

From 2008 to the latest register-book closing date on November 28, 2012, there were key changes and developments in the shareholding structure and capital as follows:

Shareholder	Holding (%)				
	August 2008	December 2009	August 2010	August 2011	November 2012
1. Mr. Anant Asavabhokhin's group					
1.1 Mr. Anant Asavabhokhin	23.98	23.76	23.76	23.76	23.76
1.2 Mayland Co., Ltd.*	5.67	5.62	5.62	5.62	5.62
1.3 Ms. Piangjai Harnpanij**	2.11	1.43	1.36	1.14	1.14
Total: Mr. Anant's group	31.76	30.81	30.74	30.52	30.52
2. Government of Singapore Investment Corporation (GIC)	12.56	16.19	16.33	16.27***	16.01
3. Others	55.68	53.00	52.93	52.93	53.47
Total	100.00	100.00	100.00	100.00	100.00
Paid-up capital (million baht)	10,025.1	10,025.9	10,025.9	10,025.9	10,025.9

Notes: * Mayland Co., Ltd. is 100% owned by Ms. Piangjai Harnpanij and related companies.

** A close relative of Mr. Anant Asavabhokhin.

*** GIC exercised the right to convert its warrants into ordinary shares in September 2008 and held another 2.58% of shares through Thai NVDR. Its shareholding therefore totaled 16.27%

Business operations

(a) Overall picture of the businesses of the Company and its subsidiaries and associated companies

The Company directly holds shares in 10 subsidiaries. It also holds shares in 4 subsidiaries through other subsidiaries (details are under “Shareholding structure in subsidiaries and associated companies”). They all operate property-development businesses. In developing property projects, the Company and its subsidiaries develop residential projects for sale, ranging from detached houses and townhouses to condominiums. They focus primarily on developing projects in Bangkok and its perimeter, and in large cities; namely, Chiang Mai, Nakhon Ratchasima, Khon Kaen and Phuket. In 2000, the Company adopted a pre-built strategy, which has drawn a good response from its customers.

The Company has 7 associated companies:

(1) Three of its associated companies operate property development businesses. They are Land & Houses Property Fund 1, Land & Houses Property Fund 2, Quality Houses Plc..

(2) Two of its associated companies operate businesses related to property development. They are Quality Construction Products Plc, which produces and distributes autoclaved aerated concrete used in construction, and Home Product Center Plc., which operates a retail business.

(3) Two of its associated companies engage in other businesses. They are Asia Asset Advisory Co, Ltd., which provides investment consultancy services and Land and Houses Bank Plc., which runs a commercial banking business.

In the first quarter of 2011, the Company sold its entire 25.06% stake in Bangkok Chain Hospital Plc for 3,540 million baht.

(b) Policy on separating the operations of the Company and its subsidiaries and associated companies

The Company has a policy to clearly separate the operations of the companies under its group as follows:

- (1) The Company, its 10 subsidiaries and 6 of its associated companies operate property businesses.
- (2) Two of its associated companies operate businesses related to property development such as the production and retailing of construction raw materials.
- (3) Two of its associated companies engage in interesting businesses with potential to yield appropriate returns. They are investment consultancy services and commercial banking businesses.

Objective of business operations

The Company has set an objective to retain its leadership in Thailand’s property development industry by focusing on the development of quality residential units in the forms of detached houses, townhouses and condominiums to be sold to its target customer groups by offering them in different price ranges to match their varying demands.

CAPITAL STRUCTURE

1 Equity

1.1 Ordinary shares

As of December 31, 2012, the Company had registered capital of 10,354,268,670 baht, of which 10,025,921,523 baht was paid up, divided into 10,025,921,523 ordinary shares with a par value of one baht each.

According to Thai NVDR Co. Ltd.'s data, 1,912,543,561 of the Company's ordinary shares were held by investors investing through non-voting depository receipts (NVDRs) as of February 5, 2013, representing 19.07% of all paid-up shares. Since such shares are not entitled to a voting right (except for a decision to delist the stock), the holders of non-NVDR shares have 23.56% more of the voting right. As a result, holders of only 20.23% of the paid-up ordinary shares will have a voting right equal to 25% of all voting shares. Investors can check out the latest number of shares held through NVDR at the Stock Exchange of Thailand's website at www.set.or.th

1.2 Debentures

The Company had the following debentures outstanding as of December 31, 2012:

(a) One series of unsecured debentures No. 1/2552

Name	: "Land & Houses Plc. Unsubordinated, Unsecured Debenture No. 1/2551 Due 2558"
Type	: Registered, unsubordinated, unsecured debenture without trustee
Total number	: 2,000,000 units
Par value	: 1,000 baht
Issue Size	: 2,000 million baht
Sold to	: Institutional investors and/or large investors as defined by the notification of the Securities and Exchange Commission
Issue date	: December 22, 2009
Maturity	: 5 years 5 months and 28 days from the issue date
Redemption date	December 22, 2015
Coupon rate	: Fixed at 4.5% a year
Coupon payments	: Every 3 months from the issue date, payable on February 28, May 30, August 30 and November 30 of every year throughout its maturity. The first payment date was on February 28, 2010 and the last payment date is on the maturity date.
Principal repayment	: On the maturity date of June 19, 2015
Call/Put option	: None
Other conditions	: The Company must maintain its debt-to-equity ratio at not more than 1.25:1
Rating	: Rated A by TRIS Rating Co., Ltd.
Registrar	: The Siam Commercial Bank Plc.

(b) One series of unsecured debenture No. 1/2553

Name	: “Land & Houses Plc. Unsubordinated, Unsecured Debenture No. 1/2553 Due 2556”
Type	: Registered, unsubordinated, unsecured debenture without trustee
Total number	: 1,000,000 units
Par value	: 1,000 baht
Issue Size	: 1,000 million baht
Sold to	: Private placement of not more than 10 investors
Issue date	: March 4, 2010
Maturity	: 3 years 6 months and 26 days from the issue date
Maturity date	September 30, 2013
Coupon rate	: Fixed at 3.40% a year
Coupon payments	: Every 3 months from the issue date, payable on February 4, May 4, August 4 and November 4 of every year throughout its maturity. The first payment date is on May 4, 2010 and the last payment date is on the maturity date.
Principal repayment	: On the maturity date of September 30, 2013
Call/Put option	: None
Other conditions	: The Company must maintain its debt-to-equity ratio at not more than 1.25:1
Rating	: Rated A by TRIS Rating Co., Ltd.
Registrar	: The Siam Commercial Bank Plc.

(c) One series of unsecured debenture No. 2/2553

Name	: “Land & Houses Plc. Unsubordinated, Unsecured Debenture No. 2/2553 Due 2556”
Type	: Registered, unsubordinated, unsecured debenture without trustee
Issue Size	: 2,000,000 units
Par value	: 1,000 baht
Total value	: 2,000 million baht
Sold to	: Private placement of not more than 10 investors
Issue date	: March 31, 2010
Maturity	: 3 years from the issue date
Maturity date	September 30, 2013
Coupon rate	: Fixed at 3.00% a year

Coupon payments	: Every 3 months from the issue date, payable on March 29, June 29, September 29 and December 29 of every year throughout its maturity. The first payment date is on June 29, 2010 and the last payment date is on the maturity date.
Principal repayment	: On the maturity date of March 29, 2013
Call/Put option	: None
Other conditions	: The Company must maintain its debt-to-equity ratio at not more than 1.25:1
Rating	: Rated A by TRIS Rating Co., Ltd.
Registrar	: The Siam Commercial Bank Plc.

(d) One series of unsecured debenture No. 3/2553

Name	: "Land & Houses Plc. Unsubordinated, Unsecured Debenture No. 3/2553 Due 2556"
Type	: Registered, unsubordinated, unsecured debenture without trustee
Issue Size	: 1,000,000 units
Par value	: 1,000 baht
Total value	: 1,000 million baht
Sold to	: Institutional or large investors
Issue date	: July 27, 2010
Maturity	: 3 years from the issue date
Maturity date	July 27, 2013
Coupon rate	: Fixed at 2.89% a year
Coupon payments	: Every 3 months from the issue date, payable on January 27, April 27, July 27, October 27 of every year throughout its maturity. The first payment date is on June 29, 2010 and the last payment date is on the maturity date.
Principal repayment	: On the maturity date of July 27, 2013
Call/Put option	: None
Other conditions	: The Company must maintain its debt-to-equity ratio at not more than 1.25:1
Rating	: Rated A by TRIS Rating Co., Ltd.
Registrar	: The Siam Commercial Bank Plc.

(e) One series of unsecured debenture No. 1/2554

Name	: “Land & Houses Plc. Unsubordinated, Unsecured Debenture No. 1/2554 Due 2557”
Type	: Registered, unsubordinated, unsecured debenture without trustee
Issue Size	: 2,500,000 units
Par value	: 1,000 baht
Total value	: 2,500 million baht
Sold to	: Institutional or large investors
Issue date	: January 20, 2011
Maturity	: 3 years from the issue date
Maturity date	: January 20, 2014
Coupon rate	: Fixed at 3.54% a year
Coupon payments	: Every 6 months from the issue date, payable on January 20 and July 20 of every year throughout its maturity. The first payment date is on July 20, 2011 and the last payment date is on the maturity date.
Principal repayment	: On the maturity date of January 20, 2014
Call/Put option	: None
Other conditions	: The Company must maintain its debt-to-equity ratio at not more than 1.25:1
Rating	: Rated A by TRIS Rating Co., Ltd.
Registrar	: Bangkok Bank Plc.

(f) One series of unsecured debenture No. 1/2555

Name	: “Land & Houses Plc. Unsubordinated, Unsecured Debenture No. 1/2555 Due 2557”
Type	: Registered, unsubordinated, unsecured debenture without trustee
Issue Size	: 900,000 units
Par value	: 1,000 baht
Total value	: 900 million baht
Sold to	: Institutional or large investors
Issue date	: February 10, 2012
Maturity	: 2 years 7 months and 20 days from the issue date
Maturity date	September 30, 2014
Coupon rate	: Fixed at 3.85% a year

Coupon payments	: Every 6 months from the issue date, payable on September 30 and March 30 of every year throughout its maturity. The first payment date is on September 30, 2012 and the last payment date is on the maturity date.
Principal repayment	: On the maturity date of September 30, 2014
Call/Put option	: None
Other conditions	: The Company must maintain its debt-to-equity ratio at not more than 1.50:1
Rating	: Rated A Stable by TRIS Rating Co., Ltd.
Registrar	: The Siam Commercial Bank Plc.

(g) One series of unsecured debenture No. 1/2555 Lot 2

Name	: "Land & Houses Plc. Unsubordinated, Unsecured Debenture No. 1/2555 Lot 2 Due 2558"
Type	: Registered, unsubordinated, unsecured debenture without trustee
Issue Size	: 3,100,000 units
Par value	: 1,000 baht
Total value	: 3,100 million baht
Sold to	: Institutional or large investors
Issue date	: February 10, 2012
Maturity	: 3 years 1 month and 20 days from the issue date
Maturity date	March 30, 2015
Coupon rate	: Fixed at 3.99% a year
Coupon payments	: Every 6 months from the issue date, payable on September 30 and March 30 of every year throughout its maturity. The first payment date is on September 30, 2012 and the last payment date is on the maturity date.
Principal repayment	: On the maturity date of March 30, 2015
Call/Put option	: None
Other conditions	: The Company must maintain its debt-to-equity ratio at not more than 1.50:1
Rating	: Rated A Stable by TRIS Rating Co., Ltd.
Registrar	: The Siam Commercial Bank Plc.

(h) One series of unsecured debenture No. 2/2555 Lot 1

Name	: “Land & Houses Plc. Unsubordinated, Unsecured Debenture No. 2/2555 Lot 1 Due 2558”
Type	: Registered, unsubordinated, unsecured debenture without trustee
Issue Size	: 2,500,000 units
Par value	: 1,000 baht
Total value	: 2,500 million baht
Sold to	: Institutional or large investors
Issue date	: July 20, 2012
Maturity	: 3 years 2 months and 10 days from the issue date
Maturity date	September 30, 2015
Coupon rate	: Fixed at 4.10% a year
Coupon payments	: Every 6 months from the issue date, payable on September 30 and March 30 of every year throughout its maturity. The first payment date is on September 30, 2012 and the last payment date is on the maturity date.
Principal repayment	: On the maturity date of September 30, 2015
Call/Put option	: None
Other conditions	: The Company must maintain its debt-to-equity ratio at not more than 1.50:1
Rating	: Rated A Stable by TRIS Rating Co., Ltd.
Registrar	: The Siam Commercial Bank Plc.

2 Shareholders

On the latest register book-closing date on November 28, 2012, the 10 largest shareholders of the Company are:

Rank	Individual/Juristic person	Number of shares held	Percentage of all sold shares
1.	Mr. Anant Asavabhokhin*	2,382,639,623	23.76
2.	Government of Singapore Investment Corporation	1,601,403,935	15.97
3.	Mayland Co., Ltd.*	563,574,391	5.62
4.	Chase Nominees Limited 42**	472,114,325	4.71
5.	Social Security Office	266,089,700	2.65
6.	Ms. Piangjai Harnpanij*	114,111,267	1.14
7.	State Street Bank and Trust Company for Australia**	112,278,800	1.12
8.	Chase Nominees Limited 30	94,392,772	0.94
9.	The Siam Commercial Bank Plc.	91,620,525	0.91
10.	THE BANK OF NEWYORK MELLON-CGT TAXABLE	77,497,019	0.77
	Total	5,775,722,357	57.59

Notes:* The shareholders under Mr. Anant Asavabhokhin's group held a combined 30.52%.

** The nominee entities were not related as defined under Section 258 to the shareholders under Mr. Anant Asavabhokhin's group and/or directors or executives of the Company, including NVDR shareholders.

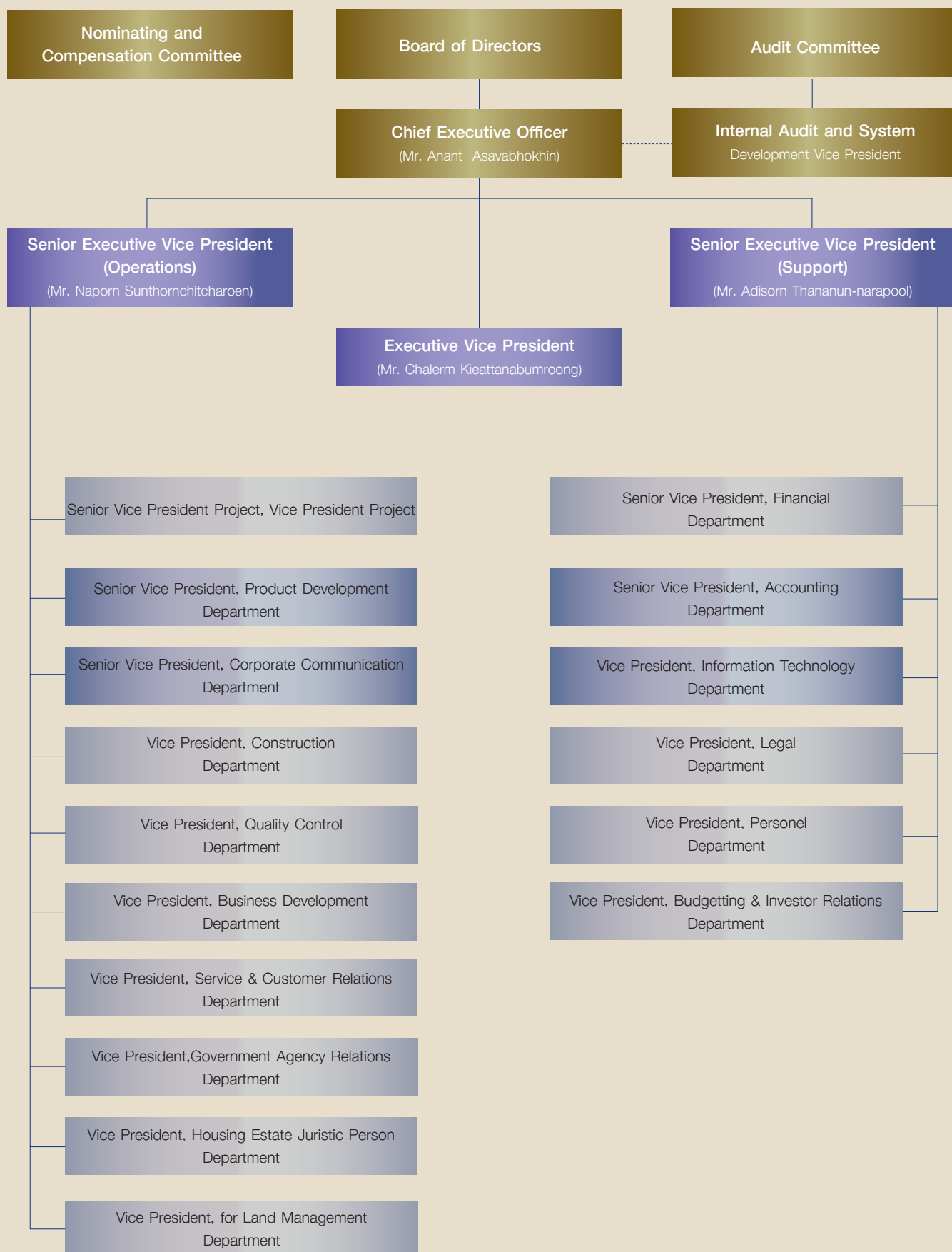
3 Dividend payment policy

At present, the Company has a policy to pay dividends from net profit to its shareholders each year. In considering the payments, the following factors are taken into consideration: the Company's operating results and financial position, liquidity, expansion plans and other management-related factors. Any dividend payment is also subjected to the approval(s) of the Company's Board of Directors and/or shareholders' meetings. The shareholders' extraordinary meeting No. 1/2547 on January 26, 2004 resolved to amend Article 42 on Dividend Payments of the Articles of Association.

Under the amended Article No. 42 on Dividend Payments: "Dividends shall be paid from the Company's profit. In the event that the Company has an accumulated loss, dividends shall not be paid. In the event the Company has a profit, the Board of Directors shall propose a dividend payment in an amount that will not cause damages to the Company's capital".

As for the dividend payment policies of its subsidiaries, the subsidiaries pay the Company dividends from their net profits, taking into consideration their operating results, financial positions, liquidity, expansion plans and other management-related factors.

THE ORGANIZATION PLAN OF EXECUTIVE OFFICERS LAND & HOUSES PLC.



MANAGEMENT STRUCTURE

The Company had 4 committees as of February 1, 2013: the Board of Directors, the Audit Committee, the Nominating and Compensation Committee and the Executive Board.

The members and scope of authority of each committee are as follows:

(a) The Board of Directors

As of February 1, 2013, the Board of Directors consisted of 9 members. The names and meeting-attendance records of the directors in 2010, 2011 and 2012 are as follows:

Name	Position	Number of attended meetings/all meetings		
		2010	2011	2012
1. Mr. Anant Asavabhokhin	Chairman and Chief Executive Officer	7 / 7	6 / 7	7 / 7
2. Mr. Pratip Wongnirund	Director, Chairman of the Audit Committee and Independent Director	7 / 7	7 / 7	7 / 7
3. Mr. Pakhawat Kovithathanaphong	Director, Member of the Audit Committee and Independent Director Chairman of the Nominating and Compensation Committee	7 / 7	7 / 7	7 / 7
4. Mr. Soong Hee Sang	Director	3 / 7	3 / 7	6 / 7
5. Mr. Lim Swe Guan	Director (resigned on March 2, 2011) Member of the Nominating and Compensation Committee	3 / 7	1 / 1	-
6. Mr. Chalerm Kietitanabumroong	Director (resigned on March 1, 2010 and re-joined on August 10, 2011)	1 / 1	3 / 3	7 / 7
7. Mr. Adisorn Thananan-narapool	Director and Secretary to the Nominating and Compensation Committee	7 / 7	7 / 7	7 / 7
8. Mr. Naporn Sunthornchitcharoen	Director	7 / 7	7 / 7	7 / 7
9. Mr. Nantawat Pipatwongkasem	Director and Company Secretary	7 / 7	6 / 7	7 / 7
10. Mr. Chadchart Sittipunt	Director, Member of the Audit Committee and Independent Director (resigned on January 16, 2012)	7 / 7	7 / 7	-
11. Mr. Wisanu Subsompon	Director, Member of the Audit Committee, Independent Director and Member of the Nominating and Compensation Committee	-	-	3 / 3
Total number of meetings		7	7	7

Authorized signatories

One of the following directors may sign to bind the Company: Mr Anant Asavabhokhin, Mr. Adisorn Thananan-narapool, Mr Naporn Sunthornchitcharoen, Mr. Nantawat Pipatwongkasem, or Mr. Chalerm Kietitanabumroong.

Scope of authority and duties of the Board of Directors

The Board of Directors as of February 1, 2013 consisted of 9 members—3 independent directors, 5 executive directors and 1 non-executive director. To enable the Board of Directors to perform its duties efficiently, a guideline on its duties was laid down as follows:

1. Proceed to manage the Company in compliance with its objectives and regulations, as well as the resolutions of shareholders' meetings in line with the laws on integrity and apply caution to protect the interests of the Company.
2. Determine the objectives, guidelines, policies, work plans and budgets of the Company

3. Monitor and supervise the administration and management of the Executive Board to ensure full compliance with the laid-down policies, except on the following issues for which the Board of Directors must seek prior approval from the shareholders before implementation:
 - 3.1 issues stipulated by law that shareholders' resolutions must be sought;
 - 3.2 related-party transactions of which values exceed 3% of the Company's net tangible assets as stated in the latest financial statement, and;
 - 3.3 acquisitions or disposals of important assets of which value exceed 50% of the Company's total assets as stated in the latest financial statement.
4. The Board of Directors shall meet at least 5 times a year.
5. The agenda of the meetings must be clearly determined in advance throughout the year.
6. Details on the meeting agenda must be submitted in advance so that the Board of Directors has time to study and consider them.
7. For each agenda item, the interests of shareholders and stakeholders shall be considered fairly.
8. Free expression of opinions shall be allowed.
9. Adequate time shall be allocated for each agenda item to allow for careful debate and expression of opinions.
10. The Chairman of the Board of Directors shall supervise the appropriate use of the meeting time.

(b) Audit Committee

The names and meeting attendance records of the Audit Committee in 2010, 2011 and 2012 are as follows:

Name	Position	Number of attended meetings/all meetings		
		2010	2011	2012
1. Mr. Pratip Wongnirund	Chairman of the Audit Committee	6 / 6	5 / 5	5 / 5
2. Mr. Pakhawat Kovithathanaphong	Member of the Audit Committee	6 / 6	5 / 5	5 / 5
3. Mr. Chadchart Sittipunt *	Member of the Audit Committee	6 / 6	5 / 5	-
4. Mr. Wisanu Subsompon **	Member of the Audit Committee	-	-	3 / 3
Total number of meetings		6	5	5

* Mr. Chadchart Sittipunt resigned on January 16, 2012.

** Mr. Wisanu Subsompon was appointed on June 27, 2012.

Mr. Pornchai Ketkhajornvirach, vice president, Internal Audit and System Development Department, is the Secretary to the Audit Committee.

The incumbent Audit Committee is serving a 3-year term, ending December 3, 2014.

Scope of authority and duties of the Audit Committee

The Audit Committee has the following duties and responsibilities to report to the Board of Directors:

1. Review the Company's financial reports to ensure accuracy and adequate disclosure
2. Review the Company's internal control and audit system to ensure appropriateness and effectiveness
3. Review the operations of the Company to ensure compliance with the laws on securities and stock exchange or those relating to the Company's businesses
4. Recommend to the Company the nomination of auditors and their compensation
5. Determine proper and adequate disclosure of the Company's information on related-party transactions or lists with potential conflicts of interests to ensure completeness and accuracy as required by related regulations
6. Perform other duties assigned by the Board of Directors and approved by the Audit Committee
7. Prepare reports on the activities of the Audit Committee and include them in the Company's annual reports, to be signed by the Chairman of the Audit Committee
8. Supervise to ensure the independency of auditors and the Internal Audit Department in performing their duties
9. Organize meetings with auditors without Management at least once a year
10. Determine key risks faced by the Company and propose preventive measures or inform the Board of Director to find measures to alleviate or avert them

(c) Nominating and Compensation Committee

The Nominating and Compensation Committee consists of 3 members. On January 16, 2012, Mr. Chadchart Sittipunt resigned as director. Later, Mr. Wisanu Subsompon was appointed to replace him. The names and meeting-attendance records of the Nominating and Compensation Committee for 2010, 2011 and 2012 are as follows:

Name	Position	Number of attended meeting/all meetings		
		2010	2011	2012
1. Mr. Pakhawat Kovithvathanaphong	Chairman of the Nominating and Compensation Committee	2/2	3/3	3/3
2. Mr. Lim Swe Guan	Member of the Nominating and Compensation Committee	2/2	1/1	-
3. Mr. Chadchart Sittipunt *	Member of the Nominating and Compensation Committee	2/2	3/3	-
4. Mr. Adisorn Thananan-narapool	Member of the Nominating and Compensation Committee	-	1/1	3/3
5. Mr. Wisanu Subsompon **	Member of the Nominating and Compensation Committee	-	-	1/1
Total number of meetings		2	3	3

** Mr. Wisanu Subsompon was appointed on June 27, 2012.

Mr. Adisorn Thananan-narapool, a board director and executive director, is the Secretary to the Nominating and Compensation Committee.

Scope of authority and duties of the Nominating and Compensation Committee

1. Determine the policy on nominating the Company's directors, sub-committees and high-ranking executives, and their compensation to be proposed to the Board of Directors for approval
2. Screen for persons who are appropriate and valuable to the business to replace the directors whose terms are expiring or to fill vacant positions to be proposed to the Board of Directors for approval and seek the approvals for their replacements/appointments from the shareholders
3. Determine compensation as necessary and appropriate, both in the form of cash and non-cash rewards, for the directors and high-ranking executives based on their duties, responsibilities and performances
4. Report to the Board of Directors the meeting minutes of agenda items which are significant and beneficial to the Company
5. Provide explanations or answer questions in case doubts emerge involving the Company's policy on nominating and compensating its directors, sub-committees and high-ranking executives at shareholders' meetings
6. Perform any other duty assigned by the Board of Directors involving significant nominations and compensation

(d) Executive Board

The Executive Board consists of 5 directors whose names and meeting attendance records in 2010, 2011 and 2012 are as follows:

Name	Position	Number of attended meeting/all meetings		
		2010	2011	2012
1. Mr. Anant Asavabhokhin	Chief Executive Officer	10 / 10	11 / 11	12 / 12
2. Mr. Adisorn Thananan-narapool	Executive Director	10 / 10	11 / 11	12 / 12
3. Mr. Naporn Sunthornchitcharoen	Executive Director	10 / 10	11 / 11	12 / 12
4. Mr. Wit Tantivorawong	Executive Director	10 / 10	11 / 11	12 / 12
5. Mr. Lim Swe Guan *	Executive Director	10 / 10	1 / 1	-
6. Mr. Soong Hee Sang **	Executive Director	-	1 / 1	6 / 12
Total number of meetings		10	11	12

* Mr. Lim Swe Guan resigned as executive director on March 2, 2011.

** Mr. Soong Hee Sang was appointed executive director on August 10, 2011.

Scope of authority and duties of the Executive Board

The Executive Board, which includes the chief executive officer, handles the Company's routine operations. Any other transaction which involves a conflict of interest or potentially constitutes a conflict of interest in any manner with the Company or its subsidiaries must be submitted to the meetings of the Audit Committee and the Board of Directors for approval.

Delegation of authority and duties by the Board of Directors

The Board of Directors determines the objectives, guidelines, policies, work plans and budgets of the Company. It also monitors and supervises the administration and the management of the Executive Board to ensure compliance with approved policies. The Executive Board shall comply with the policies, work plans and budgets approved by the Board of Directors.

For important decisions such as land acquisitions, project development and investments, the Executive Board shall seek the approval to the Board of Directors on a case-by-case basis.

As for the delegation of financial authority involving the normal operations of the Company, one of the signatory directors—Mr. Anant Asavabhokhin, Mr. Adisorn Thananan-narapool, Mr. Naporn Sunthornchitcharoen, Mr. Nantawat Pipatwongkasem, or Mr. Chalerm Kietitanabumroong—may sign to bind the Company, provided that the approved transactions do not constitute a conflict of interest with himself or persons with potential conflicts of interests, or have potential to constitute a conflict of interest in any manner with the Company or its subsidiaries.

The Company had 17 executives as of February 1, 2013:

Mr. Anant	Asavabhokhin	Chief Executive Officer
Mr. Adisorn	Thananan-narapool	Senior Executive Vice President
Mr. Naporn	Sunthornchitcharoen	Senior Executive Vice President
Mr. Chalerm	Kietitanabumroong	Executive Vice President
Mr. Wit	Tantiworawong	Senior Vice President, Financial Department
Mr. Teera	Benjasilarak	Senior Vice President, Accounting Department
Mr. Chokchai	Walitwarangkoon	Senior Vice President, Corporate Communication Department
Mr. Prajak	Hansakulbuntherng	Senior Vice President, Product Development Department
Mr. Lersuk	Suwannaton	Senior Vice President, Project 1
Mr. Watcharin	Kasinrerk	Senior Vice President, Project 2
Mr. Somkiat	Viriyamonchai	Senior Vice President, Project 6
Mr. Kamheang	Hoonhirunsai	Senior Vice President, Project 7
Mr. Narong	Kongkavana	Senior Vice President, Project 8
Mr. Winai	Wattanagul	Senior Vice President, Project 9
Mr. Adul	Chuvanichanon	Senior Vice President, Project 10
Mr. Phaisan	Poocharoen	Senior Vice President, Project 11
Mr. Prasong	Raksincharoensak	Senior Vice President, Project 12

SELECTION OF DIRECTORS AND EXECUTIVES

(a) Selection of directors

The procedure to select candidates to be appointed as directors is as follows:

- 1) The Company allows one or more shareholders with shares of not less than 0.1% of the Company's paid-up capital to propose eligible candidates to be directors through the Company's website or by sending a letter to the Secretary to the Board of Directors, who will forward the proposals to the Nominating and Compensation Committee. The Company will notify the timeframe of such proposals through the Stock Exchange of Thailand.
- 2) Major shareholders may propose suitable candidates to be directors to the Nominating and Compensation Committee.
- 3) The Nominating and Compensation Committee will consider proposing suitable candidates for directors to the Board of Directors, to be subsequently proposed to the shareholders' meeting.
- 4) The shareholders' meeting shall elect the directors using the majority vote based on the following criteria and methods:
 - 4.1) One share is entitled to one vote.
 - 4.2) Shareholders vote to elect one-by-one the candidates proposed to be nominated directors.
 - 4.3) The candidates are ranked in descending order and are appointed as directors in that order until all the director positions are filled. Where the votes of candidates are tied, the chairman of the meeting has the casting vote.
- 5) At each annual ordinary shareholders' meeting, one third of the directors shall be removed from duties. If the number of directors to be removed is not exactly one third, the closest number shall apply. The procedure for the selection of their replacements shall be according to 1-4.

As for directors who are to resign in the first and second years after registering the Company, a draw will be held to select who will resign. In each subsequent year, the longest-serving directors shall resign. The directors who resign after fulfilling their terms may be re-elected to resume the positions.

(b) The number of directors from majority shareholders

Six directors represent majority shareholders.

The directors from Mr. Anant Asavabhokhin's group are: Mr Anant Asavabhokhin, Mr Adisorn Thananan-narapool, Mr Naporn Sunthornchitcharoen, Mr. Nantawat Pipatwongkasem and Mr. Chalerm Kietitanabumroong.

The director from The Government of Singapore Investment Corporation (GIC) is Mr. Soong Hee Sang. Mr. Lim Swe Guan, who used to be a director representing GIC, resigned as employee of GIC in February 2011 and subsequently as director of the Company on March 2, 2011.

