

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

**Notes to interim financial statements**

**For the three-month and nine-month periods ended 30 September 2013**

**1. General information**

**1.1 Corporation 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 Floor, Q. House Lumpini Building, Tungmahamek, Sathon, Bangkok.

**1.2 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2009) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

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

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

**1.3 Basis of consolidation**

These consolidated interim financial statements are prepared by applying the same basis as that applied for the preparation of the consolidated financial statements for the year ended 31 December 2012, with there being no changes in the structure of shareholding in subsidiaries during the period.

#### 1.4 New accounting standards

Below is a summary of accounting standards that became effective in the current accounting period and those that will become effective in the future.

##### (a) Accounting standards that became effective in the current accounting period

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

Accounting Standard Interpretations:

TSIC 10 Government Assistance - No Specific Relation to Operating Activities

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

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

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

##### **TAS 12 *Income Taxes***

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its subsidiaries have changed this accounting policy in this current period and restated the prior year's financial statements, presented as comparative information, as though the Company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 2 to the financial statements.



The management of the Company has assessed the effect of the above accounting standard, financial reporting standard, accounting standard interpretations and financial reporting standard interpretations and believes that they are not relevant to the business of the Company, except TAS 12 (revised 2012), TSIC 15 and TSIC 27, for which the management is still evaluating the first-year impact to the financial statements and has yet to reach a conclusion.

### **1.5 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2012, except for the change in the accounting policies due to the adoption of TAS 12 *Income Taxes* as follow:

#### **Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

#### **Current tax**

Current 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.

#### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

## 2. Cumulative effect of the change in accounting policy due to the adoption of new accounting standard

During the current period, the Company and its subsidiaries made the change described in Note 1.5 to the financial statements to their significant accounting policy, as a result of the adoption of TAS 12 *Income Taxes*. The cumulative effect of the change in the accounting policy has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the statements of income and comprehensive income are summarised below.

	(Unit: Thousand Baht)					
	Consolidated financial statements			Separate financial statements		
	As at	As at	As at	As at	As at	As at
	30 September	31 December	1 January	30 September	31 December	1 January
	2013	2012	2012	2013	2012	2012
<b>Statements of financial position</b>						
Increase in investments in associates	147,902	99,575	101,096	-	-	-
Increase in deferred tax assets	560,590	539,456	478,019	451,712	400,584	306,619
Increase in unappropriated retained earnings	624,624	596,957	542,516	378,938	369,236	297,459
Increase (decrease) in other components of shareholders' equity	66,622	3,921	(14,176)	72,774	31,348	9,160
Increase in non-controlling interests of subsidiaries	17,248	38,153	50,775	-	-	-
(Unit: Thousand Baht)						
For the three-month periods ended 30 September						
	Consolidated financial statements		Separate financial statements			
	2013	2012	2013	2012		
<b>Income statements</b>						
Increase (decrease) in income tax expenses	26,432	(11,138)	12,589	(23,378)		
Increase in share of profit from investments in associates	6,413	9,273	-	-		
Decrease in profit attributable to non-controlling interests of subsidiaries	(7,916)	(4,678)	-	-		
Increase (decrease) in profit attributable to equity holders of the Company	(12,103)	25,089	(12,589)	23,378		
Increase (decrease) in basic earnings per share (Baht)	(0.001)	0.003	(0.001)	0.002		
<b>Statements of comprehensive income</b>						
Decrease in loss on change in value of available-for-sale investments	(8,591)	(83,496)	(8,591)	(83,496)		
Decrease in actuarial loss arising from defined benefit plan of employees	-	(8,580)	-	(8,068)		

(Unaudited but reviewed)

Increase (decrease) in share of other comprehensive income of associates	3,650	(14,483)	-	-
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(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Income statements</b>				
Increase (decrease) in income tax expenses	20,292	(31,511)	(9,702)	(53,849)
Increase in share of profit from investments				
in associates	27,054	13,978	-	-
Decrease in profit attributable to non-controlling interests of subsidiaries	(20,905)	(8,088)	-	-
Increase in profit attributable to equity holders of the Company	27,667	53,577	9,702	53,849
Increase in basic earnings per share (Baht)	0.003	0.005	0.001	0.005
<b>Statements of comprehensive income</b>				
Decrease in loss on change in value of available-for-sale investments	(41,426)	(29,433)	(41,426)	(29,433)
Decrease in actuarial loss arising from defined benefit plan of employees	-	(8,580)	-	(8,068)
Increase in share of other comprehensive income of associates	21,275	634	-	-

### 3. Related party transaction

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
Siam Tanee Real Estate Co., Ltd.	Subsidiary (99.99% 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% held by L H Muang Mai Co., Ltd.)
Double Tree Co., Ltd.	Subsidiary (99.99% held by L H

(Unaudited but reviewed)

Muang Mai Co., Ltd.)

<u>Name of related parties</u>	<u>Relationship</u>
L&H Property Co., Ltd.	Subsidiary
L&H Sathon Co., Ltd.	Subsidiary (99.99% held by L&H Property Co., Ltd.)
L&H Retail Management Co., Ltd.	Subsidiary (99.95% held by L&H Property Co., Ltd.)
L&H Hotel Management Co., Ltd.	Subsidiary (99.97% 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% held by LH Financial Group Plc.)
Quality Construction Products Plc.	Associate
Home Product Center Plc.	Associate
Asia Asset Advisory Co., Ltd.	Associate
L&H Management Co., Ltd.	Associate (99.99% 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% held by Quality Houses Plc.)
Quality Houses Leasehold Property Fund	Associate of Quality Houses Plc.
Starmalls, Inc.	Associate (The Company reclassified the type of investment from investments in associate to available-for-sale investments in June 2012.)
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

(Unaudited but reviewed)

During the periods, 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)

	For the three-month periods ended 30 September				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2013	2012	2013	2012	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	21.8	12.0	MLR-1.5 and 5.00% - 7.50% p.a.
Management fee income	-	-	2.9	4.8	Approximate cost
Sale of land	-	-	38.9	-	Approximate cost
Cash paid for use of land	-	-	41.5	-	Approximate cost
Interest expenses	-	-	0.7	1.0	3.00% p.a.
Rental and service expenses	-	-	-	0.6	Baht 1,030 per square metre per month
<u>Transactions with associates</u>					
Interest income	3.7	3.0	2.7	2.9	Market rate
Dividend income	160.6	-	160.6	-	Declared rate
Purchase of goods	27.4	39.1	25.2	35.5	Market price
Services expenses	-	0.7	-	-	Contract price
Accounting services expenses	-	0.5	-	-	Contract price
Project management fee expenses	27.9	28.0	-	-	Contract price
<u>Transactions with related companies</u>					
Dividend income	22.5	14.9	22.5	14.9	Declared rate
Rental and service expenses	11.0	9.9	11.0	9.9	Baht 500 - 800 per square metre per month
Interest expenses	5.3	7.1	-	-	MLR-1.5 and 7.00% - 7.50% p.a.
Commission expenses	2.2	3.8	-	-	Contract price
Project management fee expenses	6.2	5.6	-	-	Contract price
<u>Transactions with directors of subsidiary</u>					
Interest expenses	0.6	0.6	-	-	7.00% - 7.50% p.a.