COMPENSATION OF THE MANAGEMENT

(a) Cash compensation

- Compensation for directors

The Company has appropriately compensated its directors based on their responsibilities. Approved at the shareholders' meeting each year, the compensation comes in the form of meeting allowances and directors' bonuses. The details for 2011 and 2012 are as follows:

Name of director	Position	2011		2012	
		Meeting attendance rate %	Compensation (million baht)	Meeting attendance rate %	Compensation (million baht)
1. Mr. Anant Asavabhokhin	President	100	None	100	None
	Chief Executive Officer				
2. Mr. Pratip Wongnirund	Director and Chairman of the Audit Committee	100	1.460	100	1.80
	Independent Director				
3. Mr. Pakhawat Kovithathanaphong	Director, Member of the Audit Committee and Independent Director	100	1.115	100	1.46
	Chairman of the Nominating and Compensation Committee		0.060		
4. Mr. Soong Hee Sang	Director	100	None	86	None
5. Mr. Lim Swe Guan ***	Director	43	None	-	-
	Member of the Nominating and Compensation Committee	100	None	-	-
6. Mr. Chalerm Kietitanabumroong	Director *	100	None	100	None
7. Mr. Adisorn Thananan-narapool	Director and Secretary to the Nominating and Compensation Committee	100	None	100	None
8. Mr. Naporn Sunthornchitcharoen	Director	100	None	100	None
9. Mr. Nantawat Pipatwongkasem	Director and Company Secretary	100	None	100	None
10. Mr. Chadchart Sittipunt	Director, Member of the Audit Committee and Independent Director	100	1.110	-	0.60
	Member of the Nominating and Compensation Committee **		0.03		
11. Mr. Wisanu Subsompon	Director, Member of the Audit Committee, Independent Director, Member of the Nominating and Compensation Committee	-	-	100	0.435
Total			3.685		4.295

* Mr. Chalerm Kietitanabumroong re-joined as board director on August 10, 2011, replacing Mr. Lim Swe Guan.

** Mr. Chadchart Sittipunt was appointed member of the Nominating and Remuneration Committee on February 25, 2010. He resigned from all positions on January 16, 2012.

*** Mr. Lim Swe Guan resigned as board director, effective March 2, 2011.

- Executive remuneration (for 7 executives: the chief executive officer and the next four executives in command) in 2011 and 2012 is as follows:

	2011		2012	
	Number of executives	Total amount (million baht)	Number of executives	Total amount (million baht)
Salary	7	47.22	7	51.30
Bonuses*	7	35.49	7	34.35
Total	7	82.71	7	85.65

Note * Bonuses are paid in January of every year

(b) Non-cash remuneration

1. The Company set up a provident fund for its employees to which the employees and the Company voluntarily contribute to the fund. In 2011, the Company increased the contributions of both the Company and the employees to 5-7% of the employees' monthly salaries, effective September 1, 2011. Registered and managed by a licensed fund manager, the fund is in compliance with the Act on Provident Funds B.E. 2542 (1999).
2. Group health insurance policies were bought for the employees and their legitimate spouses and children.
3. Group life insurance policies were bought for the employees with coverage between 500,000 and 1,500,000 baht depending on the terms of each life-insurance policy.
4. Discounts are given to the employees who wish to purchase the Company's products. To exercise the right, the employees must comply with the criteria and terms determined by the Company. The Human Resource Department and the Administration will verify their qualifications and calculate the discounts for them.
5. Other forms of assistance and welfare such as:
 - 5.1 Outpatient medical charge coverage
 - 5.2 Annual physical checkup
 - 5.3 Funeral hosting for employees and their family members
 - 5.4 Financial support for wedding ceremonies
 - 5.5 Maternity gifts
 - 5.6 Scholarships for employees' children who meet the criteria set by the Company
 - 5.7 Support for annual departmental vacation trips
 - 5.8 Support for annual departmental parties
 - 5.9 Free uniforms for both male and female employees
- 5.10 Additional aids for contingencies as appropriate. For example, during the great floods late in 2011, the Company provided accommodation for more than 200 employee families. It also extended zero-interest loans for home repairs and asset purchases after the floods up to four times the salaries with a 2-year repayment period. The Company also prepared parking space for 200 cars for the employees and 50,000 sand bags to prevent floods from entering their homes.

CORPORATE GOVERNANCE

The Board of Directors is determined to manage the Company efficiently to achieve the objectives. In so doing, it is fully convinced that good corporate governance will upgrade the performance of the Company in a sustainable manner and is the key to success, which is to maximize value for its shareholders. Therefore, the Board of Directors strictly complies with the principles of good corporate governance, which are:

- Integrity
- Transparency
- Independence
- Accountability
- Fairness
- Social responsibility

These corporate-governance principles are reflected in the values, guidelines and directions of the practices adopted by the Company. They should provide assurances that the business can compete effectively under the business ethics that are in compliance with international standards, the laws and the 2006 principles of good corporate governance set forth by the Stock Exchange of Thailand.

(1) Rights of shareholders

The Company recognizes and values the rights of shareholders. It has strived to encourage them to exercise their fundamental rights and protect them. It also facilitates the exercise of the shareholders' rights that they are entitled to indiscriminately. Among them are the rights to adequate information, the opportunity to send questions in advance before shareholders' meeting dates, the exercise of voting rights on important issues, including the approval of dividends. The Company vows not to do anything that violates or restricts shareholders' rights.

In 2012, the Company held one shareholders' meeting, the 2012 annual ordinary shareholders' meeting, at 13.30 on April 23, 2012. In preparing it, the Company published in advance the invitation letter, along with the documents related to each agenda item, on its website at www.lh.co.th so that the shareholders had adequate time to study the information on each agenda item before receiving the hard copies of the same documents by mail. The information made available on the Company's website was the same as what was sent to the shareholders in hard copies. The invitation letter and related documents were sent 14 days ahead of the meeting date. The invitation letter contained the details of each agenda item and related information, as well as the opinion of the Board of Directors, the voting method and the details of the documents the shareholders needed to bring with them on the meeting date. In cases where the shareholders were unable to attend the meetings, the Company arranged for the independent directors to be authorized to act on their behalf. Proxy forms approved by the Commerce Ministry and the biographies of the independent directors assigned to act as proxies were also sent to the shareholders so that the shareholders who could not attend the meeting could authorize anyone or the independent directors to represent them at the meeting.

In recognition of the importance of shareholders' meetings, the Company called the meeting at the place and time most convenient for the shareholders to attend. Appropriate and ample time was also allocated. As a result, the Company held the meeting at its head office at 1 Satorn Road, Thung Mahamek sub-district, Sathon district, Bangkok, which is located near the Lumpini subway station, a convenient location with easy access by bus, the BTS skytrain and the MRT subway. The meeting was also scheduled during normal working hours.

On the meeting date, the Company asked the shareholders to register at least one hour in advance and assigned registration officials to provide convenience for the attending shareholders and proxies. Registration software with the ability to search shareholders by name, family name or identification number was also deployed to speed up the registration process. The shareholders would then receive a voting ticket for each agenda item. Vote counting was also done electronically by using barcode readers on the voting tickets, making vote-counting accurate and speedy whereby the shareholders could view the result of each agenda item immediately after casting the votes.

At the shareholders' meeting, the Chairman acted as the chairman of the meeting. The chairmen of the sub-committees and directors also attended the meeting. The chairman of the meeting then explained the voting method, vote-counting procedure, use of voting tickets and disclosure of the vote-counting result for each agenda item to ensure transparency. The shareholders were also given an equal opportunity to express their opinions and proposals and to ask questions. The Chairman answered the questions and provided adequate information and ample time for debates. Since 2009, the Board of Directors has allowed the shareholders to send questions about the meeting to it ahead of the meeting.

The 1/2555 ordinary shareholders' meeting was attended by 918 shareholders and proxies, representing 5,585,699,528 shares, or 55.71%, more than one third of all 10,025,921,523 shares. Mr. Anant Asavabhokhin was the chairman of the meeting and Mr. Nantawat Pipatwongkasem was the secretary of the meeting. One of the directors, Mr. Chadchart Sittipunt, resigned on January 16, 2555, leaving the Board of Directors with 8 members. Seven of the directors attended the meeting. They were:

1. Mr. Anant	Asavabhokhin	Chairman and Chief Executive Officer
2. Mr. Pratip	Wongnirund	Chairman of the Audit Committee and Independent Director
3. Mr. Chalerm	Kietitanabumroong	Director and Executive Vice President
4. Mr. Pakhawat	Kovithvathanaphong	Audit Director and Independent Director
5. Mr. Adisorn	Thananan-narapool	Director and Senior Executive Vice President
6. Mr. Naporn	Sunthornchitcharoen	Director and Senior Executive Vice President
7. Mr. Nantawat	Pipatwongkasem	Director and Secretary to the Board of Directors

The directors who could not attend the meeting were Mr. Soong Hee Sang. Auditors from Ernst & Young were also invited and joined the meeting.

As for the minutes of the meeting, the Company recorded comprehensive details, including the names of the attending directors, questions brought up at the meeting and significant explanations on each agenda item. The minutes were sent to the various units within 14 days after the meeting date. They were also made available both in Thai and English at the Company's website at www.lh.co.th so that the shareholders could access them without delay. They would be proposed for endorsement at the next shareholders' meeting.

(2) Equal treatments of shareholders

The Company has a policy to support and emphasize equal and fair treatment of the shareholders to protect the fundamental rights of the shareholders, especially minority ones whose rights are prone to be violated and who should have a chance to be compensated. As a result, the Company has resolved to adopt the following measures:

1. At shareholders' meetings, each agenda item will be strictly followed in the order published in the invitation letters. No additional agenda item shall be added without advance notice to the shareholders. The measure is to ensure that the shareholders have enough time to study relevant information before making decisions.
2. The Board of Directors resolved to give minority shareholders a chance to propose agenda items in advance, starting from the 1/2551 ordinary shareholders' meeting. The resolution was notified in advance through the Company's website at www.lh.co.th and the Stock Exchange of Thailand's website, complete with the procedure to propose an agenda item and clear criteria in considering it. The Company's independent directors will consider and screen the proposed agenda items before submitting them to the Board of Directors. The agenda items approved by the Board of Directors shall be included in the next meeting's agenda. For the proposed agenda items that have not been approved by the Board of the Directors, the Company will notify the shareholders, along with the reasons and explanations for the rejections, at the Company's website.
3. The Board of Directors resolved to allow minority shareholders to propose the names of individuals to be elected as directors. The candidates must meet all the qualifications laid down by the Company and give their consent to the candidacies. The Nominating and Remuneration Committee will then proceed according to the procedures to nominate, screen and select the proposed candidates to be submitted to the Board of Directors for further consideration. The names approved by the Board of Directors shall then be included as candidates in the agenda item on the election of directors at the following meeting. For

the proposed candidates rejected by the Board of Directors, the Company will notify the shareholders, along with reasons and explanations for the rejections, at its website or other appropriate communications channels. In 2012, no shareholder proposed an additional agenda item or a candidate to be nominated as director.

4. The Company proposes the names of all of its independent directors as an option for proxies. A shareholder may choose to be represented by any of them. The proxy forms are also in line with the forms recommended by the Commerce Ministry, with the formats that allow the shareholders to dictate the directions of their votes. The measure is to encourage the shareholders to exercise their rights to attend the meetings and vote on each agenda item.
5. The Company promotes the use of voting tickets for all agenda items by printing them separately for each major issue. The shareholders can therefore vote as they deem appropriate. The voting tickets will be kept in the meeting room so that they may be counted and added to the votes cast in advance in the proxy forms before the results of the votes are announced at the meeting.
6. The Company allows the shareholders to exercise their right to elect directors individually to replace those whose terms end each year.
7. The Company has laid down measures to prevent the use of insider information to seek personal gains by directors and executives by informing them of their role and duty to report and disclose their holdings of the Company's shares and those of their spouses and minor children. They are also made aware of the requirement to report changes in such holdings to the Securities and Exchange Commission and the Stock Exchange of Thailand under Section 59 of the Act on Securities and Stock Exchange B.E. 2535 (1992) within 3 working days after the dates they have purchased, sold, transferred or accepted the transfers of the shares. They are also reminded of this requirement at every Board of Directors' and Executive Directors' meeting. In addition, the directors and executives of the Company are aware of their duties and responsibilities, as well as the penalties punishable under the Act on Securities and Stock Exchange B.E. 2535. For its part, the Company prohibits the executives with access to information from acting in any way that may violate Section 241 of the Act, including other related rules and regulations.

(3) Roles of stakeholders

The Company values the rights of all groups of stakeholders such as the employees and executives of the Company and its subsidiaries, as well as outsiders such as trading partners, the public sector, co-investors, the society, communities and the environment to ensure their fundamental rights are well protected and recognized based on the laws and related rules and regulations. The Company has also laid down the framework on morality and business ethics, which is published on its website. As well, it has refrained from any act that violates the rights of its stakeholders, which has constituted a great deal to its long-term success. The details are as follows:

- **Employees:** The Company regards its employees as a major element of its success and has treated them indiscriminately and equally. They receive appropriate and fair remuneration and welfare. They are entitled to medical welfare and health insurance, as well as annual physical checkup and vacations to strengthen a good teamwork relationship. Besides, the Company supports the development of skills and competencies regularly, providing them with all levels of training courses and observation tours both at home and abroad to enhance their potential in improving the organization. Apart from these projects, the Company provides other forms of welfare as follows:

- The Company holds a mental development project to improve the efficiencies and content in the workplace through meditation. The project provides fundamental training of the senses and mind applicable to everyday's life, both at work and at home. The project is open to the employees of all levels and is considered a fundamental course for normal operations. In 2012, three such trainings were held.
- The Company awards educational scholarships to children of the employees at the operational level every year.
- The Company awards master's degree scholarships to the executives to promote and support their learning and self-improvement to their maximum potential.

- **Trading partners:** The Company has laid down business ethics to become a guideline on appropriately treating its trading partners based on free and fair competition for the utmost benefits of the Company and to improve mutually beneficial relationships. In purchasing goods and services from trading partners, the Company has complied with trading terms and fulfilled its contractual obligations.
- **Creditors:** The Company has strictly complied with the terms of loan contracts and has never committed any act that violates them, or concealed any information or facts that potentially cause damages to its creditors. These practices have created confidence among its creditors all along.
- **Customers:** The Company is determined to improve the quality of its products and services to meet standards. To acknowledge the problems and demands of its customers, it set up a dedicated unit for customer contacts and to listen to their suggestions or opinions. The information is then used to improve its products and services to maximize customers' confidence and satisfaction. The determination paid off when Land & Houses Plc. won the Trusted Brand Award in 2012 for the 8th consecutive year in a survey by Reader's Digest magazine.
- **Competitors:** The Company has emphasized conducting its businesses within the framework for competition with high morality, professionalism and transparency within the rule of law. It does not violate the secrets or trade secrets of its rivals illegitimately. It also adheres to the policy and treatments of competitors outlined in its Code of Conducts. Over the past year, the Company was not involved in any dispute with its rivals.
- **Communities and the society:** The Company always recognizes its responsibilities towards the environment of communities and the society and has therefore regularly organized various activities for the society. In 2012, it held the following social activities:

- **Supporting relief projects for flood victims**

The great floods that took place in late 2011 dealt a heavy blow to the people. The Company did its part by procuring consumer goods and food to be distributed to the victims. It also provided commuting vehicles and boats for people in the flood zones.

- **Awarding scholarships to our brothers**

Educational scholarships were given to children of the construction workers in all of the Company's projects.

Furthermore, the Company has made it its policy to protect all groups of its stakeholders by putting in practice a procedure for tip-offs and a mechanism to protect informants. It is open to complaints, recommendations and opinions, as well as behaviors that border on corruption or malfeasance of people in the organization including its employees and other stakeholders. The Company is well aware of the importance of the confidentiality of the information and disclosures are allowed only on the need-to-know basis to assigned sections to give the complainants confidence about the confidentiality of their information. All stakeholders may submit complaints directly to the Chairman of the Audit Committee through the following channels:

- E-mail: auditcommittee@lh.co.th
- Mail to "Chairman of the Audit Committee, 1 Q House Lumpini, 37th-38th floors, South Satorn Road, Tung Mahamek, Satorn, Bangkok 10120".

(4) **Disclosure and transparency**

- 4.1 Aware of the importance of adequate, accurate, inclusive, timely and transparent disclosure, the Company publishes its important information including financial and non-financial data on the websites of the Stock Exchange of Thailand (SET) at www.set.or.th and the Security and Exchange Commission (SEC) at www.sec.or.th according to the criteria set by the SET and SEC. In addition, the information that has been made public and known to its stakeholders is made available at the Company's website at www.lh.co.th. It is updated regularly to ensure users have convenient access to timely news and information for their utmost benefits.
- 4.2 The financial statements disclosed to stakeholders must be approved first by the Audit Committee and the Board of Directors of the Company.

4.3 The Board of Directors has included an accountability report of the Board of Directors for financial statements, along with the Audit Report, starting from the 2006 annual report onward.

4.4 The Company published the summarily approved corporate governance policy and the results of the implementation of the policy in its annual report and on its website, starting from the 2007 Annual Report onward.

4.5 The roles and duties of the Board of Directors and the sub-committees, as well as their meeting attendance records, are disclosed under “Management structure”. Also disclosed is the report of the chairman of each committee.

Recognizing the importance of maintaining good relationships with shareholders, general investors and stock analysts, the Company has made clear that the disclosure of its information to the investors, both existing and potential ones, is within the authority of the chief executive officer and his deputy who has been assigned chief investor relations officer. It also set up an investors’ relations unit to represent the Company in communicating with shareholders, investors and stock analysts. The Investors’ Relations Office can be contacted at Tel: 0-2230-8306 or e-mail: investor@lh.co.th.

From 2010 to 2012, the Company’s high-ranking executives, along with the Investors’ Relations Office, disclosed information to the shareholders, investors and stock analysts several times as follows:

	2010	2011	2012
• Domestic, international road shows	7	10	8
• Analyst meetings	4	5	5
• Company visits	76	84	76
• Conference calls	8	9	12

(5) Accountability of the Board of the Directors

5.1 Structure of the Board of Directors

The appointments of the Company’s directors are made in accordance with the resolution at shareholders’ meetings based on the criteria and methods set by law and the Company’s regulations. The directors hold a 3-year term and each year the 3 longest-serving directors shall resign to pave the way for the election of new directors. On February 1, 2013, the Board of Directors consists of 9 members:

Executive directors	5
Non-executive directors	1
Independent directors	3

Besides, the Company redefined the term “independent director” to be in line with the principles of good corporate governance and guidelines set by the Securities and Exchange Commission and the Stock Exchange of Thailand to help bolster confidence among investors and to maintain a good management balance.

The definition stipulates that an “independent director” is a director who has no managerial role in the Company, its subsidiaries, or associated companies. He is therefore independent from the management and shareholders who have the controlling power and does not have any business relationship with the Company in a manner that may restrict his expression of opinions. He must also have the following qualifications:

1. holds shares not exceeding 1% of all voting shares in the Company, its subsidiaries or associated companies.
2. is not involved in the management, or is not a staff or employee or advisor who receives regular salaries or a provider of professional audit or legal service or any other professional service that may restrict his expression of opinions with regards to the Company, its subsidiaries or associated companies, or has control over the Company, its subsidiaries or

associated companies, or is the person with potential conflicts of interest. He must also have lost his status or position that may constitute such conflicts for 2 years or more.

3. has no business relationship in a manner that may limit his independence in performing his duty as a director in a significant amount or value in proportion to the Company's revenue as defined in the criteria, has no benefit or interest, whether direct or indirect, in the finance and management of the Company, its subsidiaries or associated companies or any other person with potential conflicts of interest in a manner that may compromise his independence.
4. is not a close relative of any member of management or majority shareholder of the Company, its subsidiaries or associated companies or any person with potential conflicts of interest and has not been appointed their nominee.
5. is not appointed as nominee to protect the interest of any director, majority shareholder or shareholder who is a related person to a majority shareholder of the Company.
6. can independently perform his duties and express opinions or report the operating results as assigned by the Board of Directors without being under the control or influence of any executive or majority shareholder, including his related persons or close relatives.

Person holding the position of chief executive officer and chairman

The Chairman of the Board of Directors represents the group of majority shareholders who together hold 30.52% (as of the latest register closing date on November 28, 2012) of the Company's all paid-up shares. While the chairman of the Board of Director also serves as chief executive officer, non-routine transactions are subject to the scrutiny of the Board of Directors of which at least one third of the members are independent directors.

5.2 Sub-committees

The Board of Directors set up 3 sub-committees to help monitor and supervise the operations more closely and regularly report to the Board of Directors. They are the Executive Board, the Audit Committee and the Nominating and Remuneration Committee. The Board of Directors clearly defined the responsibilities of each committee under Item "Management structure".

5.3 Roles and duties of the Board of Directors

5.3.1 The Company's Board of Directors has knowledge, skills and extensive experiences in several fields and can apply them at their discretion independently. They also have leadership and the duty to determine the strategies, directions, policies, objectives and missions of the Company, as well as to follow up on its performances in order to achieve the objectives and ensure compliance with the policies, rules, laws and related regulations. They are also responsible for managing risks at an appropriate level within the framework of the law, objectives and resolutions of the shareholders with integrity in the best interest of the Company while having full responsibilities to the shareholders and all stakeholders. Furthermore, to enhance efficiencies, effectiveness, transparency and accountability, the Company regularly assesses the performance of the Board of Directors.

5.3.2 The Board of Directors puts the Company's corporate governance policy in writing, approves it and reviews it at least once a year.

5.3.3 The Board of Directors promotes ethics by adopting the following measures:

The Company has abided by a business practice that is transparent, honest and fair. The Code of Conduct for the Board of Directors, management and employees was issued to be used in the implementation of their duties according to the Company's missions within the framework of the laws and the Company's regulations on a professional basis. All employees are instructed to follow the Code of Conduct, which is made available on its website and the Company's central database. The Company has also held activities to promote compliance with the Code of Conduct, foster the culture of good corporate governance, and effectively communicate the guidelines based on the Code of Conduct to the employees. Such activities include:

- Informing the employees of the Code of Conduct
- During the orientation of new employees, the principles of good corporate governance and Code of Conduct

are included for better understanding and practice.

- Communicating to the employees via email about the guidelines based on the Code of Conduct.
- Organizing activities through internal electronic media or intranet, especially public relations on ethics and the principles of good corporate governance on the Welcome Page

5.3.4 Conflicts of interests

The Company has complied with the principles of good corporate governance, which prevent potential conflicts of interest. All of its employees were instructed to strictly abide by the principle as follows:

Measures to eliminate conflicts of interest

The Company's Board of Directors properly considers transactions which may constitute conflicts of interest, connected transactions or related transactions under a good ethical framework after they have been scrutinized by the Audit Committee. It has also enforced compliance with the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission. Disclosures of transactions with potential conflicts of interest have also been made. In setting the policies, regulations and the approval procedure of transactions with potential conflicts of interest to be followed by the executives, employees and related parties, the Company has used the following criteria:

- 1.1 For any transaction in which a director, employee or related party has a conflict of interest with the Company, the director or employee may not take part in approving it. The price involved must also be set appropriately, as if the transaction were made with a third party.
- 1.2 In determining a price to prevent a potential conflict of interest, a fair price which is appropriate and in line with normal trade practices shall be used.
- 1.3 In conducting a related-party transaction in line with the principles of good corporate governance, the transaction must be submitted to the Audit Committee for consideration first, in line with the criteria set by the Stock Exchange of Thailand. Only after the Audit Committee gives its opinion on the transaction can it be sent to the Board of Directors for approval in accordance with good corporate governance principles.
- 1.4 Disclosures of transactions with potential conflicts of interest or related-party transactions as defined by the Securities and Exchange Commission and the Stock Exchange of Thailand have been made in Form 56-1 and the Annual Report. They are also included in the financial statements in line with accounting standards.

5.3.5 Risk policy

Risk management: The Company's Board of Directors recognizes the importance of risk management and has determined and evaluated risks of the business. Measures have been adopted to prevent and manage the risks, including those affecting the Company's operations as detailed under Item 1 "Risk factors"

For a long time, the Company had unofficially managed its risks. At present, the risks are being studied steadily but not to the point that a risk management committee needs to be set up. The risk management is now the responsibility of the Internal Audit and System Development Department under the supervision of the Audit Committee. The Board of Directors approved and applied this policy to be used as a principle and guidelines to prepare the Company for the changing situations in an appropriate and timely manner.

Risk management policy

1. As owners of the risks, the Company's Board of Directors, all executives, employees and units have the duty to take responsibility of, proceed, evaluate, follow up and support the establishment of an efficient risk-management procedure.
2. Each business unit of the Company must set up its own risk management procedure and evaluate and follow up on its progress and results systematically and constantly. The procedure must be revised to better suit the changing business environment on a regular basis at least once a year.

3. Risk evaluation shall be included as part of the annual work plan of each unit by considering all risks at the organizational level and taking into consideration both internal and external risk factors. Risks must be managed and an appropriate early-warning system set up.
4. The Audit Committee is responsible for evaluating the risk management and giving its opinions on the issue to the Company's Board of Directors.
5. An organizational culture has been fostered to promote a common understanding and conscience on risks by building a knowledge base, as the Company believes risks can be alleviated or acceptable when the executives and staff of all units are aware of the damages they can potentially unleash. As a result, the Company is determined to develop databases both internally and externally by investing in information technology and embracing modern technologies so that staff at all levels can access the information and share their experiences. This will eventually lead to the development and improvement of the risk-management procedure into an efficient mechanism.

5.4 Board of Directors' meetings

The Company informed the Board of Directors of the meeting schedules in advance to allow them time to adjust their schedules. The meeting attendance record of each committee member is disclosed under Item "Management structure".

5.5 Self-evaluation of the Board of Directors

The Company has a policy to ask its Board of Directors to evaluate its performances at least once a year so that the results can be used to improve their performances.

5.6 Compensation

The Company has clearly determined its policy on the compensation of directors and chief executive officer, to be considered and screened by the Nominating and Compensation Committee. The Company's compensation is at a level comparable to the industry's standard. The meeting attendance record of each director is disclosed under Item "Management structure".

5.7 Development of directors and executives

Director development: The Company sends its directors to attend courses held by the Thai Institute of Directors every year to help them improve in the areas they are lacking.

The Company has a policy to steadily develop its human resource to upgrade the knowledge and capabilities of its employees and enable them to keep up with the highly competitive business world by regularly sending its employees to receive trainings both inside and outside the Company. In 2011, several trainings, both worldly and religious ones, were held, as well as long-term trainings such as Mini MBA and MBA or any other course the Company finds useful in developing its personnel.

5.8 Orientation of new directors

As the Company is aware of the importance of the performances of new directors, an orientation program has been organized to introduce them to the Company's overall operations, the organization structures of subsidiaries, associated companies and related companies. The goal is to provide them with insights into working procedures and cross-shareholding structures. They are also given essential information necessary for their performances as the directors such as the internal work flow, related laws, the format of the financial statements and notes to the financial statements. In 2012, a new director, Mr. Wisanu Subsompon received orientation from a senior executive vice president.

5.9 Internal meetings between the Audit Committee and auditors

To encourage the Audit Committee to better perform its duties of helping the directors while maintaining its independence in proposing guidelines on good corporate governance, the Company gives the Audit Committee a chance to hold internal meetings among its members without the executives present. In 2012, the Audit Committee held meeting with auditors on December 18 to discuss independence in performing their duty and ask for their opinions on the internal audit system.

SUPERVISION OF THE USE OF INSIDER INFORMATION

The Company has a clear policy on the appropriate use of insider information through several channels such as good corporate governance, corporate ethics, announcements of the Security and Exchange Commission and related agencies, corporate culture, etc. so that the employees of all levels recognize the importance of the equal treatment of shareholders without exploiting insider information.

Human resources (as of December 31, 2012))

- Total number of employees 731
- Number of employees in0 each line
 - o Management 4
 - o Operations 621
 - o Support 106
- Total remuneration and types of remuneration
 - o Salary, bonuses and other remuneration in 2012 totaling 561.72 million baht
 - o Welfare on health care and recreation, as well as a provident fund and discounts for the purchases of the Company's products
- Policy on human resource development
 - o An internal training center was set up and some employees have been sent to train outside the Company to enhance their potential and competencies, both theoretically and operationally, at all times.

DIRECTORS AND EXECUTIVES

MR. ANANT ASAVABHOKHIN

Position

- President
Director and authorized signatory
Chief Executive Officer
Age 62 Years

Education

- Bachelor of Civil Engineering Chulalongkorn University
- M.S. Industrial Engineering, Illinois Institute of technology, Chicago, U.S.A.
- M.B.A. Thammasat University
- Director Certification Program DCP 52/2004 by Thai Institute Of Directors (IOD)

% of Shareholding as 31-Dec-12

- 23.79

Relationship

- -

Working Experience

- 1985-Present : President
Land and Houses PCL. (Real Estate)
- 1988-Present : Chief Executive Officer
Land and Houses PCL. (Real Estate)
- 2005-Present : President
Land and Houses Retail Bank PCL. (Bank)
- 2005-Present : Director
L&H PROPERTY CO., LTD. (Real Estate)
- 2005-Present : Director
L&H Sathon Co., Ltd. (Real Estate)
- 2004-Present : Director
LH Realestate Co., Ltd. (Real Estate)
- 2004-Present : Director
LH Asset Co., Ltd. (Real Estate)
- 2000-Present : Director
Asia Asset Advisory Co., Ltd. (Advisor)
- 1995-Present : Director
Home Product Center PCL.
(Trading of construction materials)
- 1994-Present : Director
Quality Construction Products PCL. (Building Material)
- 1983-Present : Director
Quality Houses PCL. (Real Estate)

MR. CHALERM KIETITANABUMROONG

Position

- Executive Vice President
Age 60 Years

Education

- Bachelor of Civil Engineering Chulalongkorn University
- MBA Chulalongkorn University
- Director Certification Program DCP 54/2005
- Director Diploma Examination 16/2005 by Thai Institute Of Directors (IOD)

% of Shareholding as 31-Dec-12

- 0.079

Relationship

- -

Working Experience

- 1988-Present : Executive Vice President Subsidiary and Associated Companies
Land and Houses PCL. (Real Estate)
- 2011-Present : Director
Land and Houses PCL. (Real Estate)
- 2005-Present : Director
Phuket Future Plan Co., Ltd. (Real Estate)
- 2005-Present : Director
Double Three Co., Ltd. (Real Estate)
- 2001-Present : Director
LH Muang Mai Co., Ltd. (Real Estate)
- 2004-Present : Director
L H Realestate Co., Ltd. (Real Estate)
- 2004-Present : Director
LH Asset Co., Ltd. (Real Estate)

MR. ADISORN THANANAN-NARAPOL**Position**

- Director and authorized signatory & Executive Director & Senior Executive Vice President Support
The Member of The Nomination and Compensation Committee
Age 58 Years

Education

- Bachelor of Accounting Thammasat University
- M.B.A. Thammasat University
- Director Accreditation Program DAP 7/2004
Director Certification Program DCP 41/2004
by Thai Institute Of Directors (IOD)
- Capital Market Academy Leadership Program 2/2006
- Stanford Executive Programme (SEP)
Graduate School of Business, Stanford University

% of Shareholding as 31-Dec-12

- 0.69

Relationship

- -

Working Experience

- 2002-Present : Director & Executive Director & Senior Executive Vice President Support
Land and Houses PCL. (Real Estate)
- 1992-2001 : Executive Vice President
Land and Houses PCL. (Real Estate)
- 2005-Present : Director
L&H Property Co., Ltd. (Real Estate)
- 2005-Present : Director
L&H Sathon Co., Ltd. (Real Estate)
- 2003-Present : Director
Quality Houses PCL. (Real Estate)
- 2001-Present : Director
LH Muang Mai Co., Ltd. (Real Estate)
- 2000-Present : Director
Land and Houses Property Fund I (Property Fund)
- 2002-Present : Director
Land and Houses Property Fund II (Property Fund)
- 2004-Present : Director
L H Real Estate Co., Ltd. (Real Estate)
- 2004-Present : Director
LH Asset Co., Ltd. (Real Estate)
- 2004-Present : Director
MFC Asset Management Public Co., Ltd. (Securities)

MR. NAPORN SUNTHORNCHITCHAROEN**Position**

- Director and authorized signatory & Executive Director & Senior Executive Vice President Operation
Age 54 Years

Education

- Bachelor of Civil Engineering Chiangmai University
- M.B.A. Thammasat University
- Director Accreditation Program DAP 25/2004
Director Certification Program DCP 53/2005
by Thai Institute Of Directors (IOD)
- National Defense College
- Financial Institutions Governance Program
- Stanford Executive Programme (SEP) Graduate School of Business, Stanford University

% of Shareholding as 31-Dec-12

- 0.23

Relationship

- -

Working Experience

- 2002-Present : Executive Director & Senior Executive Vice President Operation
Land and Houses PCL. (Real Estate)
- 1991-2001 : Executive Vice President
Land and Houses PCL. (Real Estate)
- 1995-Present : Director
Land and Houses Northeast Co., Ltd. (Real Estate)
- 1995-Present : Director
Land and Houses North Co., Ltd. (Real Estate)
- 1995-Present : Director
LH Muang Mai Co., Ltd. (Real Estate)
- 1994-Present : Director
Quality Construction Products PCL. (Building Material)
- 1995-Present : Director
Home Product Center PCL.
(Trading of construction materials)
- 2004-Present : Director
L H Real Estate Co., Ltd. (Real Estate)
- 2004-Present : Director
LH Asset Co., Ltd. (Real Estate)
- 2005-Present : Director
Land and Houses Retail Bank PCL. (Bank)
- 2005-Present : Director
Phuket Future Plan Co., Ltd. (Real Estate)
- 2005-Present : Director
Double Three Co., Ltd. (Real Estate)

MR. NANTAWAT PIPATWONGKASEM

Position

- Director and authorized signatory & Company Secretary
Age 53 Years

Education

- Bachelor of Law, Barrister at Law
M.B.A. Thammasat University
- Director Accreditation Program DAP 18/2004
Director Certification Program DCP 62/2005
Finance for Non-Finance Director FN 13/2004
by Thai Institute Of Directors (IOD)

% of Shareholding as 31-Dec-12

- 0.0001

Relationship

- -

Working Experience

Present : Director
Land and Houses PCL. (Real Estate)

1990-Present : Vice President, Legal Department
Land and Houses PCL. (Real Estate)

1995-Present : Director
Land and Houses North Co., Ltd. (Real Estate)

1995-Present : Director
Land and Houses Northeast Co., Ltd. (Real Estate)

2001-Present : Director
LH Muang Mai Co., Ltd. (Real Estate)

MR. PRATIP WONGNIRUND

Position

- Director
The Chairman of The Audit Committee & Independent Director
Age 78 Years

Education

- School of Commerce, Sydney Technical College,
New South Wales, Australia
- Director Certification Program DCP 36/2003
The Role of Chairman (RCM) 10/2004
by Thai Institute Of Directors (IOD)

% of Shareholding as 31-Dec-12

- 0.003

Relationship

- -

Working Experience

2000-Present : The Chairman of The Audit Committee &
Independent Director
Land and Houses PCL. (Real Estate)

2003-Present : The Chairman of The Audit Committee &
Independent Director
Quality Construction Products PCL. (Building Material)

2005-Sep 2009 : The Chairman of The Audit Committee &
Independent Director
ACL Securities Co., Ltd. (Securities)

1997-Apr 2009 : Independent Director & The Chairman of
The Audit Committee
Siam Commercial Leasing PCL. (Leasing)

MR. PAKHAWAT KOVITHVATHANAPHONG**Position**

- Director
Independent Director The Member of The Audit Committee
& Chairman of The Nominating and Compensation Committee
Age 63 Years

Education

- M.B.A. In Marketing & Finance, The Wharton School, University of Pennsylvania, U.S.A.
- B.A. in Economics (First Class Honors), Thammasat University
- Director Certification Program DAP 4/2003 by Thai Institute Of Directors (IOD)
- Director Certification Program DCP 58/2005 by Thai Institute Of Directors (IOD)
- National Defense College Class 344
- Capital Market Academy Class 5

% of Shareholding as 31-Dec-12

- 0.0005

Relationship

- -

Working Experience

- 1999-Present : Director, Independent Director & The Member of The Audit Committee& Chairman of The Nominating and Compensation Committee
Land and Houses PCL. (Real Estate)
- 2001-Present : Chief Executive Officer and Director
Trinity Watthana PCL. (Holding Company)
- 2001-Present : Chairman
Trinity Securities (Securities)
- 2011-Present : Chairman
Trinity Advisory 2001 Co., Ltd. (Advisor)
- 2009-Present : Vice Chairman and Chairman of Executive Committee
Thai Listed Companies Association
- 2008-Present : Advisor Master in Financial Economics
National Institute of Administration
- 2011-Present : Independent Director
Thai Rubber Latex Corporation (Thailand) Plc.
- 2010-Present : Director
TSFC Securities Plc.
TSFC : Thailand Securities Finance Corporation
- 2010-Present : Advisor
The Stock Exchange of Thailand
- 2010-Present : Advior
Association of Thai Securities Companies
- 1998-Present : Honorary Member of Finance Department
Finance Department, Faculty of Commerce and Accountancy, Thammasat University
- 2011 -Present : Director
The Thai Bond Market Association

MR. WISANU SUBSOMPON**Position**

- Director, Independent Director
The Member of The Audit Committee
Age 44 Years

Education

- Bachelor of Engineering(Civil Engineering) 1st Class Honors Chulalongkorn University
- M.s., Ph.D. (Civil Engineering) Carnegie Mellon University Pittsburgh, U.S.A.
- Bachelor of Laws, Sukhothai Thammathirat Open University
- Executive Program on Strategic Intellectual Property Management, WIPO Academy, Switzerland
Thai Institute of Directors (IOC)
- Director Accreditation Program 83/2010
- Director Certification Program 132/2010
- Audit Committee Program 32/2010

% of Shareholding as 31-Dec-12

- -

Relationship

- -

Working Experience

- Jun 2012 -Present : Independent Director,
The Member of The Audit Committee
Land and Houses PCL. (Real Estate)
- 2004-Present : Direator
Chulalongkorn University Intellectual
Property Institute.
- 2002-Present : Associate Professor
Faculty of Engineering, Chulalongkorn University
- 2006-Present : Director
Jamjuree Innovation Co., Ltd.
- 2008-Present : Director
Jamjuree Inovation Products (JIP)

MR. SOONG HEE SANG

Position

- Director
Age 54 Years

Education

- Master of Business Administration, National University of Singapore
- Bachelor of Science in Estate Management (Honours),
National University of Singapore

% of Shareholding as 31-Dec-12

- -

Relationship

- -

Working Experience

- Sep 2006-Present : Director
Land and Houses PCL. (Real Estate)
- Sep 2006-Present : Managing Director
(Head, Asset Management, Asia)
GIC Real Estate Pte. Ltd. (Real Estate)
- Oct 2004-Sep 2006 : Chief Executive Officer of Capita Land Residential
(New Market)
Pidemco Land Limited* / CapitaLand Limited
(Real Estate)
- Mar 2002-Sep 2004 : Chief Executive Officer of Capita
Commercial Trust
Pidemco Land Limited* / CapitaLand Limited
(Real Estate)
- : Deputy Chief Executive Officer and Managing
Director, Office and Industrial of CapitaLand
Commercial
Pidemco Land Limited* / CapitaLand Limited
(Real Estate)

*Note : Pidemco Land Limited merged with DBS Land in Nov 2000
to form CapitaLand Limited

MR. LERSUK SUWANNATON

Position

- Senior Vice President Project 1
& Vice President Business Development Department
Age 54 Years

Education

- Bachelor of Civil Engineering Kasetsart University

% of Shareholding as 31-Dec-12

- 0.016

Relationship

- -

Working Experience

- Aug 2009-Present : Senior Vice President Project 1
Land and Houses PCL.
- Jan 2007-Present : Vice President Project 1
Land and Houses PCL.
- Oct 1996-Present : Vice President Business Development Department
Land and Houses PCL.
- Apr 2008-Present : Acting Vice President Customer Relation Department
Land and Houses PCL.

MR. ADUL CHUVANICHANON

Position

- Senior Vice President Project 10
Age 57 Years

Education

- Bachelor of Civil Engineering Chiangmai University
- M.B.A. Thammasat University

% of Shareholding as 31-Dec-12

- 0.009

Relationship

- -

Working Experience

- 2009-Present : Senior Vice President Project 10
Land and Houses PCL. (Real Estate)
- 2003- 2008 : Vice President Project 10
Land and Houses PCL. (Real Estate)

MR. WIT TANTIWORAWONG**Position**

- Executive Director & Senior Vice President Financial Department
Age 54 Years

Education

- Bachelor of Administration Bangkok University
- M.B.A. Thammasat University

% of Shareholding as 31-Dec-12

- 0.00002

Relationship

- -

Working Experience

- 2009-Present : Senior Vice President Financial Department
Land and Houses PCL. (Real Estate)
- 1991- 2008 : Vice President Financial Department
Land and Houses PCL. (Real Estate)
- 2007-Present : Director
L&H PROPERTY CO., LTD. (Real Estate)
- 2007-Present : Director
L&H Sathon Co., Ltd. (Real Estate)
- 2000-Present : Director
Asia Asset Advisory Co., Ltd. (Advisor)

MR. TEERA BENJASILARAK**Position**

- Senior Vice President Accounting Department
Age 53 Years

Education

- Bachelor of Science Kasetsart University
- M.B.A. Thammasat University

% of Shareholding as 31-Dec-12

- 0.0143

Relationship

- -

Working Experience

- Present : Senior Vice President Accounting Department
Land and Houses PCL. (Real Estate)
- 1991-2012 : Vice President Accounting Department
Land and Houses PCL.

MR. WATCHARIN KASINRERK**Position**

- Senior Vice President Project 2
Age 51 Years

Education

- Bachelor of Civil Engineering Chiangmai University
- M.B.A. Thammasat University

% of Shareholding as 31-Dec-12

- -

Relationship

- -

Working Experience

- Present : Senior Vice President Project 2
Land and Houses PCL. (Real Estate)
- 2007 - 2012 : Vice President Project 2
Land and Houses PCL. (Real Estate)

MR. SOMKIAT VIRIYAMONCHAI**Position**

- Senior Vice President Project 6
Age 52 Years

Education

- Bachelor of Civil Engineering Chiangmai University

% of Shareholding as 31-Dec-12

- -

Relationship

- -

Working Experience

- Present : Senior Vice President Project 6
Land and Houses PCL. (Real Estate)
- 2007 - 2012 : Vice President Project 6
Land and Houses PCL. (Real Estate)

MR. KAMHEANG HOONHIRUNSAI

Position

- Senior Vice President Project 7
Age 53 Years

Education

- Bachelor of Civil Engineering Chiangmai University
- M.B.A. Thammasat University

% of Shareholding as 31-Dec-12

- -

Relationship

- -

Working Experience

- Present : Senior Vice President Project 7
Land and Houses PCL. (Real Estate)
- 2007-2012 : Vice President Project 7
Land and Houses PCL. (Real Estate)

MR. WINAI WATTANAGUL

Position

- Senior Vice President Project 9
Age 50 Years

Education

- Bachelor of Civil Engineering Chiangmai University
- M.B.A.Chulalongkorn University

% of Shareholding as 31-Dec-12

- -

Relationship

- -

Working Experience

- Present : Senior Vice President Project 9
Land and Houses PCL. (Real Estate)
- 2007-2012 : Vice President Project 9
Land and Houses PCL. (Real Estate)

MR. NARONG KONGKAVANA

Position

- Senior Vice President Project 8
Age 50 Years

Education

- Bachelor of Civil Engineering Chiangmai University
- M.B.A. Thammasat University

% of Shareholding as 31-Dec-12

- 0.00002

Relationship

- -

Working Experience

- Present : Senior Vice President Project 8
Land and Houses PCL. (Real Estate)
- 2007-2012 : Vice President Project 8
Land and Houses PCL. (Real Estate)

MR. PHAISAN POOCHAROEN

Position

- Senior Vice President Project 11
Age 54 Years

Education

- Bachelor of Civil Engineering Chiangmai University
- M.B.A. Chiangmai University

% of Shareholding as 31-Dec-12

- -

Relationship

- -

Working Experience

- Present : Senior Vice President Project 11
Land and Houses PCL. (Real Estate)
- 2007-2012 : Vice President Project 5
Land and Houses PCL. (Real Estate)

MR. PRASONG RAKSINCHAROENSAK

Position

- Senior Vice President Project 12
Age 55 Years

Education

- Bachelor of Liberal Arts Thammasat University

% of Shareholding as 31-Dec-12

- -

Relationship

- -

Working Experience

Present : Senior Vice President Project 12
Land and Houses PCL. (Real Estate)
2007-2012 : Vice President Project 12
Land and Houses PCL. (Real Estate)

MR.CHOKCHAI WALITWARANGKON

Position

- Senior Vice President Corporate Communication Department
Age 50 Years

Education

- Bachelor of Commerce and Accountancy (Marketing)
Chulalongkorn University

% of Shareholding as 31-Dec-12

- -

Relationship

- -

Working Experience

Present : Senior Vice President Corporate Communication Department
Land and Houses PCL. (Real Estate)
2007-2012 : Vice President Corporate Communication Department
Land and Houses PCL. (Real Estate)

MR. PRAJAK HANSAKULBUNTERNG

Position

- Senior Vice President Product Development Department
Age 50 Years

Education

- Bachelor of Architecture Chulalongkorn University

% of Shareholding as 31-Dec-12

- -

Relationship

- -

Working Experience

Present : Senior Vice President Product Development Department
Land and Houses PCL. (Real Estate)
2007-2012 : Vice President Product Development Department
Land and Houses PCL. (Real Estate)

INTERNAL CONTROLS

The Board of Directors and the executives are responsible for the efficiency of the internal control system. They are also in charge of reviewing and monitoring the system regularly to enhance its efficiency to minimize operating losses amid the changing situation. Government rules and regulations, as well as people related to the organization, are risk factors for the business. Well aware of these facts, the Board of Directors has always paid attention to the importance of internal controls. It requires that all units of the Company consider comprehensive internal controls, from management and resource management, finance and human resources to legal issues. The objective is to prevent severe damages and/or disputes as a result of violations and offences against the Company or a third party, which could lead to both civil and criminal lawsuits. In the past, the Company implemented measures through the following channels:

1. Through the organization's structure The organization was designed with the nature of work in mind. The scopes of authority and duties were clearly defined to optimize operating flexibility and speed within internationally accepted restrictions. For instance, a board of director was set up to supervise policies and take responsible for the operating results based on set targets. Sub-committees, namely the Audit Committee and the Nominating and Remuneration Committee, were in charge of missions assigned by the Board of Directors in the area of good corporate governance. Departments were grouped into two lines: operation and support, and were set up appropriately and adequately to ensure good management of supervision and checks and balances of authority among the operators in each department or line.
2. Through the Audit Committee The Board of Directors assigned the three members of the Audit Committee to supervise, monitor and consider the appropriateness and adequacy of the internal control system since the dynamic environment made it necessary to evaluate the system every year. The Audit Committee was also structured to report directly to the Board of Directors.

The Audit Committee meets with the Company's external auditors from Ernst & Young Co., Ltd. and internal auditors at least once every quarter to follow up on and scrutinize the Company's internal controls. They have found no significant flaw in the Company's internal control system. Only a few areas needed improvements in terms of information and supplementary documents and responsible departments already took action to address the issues.

At the Company's Board of Directors' meeting No. 7/2555 on December 20, 2012, the Board of Directors considered the preliminary report on the evaluation of the adequacy of the internal control system in 2012 submitted by the Audit Committee. The Board of Directors was of the opinion that the Company's internal control system was adequate and suitable for the current situation based on the evaluation form of the Security and Exchange Commission, which covered five key areas defined by the Committee of Sponsoring Organization of the Treadway Commission (COSO). After considering it, the Board of Directors agreed with the Audit Committee's opinions and findings.

3. Through corporate culture Corporate culture can immunize an organization and lay down a good foundation in the long term by using personnel as the model to connect through various means. They include training, instilling of ethics and morality of the Company, top-down transfers of good conscience, regular organization of dharma practices for both employees and their families and the care that is passed on from generation to generation. The Company believes that there is no such thing as the best system all around and that nothing beats having the personnel that thinks good, act good and have lofty conscience about their assigned authority and responsibilities. These qualities can exist only when corporate culture is strong.

RELATED-PARTY TRANSACTIONS

Related-party transactions

The Company and its subsidiaries made the following related-party transactions among themselves or with individuals or juristic persons with potential conflicts of interests (for more details, please refer to “Notes to the Financial Statement”):

Individual/juristic person	Relationship (as of Dec. 31, 2012)	Nature of transaction	Value (million baht)		Opinion of the Audit Committee
			2011	2012	
Quality Construction Product Plc. (Q-CON)	<ul style="list-style-type: none"> - The Company is a majority shareholder of Q-CON, with 21.16% of all sold shares. - Mr. Pratip Wongnirund serves and Mr. Naporn Sunthornchitcharoen on the boards of the Company and Q-CON. 	<ul style="list-style-type: none"> - The Company and its subsidiaries bought construction materials from Q-CON totaling 0.29% of total sale revenue in 2011 and 0.32% of total sale revenue in 2012. 			<ul style="list-style-type: none"> - According to the evaluation by the Audit Committee and executives, the terms and prices were normal business practices and comparable to the same transactions with outsiders. - Paid in proportion to the Company's holding
			Goods purchases	53.5	71.7
			Trade account payable	2.4	9.9
			Other account payable	2.4	5.7
			Dividends	4.2	6.8
Home Product Center Plc. (HMPRO)	<ul style="list-style-type: none"> - The Company is a majority shareholder of HMPRO, with 30.11% of all sold shares. - Mr. Anant Asavabhokhin and Mr. Naporn Sunthornchitcharoen serve on the Boards of Directors of both companies the Company and HMPRO. 	<ul style="list-style-type: none"> - The Company and its subsidiaries bought home decoration items from HMPRO, accounting for 0.30% of sale revenue in 2011 and 0.28% in 2012. 			<ul style="list-style-type: none"> - According to the evaluation by the Audit Committee and executives, the terms and prices were normal business practices, comparable to the same transactions with outsiders. - The dividends are in proportion to the Company's holding and at the same rate as other shareholders received.
			Goods purchases	56.2	63.1
			Trade account payable	0.7	0.8
			Dividends receivable	49.8	304.2

Individual/juristic person	Relationship (as of Dec. 31, 2012)	Nature of transaction	Value (million baht)		Opinion of the Audit Committee
			2011	2012	
Quality Houses Property Fund (QHPF)	<ul style="list-style-type: none"> - Mr. Anant Asavabhokhin's group (consisting of Mr. Anant Asavabhokhin / Mayland Co., Ltd. / and Ms. Piangjai Harnpanij) holds a combined 30.52% in QHPF as of November 28, 2012. - The Company is the majority shareholder of QH, with a 24.86% stake. - QH is the majority shareholder of QHPF, at 25.66%. - Mr. Anant Asavabhokhin and Mr. Adisorn Thananan-narapool serve on the boards of both the Company and QH. 	<ul style="list-style-type: none"> - The Company and its subsidiaries leased buildings from QHPF for their head offices. Rentals and services Advanced payment - Dividends 	<ul style="list-style-type: none"> 39.7 8.5 18.4 	<ul style="list-style-type: none"> 39.3 8.6 21.8 	<ul style="list-style-type: none"> - According to the evaluation by the Audit Committee and executives, the leasing was based on normal business practices and the rentals were comparable to the rates QHPF charged its other customers. - Paid in proportion to the Company's holding
Land and Houses Retail Bank Plc. (LH Bank)	<ul style="list-style-type: none"> - The Company is the majority shareholder, with 35.07%, of LH Financial Group (LHFG), which holds 99.99% of shares in LH Bank. - Quality Houses Plc., an associated company of the Company, holds 22.01% of shares in LHFG. - Ms. Piangjai Harnpanij, Mr. Anant Asavabhokhin's mother, holds 16.30% of shares in LHFG. 	<ul style="list-style-type: none"> - The Company and its subsidiaries had savings and current accounts with LH Bank. Short-term bills of exchange and deposits Interest income Accrued interest Interest subsidized by the Company for its customers under sale promotional campaigns - Dividends 	<ul style="list-style-type: none"> 661.2 13.3 0.3 5.9 - 	<ul style="list-style-type: none"> 919.0 22.7 0.1 - 15.0 	<ul style="list-style-type: none"> - According to the evaluation of the Audit Committee and executives, the deposits were normal business practice and the interest earned was of the same rates as what other companies unrelated to LH Bank received from it. - There was also no obligation for the deposits. - Paid in proportion to the Company's holding

Individual/juristic person	Relationship (as of Dec. 31, 2012)	Nature of transaction	Value (million baht)		Opinion of the Audit Committee
			2011	2012	
Quality Houses Plc. (QH)	<ul style="list-style-type: none"> - The Company holds 24.86% of shares in QH. - Mr. Anant Asavabhokhin and Mr. Adisorn Thananarnapool are directors of both the Company and QH. - Government of Singapore Investment Corporation Pte. Ltd. is a majority shareholder in both the Company (16.01%) and QH (10.84%). 	<ul style="list-style-type: none"> - Dividends - Management and accounting fees - Brokerage fees 	<p>252.91</p> <p>36.3</p> <p>0.8</p>	<p>19.52</p> <p>57.9</p> <p>-</p>	<ul style="list-style-type: none"> - The dividends were paid in proportion to the Company's holding and at the same rate as what other shareholders received. - The Company's Board of Directors on November 14, 2011 approved a connected transaction worth 75.70 million baht in which QH is hired to manage the Grande Centre Point Hotel & Residence Sukhumvit Terminal 21 from November 1, 2011 to December 31, 2014.
Land and Houses Freehold and Leasehold Property Fund (LHPF)	<ul style="list-style-type: none"> - The Company holds 49.94% of units in LHPF 1 and 49.99% in LHPF 2. 	Dividends	125.3	316.3	<ul style="list-style-type: none"> - The dividends were paid in proportion to the Company's holding, at the same rates as what other unit holders received.
Asia Asset Advisory Co., Ltd. (AAA) and L&H Property Co., Ltd. (LHP)	<ul style="list-style-type: none"> - L&H Property Co., Ltd. (LHP) and Asia Asset Advisory Co., Ltd. (AAA) are related as Government of Singapore Investment Corporation Pte. Ltd., a major shareholder of the Company with 16.01%, is also a major shareholder of AAA, with 60%. - The Company holds 40% of shares in AAA. - Mr. Anant Asavabhokhin and Mr. Soong Hee Sang serve as the directors of both LHP and AAA. 	<ul style="list-style-type: none"> - AAA provides property procurement and management services for LHP, a subsidiary of the Company for the period from January 1-December 31, 2012. - Management fees 	<p>42.4</p>	<p>62.8</p>	<p>The Company's Board agreed at its meeting on February 28, 2012 that the fees were fair and in line with normal business practices. They consisted of:</p> <ul style="list-style-type: none"> - A management fee of 0.3% of the net asset value (NAV) for operational projects - An asset procurement/disposition and building improvement fee for completed projects of 2 times employees' wages plus a 10% operating fee (Mr. Soong Hee Sang, who represented GIC, did not attend the meeting and vote on this agenda item).

Individual/juristic person	Relationship (as of Dec. 31, 2012)	Nature of transaction	Value (million baht)		Opinion of the Audit Committee
			2011	2012	
Reco Resort Pte. Ltd. (RECO) and L&H Property Co., Ltd. (LHP)	- The connected party was RECO since Government of Singapore Investment Corporation Pte. Ltd. (GIC) is an indirect major shareholder in RECO (100%) and a major shareholder of the Company (16.01%).	<p>The Company and RECO gave financial assistance to LHP based on their shareholdings in LHP. The Company, which owned 60%, and RECO, which owned 40%, jointly lent to LHP based on their holdings. The Company gave a credit line of not more than 1,320 million baht and RECO lent no more than 880 million baht at the interest rate of The Siam Commercial Bank Plc.'s MLR-1.5% to support LHP's L&H Rajdamri, L&H Villa Sathorn and L&H Sukhumvit projects. They expected to be repaid in 2020.</p> <p>- LHP had the following outstanding debts owed to RECO:</p> <p>- Loans and accrued interest</p> <p>- LHP had the following outstanding debts owed to the Company:</p> <p>- Loans and accrued interest</p>	682.9	496.9	- At its November 10, 2010 meeting, the Board was of the opinion that the lending was reasonable and benefited the Company. (Mr. Lim Swe Guan and Mr. Soong Hee Sang, who represented GIC, did not attend the meeting and vote on this agenda item).
			1,024.5	745.5	

Individual/juristic person	Relationship (as of Dec. 31, 2012)	Nature of transaction	Value (million baht)		Opinion of the Audit Committee
			2011	2012	
Mr. Pittaya Tantipiriyakit	<ul style="list-style-type: none"> - Mr. Pittaya is a director of LH Muang Mai Co., Ltd.(LM), a subsidiary of the Company. - The Company holds 55% of shares in LM. 	<ul style="list-style-type: none"> - Mr. Pittaya lent to LM in proportion to his holding. Short-term loan and accrued interest 	43.0	45.2	<ul style="list-style-type: none"> - According to the evaluation of the executives, the interest rate charged for the loans was a market rate of 7.5%.
Siam Retail Development Co., Ltd. (SRD)	<ul style="list-style-type: none"> - Mr. Anant Asavabhokhin holds 23.76% in the Company and 40% in SRD. 	<ul style="list-style-type: none"> - Office common-area fee - Terminal 21 shopping center management fee - Brokerage fee 	3.4 8.2 0.6	- 22.0 11.3	<ul style="list-style-type: none"> - The Board of Directors' meeting on May 13, 2011 was of the opinion that the transactions and their terms were normal trade practices. The Audit Committee also shared the same opinion.

Necessity and accountability of the transactions

The related-party transactions were necessary and accountable and were done in the best interests of the Company. The Audit Committee was of the opinion that they were in line with common business practices and consistent with what was offered to other customers, and that the Company received and paid compensations at fair market prices.

Measures or procedures of approving related party transactions

A related-party transaction must be considered at a meeting of the Board of Directors attended by audit directors and approved at a shareholders' meeting, depending on the case. The Board of Directors or those authorized by it may not approve any transaction with its members or parties with potential conflicts of interests with the Company or its subsidiaries. It must also be in compliance with laws on securities and stock exchange, regulations, notifications, orders and requirements of the Stock Exchange of Thailand and the requirements pursuant to disclosure of related-party transactions and the acquisitions and disposals of assets.

Policy or trend of related-party transactions

The Company has a policy to continue making the existing related-party transactions in the future. It also plans to keep the terms consistent with normal trade practices and the prices comparable with those offered by other suppliers. In any case, the Company will have the Audit Committee, its auditors or independent experts examine all related-party transactions and give opinions on appropriate prices and the accountability of the transactions.

If the Company or its subsidiaries is to make related-party transactions with parties with potential conflicts of interest or stakeholders in the future, it will seek the opinions of the Audit Committee on the necessity and appropriateness of the transactions. In a case where the Audit Committee has no expertise in considering the future transactions, the Company will seek the opinions of independent experts or its auditors. The opinions will subsequently be used in making related decisions by the Board of Directors or shareholders, whichever the case. In any case, the Company will also include such transactions in the notes to the audited financial statements, except for the following transactions which the Management has the mandate to approve:

1. Normal business transactions or those supporting normal business transactions with trade terms similar to what a sensible person would make with his co-party under the same circumstance and with trade bargaining power free of the influence of his status as a director, executive or related party.

2. Transactions conducted under an employee' rights project of which the rights are made available to all employees without discrimination and not to a specific employee.

Reasons why parties with potential conflicts of interests hold more than 10% of shares in the subsidiaries or associated companies

Land and House Financial Group Plc. (LHFG)

In April 2011, LHFG made a public offering of 1,443.1 million of its shares at 1.40 baht each. As of December 31, 2011, the Company held a 35.43% stake in LHFG, which had paid-up capital of 11,472.10 million baht. LHFG in turn held a 99.99% stake in Land Houses Retail Bank Plc. (LH Bank), which had paid-up capital of 12,000 million baht as of December 31, 2011. This made LHBank an indirect associated company of the Company. The indirect shareholders of LH Bank consist of:

- (1) Land & Houses Plc. holds 35.07% of all shares.
- (2) Quality Houses Plc. holds 22.01% of all shares.
- (3) Ms. Piangjai Harnpanij holds 16.30% of all shares.
- (4) Groups of executives and other retail shareholders hold a combined 26.62%.

Under the shareholding structure, Ms. Piangjai Harnpanij is a person with potential conflicts of interest with LH and QH, as she is related to Mr. Anant Asavabhokhin. A group led by Mr. Anant is the majority shareholder of LH, with 30.52% (as of November 28, 2012). Mr. Anant is also a director of both LH and QH.

The indirect holding of more than 10% in LH Bank, an associated company of LH and QH, by Ms. Piangjai is not in keeping with the notification of the Securities and Exchange Commission of Thailand on the maintaining of the status as a listed company on the Stock Exchange of Thailand B.E. 2544 (2001). Item 6 of the notification provides: "A listed company and its subsidiaries must not have conflicts of interest as defined by the criteria under the notifications of the Securities and Exchange Commission of Thailand". The reason, necessity and background of such a shareholding structure dated back to when Land and House Credit Foncier had filed a request to set up a commercial bank under the LH Bank name. According to the Finance Ministry's announcement on the criteria, procedure and conditions in applying to establish a commercial bank dated January 23, 2004, Item 4.6 on the qualifications of an eligible applicant stipulates: "An entity which has the right to submit the application must not have any other person become a new majority shareholder from the date the Minister signed this announcement to the date the license to operate a bank is granted or the date it is notified that its application has been turned down, whichever is applicable". The majority shareholder in this case means a person with controlling power who holds 20% or more of all shares. Holding more than 5% in a commercial bank requires an approval from the Bank of Thailand and the Finance Ministry, and Ms. Piangjai was granted the approval. As of December 31, 2012, Ms. Piangjai had a 16.30% stake in LH Bank both directly and indirectly.

On the shareholding structure which may constitute a conflict of interest, the Stock Exchange of Thailand decided that the structure was part of the condition in setting up LH Bank, which had already been approved by the Finance Ministry. The stake held by Ms. Piangjai will be reduced under the public offering plans and obligations with the Bank of Thailand and Finance Ministry. Furthermore, by nature LH Bank's core business does not compete with that of the Company or allows for a transfer of benefits at a disadvantage of the small shareholders of LH and QH. As a result, the Stock Exchange of Thailand was of the opinion that such a shareholding structure should not disqualify LH and QH on the basis of conflicts of interest (as shown in the letter issued by the Stock Exchange of Thailand No. 462/2548 on the subject "Response to the enquiry on the maintaining of the status of a listed company" dated May 9, 2005).

In addition, other guidelines to eliminate potential conflicts of interest were adopted as follows:

(a) LH Bank, which operates a retail commercial banking business, by nature, does not compete with LH and QH, whose core businesses involve property.

(b) In the future, a retail commercial bank has a policy to increase its capital by making an initial public offering, resulting the holding by Ms. Piangjai being diluted gradually.

(c) Ms. Piangjai must reduce her indirect holding in the retail commercial bank to not more than 5% within the relaxation timeframe set forth by the Bank of Thailand and the Finance Ministry.

(d) Ms. Piangjai is not a director or executive of LH Bank.

(e) LH Bank has 3 independent and audit directors to consider issues which may constitute conflicts of interest. Besides, as listed companies on the Stock Exchange of Thailand, LH and QH are required to have independent and audit directors to consider potential conflicts of interest.

EXPLANATIONS AND ANALYSIS OF FINANCIAL POSITION AND OPERATING RESULTS

(a) Overall picture of past performances

Operating results

In the first 5 months of 2010, consumers' confidence did not improve much as the domestic political violence intensified. The government extended the tax incentives for homebuyers which ended in 2009. The special business tax break was extended to March 28, 2010 and the transfer and mortgage fee reduction was put off to May 28, 2010. For 2010, the Company booked sales revenue of 16,545.29 million baht, down 4.4% or 728.11 million baht from the previous year. In the first half of 2011, demand increased on the back of delayed purchases in the latter half of 2010 after the tax breaks for residential buyers ended. But the demand slowed again in the last four months of 2011 due to the great floods. For 2011, sales revenue totaled 18,580.09 million baht, up 12.30% or 2,034.80 million baht from 2010. In 2012, the flood concerns eased and consumer confidence improved, driven by government measures to boost incomes and purchasing power. Sales revenue was 22,305.37 million baht, up 20.1% or 3,725.28 million baht from the levels in 2011.

Gross profit margin In 2010, gross profit margin of the Company and its subsidiaries rose slightly. Gross profit was 5,611.58 million baht but gross profit margin was 33.69%, up 2.17% from 2009 due to a successful cost reduction. In 2011, gross profit was 6,247.63 million baht, while gross profit margin stood at 32.64%, down slightly from 2010. Gross profit margin rose to 34.0% on gross profit of 8,310.12 million baht.

In the first five months of 2010, the domestic political turmoil intensified. This, couple with the expiration of the tax breaks on residential property purchases in 2009, drastically undermined confidence and purchasing power among consumers. The government therefore extended the tax measures by extending the special business tax break by 3 months to March 28, 2010 and the reduction of the transfer and mortgage fees by five months to May 28, 2010.

In 2011, despite the absence of stimulus measures for the property sector, the financial crisis in the euro zone and the massive floods in the latter half continued to weigh on the property sector. Sales of the Company and its subsidiaries were not affected and consumers' decisions had yet to impact their revenue. The Company continued to show steady growth of its core and non-core revenue.