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2013	2012	2013	2012	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	45.6	38.4	MLR-1.5 and 5.00% - 7.50% p.a.
Management fee income	-	-	10.6	8.7	Approximate cost
Dividend income	-	-	100.5	180.0	Declared rate



(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2013	2012	2013	2012	
Sale of land	-	-	41.5	1.5	Approximate cost
Purchase of land	-	-	9.0	0.5	Approximate cost
Cash paid for use of land	-	-	47.0	5.2	Approximate cost
Interest expenses	-	-	1.8	3.3	3.00% p.a.
Rental and services expenses	-	-	1.7	1.0	Baht 1,030 per square metre per month
<u>Transactions with associates</u>					
Interest income	12.8	18.7	11.0	18.2	Market rate
Dividend income	662.3	622.7	662.3	622.7	Declared rate
Purchase of goods	79.3	101.4	75.4	95.9	Market price
Services expenses	-	2.5	-	-	Contract price
Accounting services expenses	-	1.6	-	-	Contract price
Project management fee expenses	83.4	83.9	-	-	Contract price
<u>Transactions with related companies</u>					
Dividend income	50.6	26.1	50.6	26.1	Declared rate
Rental and services expenses	31.3	29.8	31.3	29.8	Baht 500 - 800 per square metre per month
Interest expenses	16.6	23.4	-	-	MLR-1.5 p.a. and 7.00% - 7.50% p.a.
Commission expenses	11.9	7.2	-	-	Contract price
Project management fee expenses	17.6	16.6	-	-	Contract price
Sale of project	-	628.0	-	-	Market price
Provision for guarantee income of fund	19.0	57.3	19.0	57.3	Contract price
<u>Transactions with directors of subsidiary</u>					
Interest expenses	1.7	1.7	-	-	7.00% - 7.50% p.a.

According to the undertaking agreement with Land and Houses Freehold and Leasehold Property Fund, the Company and Reco Plaza Pte Ltd. guarantee income of such fund. They guarantee between the different amount of Baht 179.88 million and the actual net income for the year 2012 and Baht 243.16 million and the actual net income for the year 2013 - 2015. The Company and Reco Plaza Pte Ltd. guarantee at the portion of 52% and 48%, respectively. However, the guarantee income must not exceed 50% of actual net income before income guarantee. As at 30 September 2013, the outstanding provision to guarantee income of the fund is amounting to Baht 53.0 million. The amount are represented as short-term provision amounting to Baht 35.6 million and long-term provision amounting to Baht 17.4 million in the statement of financial position.

(Unaudited but reviewed)

As at 30 September 2013 and 31 December 2012, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
<b>Deposit at financial institution</b>				
<b>(persented under cash and cash equivalents)</b>				
<u>Associate</u>				
Land and Houses Bank Plc.	757.2	919.0	505.7	722.4
<b>Amounts due from and accounts receivable - related parties</b>				
<u>Subsidiaries</u>				
(Eliminated from the consolidated financial statements)				
Land and Houses Northeast Co., Ltd.	-	-	1.0	-
L H Asset Co., Ltd.	-	-	1.3	1.1
Atlantic Real Estate Co., Ltd.	-	-	0.9	0.8
	-	-	3.2	1.9
<u>Associates</u>				
Quality Houses Plc.	0.1	0.2	-	-
Land and Houses Bank Plc.	0.2	0.1	-	-
	0.3	0.3	-	-
<u>Related company</u>				
Land and Houses Freehold and Leasehold Property Fund	1.1	3.5	-	-
Total	1.4	3.8	3.2	1.9
<b>Short-term loans to and accrued interest receivables from related parties</b>				
<u>Subsidiaries</u>				
(Eliminated from the consolidated financial statements)				
Land and Houses Northeast Co., Ltd.	-	-	317.0	50.1
L H Asset Co., Ltd.	-	-	66.0	60.1
L H Muang Mai Co., Ltd.	-	-	71.5	68.8
L&H Property Co., Ltd.	-	-	604.0	745.5
Land and Houses U.S.A., Inc.	-	-	3,002.4	-
	-	-	4,060.9	924.5
<u>Associate</u>				
Land and Houses Bank Plc.	0.1	0.1	-	0.1
Total	0.1	0.1	4,060.9	924.6
<b>Deposit to related companies</b>				
<u>Subsidiary</u>				
(Eliminated from the consolidated financial statements)				
L&H Property Co., Ltd.	-	-	-	0.4
<u>Related company</u>				
Quality Houses Leasehold Property Fund	9.3	8.6	9.3	8.6
Total	9.3	8.6	9.3	9.0

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2013	2012	2013	2012
<b>Trade accounts payable - related parties</b>				
<u>Associates</u>				
Quality Construction Products Plc.	10.8	9.9	10.8	9.9
Home Product Center Plc.	0.6	0.8	0.4	0.3
Quality Houses Plc.	3.4	16.8	-	-
	<u>14.8</u>	<u>27.5</u>	<u>11.2</u>	<u>10.2</u>
<u>Related companies</u>				
Land and Houses Freehold and Leasehold Property Fund	2.7	2.4	-	-
Siam Retail Development Co., Ltd.	3.3	7.6	-	-
	<u>6.0</u>	<u>10.0</u>	<u>-</u>	<u>-</u>
Total	<u>20.8</u>	<u>37.5</u>	<u>11.2</u>	<u>10.2</u>
<b>Amounts due to related parties</b>				
<u>Subsidiary</u>				
(Eliminated from the consolidated financial statements)				
L&H Property Co., Ltd.	-	-	0.1	-
<u>Associates</u>				
Home Product Center Plc.	-	4.5	-	4.6
Quality Houses Plc.	7.4	5.7	-	-
	<u>7.4</u>	<u>10.2</u>	<u>-</u>	<u>4.6</u>
<u>Related companies</u>				
Quality Houses Leasehold Property Fund	0.5	-	0.5	-
Siam Retail Development Co., Ltd.	9.4	4.3	-	-
	<u>9.9</u>	<u>4.3</u>	<u>0.5</u>	<u>-</u>
Total	<u>17.3</u>	<u>14.5</u>	<u>0.6</u>	<u>4.6</u>
<b>Short-term loans from and accrued interest payables to related parties</b>				
<u>Subsidiaries</u>				
(Eliminated from the consolidated financial statements)				
Pacific Real Estate Co., Ltd.	-	-	-	42.6
Siam Tanee Property Co., Ltd.	-	-	57.1	9.0
Land and Houses North Co., Ltd.	-	-	-	22.1
Atlantic Real Estate Co., Ltd.	-	-	60.3	-
	<u>-</u>	<u>-</u>	<u>117.4</u>	<u>73.7</u>
<u>Related companies/persons</u>				
Muang Mai Property Co., Ltd.	12.9	12.5	-	-
Reco Resorts Pte Ltd.	399.3	496.9	-	-
Directors of subsidiaries	46.9	45.2	-	-
	<u>459.1</u>	<u>554.6</u>	<u>-</u>	<u>-</u>
Total	<u>459.1</u>	<u>554.6</u>	<u>117.4</u>	<u>73.7</u>
<b>Provision for guarantee income of fund</b>				
<u>Related company</u>				
Land and Houses Freehold and Leasehold Property Fund	53.0	72.8	53.0	72.8

(Unaudited but reviewed)

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

During the nine-month period ended 30 September 2013, movements of loans from/loans to the Company, subsidiaries and related companies were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	1 January 2013	Increase	Decrease	30 September 2013
<b>Short-term loans to and accrued interest receivables from related party</b>				
<u>Associate</u>				
Land and Houses Bank Plc.	0.1	12.8	(12.8)	0.1
<b>Short-term loans from and accrued interest payables to related parties</b>				
<u>Related companies/persons</u>				
Muang Mai Property Co., Ltd.	12.5	0.4	-	12.9
Reco Resorts Pte Ltd.	496.9	16.2	(113.8)	399.3
Directors of subsidiaries	45.2	1.7	-	46.9
Total	554.6	18.3	(113.8)	459.1

(Unit: Million Baht)

	Separate financial statements			
	1 January 2013	Increase	Decrease	30 September 2013
<b>Short-term loans to and accrued interest receivables from related parties</b>				
<u>Subsidiaries</u>				
Land and Houses Northeast Co., Ltd.	50.1	271.9	(5.0)	317.0
L H Asset Co., Ltd.	60.1	37.7	(31.8)	66.0
L H Muang Mai Co., Ltd.	68.8	2.7	-	71.5
L&H Property Co., Ltd.	745.5	24.2	(165.7)	604.0
Atlantic Real Estate Co., Ltd.	-	55.9	(55.9)	-
Land and Houses U.S.A., Inc.	-	3,002.4	-	3,002.4
Total	924.5	3,394.8	(258.4)	4,060.9
<u>Associate</u>				
Land and Houses Bank Plc.	0.1	11.0	(11.1)	-
Total	924.6	3,405.8	(269.5)	4,060.9
<b>Short-term loans from and accrued interest payables to related parties</b>				
<u>Subsidiaries</u>				
Pacific Real Estate Co., Ltd.	42.6	120.6	(163.2)	-
Siam Tanee Property Co., Ltd.	9.0	71.2	(23.1)	57.1
Land and Houses North Co., Ltd.	22.1	23.4	(45.5)	-
Atlantic Real Estate Co., Ltd.	-	110.5	(50.2)	60.3
L H Real Estate Co., Ltd.	-	32.1	(32.1)	-
Total	73.7	357.8	(314.1)	117.4

(Unaudited but reviewed)

Directors and management's benefit

During the three-month and nine-month periods ended 30 September 2013 and 2012, 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			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2013	2012	2013	2012
Short-term employee benefits	21,395	18,858	62,170	59,116
Post-employment benefits	795	589	2,385	2,186
Total	22,190	19,447	64,555	61,302

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 agreements with related companies as described in Note 23.

The Company had outstanding guarantee obligations with its related parties, as described in Note 23.3.

**4. Cash and cash equivalents**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2013	2012	2013	2012
Cash	4,700	5,271	2,039	1,798
Bank deposits	928,739	1,028,121	566,298	761,615
Cheques in transit	540,958	278,704	509,686	268,039
Treasury bills	-	149,989	-	149,989
Total	1,474,397	1,462,085	1,078,023	1,181,441

As at 30 September 2013, bank deposits and treasury bills carried interests between 0.625% - 2.00% per annum (31 December 2012: 0.625% - 3.00% per annum).

(Unaudited but reviewed)

## 5. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
<u>Trade receivables - unrelated parties</u>				
Past due				
Less than 3 months	86,614	78,743	-	-
3 - 6 months	3,535	10,186	-	-
6 - 9 months	2,267	553	-	-
9 - 12 months	2,969	-	-	-
Over 12 months	677	567	-	-
Total trade receivables - unrelated parties	96,062	90,049	-	-
<u>Other receivables</u>				
Amounts due from and accounts receivable				
- related parties (Note 3)	1,427	3,776	3,258	1,876
Others	29,492	26,421	29,007	25,879
Total other receivables	30,919	30,197	32,265	27,755
Total trade and other receivables	126,981	120,246	32,265	27,755

## 6. Land, construction in progress and utilities (inventories)

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
Net book value of land and structures thereon mortgaged as collateral	5,417	9,571	4,461	8,762

Movements in the allowance for loss on diminution in value of projects during the nine-month period ended 30 September 2013 are summarised below.

(Unaudited but reviewed)

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2013	113,626	78,952
Add: Additional set up	28,961	-
Add: Transfer from land held for development	26,692	-
Less: Reversal due to sale	(13,716)	(7,861)
Balance as at 30 September 2013	<u>155,563</u>	<u>71,091</u>

During the current period, the subsidiary transferred out inventories with net book value of Baht 31 million to land held for development and transferred in inventories with net book value of Baht 25 million.

## 7. Investments in subsidiaries

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

Company's name	(Unit: Thousand Baht)									
	Separate financial statements									
	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment		Carrying amount based on cost method - net	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012	30 September 2013	31 December 2012	30 September 2013	31 December 2012	30 September 2013	31 December 2012
			(Percent)	(Percent)						
Atlantic Real Estate Co., Ltd.	15,000	15,000	99.99	99.99	14,998	14,998	-	-	14,998	14,998
Pacific Real Estate Co., Ltd.	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)	(a)	100.00	100.00	616,427	346,466	-	-	616,427	346,466
					<u>3,004,327</u>	<u>2,734,366</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>2,954,327</u>	<u>2,684,366</u>

(a) As at 30 September 2013, Land and Houses U.S.A., Inc. had paid-up capital amounted to USD 20.0 million (31 December 2012 : USD 11.3 million).