In 2012, consumers' confidence and purchasing power improved as prevailing concerns about floods and incomes eased. Besides, homebuyers began shopping again after delaying their decisions in 2010 and 2011 and consumers' confidence improved. These factors benefited the Company and its subsidiaries, resulting in relatively high growth during the year.

Past performance of each business group

More than 90% of the total revenue of the Company and its subsidiaries came from the property business. In 2010, revenue from the property business made up 94.66% of total revenue. In 2011, the proportion of property business revenue declined as the Company sold its investment in September, leading to a drop in the proportion of property business in total revenue to 83.92%. In 2012, revenue from the property business accounted for 91.29% of total revenue.

Sales Revenue: Sales revenue consists of revenue from land development and construction of immovable assets for sale. The revenue is realized when construction work has been completed by contractual terms and ownerships have been transferred to buyers. The majority of sales revenue between 2010 and 2012 came from sales of single houses, at 71.9%, 61.6% and 67.2% respectively. While the Company and its subsidiaries have focused on building single houses for sale, they have expanded their customer bases by developing for sale other types of residential units; namely, townhouses and condominiums, to meet customers' demand.

In 2010, sales revenue was steady as the protracted political unrest at home persisted, resulting in sales revenue declining before picking up in the latter half of the year. For the whole year, the sales revenue fell by 728.11 million baht to 16,545.29 million baht from the previous year.

In 2011, sales revenue rose by 12.30%, or 2,034.80 million baht, to 18,580.09 million baht.

In 2012, sales revenue jumped by 20.05% or 3,725.28 million baht from the previous year to 22,305.37 million baht.

Lease revenue: In 2010, lease revenue dropped slightly from the previous year to 350.23 million baht, or 2% of total revenue.

In 2011, the Company booked lease revenue of 648.99 million baht, or 2.93% of total revenue, up 85.43% or 298.76 million baht from the previous year. This was because the political situation was more stable than on 2010. Moreover, a new revenue stream came from the L&H Sukhumvit project, which had launched the Terminal 21 shopping center and the Grande Centre Point Hotel in the fourth quarter of 2011.

In 2012, lease revenue was 1,797.15 million baht, or 7.36% of total revenue, up 176.91% or 1,148.15 million baht from the previous year, as the L&H Sukhumvit project had been operational for a full year.

Share in the earnings (losses) of associated companies: In 2010 and 2011, share in the earnings (losses) of associated companies was 1,468.61 million baht and 1,156.14 million baht respectively. In 2010, it increased by 239.99 million baht from 2009 thanks to higher earnings of the associated companies. In 2011, the share in the earnings (losses) of associated companies was 1,156.14 million baht, down 21.27% or 312.47 million baht, from the previous year. The drop was due to the disposal of the Company's entire 25.06% stake in Bangkok Chain Hospital Plc. and the associated companies' weakening operating results. In 2012, the share in the earnings (losses) of associated companies rose 97.39% or 1,126.02 million baht from the level in 2011 on better performances of the associated companies. Part of the increase was due to asset sales by two of the associated companies. The Land and Houses Freehold and Leasehold Property Fund 2 had sold assets to the Land and Houses Freehold and Leasehold Property Fund while Quality Houses Plc. had sold some assets to the Quality Houses Hotel and Residence Freehold and Leasehold Property Fund.

Other incomes: Other incomes consist of profits from the disposal of investments, profits from the reversals of investment impairment, profits from the reversals of losses from project impairment, interest income, utility services fees, dividends receivable and other incomes. Other incomes totaled 582.52 million baht in 2010 and they were 2,909.89 million baht in 2011, largely from the profit from the disposal of the Company's investment in Indonesia and profits from the reversals of investment impairment. In 2012, other incomes were 329.79 million baht, down 2,580.01 million baht from 2011 as there were no investment sales and profits from the reversals of investment impairments during the year.

In 2010, other incomes were 582.52 million baht, mainly utility service fees (163.13 million baht), profits from the disposal of investments (357.81 million baht), mostly from the disposal of investments in Bangkok Chain Hospital Plc. and other incomes (61.58 million baht).

In 2011, other incomes were 2,909.89 million baht, comprising profit from the disposal of investments of 2,490.30 million baht, mainly that of the investment in Bangkok Chain Hospital Plc. of 2,765.54 million baht) and the loss from the disposal of investments in Indonesia of 275.24 million baht while utility service fees were 167.60 million baht and other incomes stood at 251.99 million baht.

In 2012, other incomes of 329.79 million baht consisted of utility service fees of 187.22 million baht, dividends receivable of 48.20 million baht and other incomes of 94.37 million baht.

Sales cost: In 2010, gross profit margin increased to 33.21% as gross profit margin from sales of buildings and land was 33.69% and that of lease revenue was 10.80%. In 2011, gross profit margin fell slightly, representing 32.49% of total revenue. Gross profit margin from the sale of building and land was at 32.64% while that of lease revenue was 28.29%. In 2012, gross profit margin rebounded to 34.48% of total revenue, with that from sales of buildings and land standing at 34.01% and that of lease revenue at 40.30%.

Management expenses: Management expenses in 2010 and 2011 were 1,169.97 million baht and 1,467.62 million baht respectively, representing 6.69% and 6.63% of total revenue respectively. In 2012, management expenses were 1,746.23 million baht, or 7.15% of total revenue, up 18.98% or 278.61 million baht year-on-year.

Sales expenses: Sales expenses excluding special business taxes and transfer fees in 2010 and 2011 stood at 665.95 million baht and 878.33 million baht respectively. The sales expenses rose to 3.75% in 2010 in line with higher marketing, advertisement and public relations expenses. In 2011, sales expenses were 878.33 million baht, representing 3.97% of total revenue and rising by 33.39% or 222.38 million baht from the previous year, thanks to higher advertisement, public relations and sale promotion expenses. In 2012, sales expenses were 909.08 million baht, or 3.72% of total revenue. Compared to the previous year, they increased by 3.51% or 30.75 million baht due to less stringent control of advertisement, public relations and sale promotion costs.

Special business taxes and transfer fees: Special business taxes and transfer fees rose to 466.94 million baht in 2010 as the property-sector stimulus measures in the form of reductions in the special business tax and transfer fee that took effect in the second quarter of 2008 ended in the first quarter of 2010 and the transfer fee reduction expired in the following quarter. In 2011, the special

business tax and transfer fee totaled 716.36 million baht, accounting for 3.24% of total revenue and up 53.42% or 249.42 million baht year-on-year, due to the expiry of the property-sector stimulus measures in the second quarter of 2010. In 2012, special business taxes and transfer fees amounted to 862.23 million baht or 3.53% of total revenue, increasing by 20.36% or 145.87 million baht from the previous year, due to higher sales.

Losses from project impairment: Losses from project impairment from 2010 to 2012 stood at 36.00 million baht, 15.80 million baht and 81.19 million baht respectively.

Earnings before interest and corporate income tax: Earnings before interest and corporate income tax in 2010, 2011 and 2012 stood at 3,861.41 million baht, 6,079.41 million baht and 5,039.64 million baht respectively. In 2012, the Company's profit before interest and corporate income tax dropped by 1,039.77 million baht year-on-year, mainly due to a profit of 2,490.30 million baht from the disposal of its investment in 2011.

Earnings before corporate income tax: Earnings before corporate income tax in 2010, 2011 and 2012 amounted to 5,072.05 million baht, 6,925.95 million baht and 6,833.77 million baht respectively. In 2012, earnings before corporate income tax fell by 1.33% or 92.18 million baht due to a profit from the disposal of investment of 2,490.30 million baht in 2011 while there was no such profit in 2012.

Net profit: Net profits of the Company and its subsidiaries from 2010 to 2012 totaled 3,971.16 million baht, 5,608.56 million baht and 5,635.73 million baht respectively. In 2012, net profit rose 0.48% or 27.17 million baht.

Based on the aforementioned operating results and the profitability ratios of the Company in 2010, 2011 and 2012, its gross profit margins stood at 33.21%, 32.49% and 34.48% respectively. Net profit margins were 22.72%, 25.33% and 23.07% respectively.

Earnings per share: Based on the average number of shares in 2010, 2011 and 2012 at 10,025.92 million shares, basic earnings per share were 0.40, 0.56 and 0.56 baht respectively.

Dividends payable: Based on the operating results, the Company considered paying dividends for its performances in 2010, 2011 and 2012 as follows:

	Dividend rate (%)	Dividends (million baht)	Date of payment
Dividends for 2010 operations	85.85	1,604 1,805	September 10, 2010 May 19, 2011
Dividends for 2011 operations	71.50	1,704 2,306	September 9, 2011 May 18, 2012
Dividends for 2012 operations	80.04	2,005 1,002 1,504	September 12, 2012 December 12, 2012 May 22, 2013

Dividend payment for 2010 operations The Board of Directors approved the payment of an interim dividend of 0.16 baht a share (at one-baht par), totaling 1,604 million baht, at its August 11, 2010 meeting. The shareholders' meeting approved on April 26, 2011 the payment of an additional interim dividend for 2010 operations at the rate of 0.18 baht per share, totaling 1,805 million baht, paid on May 19, 2011. Total dividends therefore amounted to 3,409 million baht or 85.85% of net profit.

Dividend payment for 2011 operations The Board of Directors approved on August 25, 2011 the payment of an interim dividend of 0.17 baht per share (at one-baht par) for the operations in the first six months of 2011, totaling 1,704 million baht. The shareholders' meeting on April 26, 2012 also approved an additional interim dividend of 0.23 baht, totaling 2,306 million baht. Total dividends therefore amounted to 4,010 million baht, representing 71.50% of net profit.

Dividend payment for 2012 operations The Board of Directors approved on August 14, 2012 the payment of an interim dividend of 0.20 baht per share (at one-baht par) for the 2012 operations, totaling 2,005 million baht, paid on September 12, 2012. It also approved on November 13, 2012 an additional interim dividend for the 2012 operations at the rate of 0.10 baht (at one-baht par), totaling 1,002 million baht, paid on December 12, 2012. The Board of Directors also approved on February 28, 2013, an additional interim dividend of 0.15 baht, totaling 1,504 million baht. Total dividends therefore amounted to 4,511 million baht, representing 80.04% of net profit.

(b) Financial position

Assets

Total assets of the Company and its subsidiaries as of the end of 2010, 2011 and 2012 stood at 54,603.72 million baht, 60,832.59 million baht and 64,401.45 million baht respectively. Since the Company operates the business of developing real estate by building pre-built houses and launching new projects regularly, its core assets are in the form of inventories, comprising land and projects under development. Next in importance are assets in the form of long-term investments, investments in subsidiaries and associated companies and leasehold rights and buildings under leasehold rights. Details of the Company's assets are as follows:

Inventories: Outstanding inventories as of the end of 2010, 2011 and 2012 were valued at 27,054.25 million baht, 31,471.83 million baht and 32,536.63 million baht, representing 49.55%, 51.74% and 50.52% of total assets respectively. The Company separated the accounts of the undeveloped land of its own and its subsidiaries, as well as its related expenses, totaling 4,762.28 million baht, 4,681.31 million baht and 4,362.78 million baht as of the end of 2010, 2011 and 2012 respectively. The amounts were booked as land pending development and shown under non-current assets. They will be booked as inventories once development begins.

Net accounts receivable Net accounts receivable of the Company as of the end of 2010, 2011 and 2012 were 18.32 million baht, 104.51 million baht and 120.25 million baht respectively and were under the leasing business.

Investment in associated companies: Investment in associated companies as of the end of 2010 increased to 12,524.75 million baht as a result of the following:

(1) Quality Construction Products Plc. The Company, as part of the majority shareholder group of Quality Construction Product Plc. (Q-CON), signed a contract to sell Q-CON shares to SCG Building Materials Co., Ltd. For its part, the Company sold 40,997,330 of its shares in Q-CON, representing 10.25% of all sold Q-CON shares, at four baht each. After the sale, the Company has 84,627,680 shares or 21.16% of Q-CON. As a result of the sale, the Company booked a profit from the disposal of investments of 77 million baht in its consolidated financial statement (including capital surplus from share premium of associated companies which was booked as profit from the disposal of the investment of 44 million baht). It was listed as profit from investment in the consolidated income statement of the current period. Furthermore, the disposal of the investment resulted in profit from the disposal of investments in the Company's income statement for the current period of 77.2 million baht. On March 2, 2010, the Company signed a 3-year contract to buy autoclaved aerated concrete blocks from Q-CON in minimum quantities and at fixed prices as specified in the contract.

(2) Home Product Center Plc. During the year, holders of Home Product Center Plc. warrants exercised their right to convert the warrants into 27.6 million ordinary shares and the Company bought an additional 17.4 million shares. As a result, the Company's stake in Home Product Center Plc. rose from 29.99% to 30.24%. On October 29, 2010, Home Product Center Plc. paid dividend in cash at the rate of 0.0193 baht and as dividend shares at the rate of one dividend share for six existing shares. The Company received dividend of 21.8 million baht and 188 million dividend shares.

(3) LH Financial Group Plc. During the year, LH Financial Group registered a change in its par value from 10 baht to one baht on January 27, 2010. As a result, the number of shares the Company held increased from 112.9 million shares at 10-baht par to 1,129 million shares at one-baht par. In March 2010, LH Financial Group Plc offered new ordinary shares for sale at the ratio of one new share for one existing share at the price of one baht each under its capital increase program. The Company was allocated 1,129 million new shares for the total cost of 1,129 million baht which it paid on April 1, 2010

As of the end of 2011, investments in associated companies of Company and its subsidiaries increased to 14,378.92 million baht due to the following reasons:

1) Home Product Center Plc. During the year, holders of Home Product Center Plc warrants exercised the right to convert the warrants into 28.5 million ordinary shares. This led to the shareholding of the Company declining from 30.24% to 30.07%. On April 5, 2011, Home Product Center Plc. paid dividend in cash at the rate of 0.0193 baht a share and as dividend shares at the ratio of six existing shares for one dividend share. The Company was paid dividend in cash for the amount of 25.4 million baht and 219.4 million dividend shares on April 29, 2011.

((2) LH Financial Group Plc. In May 2011, LH Financial Group Plc. launched its initial public offering by floating 1,443 million shares with the par value of one baht at 1.40 baht each. Since the Company had not increased its investment in LH Financial Group Plc., its shareholding in the associated company was diluted from 40.95% to 35.75%. The capital increase by the associated company resulted in an increase in the value of the Company's investment in associated companies under the equity method by 136.1 million baht, which was booked under other incomes in the consolidated profit and loss statement of the current accounting period.

(3) Bangkok Chain Hospital Plc. In March 2011, the Company sold its entire stake in Bangkok Chain Hospital Plc, totaling 416.6 million shares, at 8.50 baht each. The sale generated a net return from the disposal of investments of 3,501 million baht of which 2,765.54 million baht was profit from the disposal of investments.

As of the end of 2012, the Company and its subsidiaries had investments in associated companies totaling 14,104.71 million baht. They comprised:

(1) LH Financial Group Plc. In April 23, 2012, the associated company approved at its shareholders' meeting a share dividend payment at the rate of 30 existing shares to one dividend share, or 0.0333 baht a share, and a cash dividend at the rate of 0.0037 baht a share. The Company received 136 million dividend shares and 15 million baht in cash dividend. In May 2012, the Company averaged the cost of its investments in the associated company by combining the cost of the dividend shares with the existing cost.

(2) Home Product Center Plc. During the year, the Company bought 12 million more Home Product Center shares at a cost of 162 million baht. Holders of Home Product Center warrants also exercised the right to convert the warrants into 32 million ordinary shares. These resulted in the Company's holding increasing slightly to 30.11% from 30.07%.

(3) Land and Houses Freehold and Leasehold Property Fund 2 Unit holders of the Land and Houses Freehold and Leasehold Property Fund 2 resolved at its August 1, 2012 meeting a proportional reduction of the fund's capital for the amount of 2,001 million baht. The Company was repaid 1,001 million baht for its investment in the Fund based on its 49.99% holding in the same month.

(4) Quality Houses Plc. Shareholders of Quality Houses Plc. approved at its April 20, 2012 ordinary meeting a dividend payment in the form of ordinary shares at the rate of 12 existing shares to one dividend share, or 0.08333 baht a share, and cash at the rate of 0.00926 baht a share. The Company received 176 million dividend shares and 20 million baht in cash dividend. In May 2012, the Company averaged the cost of its investment in Quality Houses Plc. by combining the cost of the dividend shares with its existing shares.

(5) Starmalls, Inc. (formerly Polar Property Holding Corporation) In June 2012, Polar Property Holding Corporation, one of the Company's associated companies, restructured its shareholding and raised capital to buy 99% of the paid-up capital of Manuela Corporation, which operates a shopping-mall business in the Philippines. Polar Property Holding Corporation also changed its name to Starmalls, Inc. The shareholding restructuring resulted in the Company's stake of 1,223 million shares, or 25% of paid-up capital, being diluted to 808 million shares, or 9.6% of Starmalls, Inc.'s paid-up capital. The Company therefore re-classified the item as investment in securities available for sale instead of investment in associated companies. It was booked under investments in debt securities and equity securities, of which difference between book value and fair value shall be realized on the transfer date of shareholders' equity. The Company therefore realized a profit of 1,228 million baht from the reclassification of the item as investment in securities for sale in the shareholders' equity part of the consolidated financial statement and of 1,502 million baht in the Company's financial statement. The item is booked as capital surplus under other items in the shareholders' equity section of the Statement of Financial Position.

Long-term investments: Long-term investments at the end of 2010, 2011 and 2012 were valued at 1,108.69 million baht, 455.97 million baht and 3,208.56 million baht, accounting for 2.03%, 0.75% and 4.98% of total assets respectively. In 2012, long-term investments rose by 2,752.59 million baht year-on-year, due to the reclassification of its investment in Starmalls, Inc. from an investment in associated companies to long-term investment worth 2,142.34 million baht and the investment in the Land and Houses Freehold and Leasehold Property Fund worth 495 million baht.

As of the end of 2010, long-term investments stood at 1,108.69 million baht, up 36.56 million baht, due to lower revaluation allowance of securities available for sale.

As of the end of 2011, the Company set an impairment allowance for its investments in Indonesia of 622 million baht because at the time the companies had high accumulated losses and low profitability. It would take a long time for the companies to recover, depending on various uncontrollable factors. The Company considered the impairment allowance for its remaining investments in the companies in the first quarter of 2011. It sold the investments in the fourth quarter of the same year for a net return of 347 million baht.

In 2012, the Company invested an additional 495 million baht in the Land and Houses Freehold and Leasehold Property Fund. It also reclassified its investment in Starmalls, Inc. worth 2,142.34 million baht as securities available for sale from an investment in associated companies.

Land pending development: As of the end of 2010, land pending development was valued at 4,762.28 million baht. It comprised land pending development worth 4,564.56 million baht (after an impairment allowance of 861.95 million baht), up 145.90 million baht from 2009, and land under purchase/sale contracts, which had a net value of 197.71 million baht (after an impairment allowance of 84.72 million baht).

At the end of 2011, land pending development totaled 4,681.31 million baht. It comprised land pending development worth 4,483.59 million baht (after an impairment allowance of 774.02 million baht) and land under purchase/sale contracts, which had a net value of 197.71 million baht (after an impairment allowance of 84.72 million baht).

At the end of 2012, land pending development totaled 4,362.78 million baht. It comprised land pending development worth 4,165.06 million baht (after an impairment allowance of 792.85 million baht) and land under purchase/sale contracts, which had a net value of 197.71 million baht (after an impairment allowance of 84.72 million baht).

Immovable assets for investment: In 2010, 2011 and 2012, the Company had immovable assets for investment worth 412.30 million baht, 386.51 million baht and 313.51 million baht. In 2010 and 2011, they were the L&H Villa Sathon project, which was sold to the Land and Houses Freehold and Leasehold Property Fund in 2012. As of the end of 2012, the immovable assets for investment were apartments in California, the United States, bought by its subsidiary Land and House USA., inc. in December 2012.

Land, buildings and equipment: In 2010, the Company's land, buildings and equipment had a net value of 488.17 million baht, down 1,322.59 million baht. The decrease was due to the transfer of assets during construction worth 1,432.86 million baht, mostly buildings under construction of the L&H Sukhumvit project, which comprised Terminal 21 shopping center and Grande Centre Point Hotel operated by L&H Property Co., Ltd. to the other assets-leasehold rights category of 4,935.42 million baht.

In 2011, the net value of land, buildings and equipment stood at 638.42 million baht, up 150.25 million baht from the end of 2010.

In 2012, the net value of land, buildings and equipment stood at 650.99 million baht, up 12.57 million baht from the end of 2011.

The Company and its subsidiaries had some buildings and equipment of which depreciation cost has already been deducted in full but were still in use. They had a book value before accumulated depreciation deduction and depreciation allowances of 536 million baht and in 2011 they were worth 323 million baht.

Leasehold rights: In 2010, 2011 and 2012, the Company and its subsidiaries had leasehold rights worth 4,933.72 million baht, 6,870.71 million baht and 6,733.75 million baht respectively. They consisted of the leasehold rights for Grande Centre Point Ratchadamri hotel and the L&H Sukhumvit project, which comprises Terminal 21 shopping center and Grande Centre Point Hotel & Residence-Terminal 21 hotel.

Asset Quality

(1) Inventories

As of December 31, 2010, outstanding inventories stood at 27,141.42 million baht while the allowance for their impairment was 87.17 million baht. Their net book value was therefore 27,054.25 million baht.

As of December 31, 2011, outstanding inventories stood at 31,546.04 million baht, up 4,404.62 million baht from the end of 2010, due to project development, more land purchases and the allowance for their impairment of 74.22 million baht. Their net book value was therefore 31,471.83 million baht.

As of December 31, 2012, outstanding inventories stood at 32,650.26 million baht, up 1,104.22 million baht from the end of 2011, due to project development. Product impairment allowances were 113.63 million baht and outstanding inventories had a net book value of 32,536.63 million baht. During the year, the Company had an appraiser assess the fair value of the land held for development

using the market comparison approach and the hypothetical development or residual valuation as the criteria in determining the asset value. The independent appraiser appraised the fair value of the projects at levels higher than their net book value. The Company and its subsidiaries combined borrowing costs with the costs of land and construction work in progress using the capitalization rate, which is the weighted average rate of the loans. During the year, the Company and its subsidiaries booked an additional 54 million baht as impairment allowances of unsold houses and land based on market value and accounting value.

(2) Long-term investments: Long-term investments as of the end of 2012 are as follows:

Unit: million baht

	Securities available for sale	General investments	Total
Equity securities	3,152.27	250.27	3,402.54
Less: Allowances for revaluation	(156.74)	(37.06)	(193.80)
Less: Allowances for impairment of investments	-	-	-
Total	2,995.53	213.20	3,208.56

Liquidity

The Company is prudent in its spending in order to maintain its liquidity by investing in housing projects, such as buying land and constructing more projects to suit the business environment and repaying its debts. The Company has a policy of managing its cash and cash equivalents to match the operating environment.

(unit: million baht)	2010	2011	2012
Cash flow from operating activities	(751.78)	(1,010.88)	5,007.96
Cash flow from investing activities	(1,423.34)	137.86	884.90
Cash flow from financing activities	2,138.16	(58.69)	(5,629.85)

In 2010, cash and cash equivalents fell by 36.95 million baht due to operating and financing activities.

In 2011, cash and cash equivalents were down by 931.72 million baht due to operating and investing activities.

In 2012, cash and cash equivalents rose 262.70 million baht from operating and investing activities.

In 2010, net profit was 3,971.16 million baht and cash flow from operating activities was minus 751.78 million baht due to a rise in inventories of 3,703 million baht and non-cash shared profit from investments in associated companies of 1,468.61 million baht.

In 2011, net profit was 5,608.13 million baht and cash flow from operating activities was minus 1,010.88 million baht due to an increase in outstanding inventories of 3,617.27 million baht and non-cash shared profit from associated companies of 1,156.14 million baht, as well as profit from disposal of investments of 2,490.30 million baht.

In 2012, net profit was 5,635.73 million baht and cash flow from operating activities was 5,007.96 million baht on the back of an increase in other current assets of 615.51 million baht.

Cash flow from investing activities: In 2010, cash flow from investing activities was minus 1,423.34 million baht, primarily due to the purchases of buildings and equipment of 1,377.69 million baht.

Cash flow from investing activities was 137.86 million baht in surplus in 2011, mainly due to the disposal of investments totaling 3,500.66 million baht, which was re-invested in other subsidiaries and associated companies and in additional leasehold rights in the amount of 1,806.69 million baht and 2,062.65 million baht respectively.

In 2012, cash flow from investing activities was a surplus of 884.89 million baht, primarily because of the capital reduction of an associated company of 1,000.53 million baht, dividends from associated companies of 661.95 million baht and an increase in long-term investments of 495 million baht.

Cash flow from financing activities: In 2010, the cash flow from financing activities was 2,138.16 million baht in surplus, primarily due to the receipts of short-term and long-term loans, and the issuance of local debentures of 2,902.22 million baht, 2,821.50 million baht and 4,000 million baht respectively. The funds were used to repay debentures and the current portion of loans and interest of 2,000 million baht, 2,225.57 million baht and 809.42 million baht respectively.

In 2011, the cash flow from financing activities was minus 58.69 million baht, primarily due to the receipts of short-term and long-term loans of 6,621.53 million baht and the repayments of debentures and loans with interest of 3,052.11 million baht and dividend payments of 3,487.33 million baht.

In 2012, the cash flow from financing activities was minus 5,629.84 million baht, primarily due to dividend payments of 5,266.33 million baht.

Important liquidity ratios

Liquidity ratios in 2010 and 2011 were 3.19 and 2.83 times respectively while quick ratios over the two years were 0.23 and 0.11 times respectively. The liquidity and quick ratios were steady in 2010 before falling in 2011 due to a decrease in current assets, particularly cash.

In 2012, the liquidity ratio was 3.06 times while the quick ratio stood at 0.14 times. They rose from the levels in 2011 due to an increase in current assets, especially cash, which grew by 262.70 million baht.

Creditor ratios fell to 10.89 times in 2010 and 7.06 in 2011, with the repayment period standing at 33 and 51 days respectively.

In 2012, the creditor ratio was 7.35 while the repayment period shortened to 49 days.

Investment expenses

Over the last few years, the Company invested more in land plots with high potential at reasonable prices for development into housing projects, which is its core business, and in companies engaged in operations related to its core business.

In 2010, the Company sold 41 million shares in Quality Construction Products Plc. at 4 baht each for 164 million baht, leaving it with a 21.16% stake, or 84.60 million shares. The transaction generated a profit from the disposal of investments of 77 million baht in the consolidated financial statement. The Company also bought 1,129 million new shares issued by LH Financial Group Plc. under its capital increase program for 1,129 million baht in proportion to its holding. As well, the reversal of the impairment allowance of 344.70 million baht for the investment was reflected in the income statement of the current period (as the company turned a profit and could pay dividends). Also during the year, the Company sold 61 million shares of its investment in Bangkok Chain Hospital Plc, resulting its holding reduced from 28.73% to 25.06%. The disposal of the investment generated a profit from the disposal of investments of 280.80 million baht in the consolidated financial statement. As well, the Company converted the warrants of Home Product Center Plc. into 17.40 million more ordinary shares, increasing its stake from 29.99% to 30.26%.

In 2011, the Company received 219.4 million dividend shares of Home Product Center Plc. The stock dividend payment, together with the exercise of warrants into 27 million shares, diluted the Company's holding from 30.24% to 30.07%. In March 2011, the Company sold all of its investment in Bangkok Chain Hospital Plc. totaling 416.6 million shares at 8.5 baht each. The transaction generated a net return of 3,501 million baht and a profit from the disposal of investments. The share of profit from investments in the associated company from the beginning of the accounting period to the sale date totaled 29.9 million baht. In May 2011, LH Financial Group Plc. made an initial public offering of 1,443 million shares with the par value of 1 baht at 1.40 baht each. Since the Company did not increase its investment in LH Financial Group Plc., its shareholding in the associated company was diluted from 40.95% to 35.75%. The capital increase of the associated company resulted in the value of its investment in the associated company under the equity method increasing by 136.1 million baht, which was booked under other incomes in the profit and loss statement of the current accounting period. The Company also sold all of its investments in the ordinary and preferred shares of 5 listed companies in Indonesia in the fourth quarter. It received 347 million baht in cash from the sale and booked 275 million in losses from the disposal of the investments.

In 2012, the Company received 136 million dividend shares from LH Financial Group Plc and 15 million baht in cash dividends in May. Holders of LH Financial Group Plc's warrants exercised the right to convert them into 124 million ordinary shares, resulting in the Company's holding into the company being diluted from 35.43% to 35.07%. During the year, the Company also bought 12 million more Home Product Center Plc.'s shares for 162 million baht. Holders of Home Product Center Plc.'s warrants exercised their right to convert 32 million of the company's warrants into ordinary shares during the year. The Company's holding in Home Product Center Plc. therefore changed from 30.07% to 30.11%. In August 2012, Land and Houses Freehold and Leasehold Property Fund 2 approved a capital reduction, resulting in the Company being repaid 1,001 million baht in proportion to its 49.99% holding. In April 2012, Quality Houses Plc. approved dividends in the form of ordinary shares and cash. The Company received 176 million dividend shares and cash dividends worth 20 million baht.

Fund sources

The Company's debt-to-equity ratios as of the end of 2010, 2011 and 2012 were 0.91, 1.00 and 1.01 times respectively. The upward trend was the result of more borrowings for more investments in the subsidiaries and associated companies, resulting in an increase of its debt-to-equity ratio.

As of the end of 2010, shareholders' equity stood at 28,551.44 million baht, up 1,208.04 million baht as a result of net operating profit of 3,971.16 million baht and a decline in shareholders' equity after dividend payments of 2,584.96 million baht.

As of the end of 2011, shareholders' equity was 30,472.24 million baht, up 1,920.80 million baht on net operating profit of 5,608.56 million baht. The shareholders' equity dropped after the payment of dividends totaling 3,487.33 million baht.

As of the end of 2012, shareholders' equity was 31,963.52 million baht, up 1,491.28 million baht on net operating profit of 5,635.73 million baht. The shareholders' equity dropped after the payment of dividends totaling 5,266.33 million baht and a capital surplus from the reclassification of its investment in Starmalls, Inc. worth 1,227.78 million baht.

Liabilities

Consolidated liabilities as of the end of 2010, 2011 stood at 26,052.28 million baht and 30,360.35 million baht respectively. As of the end of 2012, they were 32,437.93 million baht. Major liabilities were long-term debts (9,162.65 million baht), debentures (11,000 million baht), current portion of long-term debts (5,545.01 million baht) and trade accounts payable (2,145.85 million baht). So far, the Company and its subsidiaries have repaid debts on time.

Liabilities of the Company and its subsidiaries as of December 31, 2012

Company	Type of debts	Amount (million baht)	Interest rate	Collateral	Due date
LH	Bills of exchange	1,219	2.9 – 4.05%		
	Long-term loan	2,000	Years 1-2 = 4.11% Subsequent years = MLR-1.75%		Within 4 years from the date the first lot is drawn
	Long-term loan	1,391	Years 1-3 = 4.0% Subsequent years = MLR-1.75%	Land with buildings of projects	Within 4 years from the date the first lot is drawn
	Long-term loan	2,000	Years 1-3 = 5.0% Years 4-5 = 4.05%	None	Within 5 years, minimum repayment of 1,000 million baht from the end of third year
	Long-term loan	815	Years 1-3 = 3.95% Subsequent years = MLR-1.75%	Land and buildings of projects	Within 4 years from the date the first lot is drawn
	Long-term loan	346	Years 1-5 and subsequent years = MLR-2.25%	Land	Within 5 years from the date the first lot is drawn
	Local debenture 1/2552	2,000	Fixed at 4.50%	None	5.5 years, to be redeemed on June 19, 2015
	Local debenture 1/2553	1,000	Fixed at 3.40%	None	3.5 years, to be redeemed on September 30, 2013
	Local debenture 2/2553	2,000	Fixed at 3.00%	None	3 years, to be redeemed on March 29, 2013
	Local debenture 3/2553	1,000	Fixed at 2.89%	None	3 years, to be redeemed on July 27, 2013
	Local debenture 1/2554	2,500	Fixed at 3.54%	None	3 years, to be redeemed on January 20, 2014
	Local debenture 1/2555-1	900	Fixed at 3.85%	None	2.5 years, to be redeemed on September 30, 2014
	Local debenture 1/2555-2	3,100	Fixed at 3.99%	None	3 years, to be redeemed on March 30, 2015
	Local debenture 2/2555	2,500	Fixed 4.1%	None	3 years, to be redeemed on September 30, 2015

Company	Type of debts	Amount (million baht)	Interest rate	Collateral	Due date
LHM & subsidiaries	Long-term loan	247	MLR-1.5 years	Land and buildings of projects	Repaid at the rate of 60% of the selling prices of houses and land, principal to be repaid within 5 years from the date the first lot is drawn
	Long-term loan	334	MLR-2.0%	Land and buildings of projects	Repaid at the rate of 60% of the selling prices of houses and land, principal to be repaid within 5 years from the date the first lot is drawn
	Long-term loan	214	Year 1= MLR -1.5% Years 2-4 = MLR-1 Year 5 = MLR -1.25%	Project land, shares of the company and related companies	Repaid at the rate of 70% of land selling price
LHP	Long-term loan	813	Years 1-3 = MLR-1.5%, subsequent years = MLR-1.0% or fixed deposit interest rate +2.5%, whichever is higher	Leasehold rights of project land and buildings	Repaid within December 2017
	Long-term loan	2,547	Years 1-4 = MLR-1.5% Years 5-8 = MLR-1.0% Subsequent years = MLR-0.75%	Project land and shares of the company and related companies	Within 12 years from the date the first lot is drawn from January 2013
	Total liabilities	26,926			

LH =Land & Houses Plc.,LHM =L&H Muang Mai Co., Ltd.,LHP = L&H Property Co., Ltd.