During the periods, the Company received dividend income from its subsidiary as detailed below.

Company's name	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2013	2012	2013	2012
Atlantic Real Estate Co., Ltd.	-	-	100,486	179,975
Total	-	-	100,486	179,975

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

As at 30 September 2013 and 31 December 2012, L H Muang Mai Company Limited pledged the ordinary shares of Phuket Future Plan Company Limited and Double Tree Company Limited which are subsidiaries, as collateral of long-term loans.

## 7.3 Land and Houses U.S.A., Inc.

On 24 July 2013, Land and Houses U.S.A., Inc. called up USD 8.7 million and the Company had already paid in total.

## 8. Investments in associates

### 8.1 Details of investments in associates

(Unit: Thousand Baht)

		Consolidated financial statements									
Company's name	Nature of business	Country of incorporation	Shareholding percentage			Cost			Carrying amounts based on equity method		
			30 September 2013	31 December 2012	1 January 2012	30 September 2013	31 December 2012	1 January 2012	30 September 2013	31 December 2012	1 January 2012
				(Percent)						(Restated)	
LH Financial Group Plc.	Holding company	Thai	34.16	35.07	35.43	4,394,026	4,254,008	4,254,008	5,092,660	4,976,725	4,726,552
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	21.16	21.16	179,178	179,178	179,178	402,457	397,458	320,149
Home Product Center Plc.	Trading of construction materials	Thai	30.23	30.11	30.07	1,489,020	1,337,231	1,175,060	4,229,275	3,470,119	2,801,956
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	40.00	2,000	2,000	2,000	7,892	5,142	2,623
Land and Houses Property Fund	Real estate business	Thai	49.94	49.94	49.94	20,692	20,692	20,692	32,402	32,402	32,402
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	49.99	785,330	785,330	1,512,269	533,783	542,334	1,260,648
Quality Houses Plc.	Real estate business	Thai	24.98	24.86	24.86	3,282,682	3,252,802	3,252,802	5,002,726	4,780,100	4,187,038
Starmalls, Inc.	Real estate business	Philippines	-	-	25.00	-	-	866,849	-	-	1,148,654
						<u>10,152,928</u>	<u>9,831,241</u>	<u>11,262,858</u>	<u>15,301,195</u>	<u>14,204,280</u>	<u>14,480,022</u>

(Unit: Thousand Baht)

		Separate financial statements									
Company's name	Nature of business	Country of incorporation	Shareholding percentage			Cost					
			30 September 2013	31 December 2012	1 January 2012	30 September 2013	31 December 2012	1 January 2012			
				(Percent)							
LH Financial Group Plc.	Holding company	Thai	34.16	35.07	35.43	4,394,026	4,254,008	4,254,008			
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	21.16	21.16	179,178	179,178	179,178			
Home Product Center Plc.	Trading of construction materials	Thai	30.23	30.11	30.07	1,489,020	1,337,231	1,175,060			
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	40.00	2,000	2,000	2,000			
Land and Houses Property Fund	Real estate business	Thai	49.94	49.94	49.94	20,692	20,692	20,692			
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	49.99	785,330	785,330	1,512,269			
Quality Houses Plc.	Real estate business	Thai	24.98	24.86	24.86	3,282,682	3,252,802	3,252,802			
Starmalls, Inc.	Real estate business	Philippines	-	-	25.00	-	-	866,849			
						<u>10,152,928</u>	<u>9,831,241</u>	<u>11,262,858</u>			



## **8.2 Significant changes in investments in associates**

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

During the nine-month period ended 30 September 2013, the warrant holders of LH Financial Group Public Company Limited exercised their rights to convert warrants to 321 million ordinary shares. As a result, the Company's shareholding percentage in that company has changed from 35.07% to 34.16%.

On 22 April 2013, the Annual General Meeting of the shareholders of LH Financial Group Plc. approved the allocation of additional ordinary shares to its existing shareholders in proportion of its shareholding in a ratio of 1 new share for each 30 existing shares at a price of Baht 1 per share. The Company invested in ordinary shares of LH Financial Group Plc. for 140 million shares with a total value of Baht 140 million and made payment for such shares in May 2013.

### **8.2.2 Home Product Center Public Company Limited**

During the nine-month period ended 30 September 2013, the Company additionally purchased the ordinary shares of Home Product Center Public Company Limited totaling 10 million shares or Baht 152 million and the warrant holders of Home Product Center Public Company Limited exercised their rights to convert warrants to 5 million ordinary shares. As a result, the Company's percentage shareholding in that company has changed from 30.11% to 30.23%.

On 5 April 2013, the Annual General Meeting of the shareholders of Home Product Center Public Company Limited approved the payment of dividend to its shareholders. This comprised a stock dividend at rate of 1 dividend share for every 6 existing shares, or equivalent to Baht 0.1667 per share and a cash dividend of Baht 0.0186 per share. The Company received 355 million stock dividend shares and cash dividend of Baht 40 million on 30 April 2013. 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 period.

### **8.2.3 Quality Houses Public Company Limited**

During the nine-month period ended 30 September 2013, the Company additionally purchased the ordinary shares of Quality Houses Public Company Limited totaling 10.5 million shares or Baht 30 million. As a result, the Company's percentage shareholding in that company has changed from 24.86% to 24.98%.

### 8.3 Share of profit (loss) and dividend received

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

(Unit: Thousand Baht)

For the three-month periods ended 30 September

Company's name	Consolidated financial statements				Separate financial statements	
	Share of profit (loss) from investments in associates		Share of other comprehensive income of associates		Dividend received	
	2013	2012	2013	2012	2013	2012
		(Restated)		(Restated)		
LH Financial Group Plc.	55,792	50,316	(17,975)	48,380	-	-
Quality Construction Products Plc.	12,389	28,893	-	-	-	-
Home Product Center Plc.	217,543	188,087	179	29	-	-
Asia Asset Advisory Co., Ltd.	1,130	(297)	-	-	-	-
Land and Houses Property Fund <sup>(1)</sup>	-	-	-	-	-	-
Land and Houses Property and Loan Fund-II	5,028	5,688	-	-	-	-
Quality Houses Plc.	220,151	265,004	(2,849)	7,576	160,556	-
Starmalls, Inc. <sup>(2)</sup>	-	-	-	-	-	-
<b>Total</b>	<b>512,033</b>	<b>537,691</b>	<b>(20,645)</b>	<b>55,985</b>	<b>160,556</b>	<b>-</b>

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

<sup>(2)</sup> The Company reclassified the type of investment from investments in associate to available-for-sale investments in June 2012.

(Unit: Thousand Baht)

For the nine-month periods ended 30 September

Company's name	Consolidated financial statements				Separate financial statements	
	Share of profit from investments in associates		Share of other comprehensive income of associates		Dividend received	
	2013	2012	2013	2012	2013	2012
		(Restated)		(Restated)		
LH Financial Group Plc.	212,263	166,115	(96,469)	9,474	139,879	15,041
Quality Construction Products Plc.	32,079	89,906	-	-	27,081	6,770
Home Product Center Plc.	646,804	550,495	149	46	39,585	265,027
Asia Asset Advisory Co., Ltd.	2,750	1,480	-	-	-	-
Land and Houses Property Fund <sup>(1)</sup>	-	-	-	-	-	-
Land and Houses Property and Loan Fund-II	12,621	535,707	-	-	21,171	316,335
Quality Houses Plc.	642,383	419,394	(15,100)	1,507	434,536	19,516
Starmalls, Inc. <sup>(2)</sup>	-	25,344	-	(2,344)	-	-
<b>Total</b>	<b>1,548,900</b>	<b>1,788,441</b>	<b>(111,420)</b>	<b>8,683</b>	<b>662,252</b>	<b>622,689</b>

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

(Unaudited but reviewed)

<sup>(2)</sup> The Company reclassified the type of investment from investments in associate to available-for-sale investments in June 2012.

#### 8.4 Fair values of investments in listed associates

In respect of investments in associated companies that are listed companies on the Stock Exchange of Thailand, their fair values are as follows:

Company's name	(Unit: Million Baht)	
	Fair values	
	30 September 2013	31 December 2012
LH Financial Group Plc.	5,773	5,713
Quality Construction Products Plc.	880	1,244
Home Product Center Plc.	30,316	26,715
Quality Houses Plc.	7,156	4,886
<b>Total</b>	<b>44,125</b>	<b>38,558</b>

**8.5** The Company's interim consolidated financial statements for the three-month and nine-month periods ended 30 September 2013 included investments in the following associates accounted for under the equity method, and share of profit from investments in the associates under the equity method, determined based on the financial statements of those companies which have been reviewed or unreviewed as stipulated.

Investments under the equity method as at 30 September 2013	(Unit: Thousand Baht)				
	Consolidated financial statements				
	Share of profit from investments under the equity method				
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		
	2013	2012	2013	2012	
		(Restated)		(Restated)	
<b>Reviewed by auditor and other auditors of the same firm</b>					
Home Product Center Plc.	4,229,275	217,543	188,087	646,804	550,495
Asia Asset Advisory Co., Ltd.	7,892	1,130	(297)	2,750	1,480
Land and Houses Property Fund <sup>(1)</sup>	32,402	-	-	-	-
Land and Houses Property and Loan Fund-II	533,783	5,028	5,688	12,621	535,707
Quality Houses Plc.	5,002,726	220,151	265,004	642,383	419,394
<b>Reviewed by another auditor</b>					
Quality Construction Products Plc.	402,457	12,389	28,893	32,079	89,906
<b>Unreviewed by auditor</b>					
LH Financial Group Plc.	5,092,660	55,792	50,316 <sup>(2)</sup>	212,263	166,115 <sup>(2)</sup>
Starmalls, Inc.	-	-	-	-	25,344
<b>Total</b>	<b>15,301,195</b>	<b>512,033</b>	<b>537,691</b>	<b>1,548,900</b>	<b>1,788,441</b>

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

<sup>(2)</sup> Reviewed by another auditor of the same firm.

(Unaudited but reviewed)

**9. Other long-term investments**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
<b>Available-for-sale securities</b>				
Equity securities - Domestic	783,568	783,568	783,568	783,568
Equity securities - Overseas	2,368,704	2,368,704	2,368,704	2,368,704
Less: Changes in fair value of securities	(363,872)	(156,740)	(363,872)	(156,740)
Available-for-sale securities - net	2,788,400	2,995,532	2,788,400	2,995,532
<b>Other investments</b>				
Equity securities - Domestic	250,089	250,089	26,000	26,000
Less: Allowance for impairment	(37,064)	(37,064)	(16,000)	(16,000)
Other investments - net	213,025	213,025	10,000	10,000
Total	3,001,425	3,208,557	2,798,400	3,005,532

**10. Land held for development**

As at 30 September 2013 and 31 December 2012, 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		Separate financial	
	statements		statements	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
Net book value of mortgaged land				
held for development to secure loans	3,496	2,116	2,551	1,171

(Unaudited but reviewed)

Movements in the allowance for loss on diminution in value of land held for development during the nine-month period ended 30 September 2013 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2013	792,850	691,869
Add: Additional set up	36,703	-
Less: Transfer to inventories	(26,692)	-
Balance as at 30 September 2013	<u>802,861</u>	<u>691,869</u>

During the current period, the subsidiary transferred in inventories with net book value of Baht 31 million to land held for development and transferred out to inventories with net book value of Baht 25 million.

## 11. Investment properties

The net book value as at 30 September 2013 and 31 December 2012 of investment properties, representing apartments of Land and Houses U.S.A., Inc. are presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	30 September 2013	31 December 2012
Cost	3,620,530	313,974
Less: Accumulated depreciation	(10,506)	(291)
Net book value	<u>3,610,024</u>	<u>313,683</u>

A reconciliation of the net book value of investment properties for the nine-month period ended 30 September 2013 is presented below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Net book value as at 1 January 2013	313,683
Acquisitions during period - at cost	3,298,775
Depreciation for period	(9,911)
Translation adjustment	<u>7,477</u>

(Unaudited but reviewed)

Net book value as at 30 September 2013 3,610,024

## 12. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2013 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2013	650,991	431,864
Acquisitions during period - at cost	139,229	112,903
Disposals during period - net book value at disposal date	(3,273)	(2,013)
Depreciation for period	(147,201)	(109,266)
Translation adjustment	7	-
Net book value as at 30 September 2013	<u>639,753</u>	<u>433,488</u>

## 13. Leasehold rights

(Unit: Thousand Baht)

Project	Remaining period of leasehold rights (years)	Consolidated financial statements	
		30 September 2013	31 December 2012
Grande Centre Point Hotel Ratchadamri	24.3	1,791,791	1,856,398
Terminal 21 Shopping Mall and Grande Centre Point Hotel Terminal 21	27.3	4,445,616	4,563,155
Vacant Land	13.3	489	517
Total		<u>6,237,896</u>	<u>6,420,070</u>

The subsidiary has pledged its land leasehold rights with construction thereon with a total net book value as at 30 September 2013 of 1,792 million (31 December 2012: Baht 1,856 million) as collateral for bank overdrafts and long-term loans.