(c) Major factors and influences that may affect future operations or financial position

Future obligations and liabilities

1. As of December 31, 2012, the Company and its subsidiaries had obligations under construction contracts worth 2,904 million baht.

2. As of December 31, 2012, L&H Property Co., Ltd. and its subsidiaries had obligations under a lease agreement for land with buildings for construction of buildings for lease as follows:

(a) Lease agreement for land with buildings

Agreement date	Agreement period	Maturity date	Rental rate
June 7, 2005	30 years*	May 31, 2038	From June 1, 2008 but if the construction of the buildings completes before this date, the rental period shall begin immediately in which case the following progressive monthly rental rates shall apply: - 1 st -5 th year, total rental payment of 33.15 million baht (31.12 million baht already paid) - 6 th -10 th year, total rental payment of 42.31 million baht - 11 th -15 th year, total rental payment of 54.00 million baht - 16 th -20 th year, total rental payment of 68.92 million baht - 21 st -25 th year, total rental payment of 87.97 million baht - 26 th -30 th year, total rental payment of 112.27 million baht

* The lease term starts from June 1, 2008 (3 years after construction)

Furthermore, L&H Property Co., Ltd. is committed to paying security expenses at the rate of 11,160 baht a month throughout the construction period and the lease term.

(b) Land lease agreement

Agreement date	Agreement period	Rental and leasehold rights fee
March 10, 2006	30 years*	<ul style="list-style-type: none"> - Leasehold rights fee of 500 million baht (already paid up) - Rental fee is to be monthly paid as follows: - 1st–5th total rental of 20.16 million baht (9.41 million baht already paid) - 6th–10th total rental of 23.18 million baht - 11th–15th total rental of 26.66 million baht - 16th–20th total rental of 30.66 million baht - 21st–25th total rental of 35.25 million baht - 26th–30th total rental of 40.54 million baht

* Although the lease term is from September 1, 2010 to August 31, 2040, the lessor agreed to allow L&H Property Co., Ltd. to enter the plot to develop and construct buildings from September 1, 2007 to August 31, 2010, with L&H Property agreeing to pay 160,000 baht a month as an additional leasehold rights fee.

3. As of December 2012, the Company had an obligation to pay the unpaid portion of Land And Houses U.S.A., Inc.'s capital worth US\$8.7 million baht.

4. As of December 31, 2012, L&H Property Co., Ltd. and its subsidiaries had an obligation to pay a management fee of 66.20 million baht to Asia Asset Advisory Co., Ltd, one of the Company's associated companies.

5. As of December 31, 2012, L&H Property Co., Ltd. was obliged to pay the following management fees to the Company as follows:

Associated company	Fee rate	Term of contract
Quality Houses Plc.	<ul style="list-style-type: none"> - 2% of total revenue plus a 5.5% premium of the operating profit - a software service fee of 100,000 baht a month - incurred expenses related to project management plus a premium of 15% 	3 years from October 1, 2010
Q.H. International Co., Ltd.	<ul style="list-style-type: none"> - A monthly project management fee of 80,500 baht - A monthly accounting and computer service fee of 75,000 baht - A monthly personnel management service of 53,500 baht 	2 years from January 1, 2011

6. As of December 31, 2012, L&H Property Co., Ltd. and its subsidiary had an obligation to pay Siam Retail Development Co., Ltd., a related company, a commission fee for tenants at Terminal 21 shopping center according to the contract's terms.

7. As of December 31, 2012, the Company and its subsidiaries had land-purchase obligations totaling 2,490 million baht.

8. Bank guarantee letters

As of December 31, 2012, the Company and its subsidiaries had guarantee letters issued by banks on behalf of the Company and its subsidiaries with a total outstanding amount of 2,095 million baht, compared to 1,620 million baht in 2011. The guarantee burden is a normal practice and obligations of the Company and its subsidiaries.

(Unit: million baht)

	Consolidated financial statement	
	2012	2011
Guarantee letters for the provision and maintenance of utilities	2,014	1,543
Guarantee letters for electricity usage	51	55
Other guarantee letters	30	22
	2,095	1,620

As of December 31, 2012, the Company and its subsidiaries had potential liabilities of 7 million baht from guaranteeing their customers.

Legal disputes

As of December 31, 2012, the Company and its subsidiaries faced a number of lawsuits, the major ones are as follows:

(a) In 2006, the juristic persons of two subdivision villages filed lawsuits against the Company and one of its subsidiaries involving public access, seeking damages totaling 1,013.5 million baht. In June 2009, the plaintiffs sought to reduce the damages to 800 million baht. In February 2009, the Company was sued for additional damages of 412.30 million baht under the Act on Land Subdivision and the Act on Consumer Protection. At present, the cases are being heard in court. However, the Company allocated an allowance for the debts that may be incurred under the lawsuits totaling 25 million baht. On August 10, 2012, the Court of First Instance ruled on the civil case with damages of 102 million baht between the Company and the two subdivision villages. The Company was ordered to pay 104 million baht including interest at the rate of 7.5% a year from December 8, 2008 to the date the amount is fully paid. The Company's Management and legal advisors were of the opinion that the Company should set aside an allowance for such potential liabilities including interest worth 136 million baht. In any case, the Company prepared to appeal the case for clarity.

(b) The Company and its subsidiaries were sued in other cases with damages totaling 524 million baht (68 million baht in 2011). The Court of First Instance and the Appeals Court ruled that the Company and its subsidiaries had to pay damages including interest totaling 50 million baht (12 million baht in 2011). The Company and its subsidiaries booked an allowance for the damages as advised by its Legal Department for the amount of 50 million baht (12 million baht in 2011).

Associated companies

A number of lawsuits were filed against the Company's associated companies, the major ones of which are as follows:

(a) Land and Houses Property Fund ("the Fund") was the second defendant in a civil case in which the plaintiff charged it with fraudulently accepting the transfer of land with buildings under the Lang Suan Ville condominium project from Wave Development Co. Ltd., which is the plaintiff's debtor. The Court of First Instance and the Appeals Court dismissed the case. In 2008, the plaintiff appealed the case with the Supreme Court and at present the case is being heard. The legal counselor of the Fund is of the opinion that the Fund will not be affected by the outcome of the case because the Fund is a preferred creditor of the pledged assets, with a preferential right to debt repayment in the event of the debtor's bankruptcy over other creditors. Furthermore, the prices of assets to be liquidated for debt repayment were reasonable as they had been appraised by an independent appraiser.

(b) The Land and Houses Freehold and Leasehold Property Fund 2 ("the Fund") was sued by the juristic person of a condominium in a case involving damaged common assets for damages of 51.60 million baht plus interest at the rate of 7.5% a year from the date the lawsuit was filed. On November 8, 2010, the South Bangkok Civil Court dismissed the case. The plaintiff appealed the case and on June 27, 2012, the Appeals Court upheld the ruling of the Court of First Instance. As the plaintiff did not appeal to the Supreme Court by the October 25, 2012 deadline, the case was considered final.

Audit fee

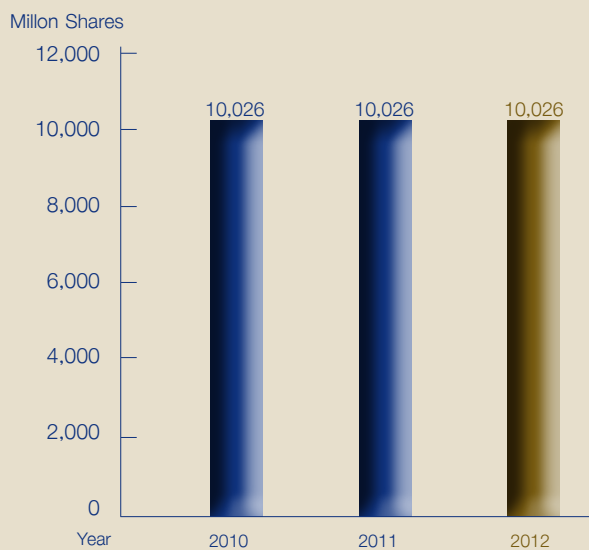
1. Audit fee In 2012, the Company paid an audit fee to Ernst & Young Co., Ltd, the details of which are as follows:

Audit fee of the Company	1,400,000	baht
Audit fee for subsidiaries	2,090,000	baht
Total	3,490,000	baht

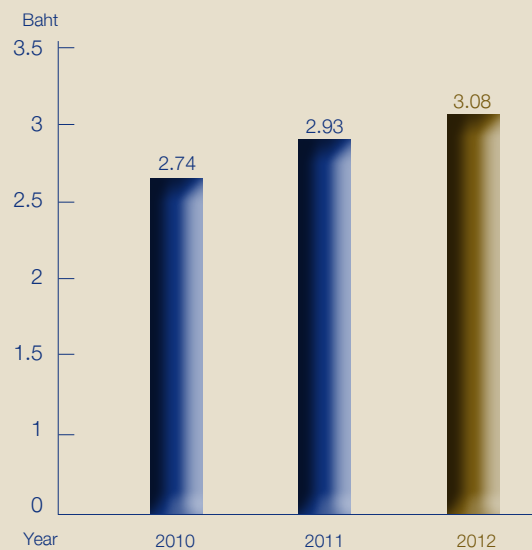
2. Non-audit fee None

COMPARATIVE 3 YEARS FINANCIAL STATISTICS

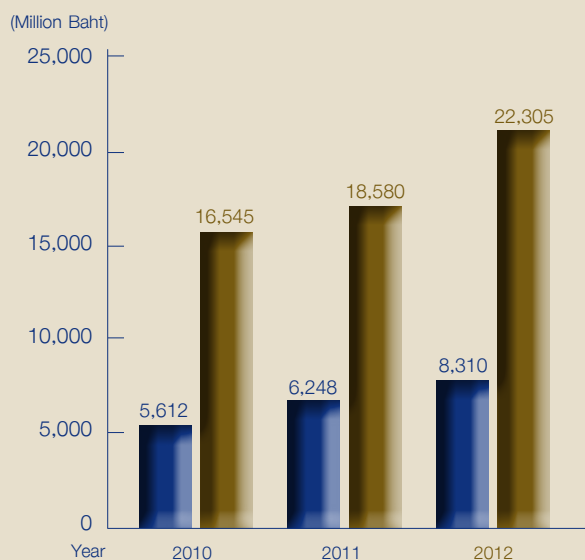
NUMBER OF OUTSTANDING SHARES (million shares)



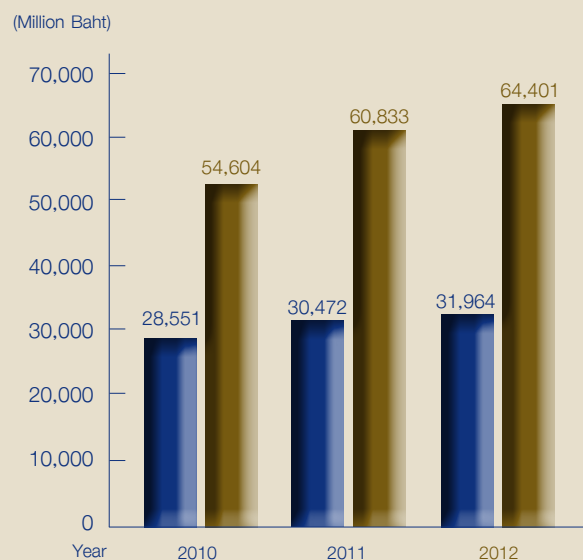
BOOK VALUES (Baht)



RESULT OF OPERATION (Million Baht)



TOTAL ASSETS AND SHARE HOLDERS' EQUITY (Million Baht)



■ GROSS PROFIT
■ SALES

■ SHARE HOLDERS' EQUITY
■ TOTAL ASSETS

	2012	2011	2010
• ASSETS (MILLION BAHT)			
TOTAL ASSETS	64,401	60,833	54,604
INVENTORIES	32,537	31,472	27,054
INVESTMENT	17,313	14,835	13,633
• LIABILITIES AND SHARE HOLDERS'EQUITY (MILLION BAHT)			
SHORT TERM LOAN	7,319	8,762	6,182
LONG TERM LOAN	20,163	17,941	16,137
TOTAL LIABILITIES	32,438	30,360	26,052
PAID UP SHARE CAPITAL	10,026	10,026	10,026
SHARE HOLDERS' EQUITY	31,964	30,472	28,551
• RESULT OF OPERATION (MILLION BAHT)			
SALES	22,305	18,580	16,545
TOTAL REVENUES	24,432	22,139	17,478
GROSS PROFIT	8,310	6,248	5,612
NET PROFIT	5,636	5,609	3,971
• PER SHARE FIGURE (BAHT)			
BOOK VALUE	3.08	2.93	2.74
EARNING	0.56	0.56	0.40
• RATIO			
CURRENT RATIO	3.06	2.83	3.19
QUICK RATIO	0.14	0.11	0.23
• PROFITABILITY RATIO			
GROSS PROFIT MARGIN	34.48%	32.49%	33.21%
OPERATION PROFIT MARGIN	17.52%	14.87%	17.88%
NET PROFIT MARGIN	23.07%	25.33%	22.72%
RETURN ON EQUITIES	18.71%	19.71%	14.79%
• EFFICIENCY RATIO			
RETURN ON ASSETS	9.00%	9.72%	7.82%
• FINANCIAL POLICY RATIO			
DEBT / EQUITIES RATIO	1.01	1.00	0.91
INTEREST COVERAGE RATIO	4.87	3.25	2.65
• NUMBER OF OUTSTANDING SHARES (million shares)	10,026	10,026	10,026

Land and Houses Public Company Limited and its subsidiaries

Financial Ratio

As at 31 December 2012, 2011 and 2010

		Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
• Liquidity Ratio				
Current Ratio	(Times)	3.06	2.83	3.19
Quick Ratio	(Times)	0.14	0.11	0.23
Quick Ratio (Cash Basis)	(Times)	3.51	0.74	0.47
Account Receivable Turnover	(Times)	-	-	-
Average Collection Period	(Days)	-	-	-
Inventory Turnover	(Times)	0.46	0.43	0.44
Average Sales Period	(Days)	783	842	821
Account Payable Turnover	(Times)	7.35	7.06	10.89
Payment Period	(Days)	49	51	33
Cash Cycle	(Days)	736	792	788
• Profitability Ratio				
Gross Profit Margin	(%)	34.48%	32.49%	33.21%
Operating Profit Margin	(%)	17.52%	14.87%	17.88%
Other Profit Margin	(%)	10.69%	18.37%	11.74%
Operating Profit Margin (Cash Basis)	(%)	104.50%	-31.74%	-22.65%
Net Profit Margin	(%)	23.07%	25.34%	22.72%
Return On Equity	(%)	18.71%	19.71%	14.79%
Basic Earnings Per Share	(Baht/Share)	0.56	0.56	0.40
Diluted Earnings Per Share	(Baht/Share)	0.56	0.56	0.40
• Efficiency Ratio				
Return On Asset	(%)	9.00%	9.72%	7.82%
Return On Fixed Asset	(%)	80.23%	86.80%	82.46%
Total Assets Turnover	(Times)	0.39	0.38	0.34
• Financial Policy Ratio				
Debt to Equity Ratio	(Times)	1.01	1.00	0.91
Interest Coverage Ratio	(Times)	4.87	3.23	2.65
Obligation Coverage Ratio	(Times)	1.38	-0.89	-0.49
Dividend Payout	(%)	80.04%	71.50%	85.85%

ACCOUNTABILITY REPORT OF THE BOARD OF DIRECTORS FOR FINANCIAL REPORTS

The Board of Directors of the Company is responsible for the financial statements of Land & Houses Plc. and its subsidiaries. The financial statements of Land & Houses Plc. and its subsidiaries for the year ending December 31, 2012 have been prepared according to the accounting standards outlined under the Accounting Profession Act B.E. 2547 (2004). They have also been prepared in keeping with the provisions under the Department of Business Development's notification dated September 28, 2011 issued under the Accounting Act B.E. 2543 (2000). An appropriate accounting policy have been adopted and regularly observed. In preparing the Company's financial statements, discretion and reasonable projections have been applied. Significant information has been adequately disclosed in the Notes to the Financial Statements for the benefits of shareholders and general investors.

The Board of Directors has adopted a risk-management system and maintained proper and effective internal controls to provide reasonable confidence that the recording of accounting data is accurate, comprehensive and sufficient to maintain assets and prevent substantial corruption and irregularities.

In doing so, the Board of Directors has appointed the Audit Committee, which comprises non-executive members, to supervise and take responsibility of the quality of the financial reports and the reviews of internal controls and internal audit. The Committee has also considered disclosing related transactions in a comprehensive, adequate and appropriate manner. The opinion of the Audit Committee on this issue is expressed in the Audit Committee report in this annual report.

The Board of Directors is of the opinion that the overall internal controls of the Company are satisfactory and should inspire reasonable confidence in the consolidated financial statements of the Company and its subsidiaries for the year ending December 31, 2012. The auditors of the Company, having audited them based on generally accepted accounting standards, are of the opinion that the financial statements appropriately reflect in essence an accurate financial position and operating results based on generally accepted accounting standards.



(Mr. Anant Asavabhokhin)
Chairman and Chief Executive

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Land and Houses Public Company Limited

I have audited the accompanying consolidated financial statements of Land and Houses Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2012, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Land and Houses Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Land and Houses Public Company Limited and its subsidiaries and of Land and Houses Public Company Limited as at 31 December 2012, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Sophon Permsirivallop
Certified Public Accountant (Thailand) No. 3182
Ernst & Young Office Limited
Bangkok: 28 February 2013

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2012	As at 31 December 2011	As at 31 December 2012	As at 31 December 2011
Assets					
Current assets					
Cash and cash equivalents	6, 7	1,462,085,187	1,199,381,498	1,181,441,404	883,435,381
Trade and other receivables	6, 8	120,245,910	104,510,885	27,755,007	31,976,935
Short-term loans to and accrued interest receivables from related parties	6	85,616	260,247	924,573,911	1,094,955,456
Inventories	9	32,536,634,876	31,471,827,015	30,975,667,974	30,469,504,228
Advance payment for constructions		409,227,977	267,770,715	405,668,442	263,205,738
Deposits for purchase of land and other		523,307,803	30,922,017	520,604,710	28,268,825
Other current assets		110,395,669	184,710,673	55,283,253	138,956,280
Total current assets		35,161,983,038	33,259,383,050	34,090,994,701	32,910,302,843
Non-current assets					
Investments in subsidiaries	10	-	-	2,684,365,591	2,337,899,591
Investments in associates	11	14,104,705,486	14,378,924,586	9,831,241,235	11,262,858,016
Other long-term investments	12	3,208,557,391	455,970,161	3,005,531,982	252,766,700
Land held for development	13	4,165,062,863	4,483,585,890	3,063,937,418	3,358,229,896
Investment properties	14	313,682,808	386,512,910	-	-
Property, plant and equipment	15	650,990,523	638,422,491	431,864,338	363,448,690
Leasehold rights	16	6,420,070,490	6,870,713,575	-	-
Deposit for purchase of land	17	197,715,000	197,715,000	197,715,000	197,715,000
Other intangible assets	18	117,447,331	105,879,728	23,099,733	6,394,242
Other non-current assets	6	61,233,325	55,486,068	29,383,140	49,970,726
Total non-current assets		29,239,465,217	27,573,210,409	19,267,138,437	17,829,282,861
Total assets		64,401,448,255	60,832,593,459	53,358,133,138	50,739,585,704

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

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2012	As at 31 December 2011	As at 31 December 2012	As at 31 December 2011
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	19	325,060,873	22,950,758	300,000,000	-
Trade and other payables	6, 20	2,145,852,092	1,861,587,443	1,763,933,783	1,464,197,280
Retention guarantees		275,664,809	288,455,795	243,429,810	238,446,607
Short-term loans from and accrued interest payables to related parties	6	554,597,058	737,706,440	73,686,699	-
Current portion of long-term loans	21	1,545,010,000	573,031,000	1,000,000,000	-
Current portion of debentures	22	4,000,000,000	3,000,000,000	4,000,000,000	3,000,000,000
Short-term loans	19	893,982,276	4,428,068,364	893,982,276	4,428,068,364
Income tax payable		605,085,272	65,653,717	558,050,867	-
Short-term provisions	6, 23	312,871,260	79,279,211	309,742,520	74,544,201
Advance received from customers		613,709,478	573,518,724	572,538,996	518,613,036
Other current liabilities		208,272,559	104,399,123	171,325,967	76,775,511
Total current liabilities		11,480,105,677	11,734,650,575	9,886,690,918	9,800,644,999
Non-current liabilities					
Long-term loans - net of current portion	21	9,162,652,000	9,441,259,000	5,552,345,000	5,923,000,000
Debentures - net of current portion	22	11,000,000,000	8,500,000,000	11,000,000,000	8,500,000,000
Provision for long-term employee benefits	24	181,828,913	131,650,572	172,114,378	126,190,682
Long-term provisions	6, 23	379,342,472	311,753,823	355,523,434	287,897,539
Other non-current liabilities		234,004,657	241,033,729	-	-
Total non-current liabilities		20,957,828,042	18,625,697,124	17,079,982,812	14,837,088,221
Total liabilities		32,437,933,719	30,360,347,699	26,966,673,730	24,637,733,220

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

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2012	As at 31 December 2011	As at 31 December 2012	As at 31 December 2011
Shareholders' equity					
Share capital					
Registered					
10,354,268,670 ordinary shares of Baht 1 each		10,354,268,670	10,354,268,670	10,354,268,670	10,354,268,670
Issued and paid-up					
10,025,921,523 ordinary shares of Baht 1 each		10,025,921,523	10,025,921,523	10,025,921,523	10,025,921,523
Premium on ordinary shares		10,643,375,083	10,643,375,083	10,643,375,083	10,643,375,083
Retained earnings					
Appropriated - Statutory reserve	26	1,080,673,720	1,080,673,720	1,080,673,720	1,080,673,720
Unappropriated		7,784,832,368	7,468,079,096	3,296,373,705	4,397,683,167
Other components of shareholders' equity		1,305,762,447	178,298,853	1,345,115,377	(45,801,009)
Equity attributable to the shareholders of the Company		30,840,565,141	29,396,348,275	26,391,459,408	26,101,852,484
Non-controlling interests of subsidiaries		1,122,949,395	1,075,897,485	-	-
Total shareholders' equity		31,963,514,536	30,472,245,760	26,391,459,408	26,101,852,484
Total liabilities and shareholders' equity		64,401,448,255	60,832,593,459	53,358,133,138	50,739,585,704

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

INCOME STATEMENT

For the year ended 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended	31 December	For the year ended	31 December
		2012	2011	2012	2011
Revenues					
Sales income		22,305,373,502	18,580,089,575	20,900,010,521	16,778,004,775
Rental and services income		1,797,153,162	648,991,906	-	-
Other income					
Dividend from subsidiaries and associates	10.1, 11.3	-	-	961,911,648	840,011,010
Dividend from other companies		48,199,617	41,190,639	31,390,394	18,397,621
Gain on share reduction of an associate	11.2.3	-	-	273,588,710	-
Gain from investments	27	-	2,490,300,963	-	2,637,026,348
Gain on change in shareholders' equity of an associate	11.2.1	-	136,056,294	-	-
Interest income		26,494,435	22,108,374	72,181,361	66,453,806
Infrastructure service income		187,221,121	167,603,032	160,541,988	151,525,023
Others		67,872,229	52,625,476	31,034,090	34,649,306
Total revenues		24,432,314,066	22,138,966,259	22,430,658,712	20,526,067,889
Expenses					
Cost of sales and services		14,719,411,580	12,516,076,719	13,806,162,550	11,351,127,560
Cost of rental and services		1,072,994,733	465,368,406	-	-
Selling expenses		909,080,384	878,329,826	709,126,131	702,822,839
Specific business tax and transfer fee		862,231,030	716,357,551	806,493,413	645,721,559
Administrative expenses		1,746,230,291	1,467,625,751	1,524,251,853	1,195,770,432
Other expenses					
Loss on diminution in value of projects	9	54,414,542	13,824,233	51,897,513	-
Loss on diminution in value of land held for development	13	26,783,288	1,980,000	-	-
Loss on exchange of land		1,526,239	-	-	-
Loss on disposal of property, plant and equipment		-	-	581,934	-
Total expenses		19,392,672,087	16,059,562,486	16,898,513,394	13,895,442,390
Profit before share of profit from investments in associates, finance cost and income tax expenses		5,039,641,979	6,079,403,773	5,532,145,318	6,630,625,499
Share of profit from investments in associates	11.3	2,282,159,991	1,156,137,551	-	-
Profit before finance cost and income tax expenses		7,321,801,970	7,235,541,324	5,532,145,318	6,630,625,499
Finance cost		(488,028,604)	(309,596,587)	(248,773,022)	(205,099,187)
Profit before income tax expenses		6,833,773,366	6,925,944,737	5,283,372,296	6,425,526,312
Income tax expenses	30	(1,149,793,822)	(1,398,898,702)	(1,067,108,852)	(1,265,855,998)
Profit for the year		5,683,979,544	5,527,046,035	4,216,263,444	5,159,670,314
Net income attributable to:					
Equity holders of the Company		5,635,733,879	5,608,559,773	4,216,263,444	5,159,670,314
Non-controlling interests of the subsidiaries		48,245,665	(81,513,738)		
		5,683,979,544	5,527,046,035		
Earnings per share	31				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.56	0.56	0.42	0.51

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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2012	2011	2012	2011
Profit for the year		5,683,979,544	5,527,046,035	4,216,263,444	5,159,670,314
Other comprehensive income:					
Loss on change in value of available-for-sale investments		(110,938,910)	(26,789,159)	(110,938,910)	(26,789,159)
Exchange differences on translation of financial statements in foreign currency		(31,038,845)	52,652,068	-	-
Actuarial loss arising from defined benefit plans of employees		(42,901,304)	-	(40,341,848)	-
Share of other comprehensive income of associates		41,658,813	96,505,279	-	-
Other comprehensive income for the year		(143,220,246)	122,368,188	(151,280,758)	(26,789,159)
Total comprehensive income for the year		5,540,759,298	5,649,414,223	4,064,982,686	5,132,881,155
Total comprehensive income attributable to:					
Equity holders of the Company		5,493,665,388	5,730,927,961	4,064,982,686	5,132,881,155
Non-controlling interests of the subsidiaries		47,093,910	(81,513,738)		
		5,540,759,298	5,649,414,223		

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2012

(Unit: Baht)

Consolidated financial statements														
Equity attributable to the shareholders of the Company														
	Note	Other components of shareholders' equity										Equity attributable to non-controlling interests of the subsidiaries		Total equity to shareholders' equity
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Unappropriated Statutory reserve	Revaluation deficit	Other comprehensive income		Share of other comprehensive income of associates	Premium on share capital of associates	Other surplus components of shareholders' equity of the Company	attributable to the shareholders of the Company	
				Appropriated -	Unappropriated			changes in value of available-for-sale investments in foreign currency	Exchange differences on translation of financial statements					
Balance as at 1 January 2011		10,025,921,523	10,643,375,083	1,080,673,720	5,353,374,590	(19,011,850)	(21,919,667)	5,819,739	235,465,508	-	200,353,730	27,303,698,646	1,045,434,391	28,349,133,037
Dividend paid	33	-	-	-	(3,487,333,581)	-	-	-	-	-	-	(3,487,333,581)	-	(3,487,333,581)
Subsidiaries paid dividend to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	(23,168)	(23,168)
Subsidiary received share subscription from non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	112,000,000	112,000,000
Income tax from unpaid dividend		-	-	-	(6,521,686)	-	-	-	-	-	-	(6,521,686)	-	(6,521,686)
Total comprehensive income for the year		-	-	-	5,608,559,773	(26,789,159)	52,652,068	96,505,279	-	-	122,368,188	5,730,927,961	(81,513,738)	5,649,414,223
Transfer of share premium of associate due to disposal of investments	11.2.6	-	-	-	-	-	-	-	(144,423,065)	-	(144,423,065)	-	-	(144,423,065)
Balance as at 31 December 2011		10,025,921,523	10,643,375,083	1,080,673,720	7,468,079,096	(45,801,009)	30,732,401	102,325,018	91,042,443	-	178,298,853	29,396,348,275	1,075,897,485	30,472,245,760
Balance as at 1 January 2012		10,025,921,523	10,643,375,083	1,080,673,720	7,468,079,096	(45,801,009)	30,732,401	102,325,018	91,042,443	-	178,298,853	29,396,348,275	1,075,897,485	30,472,245,760
Dividend paid	33	-	-	-	(5,266,326,266)	-	-	-	-	-	-	(5,266,326,266)	-	(5,266,326,266)
Subsidiaries paid dividend to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	(42,000)	(42,000)
Income tax from unpaid dividend		-	-	-	(10,904,792)	-	-	-	-	-	-	(10,904,792)	-	(10,904,792)
Total comprehensive income for the year		-	-	-	5,593,984,330	(110,938,910)	(31,038,845)	41,658,813	-	-	(100,318,942)	5,493,665,388	47,093,910	5,540,759,298
Gain on investment reclassification from investments in associate to available-for-sale investments	11.2.5	-	-	-	-	-	-	-	-	1,227,782,536	1,227,782,536	1,227,782,536	-	1,227,782,536
Balance as at 31 December 2012		10,025,921,523	10,643,375,083	1,080,673,720	7,784,832,368	(156,739,919)	(306,444)	143,983,831	91,042,443	1,227,782,536	1,305,762,447	30,840,565,141	1,122,949,395	31,963,514,536

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

For the year ended 31 December 2012

(Unit: Baht)

	Separate financial statements									
	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			Other components of shareholders' equity			Total shareholders' equity
				Appropriated - Statutory reserve	Unappropriated	changes in value of available-for-sale investments	Other surplus	components of shareholders' equity		
Balance as at 1 January 2011		10,025,921,523	10,643,375,083	1,080,673,720	2,731,868,120	(19,011,850)	-	(19,011,850)	24,462,826,596	
Dividend paid	33	-	-	-	(3,487,333,581)	-	-	-	(3,487,333,581)	
Income tax from unpaid dividend		-	-	-	(6,521,686)	-	-	-	(6,521,686)	
Total comprehensive income for the year		-	-	-	5,159,670,314	(26,789,159)	-	(26,789,159)	5,132,881,155	
Balance as at 31 December 2011		10,025,921,523	10,643,375,083	1,080,673,720	4,397,683,167	(45,801,009)	-	(45,801,009)	26,101,852,484	
Balance as at 1 January 2012		10,025,921,523	10,643,375,083	1,080,673,720	4,397,683,167	(45,801,009)	-	(45,801,009)	26,101,852,484	
Dividend paid	33	-	-	-	(5,266,326,266)	-	-	-	(5,266,326,266)	
Income tax from unpaid dividend		-	-	-	(10,904,792)	-	-	-	(10,904,792)	
Total comprehensive income for the year		-	-	-	4,175,921,596	(110,938,910)	-	(110,938,910)	4,064,982,686	
Gain on investment reclassification from investments in associate to available-for-sale investments	11.2.5	-	-	-	-	-	-	1,501,855,296	1,501,855,296	
Balance as at 31 December 2012		10,025,921,523	10,643,375,083	1,080,673,720	3,296,373,705	(156,739,919)	1,501,855,296	1,345,115,377	26,391,459,408	