**14. Income tax**

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month and nine-month periods ended 30 September 2013 and 2012 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
<b>Current income tax:</b>				
Interim corporate income tax charge	309,308	412,164	273,139	389,984
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	26,432	(11,138)	12,589	(23,378)
<b>Income tax expenses reported in the statements of income</b>	<u>335,740</u>	<u>401,026</u>	<u>285,728</u>	<u>366,606</u>

	(Unit: Thousand Baht)			
	For the nine-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
<b>Current income tax:</b>				
Interim corporate income tax charge	835,455	840,016	759,395	785,664
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	20,292	(31,511)	(9,702)	(53,849)
<b>Income tax expenses reported</b>	<u>855,747</u>	<u>808,505</u>	<u>749,693</u>	<u>731,815</u>

(Unaudited but reviewed)

**in the statements of income**



(Unaudited but reviewed)

The amounts of income tax relating to each component of other comprehensive income for the three-month and nine-month periods ended 30 September 2013 and 2012 are as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 September				
	Consolidated financial statements		Separate financial statements		
	2013	2012	2013	2012	
			(Restated)		
Deferred tax relating to loss on changes in value of available-for-sale investments	(8,591)	(83,496)	(8,591)	(83,496)	
Deferred tax relating to actuarial loss arising from defined benefit plan of employees	-	(8,580)	-	(8,068)	
Deferred tax relating to share of other comprehensive income of associates	3,650	(14,483)	-	-	

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September				
	Consolidated financial statements		Separate financial statements		
	2013	2012	2013	2012	
			(Restated)		
Deferred tax relating to loss on changes in value of available-for-sale investments	(41,426)	(29,433)	(41,426)	(29,433)	
Deferred tax relating to actuarial loss arising from defined benefit plan of employees	-	(8,580)	-	(8,068)	
Deferred tax relating to share of other comprehensive income of associates	21,275	634	-	-	

(Unaudited but reviewed)

**15. Bank overdrafts and short-term loans**

	Interest rate		Consolidated		(Unit: Thousand Baht)	
	(% per annum)		financial statements		Separate	
	30	31	30	31	30	31
	September	December	September	December	September	December
	2013	2012	2013	2012	2013	2012
<b><u>Bank overdrafts and short-term loans from financial institutions</u></b>						
Bank overdrafts	MOR	MOR	23,368	15,061	-	-
Promissory notes	MOR-1.5	3.2 and MOR-1.5	100,000	310,000	-	300,000
Total bank overdrafts and short-term loans from financial institutions			<u>123,368</u>	<u>325,061</u>	<u>-</u>	<u>300,000</u>
<b><u>Short-term loans</u></b>						
Bills of exchange	2.86 - 2.94	2.90 - 2.99	2,160,000	900,000	2,160,000	900,000
Less: Prepaid interest			(16,874)	(6,018)	(16,874)	(6,018)
Total short-term loans			<u>2,143,126</u>	<u>893,982</u>	<u>2,143,126</u>	<u>893,982</u>

As at 30 September 2013 and 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.

**16. Trade and other payables**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2013	2012	2013	2012
Trade payables - unrelated parties	1,838,733	1,318,789	1,653,458	1,111,370
Trade payables - related parties (Note 3)	20,838	37,455	11,222	10,195
Other payables - related parties (Note 3)	17,306	14,481	595	4,578
Accrued expenses	649,218	753,302	472,100	617,979
Others	22,917	21,825	20,192	19,812
Total trade and other payables	<u>2,549,012</u>	<u>2,145,852</u>	<u>2,157,567</u>	<u>1,763,934</u>

(Unaudited but reviewed)

## 17. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
Long-term loans	13,446,741	10,707,662	9,507,486	6,552,345
Less: Current portion	(1,827,953)	(1,545,010)	(1,000,000)	(1,000,000)
Net	<u>11,618,788</u>	<u>9,162,652</u>	<u>8,507,486</u>	<u>5,552,345</u>

Movements in the long-term loans during the nine-month period ended 30 September 2013 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2013	10,707,662	6,552,345
Add: Additional borrowing	5,516,041	5,345,141
Less: Repayment	(2,776,962)	(2,390,000)
Balance as at 30 September 2013	<u>13,446,741</u>	<u>9,507,486</u>

During the current period, the Company entered into 3 loan agreements with a domestic commercial bank as detailed below:

(Unit: Million Baht)

	Facilities	Draw down amount during the nine-month period ended		Interest rate	Principal repayments
		30 September 2013			
1.	1,000	1,000		3.63% p.a.	Repayments within 31 March 2015
2.	1,000	1,000		3.62% p.a.	Repayments within 18 months from the first drawdown date
3.	3,400	3,330		MLR-2.25%	Repayments within 11 December 2017
Total	<u>5,400</u>	<u>5,330</u>			

As at 30 September 2013 and 31 December 2012, the Company and its subsidiaries have pledged part of land and structures thereon of projects, land held for development, land leasehold rights and shares of subsidiaries as collateral for long-term loans.

(Unaudited but reviewed)

(Unaudited but reviewed)

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 30 September 2013 and 31 December 2012, there were available long-term loan facilities from financial institutions as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2013	2012	2013	2012
Undrawdown loan facilities	739	2,633	86	1,254

## 18. Debentures

Details of approval to issue the debenture of the Company 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 currencies
Term	:	Maximum terms of 10 years
Type	:	Any types of debentures such as unsubordinated and/or subordinated, unsecured and/or secured, with and/or without debentureholder representation
Method of issuance	:	To be issued in Thailand and/or offshore

(Unaudited but reviewed)

As at 30 September 2013, the Company has unissued debentures under the above mentioned approval totalling Baht 2,000 million (31 December 2012: Baht 5,000 million).

The outstanding balance of debentures as at 30 September 2013 and 31 December 2012 are detailed below.

					Consolidated and Separate financial statements			
					Number of debenture (Shares)		Amount (Thousand Baht)	
					30	31	30	31
No.	Interest rate per annum	Age	Repayment	Maturity	September 2013	December 2012	September 2013	December 2012
No. 1/2009	Fixed rate 4.50%	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 3.40%	3.5 years	At maturity	30 September 2013	-	1,000,000	-	1,000,000
No. 2/2010	Fixed rate 3.00%	3 years	At maturity	29 March 2013	-	2,000,000	-	2,000,000
No. 3/2010	Fixed rate 2.89%	3 years	At maturity	27 July 2013	-	1,000,000	-	1,000,000
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	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	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	2,500,000	2,500,000
No. 1/2013	Fixed rate 3.59%	3 years	At maturity	31 March 2016	3,500,000	-	3,500,000	-
No. 2/2013	Fixed rate 4.03%	3 years	At maturity	30 September 2016	3,500,000	-	3,500,000	-
Total					<u>18,000,000</u>	<u>15,000,000</u>	<u>18,000,000</u>	<u>15,000,000</u>
Less: Current portion of debentures							<u>(3,400,000)</u>	<u>(4,000,000)</u>
Net							<u>14,600,000</u>	<u>11,000,000</u>

Movements in the debentures during the nine-month period ended 30 September 2013 are summarised below.

(Unit: Thousand Baht)

	Consolidated and Separate financial statements
Balance as at 1 January 2013	15,000,000
Add: Issue of new debenture	7,000,000
Less: Redemption	<u>(4,000,000)</u>
Balance as at 30 September 2013	<u>18,000,000</u>

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

**19. Surplus (deficit) on changes in value of available-for-sale investments**

During the nine-month periods ended 30 September 2013 and 2012, movements of surplus (deficit) on changes in value of available-for-sale investments are as follows:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2013	2012 (Restated)
Balance as at beginning of period	(125,392)	(36,641)
Changes during the period due to		
- Revaluation	(207,131)	(147,163)
- Income taxes	41,426	29,433
Balance as at end of period	<u>(291,097)</u>	<u>(154,371)</u>

**20. Earnings per share**

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

**21. 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 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
							<u>4,273</u>
Final dividend for 2012	Annual General Meeting of the shareholders on 23 April 2013	0.45	0.30	0.15	1,504	14	1,490
Interim dividend for 2013	Board of Director's meeting on 13 August 2013	0.25	-	0.25	2,506	20	2,486
							<u>3,976</u>

## **22. Segment information**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have two reportable segments as follows:

- Real estate business segment which consists of houses, townhouses and residence condominium projects for sale.
- Rental and service business segment which consists of shopping mall, hotel and apartment for rent.

The chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements. However, the Company and its subsidiaries financing activities (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. Inter-segment revenues are eliminated on consolidation.

Revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month and the nine-month periods ended 30 September 2013 and 2012 are as follows.



(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month periods ended 30 September									
	Real estate business		Rental and service business		Total segments		Eliminations		Consolidated financial statements	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<b>Revenue</b>										
External customers	6,313	6,319	554	465	6,867	6,784	-	-	6,867	6,784
Inter-segment	39	-	(1)	-	38	-	(38)	-	-	-
<b>Total revenue</b>	<u>6,352</u>	<u>6,319</u>	<u>553</u>	<u>465</u>	<u>6,905</u>	<u>6,784</u>	<u>(38)</u>	<u>-</u>	<u>6,867</u>	<u>6,784</u>
<b>Loss on diminution in value of project</b>	<u>(29)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29)</u>	<u>-</u>
<b>Results</b>										
<b>Segment profit</b>	1,443	1,382	154	107	1,597	1,489	(38)	-	1,559	1,489
Other income									308	31
Share of profit from investments in associates									512	537
Other expenses									(22)	-
Finance cost									(151)	(116)
Non-controlling interests of subsidiaries									(28)	(7)
<b>Profit before income tax expenses</b>									2,178	1,934
Income tax expenses									(336)	(401)
<b>Profit for the period</b>									<u>1,842</u>	<u>1,533</u>

(Unit: Million Baht)

	For the nine-month periods ended 30 September									
	Real estate business		Rental and service business		Total segments		Eliminations		Consolidated financial statements	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<b>Revenue</b>										
External customers	17,302	15,999	1,544	1,316	18,846	17,315	-	-	18,846	17,315
Inter-segment	39	-	1	-	40	-	(40)	-	-	-
<b>Total revenue</b>	<u>17,341</u>	<u>15,999</u>	<u>1,545</u>	<u>1,316</u>	<u>18,886</u>	<u>17,315</u>	<u>(40)</u>	<u>-</u>	<u>18,846</u>	<u>17,315</u>
<b>Loss on diminution in value of project and land held for development</b>	<u>(66)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(66)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(66)</u>	<u>-</u>
<b>Results</b>										
<b>Segment profit</b>	3,970	3,184	412	263	4,382	3,447	(40)	-	4,342	3,447
Other income									383	122
Share of profit from investments in associates									1,549	1,788
Other expenses									(22)	(1)
Finance cost									(410)	(362)
Non-controlling interests of subsidiaries									(72)	(32)
<b>Profit before income tax expenses</b>									5,770	4,962
Income tax expenses									(856)	(809)
<b>Profit for the period</b>									<u>4,914</u>	<u>4,153</u>

## 23. Commitments and contingent liabilities

### 23.1 Commitments

23.1.1 As at 30 September 2013 and 31 December 2012, the Company and its subsidiaries have commitments under construction contracts as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	September	December	September	December
	2013	2012	2013	2012
Commitments under construction contracts	3,080	2,904	2,951	2,772

23.1.2 As at 30 September 2013 and 31 December 2012, 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 30 September 2013: already paid Baht 33.15 million in total (As at 31 December 2012: already paid Baht 30.12 million in total))</p> <p>6th - 10th year, total rental payment of Baht 42.31 million (As at 30 September 2013: already paid Baht 2.56 million in total)</p> <p>11th - 15th year, total rental payment of Baht 54.00 million 16th - 20th year, total rental payment of Baht 68.92 million 21st - 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 30 September 2013 and 31 December 2012, 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*	Land leasing fee is to be monthly paid as follows: 1st - 5th year, total rental of Baht 20.16 million (As at 30 September 2013: already paid Baht 12.43 million in total (As at 31 December 2012: already paid Baht 9.41 million in total)) 6th - 10th year, total rental of Baht 23.18 million 11th - 15th year, total rental of Baht 26.66 million 16th - 20th year, total rental of Baht 30.66 million 21st - 25th year, total rental of Baht 35.25 million 26th - 30th year, total rental of Baht 40.54 million

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

23.1.3 As at 30 September 2013, the Company had outstanding commitment of Baht 90 million in respect of uncalled portion of investment in L&H Property Company Limited (31 December 2012: Baht 90 million).

As at 30 September 2013, the Company had no outstanding commitments in respect of the uncalled portion of investment in Land and Houses U.S.A., Inc. (31 December 2012: USD 8.7 million).