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

CASH FLOW STATEMENT

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2012	2011	2012	2011
Cash flows from operating activities				
Profit before income tax expenses	6,833,773,366	6,925,944,737	5,283,372,296	6,425,526,312
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid from) operating activities:				
Inventories and land held for development decrease from transfer to cost of sales	13,676,248,376	11,662,573,653	12,839,552,832	10,571,127,005
Depreciation and amortisation	494,191,850	350,787,943	139,346,738	115,523,462
Gain on change in shareholders' equity of an associate	-	(136,056,294)	-	-
Share of profit from investments in associates	(2,282,159,991)	(1,156,137,551)	-	-
Provision for guarantee income of fund	-	-	80,558,622	-
Provision for legal cases	174,477,382	987,064	174,477,382	987,064
Loss on exchange of land	1,526,239	-	-	-
Loss on diminution in value of projects	54,414,542	13,824,233	51,897,513	-
Loss on diminution in value of land held for development	26,783,288	1,980,000	-	-
Loss (gain) on disposal of investment properties, leasehold rights, building and equipment	(16,041,268)	(1,169,687)	581,934	(2,942,933)
Gain on share reduction of an associate	-	-	(273,588,710)	-
Gain from investments	-	(2,490,300,963)	-	(2,637,026,348)
Gain from reduction of other investments	(43,536)	-	-	-
Provision for after-sale maintenance expenses	45,470,716	43,684,928	42,314,680	39,262,000
Provision for compensation for Housing Estate Juristic Persons	22,741,132	28,034,501	19,700,999	25,632,548
Provision for public utilities maintenance	60,927,502	44,285,417	60,713,291	42,719,834
Provision for long-term employee benefits	14,440,037	13,434,781	12,744,848	12,098,698
Amortisation of withholding tax deducted at source	2,832,483	4,734,036	-	-
Interest income	(26,494,435)	(22,108,374)	(72,181,361)	(66,453,806)
Dividend received	(48,199,617)	(41,190,639)	(993,302,042)	(858,408,631)
Interest expenses	476,775,249	304,032,494	237,519,667	199,536,164
Profit from operating activities before change in operating assets and liabilities	19,511,663,315	15,547,340,279	17,603,708,689	13,867,581,369
Decrease (increase) in operating assets				
Trade and other receivables	(15,735,025)	(55,471,770)	4,221,928	1,058,487
Inventories	(13,801,023,792)	(15,333,843,494)	(12,425,760,932)	(14,655,422,587)
Land held for development	(9,029,493)	(3,576,849)	(6,476,753)	(3,576,849)
Other current assets	(615,510,358)	702,558,283	(628,376,887)	627,731,093
Other non-current assets	(5,747,257)	(23,020,416)	20,587,586	(19,943,237)
Increase (decrease) in operating liabilities				
Trade and other payables	469,659,423	(9,329,063)	266,586,293	23,886,167
Retention guarantees	(12,790,986)	21,569,436	4,983,203	62,514,986
Other current liabilities	107,388,383	80,939,483	116,562,915	82,176,259
Other non-current liabilities	(52,794,058)	79,555,928	(42,473,394)	(20,976,975)
Cash flows from (used in) operating activities	5,576,080,152	1,006,721,817	4,913,562,648	(34,971,287)
Cash paid for income tax	(568,117,228)	(2,017,604,669)	(442,711,452)	(1,829,304,033)
Net cash flows from (used in) operating activities	5,007,962,924	(1,010,882,852)	4,470,851,196	(1,864,275,320)

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

CASH FLOW STATEMENT (CONTINUED)

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2012	2011	2012	2011
Cash flows from investing activities				
Decrease (increase) in short-term loans to related parties	194,946	(104,699)	171,600,000	(313,000,000)
Cash paid for share subscription of subsidiary	-	-	(346,466,000)	(168,000,000)
Cash paid for purchases of investments in associates	(162,170,360)	(1,806,688,000)	(162,170,360)	(1,806,688,000)
Cash paid for purchase of other long-term investments	(495,000,000)	-	(495,000,000)	-
Cash received from sales of investments in associate	-	3,500,660,179	-	3,500,660,179
Cash received from sales of other long-term investments	-	346,773,623	-	346,773,623
Cash received from share reduction of subsidiaries	-	-	-	87,094,200
Cash received from share reduction of an associate	1,000,526,955	-	1,000,526,955	-
Cash received from share reduction of other investments	221,588	3,922,291	-	3,922,291
Dividend received from subsidiaries	-	-	299,958,000	407,733,182
Dividend received from associates	661,953,648	432,277,828	661,953,648	432,277,828
Dividend received from other companies	48,199,617	41,190,639	31,390,394	18,397,621
Proceeds from disposal of investment properties, leasehold rights, building and equipment	570,611,334	8,029,308	630,592	5,164,683
Cash paid for purchase of investment properties, leasehold rights, building and equipment	(732,901,841)	(2,309,511,207)	(202,053,269)	(190,723,539)
Cash paid for purchase of intangible assets	(25,494,644)	(100,895,857)	(19,486,289)	(1,369,611)
Cash paid for guarantee income of fund	(7,716,863)	-	(7,716,863)	-
Cash received from interest income	26,474,120	22,204,538	70,962,907	21,871,829
Net cash flows from investing activities	884,898,500	137,858,643	1,004,129,715	2,344,114,286
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	302,110,115	(489,471,661)	300,000,000	(500,000,000)
Increase (decrease) in short-term loans from related parties	(184,400,000)	220,000,000	73,500,000	(120,000,000)
Increase (decrease) in short-term loans	(3,563,000,000)	1,738,000,000	(3,563,000,000)	1,738,000,000
Cash paid for debentures repayment	(3,000,000,000)	(2,000,000,000)	(3,000,000,000)	(2,000,000,000)
Cash received from issue of debentures	6,500,000,000	2,500,000,000	6,500,000,000	2,500,000,000
Cash paid for long-term loans repayment	(3,076,573,000)	(472,756,000)	(2,532,000,000)	(138,260,000)
Cash received from drawdown loans	3,769,945,000	2,873,000,000	3,161,345,000	1,391,000,000
Cash paid for interest expenses	(1,111,565,140)	(1,052,105,995)	(850,493,622)	(850,130,965)
Subsidiary received share subscription from non-controlling interests of subsidiaries	-	112,000,000	-	-
Subsidiaries paid dividend to non-controlling interests of subsidiaries	(42,000)	(23,168)	-	-
Dividend paid	(5,266,326,266)	(3,487,333,581)	(5,266,326,266)	(3,487,333,581)
Net cash flows used in financing activities	(5,629,851,291)	(58,690,405)	(5,176,974,888)	(1,466,724,546)
Exchange differences on translation of financial statements in foreign currency	(306,444)	-	-	-
Net increase (decrease) in cash and cash equivalents	262,703,689	(931,714,614)	298,006,023	(986,885,580)
Cash and cash equivalents at beginning of year	1,199,381,498	2,131,096,112	883,435,381	1,870,320,961
Cash and cash equivalents at end of year (Note 7)	1,462,085,187	1,199,381,498	1,181,441,404	883,435,381

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

CASH FLOW STATEMENT (CONTINUED)

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2012	2011	2012	2011
Supplemental cash flow information				
Non-cash items				
Purchases of building and equipment and leasehold rights recorded as liabilities	16,724,277	232,328,624	16,724,277	12,583,432
Increase in other surplus from investment reclassification	1,227,782,536	-	1,501,855,296	-
Reclassification from investments in associate to available-for-sale investments (book value as at transfer date)	1,140,921,657	-	866,848,897	-
Exchange differences on translation of financial statements in foreign currency	(31,038,845)	52,652,068	-	-
Decrease in share premium of associates due to sale of investments in associate	-	(144,423,065)	-	-
Increase in revaluation deficit of available-for-sale investments	(110,938,910)	(26,789,159)	(110,938,910)	(26,789,159)
Transfer land held for development to inventories (book value)	302,550,660	-	302,550,660	-
Transfer inventories to land held for development (book value)	2,603,606	-	2,603,606	-
Interest expenses recorded as cost of leasehold rights	-	112,216,735	-	-
Interest expenses recorded as cost of projects	695,203,994	677,555,200	671,083,929	668,882,663
Adjustment of reserve for long-term employee benefits with the beginning balance of retained earnings	-	200,472,889	-	116,131,984
Actuarial loss arising from defined benefit plans of employees	(42,901,304)	-	(40,341,848)	-

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

1. General information

Land and Houses Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in property development. The registered office of the Company is at No. 1 South Sathon Road, 37th-38th Floor, Q. House Lumpini Building, Tungmahamek, Sathon, Bangkok.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 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 Land and Houses Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2012	2011
			(Percent)	(Percent)
<u>Held by the Company</u>				
Atlantic Real Estate Co., Ltd.	Real estate business	Thailand	99.99	99.99
Pacific Real Estate Co., Ltd.	Real estate business	Thailand	99.99	99.99
Land and Houses North Co., Ltd.	Real estate business	Thailand	99.99	99.99
Land and Houses Northeast Co., Ltd.	Real estate business	Thailand	99.99	99.99
Siam Tanee Property Co., Ltd. and its subsidiary	Real estate business	Thailand	99.99	99.99
L H Real Estate Co., Ltd.	Real estate business	Thailand	99.99	99.99
L H Asset Co., Ltd.	Real estate business	Thailand	99.99	99.99
L H Muang Mai Co., Ltd. and its subsidiaries	Real estate business	Thailand	55.00	55.00
L&H Property Co., Ltd. and its subsidiaries	Real estate for lease business	Thailand	60.00	60.00
Land and Houses U.S.A., Inc.	Real estate for lease business	USA	100.00	-

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2012	2011
			(Percent)	(Percent)
<u>Held by subsidiary companies</u>				
Siam Tanee Real Estate Co., Ltd. (99.99 percent held by Siam Tanee Property Co., Ltd.)	Real estate business	Thailand	99.99	99.99
Phuket Future Plan Co., Ltd. (99.99 percent held by L H Muang Mai Co., Ltd.)	Real estate business	Thailand	55.00	55.00
Double Tree Co., Ltd. (99.99 percent held by L H Muang Mai Co., Ltd.)	Real estate business	Thailand	55.00	55.00
L&H Sathon Co., Ltd. (99.99 percent held by L&H Property Co., Ltd.)	Real estate for lease business	Thailand	60.00	60.00
L&H Retail Management Co., Ltd. (99.99 percent held by L&H Property Co., Ltd.)	Project administration	Thailand	60.00	-
L&H Hotel Management Co., Ltd. (99.99 percent held by L&H Property Co., Ltd.)	Project administration	Thailand	60.00	-

- 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) The assets and liabilities in the financial statements of overseas subsidiary company are translated to Baht using the exchange rate prevailing at the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

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. New accounting standards 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

Financial Reporting Standard:

TFRS 8	Operating Segments
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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 standard.

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 recognise deferred tax assets and liabilities under the stipulated guidelines. The management of the Company expects the adoption of this accounting standard to have the effect of increasing the Company and its subsidiaries' brought-forward retained earnings and other components of shareholders' equity of the year 2013 by approximately Baht 539 million in total (the Company only: approximately Baht 400 million).

In addition, the Federation of Accounting Professions has issued Notification No. 30/2555 - 34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows.

	<u>Effective date</u>
Accounting Treatment Guidance for Transfers of Financial Assets	1 January 2013
Accounting Standard Interpretation:	
SIC 29 Service Concession Arrangements:	1 January 2014
Disclosures	
Financial Reporting Standard Interpretations:	
TFRIC 4 Determining whether an Arrangement	1 January 2014
contains a Lease	
TFRIC 12 Service Concession Arrangements	1 January 2014
TFRIC 13 Customer Loyalty Programmes	1 January 2014

The management of the Company has assessed the effect of these standards and believes that Accounting Treatment Guidance for Transfers of Financial Assets, the aforesaid Accounting Standard Interpretation and Financial Reporting Standard Interpretations are not relevant to the business of the Company.

4. Significant accounting policies

4.1 Revenue recognition

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

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

(b) Rendering of rental and services

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

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

Income related to hotel operations is recognised, excluding value added tax, when goods are supplied and services rendered.

(c) Interest income

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

(d) Dividends

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

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

Cost of land and houses sold and cost of residential condominium unit sold consist of cost of land, land improvement, design fees, public utilities, construction and direct related interest and other related cost.

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

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

4.3 Borrowing costs

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

The interest costs are determined by applying a capitalisation rate to the expenditures on that project. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the year.

4.4 Cash and cash equivalents

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

4.5 Trade accounts receivable

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

4.6 Inventories

Land and construction in progress are stated at lower of cost and net realisable value. The details of cost calculation are as follows:

- Land
 - Cost of land using the weighted average method, calculating it separately for each project.

Construction in progress - Construction in progress consists of the cost of construction, public utility costs and borrowing cost capitalised to cost of projects. The Company and its subsidiaries record cost of construction and public utilities based on the actual cost incurred.

The Company and its subsidiaries recognise loss on diminution in value of projects (if any) in profit or loss.

4.7 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in comprehensive income, and will be recorded in profit or loss when the securities are sold.
- b) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- c) Investments in non-marketable equity securities, which the Company classifies as other investments, are valued at cost net of allowance for loss on impairment (if any).
- d) Investment in associates are accounted for in the consolidated financial statements using the equity method.
- e) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

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

Loss on impairment (if any) of investments in available-for-sale securities, debt securities expected to be held to maturities and other investments are included in profit or loss.

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

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.8 Land held for development

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

4.9 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 20 - 33 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.

4.10 Property, plant and equipment/Depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of clubhouse, pool and tennis court is calculated on the basis of salable area. And depreciation of building and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

Building and building improvement	20	years
Office equipment	3 - 10	years
Furniture, fixture and equipment	5	years
Motor vehicles	5	years
Others	5 - 20	years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

The cost of linen, crockery, glass and utensils purchased to meet the normal requirements of the subsidiary's hotel operations have been regarded as a base stock. Subsequent purchases for replacement are expensed when incurred.

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

4.11 Intangible assets

The intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Amortisation of intangible assets are calculated by reference to their cost on straight-line basis over the following estimated useful lives:

Computer software	5 and 10 years
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The subsidiary amortised the right to the use of the connecting walkway between Bangkok Mass Transit System and Terminal 21 Shopping Mall based on the remaining concession period granted by Bangkok Metropolitan Administration.

4.12 Long-term lease

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

4.13 Leasehold rights

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

The amortisation expense is charged to profit or loss.

4.14 Goodwill

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

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

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

4.15 Related party transactions

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

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

4.16 Foreign currencies

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

Gains and losses on exchange are included in determining income.

4.17 Impairment of assets

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

An impairment loss is recognised in 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 and its subsidiaries estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.18 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post employment benefits are recognised immediately in other comprehensive income.

4.19 Provisions

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

4.20 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.

4.21 Derivatives

Interest rate swap contracts

The net amount of interest to be received from or paid to the counterparty under an interest rate swap contract is recognised as income or expenses on an accrual basis.

Cross currency swap agreement

Payables and receivables arising from cross currency swap agreements are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are recognised in profit or loss.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards 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 exercises judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

Impairment of equity investments

The Company and its subsidiaries treat available-for-sale investments and other investments as impaired when 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 / Investment properties / Leasehold rights / Depreciation

In determining depreciation of building and equipment and investment properties, the management is required to make estimates of the useful lives and residual values of the Company's and subsidiaries' building and equipment and investment properties 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, investment properties and leasehold rights for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill and other intangible assets

The initial recognition and measurement of goodwill and other intangible assets, 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 plans 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.

Litigations

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

Allowance for diminution in value of land, construction in progress and public utilities and land held for development

The Company and its subsidiaries treat land, construction in progress and public utilities and land held for development, as diminution when the management judges that there have been a significant or prolonged decline in the fair value below their cost. The management determines the devaluation of such land, construction in progress and public utilities and land held for development based on net realisable value. The determination of what is “significant” and such devaluation requires the management to exercise judgment.

Project development costs estimation

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

Provision for after-sale maintenance expense

The Company and its subsidiaries estimate provision for after-sale maintenance expenses based on actual historical maintenance expenses and/or currently available information related to the cost of various types of repairment work.

Provision for public utilities maintenance

In determining provision for public utilities maintenance, the management considered historical data and/or currently available information related to the cost of various types of repairment work.

Provision for compensation for Housing Estate Juristic Persons

The Company and its subsidiaries estimate the provision for 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.

Provision for guarantee income of fund

In recording provision for guarantee income of fund, the management estimates the expenses expected to be incurred as a result of providing such guarantee based on the profitability of the fund, and records the provision according to the proportion of guarantee provided.

6. Related party transactions

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

Name of related parties	Relationship
Atlantic Real Estate Co., Ltd.	Subsidiary
Pacific Real Estate Co., Ltd.	Subsidiary
Land and Houses North Co., Ltd.	Subsidiary
Land and Houses Northeast Co., Ltd.	Subsidiary
Siam Tanee Property Co., Ltd.	Subsidiary

Name of related parties	Relationship
Siam Tanee Real Estate Co., Ltd.	Subsidiary (99.99 percent held by Siam Tanee Property Co., Ltd.)
L H Real Estate Co., Ltd.	Subsidiary
L H Asset Co., Ltd.	Subsidiary
L H Muang Mai Co., Ltd.	Subsidiary
Phuket Future Plan Co., Ltd.	Subsidiary (99.99 percent held by L H Muang Mai Co., Ltd.)
Double Tree Co., Ltd.	Subsidiary (99.99 percent held by L H Muang Mai Co., Ltd.)
L&H Property Co., Ltd.	Subsidiary
L&H Sathon Co., Ltd.	Subsidiary (99.99 percent held by L&H Property Co., Ltd.)
L&H Retail Management Co., Ltd.	Subsidiary (99.99 percent held by L&H Property Co., Ltd.)
L&H Hotel Management Co., Ltd.	Subsidiary (99.99 percent held by L&H Property Co., Ltd.)
Land and Houses U.S.A., Inc.	Subsidiary
LH Financial Group Plc.	Associate
Land and Houses Bank Plc.	Associate (99.99 percent held by LH Financial Group Plc.)
Bangkok Chain Hospital Plc.	Associate (The Company sold all investments in this company in March 2011.)
Quality Construction Products Plc.	Associate
Home Product Center Plc.	Associate
Asia Asset Advisory Co., Ltd.	Associate
L&H Management Co., Ltd.	Associate (99.99 percent held by Asia Asset Advisory Co., Ltd.)
Land and Houses Property Fund	Associate
Land and Houses Property and Loan Fund-II	Associate
Quality Houses Plc.	Associate
Q.H. International Co., Ltd.	Associate (99.99 percent held by Quality Houses Plc.)
Quality Houses Leasehold Property Fund	Associate of Quality Houses Plc.

Name of related parties	Relationship
Starmalls, Inc. (formerly known as "Polar Property Holdings Corporation")	Note 11.2.5
Muang Mai Property Co., Ltd.	Shareholder of subsidiary
Reco Resorts Pte Ltd.	Shareholder of subsidiary
Siam Retail Development Co., Ltd.	Common shareholder
Land and Houses Freehold and Leasehold Property Fund	Common shareholder
Trinity Securities Company Limited	Common director

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2012	2011	2012	2011	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	48.8	47.1	MLR - 1.5 and 5 - 7.5% p.a.
Management fee income	-	-	12.5	14.5	Approximate cost
Dividend income	-	-	300.0	407.7	Declared rate
Sales of land	-	-	1.4	2.9	Approximate cost
Cash paid for use of land	-	-	5.2	2.8	Approximate cost
Purchases of land	-	-	0.5	-	Approximate cost
Interest expenses	-	-	4.1	3.1	3.0% p.a.
Rental and service expenses	-	-	1.8	4.2	Market price
<u>Transactions with associates</u>					
Interest income	22.7	13.3	21.5	11.8	Market rate
Dividend income	662.0	432.3	662.0	432.3	Declared rate
Purchases of goods	134.7	109.8	127.9	93.1	Market price
Sale promotion expenses	-	5.9	-	5.9	Market rate
Services expenses	3.4	1.5	-	-	Contract price
Accounting services expenses	1.0	2.0	-	-	Contract price
Project management fee expenses	116.2	76.5	-	-	Contract price
Commission expenses	-	0.5	-	-	Contract price

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2012	2011	2012	2011	
<u>Transactions with related companies</u>					
Dividend income	31.4	18.4	31.4	18.4	Declared rate
Rental and services expenses	39.3	39.7	39.3	39.7	Baht 500 - 798 per square meter per month
Interest expenses	29.8	29.0	-	-	MLR - 1.5 and 7 - 7.5% p.a.
Commission expenses	11.3	0.6	0.4	-	Contract price/Market price
Project management fee expenses	22.0	8.2	-	-	Contract price
<u>Transactions with directors of subsidiaries</u>					
Interest expenses	2.2	2.2	-	-	7 - 7.50% p.a.

On 28 February 2012, the meeting of the Company's Board of Directors approved to set up Land and Houses Freehold and Leasehold Property Fund whereby the Company is a co-sponsor with Government of Singapore Investment Corporation Pte Ltd. (GIC). The Company and GIC individually hold 15 percent of shareholding in Land and Houses Freehold and Leasehold Property Fund and the remaining of 70 percent are held by the general investors. The new property fund purchased a project of L&H Villa Sathon from L&H Sathon Company Limited, the Company's subsidiary, and purchased Center Point Sukhumvit - Thonglor and Center Point Residence Phrompong from Land and Houses Property and Loan Fund-II, an associated company. In addition, the Company and Reco Plaza Pte Ltd. guaranteed income of such fund whereby they guaranteed between the different amount of Baht 179.88 million for the year 2012 and Baht 243.16 million per year for the year 2013-2015 and the actual net income. The Company and Reco Plaza Pte Ltd. guaranteed at the portion of 52 percent and 48 percent, respectively. However, the guarantee income must not exceed 50 percent of actual net income before income guarantee. During the year 2012, the Company made a payment to guarantee income of the fund amounting to Baht 7.7 million to Land and Houses Freehold and Leasehold Property Fund. As at 31 December 2012, the outstanding provision to guarantee income of the fund is amounting to Baht 72.8 million. The amount are represented as a short-term provision totaling Baht 50.3 million and long-term provision totaling Baht 22.5 million in the statement of financial position.

As at 31 December 2012 and 2011, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Short-term bill of exchange and deposit at financial institution (shown under cash and cash equivalents)				
<u>Associate</u>				
Land and Houses Bank Plc.	919.0	661.2	722.4	530.3
Amounts due from and accounts receivables - related parties (Note 8)				
<u>Subsidiaries</u> (Eliminated from the consolidated financial statements)				
L H Asset Co., Ltd.	-	-	1.1	0.1
Atlantic Real Estate Co., Ltd.	-	-	0.8	0.1
	-	-	1.9	0.2
<u>Associates</u>				
Home Product Center Plc.	-	0.1	-	0.1
Quality Houses Plc.	0.2	0.4	-	-
Land and Houses Property and Loan Fund-II	-	2.9	-	-
Land and Houses Bank Plc.	0.1	0.2	-	-
	0.3	3.6	-	0.1
<u>Related company</u>				
Land and Houses Freehold and Leasehold Property Fund	3.5	-	-	-
Total	3.8	3.6	1.9	0.3
Short-term loans to and accrued interest receivables from related parties				
<u>Subsidiaries</u> (Eliminated from the consolidated financial statements)				
Land and Houses Northeast Co., Ltd.	-	-	50.1	-
L H Asset Co., Ltd.	-	-	60.1	-
Siam Tanee Property Co., Ltd.	-	-	-	3.1
Land and Houses North Co., Ltd.	-	-	-	2.0
L H Muang Mai Co., Ltd.	-	-	68.8	65.3
L&H Property Co., Ltd.	-	-	745.5	1,024.5
	-	-	924.5	1,094.9
<u>Associate</u>				
Land and Houses Bank Plc.	0.1	0.3	0.1	-
Total	0.1	0.3	924.6	1,094.9
Deposit to related companies				
<u>Subsidiary</u> (Eliminated from the consolidated financial statements)				
L&H Property Co., Ltd.	-	-	0.4	0.5
<u>Related company</u>				
Quality Houses Leasehold Property Fund	8.6	8.5	8.6	8.5
Total	8.6	8.5	9.0	9.0

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Trade accounts payables - related parties (Note 20)				
<u>Associates</u>				
Quality Construction Products Plc.	9.9	2.4	9.9	2.4
Home Product Center Plc.	0.8	0.7	0.3	0.6
Quality Houses Plc.	16.8	-	-	-
	27.5	3.1	10.2	3.0
<u>Related companies</u>				
Land and Houses Freehold and Leasehold Property Fund	2.4	-	-	-
Siam Retail Development Co., Ltd.	7.6	-	-	-
	10.0	-	-	-
Total	37.5	3.1	10.2	3.0
Amounts due to related parties (Note 20)				
<u>Subsidiary</u>				
(Eliminated from consolidated financial statements)				
L&H Property Co., Ltd.	-	-	-	4.2
<u>Associates</u>				
Asia Asset Advisory Co., Ltd.	-	1.6	-	-
Home Product Center Plc.	4.5	1.0	4.6	0.8
Quality Houses Plc.	5.7	16.5	-	-
	10.2	19.1	4.6	0.8
<u>Related company</u>				
Siam Retail Development Co., Ltd.	4.3	3.3	-	-
Total	14.5	22.4	4.6	5.0
Short-term loans from and accrued interest payables to related parties				
<u>Subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Pacific Real Estate Co., Ltd.	-	-	42.6	-
Siam Tanee Property Co., Ltd.	-	-	9.0	-
Land and Houses North Co., Ltd.	-	-	22.1	-
	-	-	73.7	-
<u>Related companies</u>				
Muang Mai Property Co., Ltd.	12.5	11.8	-	-
Reco Resorts Pte Ltd.	496.9	682.9	-	-
Directors of subsidiaries	45.2	43.0	-	-
	554.6	737.7	-	-
Total	554.6	737.7	73.7	-
Provision for guarantee income of fund				
<u>Related company</u>				
Land and Houses Freehold and Leasehold Property Fund	72.8	-	72.8	-

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

During the year 2012, movements of loans to/loan from the Company, subsidiaries and related companies were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	1 January 2012	Increase	Decrease	31 December 2012
Short-term loans to and accrued interest receivables from related parties				
<u>Associate</u>				
Land and Houses Bank Plc.	0.3	22.7	(22.9)	0.1
Short-term loans from and accrued interest payables to related parties				
<u>Related companies</u>				
Muang Mai Property Co., Ltd.	11.8	0.7	-	12.5
Reco Resorts Pte Ltd.	682.9	29.2	(215.2)	496.9
Directors of subsidiaries	43.0	2.2	-	45.2
Total	737.7	32.1	(215.2)	554.6

(Unit: Million Baht)

	Separate financial statements			
	1 January 2012	Increase	Decrease	31 December 2012
Short-term loans to and accrued interest receivables from related parties				
<u>Subsidiaries</u>				
Land and Houses North East Co., Ltd.	-	150.1	(100.0)	50.1
L H Asset Co., Ltd.	-	153.6	(93.5)	60.1
Siam Tanee Property Co., Ltd.	3.1	-	(3.1)	-
Land and Houses North Co., Ltd.	2.0	2.1	(4.1)	-
L H Muang Mai Co., Ltd.	65.3	3.5	-	68.8
L&H Property Co., Ltd.	1,024.5	43.6	(322.6)	745.5
Atlantic Real Estate Co., Ltd.	-	10.0	(10.0)	-
	1,094.9	362.9	(533.3)	924.5
<u>Associate</u>				
Land and Houses Bank Plc.	-	21.5	(21.4)	0.1
Total	1,094.9	384.4	(554.7)	924.6
Short-term loans from and accrued interest payables to related parties				
<u>Subsidiaries</u>				
Pacific Real Estate Co., Ltd.	-	124.1	(81.5)	42.6
Siam Tanee Property Co., Ltd.	-	14.1	(5.1)	9.0
Land and Houses North Co., Ltd.	-	42.3	(20.2)	22.1
Atlantic Real Estate Co., Ltd.	-	310.1	(310.1)	-
Land and Houses Northeast Co., Ltd.	-	143.5	(143.5)	-
L H Asset Co., Ltd.	-	30.0	(30.0)	-
L H Real Estate Co., Ltd.	-	14.6	(14.6)	-
Total	-	678.7	(605.0)	73.7

Directors and management's benefits

During the year 2012 and 2011, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2012	2011
Short-term employee benefits	90,985	86,399
Post-employment benefits	3,194	3,187
Total	94,179	89,586

Commitments and contingent liabilities of related parties

The Company and its subsidiaries had commitments related to project management, finding lessees, consulting, operating lease and service agreement and agreement to purchase/sale of products with related companies as described in Note 34.

The Company and a subsidiary had outstanding guarantee obligations with its related parties, as described in Note 34.3.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash	5,271	4,068	1,798	1,654
Bank deposits	1,028,121	538,121	761,615	434,732
Due cheques not yet deposited	278,704	193,192	268,039	187,049
Bills of exchange	-	464,000	-	260,000
Treasury bills	149,989	-	149,989	-
Total	1,462,085	1,199,381	1,181,441	883,435

As at 31 December 2012, bank deposits, bills of exchange and treasury bills carried interests between 0.625 to 3.00 percent per annum (2011: 0.25 to 3.00 percent per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Trade receivables - unrelated parties				
Past due				
Less than 3 months	78,743	62,443	-	-
3 - 6 months	10,186	3,120	-	-
6 - 9 months	553	2,326	-	-
9 - 12 months	-	15	-	-
Over 12 months	567	271	-	-
Total	90,049	68,175	-	-
Less: Allowance for doubtful debts	-	(173)	-	-
Total trade receivables - unrelated parties, net	90,049	68,002	-	-
Other receivables				
Amounts due from and accounts receivables - related parties	3,776	3,607	1,876	281
Other	26,421	32,902	25,879	31,696
Other receivables	30,197	36,509	27,755	31,977
Total trade and other receivables - net	120,246	104,511	27,755	31,977

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Land	20,514,921	19,776,750	19,591,173	19,322,058
Land improvements	1,296,652	1,238,262	1,234,153	1,205,394
Construction in progress	7,114,711	6,920,441	6,770,099	6,605,696
Interest cost	1,515,468	1,508,162	1,462,351	1,454,601
Public utilities	2,147,214	2,039,953	1,996,344	1,918,519
Deferred development cost	1,091	2,433	500	522
Houses held for sales	60,204	60,042	-	-
Total	32,650,261	31,546,043	31,054,620	30,506,790
Less : Allowance for reduce cost to net realisable value	(113,626)	(74,216)	(78,952)	(37,286)
Inventories - net	32,536,635	31,471,827	30,975,668	30,469,504

During the year 2012, the Company engaged an independent valuer to appraise the fair value of certain projects of land and construction in progress of the Company and its subsidiaries, using the Market Comparison Approach and the Hypothetical development or residual valuation as the basis for determining the valuation of assets. The fair values of the land and construction in progress appraised by the independent appraiser exceeded their net carrying amount of project values.

During the years, the Company and its subsidiaries included borrowing costs in cost of land and construction in progress. These were determined by applying a capitalisation rate which is the weighted average of the financial charges on total borrowings as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Borrowing costs included in cost of land and construction in progress (Million Baht)	695	678	671	669
Capitalisation rate (Percent)	4.0	3.9	4.0	4.1

As at 31 December 2012 and 2011, the Company and its subsidiary have mortgaged land and structures thereon to secure the loans and the overdraft facilities of the Company and its subsidiary, of with net book values as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Net book value of land and structures thereon mortgaged as collateral	9,571	6,345	8,762	5,938

Movements in the allowance for loss on diminution in value of projects during the year ended 31 December 2012 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2012	74,216	37,286
Add: Additional set up	54,415	51,898
Transfer from land held for development	635	635
Less: Reversal due to sale	(15,640)	(10,867)
Balance as at 31 December 2012	113,626	78,952

During the current year, the Company and its subsidiary recorded an additional Baht 54 million provision for loss on diminution in value of projects (the Company only: Baht 52 million) for remaining land and houses of old projects based on a comparison between the market value under current conditions and their net book values.

10. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment		Carrying amount based on cost method - net	
	2012	2011	2012 (Percent)	2011 (Percent)	2012	2011	2012	2011	2012	2011
Atlantic Real Estate Co., Ltd.	15,000	15,000	99.99	99.99	14,998	14,998	-	-	14,998	14,998
Pacific Real Estate Co., Ltd.	5,810	5,810	99.99	99.99	5,810	5,810	-	-	5,810	5,810
Land and Houses North Co., Ltd.	13,500	13,500	99.99	99.99	13,500	13,500	-	-	13,500	13,500
Land and Houses Northeast Co., Ltd.	150,000	150,000	99.99	99.99	149,999	149,999	(50,000)	(50,000)	99,999	99,999
Siam Tanee Property Co., Ltd. and its subsidiary	100,000	100,000	99.99	99.99	64,859	64,859	-	-	64,859	64,859
L H Real Estate Co., Ltd.	58,000	58,000	99.99	99.99	25,000	25,000	-	-	25,000	25,000
L H Asset Co., Ltd.	100,000	100,000	99.99	99.99	52,734	52,734	-	-	52,734	52,734
L H Muang Mai Co., Ltd. and its subsidiaries	900,000	900,000	55.00	55.00	495,000	495,000	-	-	495,000	495,000
L&H Property Co., Ltd. and its subsidiaries	2,450,000	2,450,000	60.00	60.00	1,566,000	1,566,000	-	-	1,566,000	1,566,000
Land and Houses U.S.A., Inc.	(a)	-	100.00	-	346,466	-	-	-	346,466	-
					<u>2,734,366</u>	<u>2,387,900</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>2,684,366</u>	<u>2,337,900</u>

(a) As at 31 December 2012, Land and Houses U.S.A., Inc. had paid-up capital amounted to USD 11.3 million.

During the years 2012 and 2011, the Company received dividend income from its subsidiaries as detailed below.

(Unit: Thousand Baht)

Company's name	2012	2011
Atlantic Real Estate Co., Ltd.	299,958	149,979
Pacific Real Estate Co., Ltd.	-	7,756
L H Asset Co., Ltd.	-	249,998
Total	299,958	407,733

10.2 L H Muang Mai Company Limited and its subsidiaries

As at 31 December 2012 and 2011, L H Muang Mai Company Limited pledged the ordinary shares of its subsidiaries, Phuket Future Plan Company Limited and Double Tree Company Limited, as collateral of long-term loans.

10.3 L&H Property Company Limited

L&H Property Company Limited established 2 new subsidiaries as following details:

1. L&H Retail Management Co., Ltd. was established on 30 January 2012 with a registered capital of Baht 100,000 consisting of 10,000 ordinary shares with a par value of Baht 10 each. L&H Property Company Limited holds 99.99 percent of share ownership and paid all subscription already. The new subsidiary operates the retail management business.
2. L&H Hotel Management Co., Ltd. was established on 7 February 2012 with a registered capital of Baht 100,000 consisting of 10,000 ordinary shares with a par value of Baht 10 each. L&H Property Company Limited holds 99.99 percent of share ownership and paid all subscription already. The new subsidiary operates the hotel management business.

10.4 Land and Houses U.S.A., Inc.

On 14 August 2012, the meeting of the Company's Board of Directors passed a resolution to establish a new subsidiary named Land and Houses U.S.A., Inc. to invest in real estate in the United States of America. Subsequently, on 24 August 2012, Land and Houses U.S.A., Inc., is registered in California, the United States of America. The Company owned 100 percent of shareholding in such company with registered share capital of 20 million shares at USD 1 per share, totaling USD 20 million. On 14 September 2012, 31 October 2012 and 11 December 2012, Land and Houses U.S.A., Inc. called up USD 400,000, USD 300,000 and USD 10,600,000, respectively and the Company has already paid in total.

11. Investments in associates

11.1 Details of investments in associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2012 (Percent)	2011 (Percent)	2012	2011	2012	2011
LH Financial Group Plc.	Holding company	Thai	35.07	35.43	4,254,008	4,254,008	4,979,970	4,726,443
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	21.16	179,178	179,178	392,166	304,873
Home Product Center Plc.	Trading of construction materials	Thai	30.11	30.07	1,337,231	1,175,060	3,449,762	2,777,661
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	2,000	2,000	4,114	1,387
Land and Houses Property Fund	Real estate business	Thai	49.94	49.94	20,692	20,692	32,402	32,402
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	785,330	1,512,269	542,334	1,260,648
Quality Houses Plc.	Real estate business	Thai	24.86	24.86	3,252,802	3,252,802	4,703,957	4,126,857
Starmalls, Inc. (formerly known as "Polar Property Holdings Corporation")	Real estate business	Philippines	-	25.00	-	866,849	-	1,148,654
					<u>9,831,241</u>	<u>11,262,858</u>	<u>14,104,705</u>	<u>14,378,925</u>

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements					
			Shareholding percentage		Cost		Carrying amounts based on cost method	
			2012 (Percent)	2011 (Percent)	2012	2011	2012	2011
LH Financial Group Plc.	Holding company	Thai	35.07	35.43	4,254,008	4,254,008	4,254,008	4,254,008
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	21.16	179,178	179,178	179,178	179,178
Home Product Center Plc.	Trading of construction materials	Thai	30.11	30.07	1,337,231	1,175,060	1,337,231	1,175,060
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	2,000	2,000	2,000	2,000
Land and Houses Property Fund	Real estate business	Thai	49.94	49.94	20,692	20,692	20,692	20,692
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	785,330	1,512,269	785,330	1,512,269
Quality Houses Plc.	Real estate business	Thai	24.86	24.86	3,252,802	3,252,802	3,252,802	3,252,802
Starmalls, Inc. (formerly known as "Polar Property Holdings Corporation")	Real estate business	Philippines	-	25.00	-	866,849	-	866,849
					9,831,241	11,262,858	9,831,241	11,262,858

11.2 Significant changes in investments in associates

11.2.1 LH Financial Group Public Company Limited

In May 2011, LH Financial Group Public Company Limited 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. The Company did not acquire addition shares of LH Financial Group Public Company Limited. Consequently, the percentage shareholding of the Company's in the associated company has decreased from 40.95 percent to 35.75 percent. The increase in share capital of such associate resulted in increasing in the investment in associate accounted for under the equity method amounting to Baht 136.1 million, presented as other income in the consolidated statement of income for the year 2011.

During the year 2011, the warrant holders of LH Financial Group Public Company Limited exercised their rights to convert 101 million warrants to 101 million ordinary shares. As a result, the Company's shareholding percentage in that company has changed from 35.75 percent to 35.43 percent.

On 23 April 2012, the Annual General Meeting of the shareholders of LH Financial Group Public Company Limited approved the payment of dividend to its shareholders. This comprised a stock dividend at a rate of 1 dividend share for every 30 existing shares, or equivalent to Baht 0.0333 per share, and a cash dividend of Baht 0.0037 per share. The Company received 136 million stock dividend shares and cash dividend of Baht 15 million in May 2012. The Company included this stock dividend in recalculating the average cost of investment in such company, using the total shares held after receiving stock dividend during the current year.

In addition, during the year 2012, the warrant holders of LH Financial Group Public Company Limited exercised their rights to convert warrants to 124 million ordinary shares. As a result, the Company's percentage shareholding in that company has changed from 35.43 percent to 35.07 percent.

11.2.2 Home Product Center Public Company Limited

During the year 2012, the Company additionally purchased the ordinary shares of Home Product Center Public Company Limited totaling 12 million shares or Baht 162 million and the warrant holders of Home Product Center Public Company Limited exercised their rights to convert warrants to 32 million ordinary shares. As a result, the Company's shareholding percentage in that company has changed from 30.07 percent to 30.11 percent.

11.2.3 Land and Houses Property and Loan Fund-II

On 1 August 2012, a meeting of the unitholders of Land and Houses Property and Loan Fund-II, passed a resolution approving a reduction in capital proportionate to unitholding, amounting to Baht 2,001 million. The Company received proceeds amounting to Baht 1,001 million, in proportion to its 49.99 percent holding in August 2012. The Company recognised gain on share reduction amounting to Baht 274 million in profit or loss for the year 2012.

11.2.4 Quality Houses Public Company Limited

On 20 April 2012, the Annual General Meeting of the shareholders of Quality Houses Public Company Limited approved the payment of dividend to its shareholders. This comprised a stock dividend at a rate of 1 dividend share for every 12 existing shares, or equivalent to Baht 0.08333 per share, and a cash dividend of Baht 0.00926 per share. The Company received 176 million stock dividend shares and cash dividend of Baht 20 million in May 2012. The Company included this stock dividend in recalculating the average cost of investment in such company, using the total shares held after receiving stock dividend during the current year.

11.2.5 Starmalls, Inc. (formerly known as "Polar Property Holdings Corporation")

In June 2012, Polar Property Holdings Corporation, an associated company, restructured its shareholding and increased the capital to acquire 99 percent of paid up capital in Manuela Corporation, which operates shopping mall development business in Philippines. Then, Polar Property Holdings Corporation changed its name to Starmalls, Inc. From the shareholding restructure, the Company's existing shareholding of 1,223 million shares or 25 percent of its paid up share capital was reduced to 808 million shares or 9.6 percent of paid up share capital of Starmalls, Inc. The Company reclassified such investments from investments in associated company to available-for-sale investments and presented them under other long-term investments. According to TAS 105 "Accounting for Investments in Debt and Equity Securities", the difference of carrying amount and fair value at transfer date shall be recognised in shareholders' equity. The Company recognised gain on reclassification of investment from investments in associated company to available-for-sale investments amounting to Baht 1,228 million in the shareholders' equity of the consolidated financial statements (Separate financial statements: Baht 1,502 million) as other surplus which is a part of other components of shareholders' equity in statement of financial position.

11.2.6 Bangkok Chain Hospital Public Company Limited

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

(Unit: Thousand Baht)

	For the year ended 31 December 2011	
	Consolidated financial statements	Separate financial statements
Gain on sale of investments	2,765,536*	2,912,261

* Including a Baht 144 million from the transfer of share premium of associate to profit due to disposals of investments.

During the year 2011, the Company determined share of profit from this associate from the beginning of the year until the disposal date of this investment amounting to Baht 30 million.

11.3 Share of profit (loss) and dividend received

During the years, the Company recognised its share of profit (loss) from investments in associate companies in the consolidated financial statements and dividend income from associated companies in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from investments in associates		Dividend received	
	during the year		during the year	
	2012	2011	2012	2011
LH Financial Group Plc.	234,290	192,329	15,041	-
Bangkok Chain Hospital Plc.	-	29,886	-	-
Quality Construction Products Plc.	94,200	28,035	6,770	4,231
Home Product Center Plc.	807,082	605,421	304,292	49,816
Asia Asset Advisory Co., Ltd.	3,512	(77)	-	-
Land and Houses Property Fund*	-	-	-	-
Land and Houses Property and Loan Fund-II	524,622	39,108	316,335	125,326
Quality Houses Plc.	593,110	212,064	19,516	252,905
Starmalls, Inc. (formerly known as "Polar Property Holdings Corporation")	25,344	49,371	-	-
Total	2,282,160	1,156,137	661,954	432,278

*Registered its termination on 11 December 2007.

11.4 Fair values of investments in listed associates

In respect of investments in associated companies that are listed companies on the Stock Exchange, their fair values as at 31 December 2012 and 2011 are as follows:

(Unit: Million Baht)

Company's name	Country of listing	Fair values	
		2012	2011
LH Financial Group Plc.	Thai	5,713	5,650
Quality Construction Products Plc.	Thai	1,244	504
Home Product Center Plc.	Thai	26,715	19,303
Quality Houses Plc.	Thai	4,886	3,140
Starmalls, Inc. (formerly known as "Polar Property Holdings Corporation")	Philippines	-	2,034
Total		38,558	30,631

11.5 Summarised financial information of associates

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

(Unit: Million Baht)

Company's name	Paid-up capital as at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the year ended 31 December		Profit for the year ended 31 December	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
LH Financial Group Plc.	11,979	11,472	122,369	81,189	108,194	67,877	5,252	3,545	681	537
Quality Construction Products Plc.	400	400	2,197	1,794	344	353	2,176	1,553	445	133
Home Product Center Plc.	7,041	5,837	25,801	20,650	15,941	12,529	36,969	30,502	2,679	2,005
Asia Asset Advisory Co., Ltd.	5	5	38	37	27	34	86	86	9	-
Land and Houses Property and Loan Fund-II	1,569	3,021	1,092	2,557	7	35	143	238	1,197	78
Quality Houses Plc.	9,184	8,477	41,584	37,991	26,076	24,823	14,409	10,671	2,405	853

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

(Unit: Million Peso)

Company's name	Paid-up capital as at 30 September		Total assets as at 30 September		Total liabilities as at 30 September		Total revenues for the nine-month period ended 30 September		Profit for the nine-month period ended 30 September	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Starmalls, Inc. (formerly known as "Polar Property Holdings Corporation")	-	4,892	-	6,339	-	135	-	216	-	204

- 11.6 The Company's consolidated financial statements for the years ended 31 December 2012 and 2011 included investments in the following associates accounted for under the equity method, and share of profit (loss) from investments in associates under the equity method, determined based on financial statements of those companies which have been audited or not been audited as follows.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Investments under the equity method as at 31 December		Share of profit (loss) from investments under the equity method for the year ended 31 December	
	2012	2011	2012	2011
Audited by auditor and another auditor of the same firm				
LH Financial Group Plc.	4,979,970	4,726,443	234,290	192,329
Home Product Center Plc.	3,449,762	2,777,661	807,082	605,421
Asia Asset Advisory Co., Ltd.	4,114	1,387	3,512	(77)
Land and Houses Property Fund ⁽¹⁾	32,402	32,402	-	-
Land and Houses Property and Loan Fund-II	542,334	1,260,648	524,622	39,108
Quality Houses Plc.	4,703,957	4,126,857	593,110	212,064

(Unit: Thousand Baht)

	Consolidated financial statements			
	Investments under the equity method as at 31 December		Share of profit (loss) from investments under the equity method for the year ended 31 December	
	2012	2011	2012	2011
Audited by other auditors				
Bangkok Chain Hospital Plc.	-	-	-	29,886
Quality Construction Products Plc.	392,166	304,873	94,200	28,035
Unaudited by auditor				
Starmalls, Inc. (formerly known as "Polar Property Holdings Corporation")	-	1,148,654 ⁽²⁾	25,344	49,371 ⁽²⁾

⁽¹⁾ Registered its termination on 11 December 2007⁽²⁾ Determined based on the financial statements for the nine-month period ended 30 September 2011 prepared by the management

During the year 2011, the Company did not receive the financial statements of Starmalls, Inc. for the year ended 31 December 2011. The value of investment of this associate accounted for under the equity method in the consolidated financial statements as at 31 December 2011, amounting to Baht 1,149 million and share of profit from this associate accounted for under the equity method in the consolidated financial statements for the year then ended Baht 49 million were determined based on the financial statements for the nine-month period ended 30 September 2011 provided by that company's management, which were not reviewed by its auditor. In addition, the Company did not adjust for the possible effect of application of different accounting policies.

During the year 2012, the Company received the audited financial statements for the year ended 31 December 2011 of Starmalls, Inc. whose auditor expressed an unqualified opinion on those statements. In addition, the Company received financial statements for the three-month period ended 31 March 2012 of Starmalls, Inc. which were prepared by the management of such company. The Company used such financial statements for the three-month period ended 31 March 2012 to calculate share of profit under the equity method from the beginning of the year until Starmalls, Inc.'s the shareholding restructure date. Certain accounting policies of Starmalls, Inc. differ from those of the Company's group. However, the management of the Company believes that the effect of the difference of accounting period and differences in accounting policies will not have a material impact on the consolidated financial statements of the Company.

12. Other long-term investments

12.1 Details of other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Available-for-sale securities				
Equity securities - Domestic (Note 12.3)	783,568	288,568	783,568	288,568
Equity securities - Overseas (Note 11.2.5)	2,368,704	-	2,368,704	-
Less: Changes in fair value of securities	(156,740)	(45,801)	(156,740)	(45,801)
Available-for-sale securities - net	2,995,532	242,767	2,995,532	242,767
Other investments				
Equity securities - Domestic	250,089	250,267	26,000	26,000
Less: Allowance for impairment	(37,064)	(37,064)	(16,000)	(16,000)
Other investments - net	213,025	213,203	10,000	10,000
Total	3,208,557	455,970	3,005,532	252,767

12.2 In December 2011, the Company sold investments in ordinary shares and preferred shares of 5 companies incorporated in Indonesia. The Company received net consideration from selling this investments totaling Baht 347 million. As a result, the Company had loss on sale of investments amounting to Baht 275 million in the year 2011.

12.3 During the year 2012, the Company invested in Land and Houses Freehold and Leasehold Property Fund totaling Baht 495 million as described in Note 6.

13. Land held for development

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Land held for development	4,957,913	5,257,608	3,755,806	4,050,734
Less: Allowance for loss on diminution in value	(792,850)	(774,022)	(691,869)	(692,504)
Land held for development - net	4,165,063	4,483,586	3,063,937	3,358,230

During the year 2012, the Company engaged an independent valuer to appraise the fair value of certain plots of land held for development of the Company and its subsidiaries, using the Market Comparison Approach as the basis of determining the valuation of assets. The fair values of land held for development appraised by the independent appraiser exceeded their net carrying amount.

As at 31 December 2012 and 2011, the Company and its subsidiaries have mortgaged land held for development to secure long-term loans with net book value as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Net book value of mortgaged land held for development to secure loans	2,116	945	1,171	-

During the year 2012, the Company transferred land held for development with net book value of Baht 303 million to inventories and received inventory with net book value of Baht 3 million to land held for development.

Movements in the allowance for loss on diminution in value of land held for development during the year ended 31 December 2012 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2012	774,022	692,504
Add: Additional set up	26,783	-
Less: Transfer to inventories	(635)	(635)
Less: Reversal due to sales	(7,320)	-
Balance as at 31 December 2012	792,850	691,869

During the current year, the subsidiary recorded an additional Baht 27 million provision for loss on diminution in the value of land held for development based on a comparison between the market value under current conditions and their net book value conducted by management.

14. Investment properties

The net book value as at 31 December 2012 and 2011 of investment properties, representing houses for rent of the L&H Villa Sathon project of L&H Sathon Company Limited and apartments of Land and Houses U.S.A., Inc. is presented below.

(Unit: Thousand Baht)

Consolidated financial statements		
	2012	2011
Cost	313,974	496,905
Less: Accumulated depreciation	(291)	(110,392)
Net book value	313,683	386,513

A reconciliation of the net book value of investment properties for the years 2012 and 2011 is presented below.

(Unit: Thousand Baht)

Consolidated financial statements		
	2012	2011
Net book value at beginning of year	386,513	412,309
Acquisition of assets	313,974	-
Depreciation charged	(6,012)	(25,796)
Disposals - net book value at disposal date	(380,792)	-
Net book value at end of year	313,683	386,513

Depreciation of investment properties for the year 2012 of Baht 6 million (2011: Baht 26 million) included in cost of rental and services.

The fair value of the investment properties as at 31 December 2012 and 2011 stated below:

(Unit: Million Baht)

Consolidated financial statements		
	2012	2011
Investment properties	314	644

As at 31 December 2011, the fair value of investment properties (L&H Villa Sathon Project) as determined based on valuations performed by an independent valuer was Baht 644 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 the building. The aforementioned fair value included leasehold rights of land which has the net book value of Baht 160 million.

On 28 February 2012, the Board of Director's meeting of L&H Sathon Company Limited, a Company's subsidiary, approved to sell L&H Villa Sathon Project to Land and Houses Freehold and Leasehold Property Fund at a total price of Baht 628 million (including leasehold rights of the land on which such project is located, furniture and equipment). Such investment properties had net book value as at disposal date of Baht 381 million. The Company recognised gain on sale of this transaction in the consolidated profit or loss for the year 2012 totalling Baht 15 million (net of relevant sales expenses).

As at 31 December 2012, the fair value of investment properties (apartments of Land and Houses U.S.A., Inc.) are determined based on acquisition cost in December 2012. The management believes that there are no material differences between the book value and its fair value.

During the years 2012 and 2011, the subsidiaries gained rental income and had direct operating expenses arising from the L&H Villa Sathon Project and apartments of Land and Houses U.S.A., Inc. which are recorded in profit or loss as detailed below.

(Unit: Million Baht)		
	Consolidated financial statements	
	2012	2011
Rental and service income	20	75
Direct operating expenses	16	69

15. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements									
	Land	Building and building improvement	Office equipment	Furniture, fixture and equipment	Motor vehicles	Clubhouse, pool and tennis court	Other	Assets under construction	Total
<u>Cost</u>									
1 January 2011	26,997	68,878	122,610	383,390	64,511	706,737	176,405	15,363	1,564,891
Purchase	-	1,346	33,463	76,738	18,885	116,047	81,184	33,976	359,639
Disposal/Write-off	-	(8,187)	(3,529)	(5,710)	(16,420)	(34,563)	(20,883)	-	(89,292)
Transfer in (out)	-	1,175	1,946	11,150	-	-	(1,470)	(12,801)	-
31 December 2011	26,997	63,212	154,490	465,588	64,976	788,221	235,236	36,538	1,835,238
Purchase	-	-	29,492	4,176	54,668	109,992	16,415	23,938	238,681
Disposal/write-off	-	-	(23,617)	(77,375)	(5,993)	(63,810)	(1,693)	-	(172,488)
Transfer in (out)	-	1,180	-	21,163	-	-	-	(22,343)	-
31 December 2012	26,997	64,392	160,365	413,532	113,651	834,403	249,958	38,133	1,901,431
<u>Accumulated depreciation</u>									
1 January 2011	-	41,429	103,425	272,817	48,218	506,578	109,781	-	1,082,248
Depreciation for the year	-	3,302	12,572	60,731	6,342	85,356	27,520	-	195,823
Depreciation on disposal	-	(6,863)	(2,941)	(3,622)	(16,420)	(33,984)	(18,604)	-	(82,434)
31 December 2011	-	37,868	113,056	329,926	38,140	557,950	118,697	-	1,195,637
Depreciation for the year	-	2,149	17,656	52,694	16,505	97,757	30,910	-	217,671
Depreciation on disposal	-	-	(23,522)	(69,865)	(5,715)	(63,810)	(1,133)	-	(164,045)
31 December 2012	-	40,017	107,190	312,755	48,930	591,897	148,474	-	1,249,263
<u>Allowance for impairment</u>									
31 December 2011	-	1,178	-	-	-	-	-	-	1,178
31 December 2012	-	1,178	-	-	-	-	-	-	1,178
<u>Net book value</u>									
31 December 2011	26,997	24,166	41,434	135,642	26,836	230,271	116,539	36,538	638,423
31 December 2012	26,997	23,197	53,175	100,777	64,721	242,506	101,484	38,133	650,990
<u>Depreciation for the year</u>									
2011 (Baht 153 million included in cost of sales and cost of rental and services, and the balance in administrative expenses)									195,823
2012 (Baht 164 million included in cost of sales and cost of rental and services, and the balance in administrative expenses)									217,671

(Unit: Thousand Baht)

Separate financial statements								
	Building and building improvement	Office equipment	Furniture, fixture and equipment	Motor vehicles	Clubhouse, pool and tennis court	Other	Assets under construction	Total
<u>Cost</u>								
1 January 2011	42,988	102,670	165,710	55,330	586,205	43,575	13,677	1,010,155
Purchase	1,346	7,483	119	16,458	115,570	5,206	33,801	179,983
Disposal/Write-off	-	(106)	(4,780)	(16,416)	(28,008)	(119)	-	(49,429)
Transfer in (out)	1,174	-	10,339	-	-	-	(11,513)	-
31 December 2011	45,508	110,047	171,388	55,372	673,767	48,662	35,965	1,140,709
Purchase	-	24,399	-	52,888	106,179	2,782	19,946	206,194
Disposal/write-off	-	(22,822)	(8,781)	(2,372)	(59,427)	-	-	(93,402)
Transfer in (out)	1,180	-	21,163	-	-	-	(22,343)	-
31 December 2012	46,688	111,624	183,770	105,888	720,519	51,444	33,568	1,253,501

(Unit: Thousand Baht)

	Separate financial statements							Total
	Building and improvement	Office equipment	Furniture, fixture and equipment	Motor vehicles	Clubhouse, pool and tennis court	Other	Assets under construction	
<u>Accumulated depreciation</u>								
1 January 2011	19,162	88,425	128,265	40,306	399,626	34,823	-	710,627
Depreciation for the year	2,162	8,479	16,410	5,849	77,451	3,489	-	113,840
Depreciation on disposal	-	(83)	(2,637)	(16,416)	(28,008)	(63)	-	(47,207)
31 December 2011	21,344	96,821	142,038	29,739	449,069	38,249	-	777,260
Depreciation for the year	2,149	10,089	12,566	15,814	92,374	3,574	-	136,566
Depreciation on disposal	-	(22,791)	(7,599)	(2,372)	(59,427)	-	-	(92,189)
31 December 2012	23,493	84,119	147,005	43,181	482,016	41,823	-	821,637
<u>Net book value</u>								
31 December 2011	24,164	13,226	29,350	25,633	224,698	10,413	35,965	363,449
31 December 2012	23,195	27,505	36,765	62,707	238,503	9,621	33,568	431,864
<u>Depreciation for the year</u>								
2011 (Baht 77 million included in cost of sales, and the balance in administrative expenses)								113,840
2012 (Baht 92 million included in cost of sales, and the balance in administrative expenses)								136,566

As at 31 December 2012 and 2011, certain building and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Building and equipment items have been fully depreciated but are still in use	536	323	261	251

16. Leasehold rights

(Unit: Thousand Baht)

Project	Consolidated financial statements					
	Remaining periods of leasehold rights (years)	1 January 2012	Increase (Decrease)	Disposal - net book value at disposal date	Amortisation	31 December 2012
Grande Centre Point Hotel & Residence	25	1,946,802	514	-	(90,917)	1,856,399
L&H Villa Sathon	-	160,011	-	(158,676)	(1,335)	-
Terminal 21 Shopping Mall and Grande Centre Point Hotel and Residence	28	4,763,345	(35,872)	-	(164,318)	4,563,155
Sukhumvit - Terminal 21						
Vacant land	14	556	-	-	(39)	517
Total		6,870,714	(35,358)	(158,676)	(256,609)	6,420,071

The amortisation of leasehold rights for the year 2012 of Baht 257 million (2011: Baht 126 million) included in cost of rental and services.

Leasehold rights of Grande Centre Point Hotel & Residence project included the value of premises thereon because a subsidiary has to transfer such premises located on the leasehold to the lessor when the construction of such premises completed, in accordance with the conditions stipulated in the agreement.

Subsidiaries have pledged their land leasehold rights with construction thereon with a total net book value as at 31 December 2012 of Baht 1,856 million (2011: land leasehold rights with construction and land sub-leasehold rights totaling Baht 2,107 million) as collateral for bank overdrafts and long-term loans.

During the year 2011, the subsidiary included borrowing costs in leasehold rights totaling Baht 112 million with the capitalisation rate of 5.4 percent.

During the year 2012, L&H Sathon Company Limited, a Company's subsidiary, sold land leasehold rights of L&H Villa Sathon Project as detailed in Note 14. Such leasehold rights had net book value at the disposed date of Baht 159 million.

17. Deposit for purchase of land

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2012	2011
Deposit for purchase of land	282,450	282,450
Less: Allowance for impairment	(84,735)	(84,735)
Deposit for purchase of land - net	197,715	197,715

In 1992, the Company entered into an agreement to buy and to sell land and made full payment of Baht 282 million. Regarding to the condition in the agreement, ownership of the land would be transferred after completion of some construction on the land within 36 months from the agreement date. If the Company is unable to fulfill this condition, the seller can cancel the agreement and return 70 percent of the purchase price to the Company. Currently, the Company has not yet proceeded such construction, therefore, allowance for impairment of deposit for purchase of land was recorded of Baht 85 million (2011: Baht 85 million).

18. Other intangible assets

The net book value of other intangible assets as at 31 December 2012 and 2011 is presented below.

	(Unit: Thousand Baht)				
	Consolidated financial statements			Separate financial statements	
	Right to the use				
	of the connecting	Computer		Computer	
	walkway	software	Total	software	Total
As at 31 December 2012					
Cost	81,408	64,915	146,323	38,804	38,804
Less: Accumulated amortisation	(9,118)	(19,758)	(28,876)	(15,704)	(15,704)
Net book value	72,290	45,157	117,447	23,100	23,100
As at 31 December 2011					
Cost	81,408	39,448	120,856	19,317	19,317
Less: Accumulated amortisation	(849)	(14,127)	(14,976)	(12,923)	(12,923)
Net book value	80,559	25,321	105,880	6,394	6,394

A reconciliation of the net book value of intangible assets for the years 2012 and 2011 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Net book value at beginning of year	105,880	8,409	6,394	6,708
Acquisition of computer software	25,494	19,488	19,486	1,369
Paid for the right to the use of the connecting walkway	-	81,408	-	-
Disposal during the year - net book value as at disposal date	(27)	-	-	-
Amortisation	(13,900)	(3,425)	(2,780)	(1,683)
Net book value at end of year	117,447	105,880	23,100	6,394
Amortisation for the year charged to				
Cost of rental and services	8,269	1,742	-	-
Administrative expenses	5,631	1,683	2,780	1,683

Right to the use of the connecting walkway

On 1 February 2011, L&H Property Company Limited, a subsidiary of the Company, entered into Connecting Walkway Agreement with the Bangkok Mass Transit System Public Company Limited. Under such agreement, L&H Property Company Limited agreed to construct the connecting walkway between Bangkok Mass Transit System and Terminal 21 Shopping Mall and to pay for consideration for using such walkway to Bangkok Mass Transit System Public Company Limited. In this regard, L&H Property Company Limited obtains the right to the use of the connecting walkway for a period equal to the remaining concession period granted to Bangkok Mass Transit System Public Company Limited by Bangkok Metropolitan Administration. The connecting walkway under the agreement is a part of the Bangkok Mass Transit System.

19. Bank overdrafts and short-term loans

(Unit: Thousand Baht)

	Interest rate (Percent per annum)		Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011	2012	2011
<u>Bank overdrafts and short-term loans from financial institutions</u>						
Bank overdrafts	MOR	MOR	15,061	22,951	-	-
Promissory notes	3.2, MOR - 1.5	-	310,000	-	300,000	-
Total bank overdrafts and short-term loans from financial institutions			325,061	22,951	300,000	-
<u>Short-term loans</u>						
Bills of exchange	2.9 - 2.99	3.4 - 4.05	900,000	4,463,000	900,000	4,463,000
Less: Prepaid interest			(6,018)	(34,932)	(6,018)	(34,932)
Total short-term loans			893,982	4,428,068	893,982	4,428,068

As at 31 December 2012, bank overdrafts and short-term loans from financial institutions are secured by the pledge of land leasehold rights and mortgage of land and structures thereon of projects of the subsidiaries (2011: secured by the pledge of land leasehold rights and land sub-leasehold rights and structures thereon of subsidiaries).

20. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Trade payables - unrelated parties	1,318,789	1,267,231	1,111,370	969,262
Trade payables - related parties	37,455	3,159	10,195	2,962
Other payables - related parties	14,481	22,353	4,578	5,017
Accrued expenses	753,302	546,854	617,979	467,164
Others	21,825	21,990	19,812	19,792
Total trade and other payables	2,145,852	1,861,587	1,763,934	1,464,197

21. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Long-term loans	10,707,662	10,014,290	6,552,345	5,923,000
Less: Current portion	(1,545,010)	(573,031)	(1,000,000)	-
Net	9,162,652	9,441,259	5,552,345	5,923,000

As at 31 December 2012 and 2011, long-term loans of the Company and its subsidiaries from domestic financial institutions are shown below:

(Unit: Million Baht)

	Consolidated		Separate		Interest rate per annum	Principal repayments	Guaranteed by
	2012	2011	2012	2011			
<u>The Company</u>	-	700	-	700	Year 1-2 - 2.86% Thereafter - MLR - 1.5	Repayments within 4 years from the first drawdown date	Land and premises of project
	-	832	-	832	Year 1-2 - 2.83% Thereafter - MLR - 1.5	Repayment within 1 June 2014	Land and premises of project
	2,000	-	2,000	-	Year 1-2 - 4.11% Thereafter - MLR - 1.75	Repayment within 4 years from the first drawdown date	-
	2,000	3,000	2,000	3,000	Year 1-3 - 5% Year 4 - 5 - 4.05%	Repayments within 5 years whereas repayments at least Baht 1,000 million per year since the end of the third year	-

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Interest rate per annum	Principal repayments	Guaranteed by
	2012	2011	2012	2011			
	1,391	1,391	1,391	1,391	Year 1-3 - 4% Year 4 - MLR-1.75	Repayments within 4 years from the first drawdown date	Land and premises of project
	815	-	815	-	Year 1 - 2 - 3.95% Thereafter - MLR - 1.75	Repayments within 4 years from the first drawdown date	Land and premises of projects
	346	-	346	-	Year 1 - 5 - MLR - 2.25	Repayments within 5 years from the first drawdown date	Land
<u>Subsidiaries</u>							
L&H Property Co., Ltd.	813	943	-	-	Year 1-3 - MLR - 1.5 Thereafter - MLR - 1.0 or fixed deposit interest rate plus 2.5% whichever is higher rate	Repayments within December 2017	Land leasehold of project which the bank granted the loan
	2,547	2,442	-	-	Year 1-4 - MLR - 1.5 Year 5-8 - MLR - 1.0 Thereafter - MLR - 0.75	Repayments within 12 years for the first drawdown date commencing from January 2013	Letter of comfort from shareholders ^(a)
L&H Sathon Co., Ltd.	-	273	-	-	Year 1-3 - MLR - 1.5 Thereafter - MLR - 1.0 or fixed deposit interest rate plus 2.5% whichever is higher rate	Repayments within December 2017	Land sub-leasehold of project which the bank granted the loan Guaranteed by L&H Property Co., Ltd. covering Baht 390 million
L H Muang Mai Co., Ltd.	247	214	-	-	MLR - 1.5	60 percent of proceeds from sale of land and premises whereas the total loan have to be repaid within 5 years from the first drawdown date	Land and premises of project
	334	-	-	-	MLR - 2	60 percent of proceeds from sale of land and premises whereas the total loan have to be repaid within 5 years from the first drawdown date	Land and premises of project
Double Tree Co., Ltd.	214	219	-	-	Year 1 - MLR - 1.5 Year 2 - 4 - MLR - 1 Year 5 - MLR - 1.25	70 percent of proceeds from sale of land	Land of project Ordinary shares of the company and the related company
Total	10,707	10,014	6,552	5,923			
Less: Current portion	(1,545)	(573)	(1,000)	-			
Net	9,162	9,441	5,552	5,923			

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

Most loan agreements contain certain covenants and restrictions imposed by the lenders regarding, the proportion of shareholding of the major shareholders, changes in management, guarantees to loans or aval to promissory notes of any other persons or other companies, dividend payments, merger or consolidation with any other companies, the maintenance of certain financial ratios and formal reporting when the Company has a legal case which may affect its ability to repay loan.

As at 31 December 2012 and 2011, there were available long-term loan facilities from financial institutions as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Undrawdown loan facilities	2,633	1,038	1,254	-

In addition, as at 31 December 2012, a subsidiary has available long-term loan facilities from shareholder, except for facilities from the Company, totally Baht 260 million (2011: Baht 260 million).

22. Debentures

Details of approval to issue the debenture are as follows:

Approved by	The Annual General Meeting of the Company's shareholders held on 26 April 2011
Amount	Revolving amount of Baht 20,000 million or the equivalent in any other currency
Term	Maximum terms of 10 years
Type	Any types of debentures such as unsubordinated and/or subordinated, unsecured and/or secured, with and/or without debentureholder representation
Method of issuance	To be issued in Thailand and/or offshore

As at 31 December 2012, the Company has unissued debentures under the above mentioned approval totalling Baht 5,000 million (2011: Baht 8,500 million).

The outstanding balance of debentures as at 31 December 2012 and 2011 are detailed below.

Below:

					Consolidated and Separate financial statements			
					Number of debenture (Shares)		Amount (Thousand Baht)	
No.	Interest rate per annum	Tenor	Repayment	Maturity	2012	2011	2012	2011
<u>Unsubordinated and unsecured debentures</u>								
No. 1/2008	Fixed rate 5.33% for 1st - 2nd year and fixed rate 6.5% for 3rd - 4th year	4 years	At maturity	24 July 2012	-	3,000,000	-	3,000,000
No. 1/2009	Fixed rate 4.5%	5.5 years	At maturity	19 June 2015	2,000,000	2,000,000	2,000,000	2,000,000
No. 1/2010	Fixed rate 3.4%	3.5 years	At maturity	30 September 2013	1,000,000	1,000,000	1,000,000	1,000,000
No. 2/2010	Fixed rate 3%	3 years	At maturity	29 March 2013	2,000,000	2,000,000	2,000,000	2,000,000
No. 3/2010	Fixed rate 2.89%	3 years	At maturity	27 July 2013	1,000,000	1,000,000	1,000,000	1,000,000
No. 1/2011	Fixed rate 3.54%	3 years	At maturity	20 January 2014	2,500,000	2,500,000	2,500,000	2,500,000
No. 1/2012 (1)	Fixed rate 3.85%	2.5 years	At maturity	30 September 2014	900,000	-	900,000	-
No. 1/2012 (2)	Fixed rate 3.99%	3 years	At maturity	30 March 2015	3,100,000	-	3,100,000	-
No. 2/2012 (1)	Fixed rate 4.10%	3 years	At maturity	30 September 2015	2,500,000	-	2,500,000	-
Total					15,000,000	11,500,000	15,000,000	11,500,000
Less: Current portion of debentures							(4,000,000)	(3,000,000)
Net							11,000,000	8,500,000

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

23. Provisions

(Unit: Thousand Baht)

	Consolidated financial statements							
	Short-term provisions				Long-term provisions			
					Compensation			
	After-sale		Guarantee		for Housing		Guarantee	
	maintenance	Legal	income		Estate Juristic	Public utilities	income	
expenses	cases	of fund	Total	Persons	maintenance	of fund	Total	
As at 1 January 2011	30,321	35,582	-	65,903	132,576	125,795	-	258,371
Increase during the year	43,685	987	-	44,672	28,035	44,285	-	72,320
Utilised	(31,296)	-	-	(31,296)	(13,533)	(5,404)	-	(18,937)
As at 31 December 2011	42,710	36,569	-	79,279	147,078	164,676	-	311,754
Increase during the year	45,471	174,477	58,037	277,985	22,741	60,927	22,522	106,190
Utilised	(36,676)	-	(7,717)	(44,393)	(19,341)	(19,261)	-	(38,602)
As at 31 December 2012	51,505	211,046	50,320	312,871	150,478	206,342	22,522	379,342

(Unit: Thousand Baht)

	Separate financial statements							
	Short-term provisions				Long-term provisions			
					Compensation			
	After-sale		Guarantee		for Housing		Guarantee	
	maintenance	Legal	income		Estate Juristic	Public utilities	income	
expenses	cases	of fund	Total	Persons	maintenance	of fund	Total	
As at 1 January 2011	24,110	35,582	-	59,692	121,124	117,358	-	238,482
Increase during the year	39,262	987	-	40,249	25,632	42,720	-	68,352
Utilised	(25,397)	-	-	(25,397)	(13,533)	(5,404)	-	(18,937)
As at 31 December 2011	37,975	36,569	-	74,544	133,223	154,674	-	287,897
Increase during the year	42,315	174,477	58,037	274,829	19,701	60,713	22,522	102,936
Utilised	(31,914)	-	(7,717)	(39,631)	(17,980)	(17,330)	-	(35,310)
As at 31 December 2012	48,376	211,046	50,320	309,742	134,944	198,057	22,522	355,523

24. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Defined benefit obligation at beginning of year	131,651	120,256	126,191	116,132
Current service cost	8,486	7,932	6,971	6,757
Interest cost	5,954	5,503	5,774	5,342
Benefits paid during the year	(7,163)	(2,040)	(7,163)	(2,040)
Actuarial loss	42,901	-	40,342	-
Defined benefit obligation at end of year	181,829	131,651	172,115	126,191

Long-term employee benefit expenses included in profit or loss was as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Current service cost	8,486	7,932	6,971	6,757
Interest cost	5,954	5,503	5,774	5,342
Total expenses recognised in profit or loss	14,440	13,435	12,745	12,099
Line items under which such expenses are included in profit or loss				
Cost of sales and cost of rental and services	3,598	3,133	2,359	3,050
Administrative expenses	10,842	10,302	10,386	9,049

Total actuarial losses recognised in the other comprehensive income of the Company and its subsidiaries as at 31 December 2012 amounted to Baht 43 million (the Company only: Baht 40 million)

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(Percent per annum)	(Percent per annum)	(Percent per annum)	(Percent per annum)
Discount rate	3.6 - 3.7	3.7 - 4.7	3.6	4.6
Future salary increase rate	6.0 - 7.5	6.0 - 6.5	6.5	6.5
Staff turnover rate (depending on age)	0 - 20	0 - 20	0 - 20	0 - 20

Amounts of defined benefit obligation for the current and previous three periods are as follows:

(Unit: Thousand Baht)

	Defined benefit obligation		Experience adjustments arising on the plan liabilities (loss)	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2012	181,829	172,115	(68,972)	(64,317)
Year 2011	131,651	126,191	-	-
Year 2010	120,256	116,132	-	-
Year 2009	116,713	113,199	-	-

25. Revaluation deficit in investments

During the year 2012, movement of revaluation deficit in investments are as follows:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2012	2011
Balance as at beginning of year	(45,801)	(19,012)
Changes during the year due to revaluation	(110,939)	(26,789)
Balance as at end of year	(156,740)	(45,801)

26. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

27. Gain on investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Realised gain from sale of investments in associate (Note 11.2.6)	-	2,765,536	-	2,912,261
Realised loss from sale of other long-term investments (Note 12.2)	-	(275,235)	-	(275,235)
Total	-	2,490,301	-	2,637,026

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

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2012	2011
Associate	-	3,500,660
Other long-term investments	-	346,774

28. Provident fund

The Company and its employees and the subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, its subsidiaries and employees of each company contribute to the fund monthly at the rate of 5 to 7 percent of basic salaries since July 2012 (the former rate is 3 to 5 percent of their basic salaries). The fund, which is managed by TISCO Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the years, the Company and its subsidiaries contributed to the provident fund as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Contribution to provident fund	29	20	26	20

29. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Purchase of land and land held for development and payment of construction in progress	14,422,533	16,014,976	13,051,424	15,327,882
Changes in land, constructions in progress and land held for development	(746,285)	(4,352,402)	(211,871)	(4,756,755)
Salary and wages and other employee benefits	807,207	753,021	761,386	683,440
Depreciation and amortisation expenses	494,192	350,788	139,347	115,523
Loss on diminution in value of projects	54,415	13,824	51,897	-
Loss on diminution in value of land held for development	26,783	1,980	-	-
Rental expenses from operating lease agreements	84,065	68,287	47,968	47,204
Expenses related to flood	89,177	211,097	68,658	166,969

30. Income tax

In the year 2012, the income tax of the Company and its subsidiaries has been calculated at the rate of 23 percent (2011: 30 percent) on income before tax after adding back certain provisions and expenses which are not deductible for tax computation purposes.

31. 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.

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Profit for the year (Thousand Baht)	5,635,734	5,608,560	4,216,263	5,159,670
Weighted average number of ordinary shares (Thousand shares)	10,025,922	10,025,922	10,025,922	10,025,922
Earnings per share (Baht/share)	0.56	0.56	0.42	0.51

32. 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 shopping mall for rent. The Company and its subsidiaries operate principally in the single geographic area of 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 2012 and 2011 are as follows:

(Unit: Million Baht)

	Real estate business		Rental and service business		Elimination of inter-segment revenues		Consolidation	
	2012	2011	2012	2011	2012	2011	2012	2011
Revenues from external customers	22,493	18,748	1,797	649	-	-	24,290	19,397
Inter-segment revenues	-	-	2	4	(2)	(4)	-	-
Total revenues	22,493	18,748	1,799	653	(2)	(4)	24,290	19,397
Loss on diminution in value of projects and land held for development	(81)	(16)	-	-	-	-	(81)	(16)
Segment income (loss)	4,538	3,433	360	(95)	-	-	4,898	3,338
Unallocated income (expenses):								
Interest income							26	22
Other income							116	94
Gain from investments							-	2,490
Gain from change in shareholders' equity of an associate							-	136
Share of profit from investment in associates							2,282	1,156
Finance cost							(488)	(310)
Income tax expenses							(1,150)	(1,399)
Non-controlling interests of the subsidiaries							(48)	82
Profit for the year							5,636	5,609

(Unit: Million Baht)

	Real estate business		Rental and service business		Elimination of inter-segment revenues		Consolidation	
	2012	2011	2012	2011	2012	2011	2012	2011
Land and construction in progress	32,537	31,472	-	-	-	-	32,537	31,472
Land held for development	4,165	4,484	-	-	-	-	4,165	4,484
Investment properties	-	-	314	387	-	-	314	387
Property, plant and equipment	444	375	207	263	-	-	651	638
Leasehold rights	1	1	6,419	6,870	-	-	6,420	6,871
Unallocated assets							20,314	16,981
Total assets							64,401	60,833

Transfer prices between business segments are as set out in Note 6.

33. Dividend

Dividends	Approved by	Approved dividend per share	Interim dividend per share	Additional dividend paid per share	Total additional dividend paid	Portion belonging to shareholders not entitled to dividend	Net dividend paid
		(Baht)	(Baht)	(Baht)	(Million Baht)	(Million Baht)	(Million Baht)
Final dividend for 2010	Annual General Meeting of the shareholders on 26 April 2011	0.34	0.16	0.18	1,805	12	1,793
Interim dividend for 2011	Board of Director's meeting on 10 August 2011	0.17	-	0.17	1,704	10	1,694
							3,487
Final dividend for 2011	Annual General Meeting of the shareholders on 26 April 2012	0.40	0.17	0.23	2,306	20	2,286
Interim dividend for 2012	Board of Director's meeting on 14 August 2012	0.20	-	0.20	2,005	18	1,987
Interim dividend for 2012	Board of Director's meeting on 13 November 2012	0.10	-	0.10	1,002	9	993
							5,266

34. Commitments and contingent liabilities

34.1 Commitments

34.1.1 As at 31 December 2012 and 2011, the Company and its subsidiaries have commitments under construction contracts as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Commitments under construction contracts	2,904	1,744	2,772	1,690

34.1.2 As at 31 December 2012 and 2011, L&H Property Company Limited has the following commitments under, land and construction lease agreement and land lease agreement as follows:

a) Land and construction lease agreement

Agreement date	Agreement period	Maturity date	Rental rate
7 June 2005	30 years*	31 May 2038	<p>From 1 June 2008, the following rental is to be paid in monthly installments</p> <p>1st - 5th year, total rental payment of Baht 33.15 million (As at 31 December 2012: already paid Baht 30.12 million in total (2011: Baht 22.97 million))</p> <p>6th - 10th year, total rental payment of Baht 42.31 million 11th - 15th year, total rental payment of Baht 54.00 million 16th - 20th year, total rental payment of Baht 68.92 million 21th - 25th year, total rental payment of Baht 87.97 million 26th - 30th year, total rental payment of Baht 112.27 million</p>

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

In addition, as at 31 December 2012 and 2011 L&H Property Company Limited is committed to pay security expenses at the rate of Baht 11,160 per month throughout the period of construction and the period of the lease.

b) Land lease agreement

Agreement date	Agreement period	Rental rate
10 March 2006	30 years*	<p>Land leasing fee is to be monthly paid as follows:</p> <p>1st - 5th year, total rental of Baht 20.16 million (As at 31 December 2012: already paid Baht 9.41 million in total (2011: Baht 5.38 million))</p> <p>6th - 10th year, total rental of Baht 23.18 million 11th - 15th year, total rental of Baht 26.66 million 16th - 20th year, total rental of Baht 30.66 million 21st - 25th year, total rental of Baht 35.25 million 26th - 30th year, total rental of Baht 40.54 million</p>

* The agreement runs from 1 September 2010 to 31 August 2040.

34.1.3 As at 31 December 2012, the Company had outstanding commitment of Baht 90 million in respect of uncalled portion of investments in L&H Property Company Limited (2011: Baht 90 million).

As at 31 December 2012, the Company had outstanding commitments of USD 8.7 million in respect of the uncalled portion of investments in Land and Houses U.S.A., Inc. (2011: Nil).

34.1.4 As at 31 December 2012, L&H Property Company Limited are committed to pay Asia Asset Advisory Company Limited, which is an associate of the Company, totaling Baht 66.2 million.

34.1.5 As at 31 December 2012, L&H Property Company Limited are committed to pay Quality House Public Company Limited, which is an associate company of the Company, consultant fee totalling Baht 1 million (2011: Baht 1 million).

34.1.6 As 31 December 2012 and 2011, L&H Property Company Limited is committed to pay project management fees to the following associates.

Associates	Service fee rates	Term
Quality Houses Public Company Limited	2% of total revenue plus additional 5.5% of operating income Baht 100,000 per month of software service Project management fee charged at actual cost plus 15 percent	3 years commencing from 1 October 2010
Q.H. International Co., Ltd.	Baht 80,500 per month of project management fee Baht 75,000 per month of accounting, financing and software service Baht 53,500 per month of personnel management fee	2 years commencing from 1 January 2011

34.1.7 As at 31 December 2012 and 2011, L&H Property Company Limited is committed to pay Siam Retail Development Company Limited, which is a related company of the Company, commissions for finding lessees for Terminal 21 Shopping Mall, as per the conditions specified in the relevant agreement.

34.1.8 As at 31 December 2012 and 2011, the Company has commitment related to purchase of land as follows.

(Unit: Million Baht)

	Consolidated and Separate financial statements	
	2012	2011
Commitment to purchase of land	2,490	69

34.1.9 Obligation and commitment to complete projects on hand

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Number of projects on hand at beginning of year	53	45	46	39
Number of closed projects during year	(13)	(9)	(12)	(8)
Number of new projects during year	14	17	12	15
Number of projects on hand at end of year	54	53	46	46
Accumulative value of sales already contracted (Million Baht)	88,773	74,250	75,955	61,887
As percentage of total sales of projects on hand	66	63	63	59
Value of sales already contracted during year (Million Baht)	22,225	18,433	20,874	16,824
As percentage of total sales of projects on hand	16	16	17	16
Commitments in respect of the installation of central utilities of projects on hand (Million Baht)	1,393	1,122	1,309	1,100

34.1.10 As at 31 December 2012, the subsidiaries have servitude over land of approximately 85 rai (2011: 90 rai) of which the cost is included in the cost of projects.

34.1.11 Operating lease commitments

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

As at 31 December 2012 and 2011, the future minimum lease payments and services fee payments required under these non-cancellable contracts were as follows.

(Unit: Million Baht)		
	Consolidated and Separate financial statements	
	2012	2011
Payable:		
In up to 1 year	33	33
In over 1 and up to 5 years	29	60

34.1.12 On 2 March 2010, the Company entered into an agreement to purchase/sale of products with Quality Construction Products Public Company Limited, an associate, 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.

34.2 Bank guarantees

As at 31 December 2012 and 2011, there were the following outstanding bank guarantees issued by the banks in respect of certain performance bonds required in the normal course of business by the Company and its subsidiaries.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Letter of guarantees for arrangement and maintenance of public utilities	2,014	1,543	1,871	1,442
Letter of guarantees for electricity usage	51	55	41	41
Other letter of guarantees	30	22	22	22
	<u>2,095</u>	<u>1,620</u>	<u>1,934</u>	<u>1,505</u>

34.3 Guarantees

34.3.1 As at 31 December 2012 and 2011, the Company and its subsidiaries have the following obligations in respect of guarantees.

(Unit: Million Baht)

Guarantor	Guarantee	2012	2011
Land and Houses Plc.	Customers	<u>7</u>	<u>7</u>
L&H Property Co., Ltd.	L&H Sathon Co., Ltd.	<u>-</u>	<u>390</u>

34.3.2 The Company has contingent liabilities to a bank in relation to the financial support in form of issuance of a letter of comfort to provide to a subsidiary company for loan and guarantee facilities obtained for development of the subsidiary's project. As at 31 December 2012, the subsidiary has outstanding loans related to guarantee portion of the Company as specified in the letter of comfort amounting to Baht 2,021 million (2011: Baht 1,465 million).

34.4 Litigation

The Company and its subsidiaries

The following significant lawsuits had been filed against the Company and its subsidiaries.

- a) In 2006, two housing estate juristic persons filed a lawsuit against the Company and a subsidiary for claim of Baht 1,013 million in relation to access to public thoroughfares. In June 2009, the plaintiffs requested to reduce the claim amount to Baht 800 million. In addition, in February 2009, the Company was additionally sued in 2 lawsuits which are under the claims amounting to Baht 310 million and Baht 102 million, in accordance with the Land Allocation Act and Customer Protect Act. The Company has set aside a provision of Baht 25 million for liabilities arising as a result of these cases.

Subsequently, on 10 August 2012, the Court of First Instance issued a verdict on a civil case with the amount in dispute of Baht 102 million between the Company, and two housing estate juristic persons together with co-defendant. The Court ordered the Company to pay for damages of Baht 104 million plus interest at a rate of 7.5 percent per annum, commencing from 8 December 2008 until the full amount is paid. The Company's management and its legal consultant are of the opinion that the Company should set aside a provision and related interest expenses fund of Baht 136 million. However, the Company had already filed an appeal against the judgment to clarify the case.

- b) As at 31 December 2012, the Company and its subsidiaries have been sued for a total of approximately Baht 524 million (2011: Baht 68 million). To date, the Court of First Instance and the Appeal Court have ordered the Company and its subsidiaries to pay compensation plus interest totaling Baht 50 million (2011: Baht 12 million). The Company has set aside a provision of Baht 50 million (2011: Baht 12 million) for liabilities arising as a result of these cases, based on the opinion of their legal department.

Associates

The following significant lawsuits had been filed against the associates:

- a) Land and Houses Property Fund (“the Fund”) has been sued as second defendant in a civil case in which the plaintiff claims the Fund illegally received the transfer of the land and construction thereon of the “Langsuan Ville” condominium project from Wave Development Company Limited, a debtor of the plaintiff. The Court of First Instance and the Appeal Court dismissed the lawsuit. And in 2008, the plaintiff filed the petition to the Supreme Court. At current, the case is being heard by the Supreme Court. However, the Fund’s legal advisor believes that the outcome of the case will not adversely affect the Fund, as the Fund was a preferred creditor and thus had a preferential right to receipt of payment from the mortgaged assets. In addition, the prices at which the assets were transferred in settlement of debt were those appraised by an independent appraisal firm and thus can be held to be fair price.
- b) Land and Houses Property and Loan Fund-II (“the Fund”) has been sued by a condominium estate juristic persons seeking compensation of Baht 51.6 million for damage to common areas, plus interest at the rate of 7.5 percent per annum calculated from the day following the date the case was filed. On 8 November 2010, the South Bangkok Civil Court dismissed this lawsuit. Subsequently, the plaintiff appealed the decision and the Appeal Court found in accordance with the Court of First Instance on 27 June 2012. The plaintiff did not file a petition with the Supreme Court within the deadline of 25 October 2012 and the case is therefore deemed finalised.

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 and other receivables, trade and other payables, loans and debentures. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables and short-term loans to. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and short-term loans to as stated in the statements of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its deposit at financial institutions, short-term loans to, bank overdrafts, loans and debentures which bearing of interest. However, since most of the Company and its subsidiaries' 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.

As at 31 December 2012 and 2011 significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

	Consolidated financial statements							
	2012							
	Fixed interest rates				Floating interest rate	Non-interest bearing	Total	Interest rate
	At call	Within 1 year	1 - 5 years	Over 5 years				
	(Million Baht)							
<u>Financial assets</u>								
Cash and cash equivalents	300	150	-	-	664	348	1,462	0.625 - 3.00
Trade and other receivables	-	-	-	-	-	120	120	-
<u>Financial liabilities</u>								
Bank overdrafts and short-term loans from financial institutions	-	300	-	-	25	-	325	Note 19
Trade and other payables	-	-	-	-	-	2,146	2,146	-
Short-term loans from related parties	40	-	-	-	436	-	476	MLR - 1.5, 7 - 7.5
Short-term loans	-	900	-	-	-	-	900	Note 19
Long-term loans	-	1,391	4,815	-	4,501	-	10,707	Note 21
Debentures	-	4,000	11,000	-	-	-	15,000	Note 22

Separate financial statements								
2012								
Fixed interest rates					Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
At call	Within 1 year	1 - 5 years	Over 5 years					
(Million Baht)								
Financial assets								
Cash and cash equivalents	280	150	-	-	473	278	1,181	0.625 - 3.00
Trade and other receivables	-	-	-	-	-	28	28	-
Short-term loans to related parties	158	-	-	-	654	-	812	MLR - 1.5, 5 - 7.5
Financial liabilities								
Bank overdrafts and short-term loans from financial institutions	-	300	-	-	-	-	300	Note 19
Trade and other payables	-	-	-	-	-	1,764	1,764	-
Short-term loans from related parties	74	-	-	-	-	-	74	3.00
Short-term loans	-	900	-	-	-	-	900	Note 19
Long-term loans	-	1,391	4,815	-	346	-	6,552	Note 21
Debentures	-	4,000	11,000	-	-	-	15,000	Note 22

Consolidated financial statements								
2011								
Fixed interest rates					Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
At call	Within 1 year	1 - 5 years	Over 5 years					
(Million Baht)								
Financial assets								
Cash and cash equivalents	260	204	-	-	352	383	1,199	0.25 - 3.00
Trade and other receivables	-	-	-	-	-	105	105	-
Financial liabilities								
Bank overdrafts	-	-	-	-	23	-	23	Note 19
Trade and other payables	-	-	-	-	-	1,862	1,862	-
Short-term loans from related parties	39	-	-	-	620	-	659	MLR - 1.5, 7.0 - 7.5
Short-term loans	-	4,463	-	-	-	-	4,463	Note 19
Long-term loans	-	4,532	1,391	-	4,091	-	10,014	Note 21
Debentures	-	3,000	8,500	-	-	-	11,500	Note 22

Separate financial statements								
2011								
Fixed interest rates					Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
At call	Within 1 year	1 - 5 years	Over 5 years					
(Million Baht)								
Financial assets								
Cash and cash equivalents	260	-	-	-	266	357	883	0.50 - 3.00
Trade and other receivables	-	-	-	-	-	32	32	-
Short-term loans to related parties	52	-	-	-	931	-	983	MLR-1.5, 7-7.5
Financial liabilities								
Trade and other payables	-	-	-	-	-	1,464	1,464	-
Short-term loans	-	4,463	-	-	-	-	4,463	Note 19
Long-term loans	-	4,532	1,391	-	-	-	5,923	Note 21
Debentures	-	3,000	8,500	-	-	-	11,500	Note 22

Foreign currency risk

The Company exposure to foreign currency risk arises mainly from investment transactions that are denominated in foreign currencies. The Company has no forward contracts to reduce the exposure.

The balances of financial assets denominated in foreign currencies as at 31 December 2012 and 2011 are summarised below:

Foreign currency	Financial assets		Average exchange rate as at 31 December	
	2012	2011	2012	2011
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Philippines Peso	2,926	1,223	0.74525	0.72315
US Dollar	11	-	30.6316	-

In addition, the Company entered into cross currency and interest rate swap agreements to manage risk associated with the financial liabilities carrying floating interest. The details of long-term loans from financial institutions are set out in Note 21. The details of the cross currency and interest rate swap agreements outstanding as at 31 December 2012 is as follows:

2012				
Currency and Interest Revenue Rate Swap agreements		Currency and Interest Expense Rate Swap agreements		Termination date
Principal amount	Interest rate	Principal amount	Interest rate	
Baht 346 million	Floating rate MLR - 2.25%	USD 11.3 million	Floating rate LIBOR 6 month plus 3.25%	8 December 2017

The Company would have unrealised losses of approximately Baht 16.9 million, if it recorded the above contracts at fair value.

35.2 Fair values of financial instruments

The estimated fair values of financial instruments as at 31 December 2012 and 2011, in comparison with the related amounts carried, are as follows:

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	Carrying amount		Fair value		Carrying amount		Fair value	
	2012	2011	2012	2011	2012	2011	2012	2011
<u>Financial assets</u>								
Cash and cash equivalents	1,462	1,199	1,462	1,199	1,181	883	1,181	883
Trade and other receivables	120	105	120	105	28	32	28	32
Short-term loans to related parties	-	-	-	-	812	983	812	983

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	Carrying amount		Fair value		Carrying amount		Fair value	
	2012	2011	2012	2011	2012	2011	2012	2011
Financial liabilities								
Bank overdrafts and short-term loans from financial institutions	325	23	325	23	300	-	300	-
Trade and other payables	2,146	1,862	2,146	1,862	1,764	1,464	1,764	1,464
Short-term loans from related parties	476	659	476	659	74	-	74	-
Short-term loans	900	4,463	900	4,463	900	4,463	900	4,463
Long-term loans	10,707	10,014	10,421	9,895	6,552	5,923	6,266	5,804
Debentures	15,000	11,500	14,244	10,877	15,000	11,500	14,244	10,877

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

- For financial assets and liabilities which have short-term maturity, including cash and deposit at financial institutions, accounts receivables and accounts payables, their carrying amounts in the statements of financial position approximate their fair values.
- For fixed rate debentures and long-term loans, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- For loans to and loans from carrying interest approximate to the market rate, their carrying amounts in the statements of financial position approximates their fair values.
- For derivatives, their fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.

36. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2012, the Group's debt-to-equity ratio was 1.01:1 (2011: 1:1) and the Company's was 1.02:1 (2011: 0.94:1).

37. Event after reporting period

The Meeting of the Company's Board of Directors, held on 28 February 2013, passed the resolution to propose the payment of a dividend for the year 2012 of Baht 0.45 per share. However, since the Board of Directors previously approved an interim dividend from profit of the year 2012 amounting to Baht 0.30 per share, the Board will propose the remaining dividend payment of Baht 0.15 per share, amounting to Baht 1,503.9 for approval by the Annual General Meeting of the Company's shareholders for the year 2013.

38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2013.

OTHER REFERENCES

Auditor

Mr. Sophon Permsirivallop

Ernst & Young Office Limited

Certified Public Account (Thailand) No. 3182

33rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road Bangkok 10110 Thailand

Tel. 66 (0) 2264 0777 Fax 66 (0) 2264 0790

Debenture Registrar : Number of Unsecured Debentures No. 1/2009 2,000,000 units

Siam Commercial Bank Public Company Limited

3rd Floor, Building 2 1060 New Pechaburi road Makhasan Rachathevi Bangkok 10400 Thailand

Tel. 66 (0) 2256 2323-7 Fax 66 (0) 2256 2405

Debenture Registrar : Number of Unsecured Debentures No. 1/2010 1,000,000 units

Siam Commercial Bank Public Company Limited

3rd Floor, Building 2 1060 New Pechaburi road Makhasan Rachathevi Bangkok 10400 Thailand

Tel. 66 (0) 2256 2323-7 Fax 66 (0) 2256 2405

Debenture Registrar : Number of Unsecured Debentures No.2/2010 2,000,000 units

Siam Commercial Bank Public Company Limited

3rd Floor, Building 2 1060 New Pechaburi road Makhasan Rachathevi Bangkok 10400 Thailand

Tel. 66 (0) 2256 2323-7 Fax 66 (0) 2256 2405

Debenture Registrar : Number of Unsecured Debentures No. 3/2010 1,000,000 units

Siam Commercial Bank Public Company Limited

3rd Floor, Building 2 1060 New Pechaburi road Makhasan Rachathevi Bangkok 10400 Thailand

Tel. 66 (0) 2256 2323-7 Fax 66 (0) 2256 2405

Debenture Registrar : Number of Unsecured Debentures No. 1/2011 2,500,000 units

Bangkok Bank Public Company Limited

333 Silom Road Bangrak Bangkok 10500 Thailand

Tel. 66 (0) 2231 4333 Fax 66 (0) 2231 4890

Debenture Registrar : Number of Unsecured Debentures No. 1/2012 Lot1 900,000 units

Siam Commercial Bank Public Company Limited

3rd Floor, Building 2 1060 New Pechaburi road Makhasan Rachathevi Bangkok 10400 Thailand
Tel. 66 (0) 2256 2323-7 Fax 66 (0) 2256 2405

Debenture Registrar : Number of Unsecured Debentures No. 1/2012 Lot2 3,100,000 units

Siam Commercial Bank Public Company Limited

3rd Floor, Building 2 1060 New Pechaburi road Makhasan Rachathevi Bangkok 10400 Thailand
Tel. 66 (0) 2256 2323-7 Fax 66 (0) 2256 2405

Debenture Registrar : Number of Unsecured Debentures No. 2/2012 Lot1 2,500,000 units

Siam Commercial Bank Public Company Limited

3rd Floor, Building 2 1060 New Pechaburi road Makhasan Rachathevi Bangkok 10400 Thailand
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Appraisal Company

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TAP Valuation Co., Ltd.

18th Floor, RS Tower 121/62 Rajadapisek Road Dindang Bangkok 10320
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