23.1.4 As at 30 September 2013, L&H Property Company Limited is committed to pay the management fee to Asia Asset Advisory Company Limited, which is an associate of the Company, totalling Baht 16.7 million. (31 December 2012: Baht 66.8 million).

23.1.5 As 30 September 2013 and 31 December 2012, L&H Property Company Limited is committed to pay project management fees to the following associate.

Associate	Project	Service fee rate	Term
Quality Houses Public Company Limited	Grande Centre Point Hotel Ratchadamri	2% of total revenue plus additional 4% of operating income (31 December 2012: 2% of total revenue plus additional 5.5% of operating income and Baht 100,000 per month of software service)	From 1 October 2010 to 30 September 2013
Quality Houses Public Company Limited	Grande Centre Point Hotel Terminal 21	2% of total revenue plus additional 4% of operating income (31 December 2012: 2% of total revenue plus	From 1 November 2011 to 31 December 2014

(Unaudited but reviewed)

additional 5.5% of  
operating income)

23.1.6 As at 30 September 2013 and 31 December 2012, L&H Property Company Limited is committed to pay Siam Retail Development Company Limited, which is a related company of the Company, project management fee and commissions for finding lessees for Terminal 21 Shopping Mall, as per the conditions specified in the relevant agreement.

23.1.7 As at 30 September 2013 and 31 December 2012, the Company has commitment related to purchase of land as follows.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	September	December	September	December
	2013	2012	2013	2012
Commitment to purchase of land	4,438	2,490	4,438	2,490

23.1.8 Obligation and commitment to complete projects on hand

	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	September	December	September	December
	2013	2012	2013	2012
Number of projects on hand at beginning of period/year	54	53	46	46
Number of closed projects during period/year	(12)	(13)	(9)	(12)
Number of new projects during period/year	11	14	7	12
Number of projects on hand at end of period/year	53	54	44	46
Accumulative value of sales already contracted (Million Baht)	85,886	88,773	75,854	75,955
As percentage of total sales of projects on hand	66	66	64	63
Value of sales already contracted during period/year (Million Baht)	17,058	22,225	15,950	20,874
As percentage of total sales of projects on hand	13	16	14	17
Commitments in respect of the installation of central utilities of projects on hand (Million Baht)	1,256	1,393	1,155	1,309

23.1.9 As at 30 September 2013, the subsidiaries have servitude over land of approximately 85 rai (31 December 2012: 85 rai), which the cost is included in the cost of projects.

### 23.1.10 Operating lease commitments

The Company has entered into lease agreements and service agreements in respect of the lease of office building space with L&H Property Company Limited and Quality Houses Leasehold Property Fund which are a subsidiary and a related company, respectively. The terms of the agreements are 3 years.

As at 30 September 2013 and 31 December 2012, the future minimum lease payments and services fee payments required under these non-cancellable contracts were as follows.

	(Unit: Million Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	30	31	30	31
	September	December	September	December
	2013	2012	2013	2012
Payable:				
In up to 1 year	35	31	35	33
In over 1 and up to 3 years	19	29	19	32

23.1.11 As at 30 September 2013, Land and Houses U.S.A., Inc. has a commitment regarding management fee paid to project manager for renovation project, which the fee rate is 20% of the total renovation cost (31 December 2012: None).

### 23.2 Bank guarantees

As at 30 September 2013 and 31 December 2012, 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		Separate	
	financial statements		financial statements	
	30	31	30	31
	September	December	September	December
	2013	2012	2013	2012
Letter of guarantees for arrangement and maintenance of public utilities	2,049	2,014	1,828	1,871
Letter of guarantees for electricity usage	79	51	62	41
Other letter of guarantees	22	30	22	22

(Unaudited but reviewed)

2,150	2,095	1,912	1,934
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### 23.3 Guarantees

23.3.1 As at 30 September 2013 and 31 December 2012, the Company has the following obligation in respect of guarantee.

(Unit: Million Baht)

		30 September 2013	31 December 2012
Guarantor	Guarantee		
Land and Houses Plc.	Customers	7	7

23.3.2 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 30 September 2013, the subsidiary has outstanding loans related to guarantee portion of the Company as specified in the letter of comfort amounting to Baht 1,880 million (31 December 2012: Baht 2,021 million).

### 23.4 Cross Currency and Interest Rate Swap agreement

The details of the Cross Currency and Interest Rate Swap agreements outstanding as at 30 September 2013 and 31 December 2012 are as follows:

As at 30 September 2013				
Currency and Interest Revenue Rate Swap agreement		Currency and Interest Expense Rate Swap agreement		Termination date
Principal amount	Interest rate	Principal amount	Interest rate	
Baht 346.0 million	Floating rate MLR-2.25%	USD 11.3 million	Floating rate LIBOR 6 month plus 3.25%	8 December 2017
Baht 3,075.0 million	Floating rate MLR-2.25%	USD 95.8 million	Floating rate LIBOR 6 month plus 3.19%	8 December 2017
Baht 15.5 million	Floating rate MLR-2.25%	USD 0.5 million	Floating rate LIBOR 6 month plus 3.19%	8 December 2017
Baht 254.4 million	Floating rate MLR-2.25%	USD 8.2 million	Floating rate LIBOR 6 month plus 3.19%	8 December 2017

(Unaudited but reviewed)

As at 31 December 2012				
Currency and Interest Revenue Rate Swap agreement		Currency and Interest Expense Rate Swap agreement		Termination date
Principal amount	Interest rate	Principal amount	Interest rate	
Baht 346.0 million	Floating rate MLR-2.25%	USD 11.3 million	Floating rate LIBOR 6 month plus 3.25%	8 December 2017

As at 30 September 2013, the Company would have unrealised losses of approximately Baht 59.7 million, if it recorded the above contracts at fair value (31 December 2012: Baht 16.9 million).

### 23.5 Litigations

#### The Company and its subsidiaries

The following significant lawsuits have 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 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 (31 December 2012: 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% per annum, commencing from 8 December 2008 until the full amount is paid. The Company has set aside a provision including interest of Baht 142 million (31 December 2012: Baht 136 million) for liabilities arising as a result of these cases, based on the opinion of the Company's management and its legal consultant. However, the Company had already filed an appeal against the judgment to clarify the case.

- b) As at 30 September 2013, the Company and its subsidiaries have been sued for a total of approximately Baht 523 million (31 December 2012: Baht 524 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 51 million (31 December 2012: Baht 50 million). The Company has set aside a provision of Baht 51 million (31 December 2012: Baht 50 million) for liabilities arising as a result of these cases, based on the opinion of their legal department.

#### Associates

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.

#### **24. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company’s Board of Directors on 11 November 2013.