

Land and Houses Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month period ended 31 March 2014

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 37th Floor, Q. House Lumpini Building, South Sathorn Road, 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 2012) "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 2013, with there being no changes in the structure of shareholding in subsidiaries during the period.

1.4 New accounting standards

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

The Company disclosed the accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after 1 January 2014, in the notes to financial statements for the year ended 31 December 2013.

The Company's management has assessed the effects of the above accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standard interpretations, and believes that they are not relevant to the business of the Company or do not have a significant impact.

(b) Accounting standards that will become effective in the future

The Company has disclosed the financial reporting standard that will be effective in the future in the notes to financial statements for the year ended 31 December 2013.

The Company's management has assessed the effect of this financial reporting standard and believes that it is not relevant to the business of the Company.

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 2013.

2. Related party transactions

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

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

(Unaudited but reviewed)

<u>Name of related parties</u>	<u>Relationship</u>
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 (99.95 percent held by L&H Property Co., Ltd.)
L&H Hotel Management Co., Ltd.	Subsidiary (99.97 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.)
Land and Houses Fund Management Co., Ltd.	Associate (99.99 percent held by subsidiary of 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 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.
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 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 31 March				Transfer pricing policy
	Consolidated financial statements		Separate financial statements		
	2014	2013	2014	2013	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	42.2	10.8	MLR - 1.5% and 4.00 - 5.50% p.a. (2013: MLR - 1.5% and 7.00 - 7.50% p.a.)
Management fee income	-	-	2.9	4.8	Approximate cost
Cash paid for use of land	-	-	26.3	-	Approximate cost
Interest expenses	-	-	1.2	0.7	3.00% p.a.
Rental and service expenses	-	-	0.1	0.9	Market price
<u>Transactions with associates</u>					
Interest income	1.2	2.1	1.1	2.0	Market rate
Dividend income	-	21.2	-	21.2	Declared rate
Purchase of goods	31.4	23.9	29.5	23.2	Market price
Commission fee expenses	0.1	-	-	-	Market rate
Project management expenses	17.3	29.2	-	-	Contract price
<u>Transactions with related companies</u>					
Dividend income	22.7	22.7	22.7	22.7	Declared rate
Rental and service expenses	10.7	10.0	10.7	10.0	Baht 500 - 800 per square metre per month
Interest expenses	4.5	5.7	-	-	MLR-1.5% p.a. and 5.50% p.a. (2013: MLR - 1.5% and 7.00 - 7.50% p.a.)
Commission expenses	1.2	1.4	-	-	Contract price
Project management fee expenses	5.3	5.5	-	-	Contract price
<u>Transactions with directors of subsidiary</u>					
Interest expenses	0.5	0.6	-	-	5.50% p.a. (2013: 7.00 - 7.50% p.a.)

(Unaudited but reviewed)

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 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. 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 31 March 2014, the outstanding provision to guarantee income of the fund is amounting to Baht 48.4 million. The amount are represented as short-term provision amounting to Baht 33.6 million and long-term provision amounting to Baht 14.8 million in the statement of financial position.

As at 31 March 2014 and 31 December 2013, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2014	2013	2014	2013
Deposit at financial institution				
(shown under cash and cash equivalents)				
<u>Associate</u>				
Land and Houses Bank Plc.	290.2	651.9	96.7	499.5
Short-term investment (Note 4)				
<u>Associate</u>				
Land and Houses Fund Management Co., Ltd.	100.2	50.0	100.2	50.0
Amounts due from and account receivables from related parties (Note 5)				
<u>Subsidiaries</u>				
(Eliminated from the consolidated financial statements)				
Atlantic Real Estate Co., Ltd.	-	-	-	0.1
Land and Houses Northeast Co., Ltd.	-	-	0.3	0.5
L H Asset Co., Ltd.	-	-	0.5	0.1
L H Muang Mai Co., Ltd.	-	-	0.1	0.2
Siam Tanee Property Co., Ltd.	-	-	0.1	-
	-	-	1.0	0.9

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2014	2013	2014	2013
<u>Associate</u>				
Q.H. International Co., Ltd.	1.4	3.3	-	-
Total	1.4	3.3	1.0	0.9
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.	-	-	275.7	282.7
L H Asset Co., Ltd.	-	-	30.3	35.4
L H Muang Mai Co., Ltd.	-	-	100.9	99.9
L&H Property Co., Ltd.	-	-	597.4	590.8
Pacific Real Estate Co., Ltd.	-	-	-	75.9
	-	-	1,004.3	1,084.7
<u>Associate</u>				
Land and Houses Bank Plc.	-	0.1	-	0.1
Total	-	0.1	1,004.3	1,084.8
Long-term loans to and accrued interest receivables from related party				
<u>Subsidiary</u>				
(Eliminated from the consolidated financial statements)				
Land and Houses U.S.A., Inc.	-	-	3,135.9	3,141.2
Deposit to related company				
<u>Related company</u>				
Quality Houses Leasehold Property Fund	9.3	9.3	9.3	9.3
Trade accounts payable - related parties (Note 16)				
<u>Associates</u>				
Q.H. International Co., Ltd.	0.2	-	-	-
Quality Construction Products Plc.	11.4	14.2	11.4	14.2
Home Product Center Plc.	1.0	0.8	0.5	0.6
Quality Houses Plc.	-	10.3	-	-
	12.6	25.3	11.9	14.8
<u>Related companies</u>				
Land and Houses Freehold and Leasehold Property Fund	-	2.7	-	-
Siam Retail Development Co., Ltd.	7.6	3.3	-	-
	7.6	6.0	-	-
Total	20.2	31.3	11.9	14.8

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2014	2013	2014	2013
Amounts due to related parties (Note 16)				
<u>Associates</u>				
Q.H. International Co., Ltd.	4.3	-	-	-
Asia Asset Advisory Co., Ltd.	9.8	-	-	-
Home Product Center Plc.	3.0	0.1	3.0	0.1
Quality Construction Products Plc.	0.2	-	0.2	-
Quality Houses Plc.	5.8	10.6	-	-
	<u>23.1</u>	<u>10.7</u>	<u>3.2</u>	<u>0.1</u>
<u>Related companies</u>				
Siam Retail Development Co., Ltd.	6.3	9.6	-	-
Quality Houses Leasehold Property Fund	0.1	0.3	0.1	0.3
	<u>6.4</u>	<u>9.9</u>	<u>0.1</u>	<u>0.3</u>
Total	<u>29.5</u>	<u>20.6</u>	<u>3.3</u>	<u>0.4</u>
Short-term loans from and accrued interest payables to related parties				
<u>Subsidiaries</u>				
(Eliminated from the consolidated financial statements)				
Atlantic Real Estate Co., Ltd.	-	-	130.0	-
L H Real Estate Co., Ltd.	-	-	-	16.6
Pacific Real Estate Co., Ltd.	-	-	-	-
Siam Tanee Property Co., Ltd.	-	-	65.2	90.4
Land and Houses North Co., Ltd.	-	-	-	22.2
	<u>-</u>	<u>-</u>	<u>195.2</u>	<u>129.2</u>
<u>Related companies/persons</u>				
Muang Mai Property Co., Ltd.	13.2	13.1	-	-
Reco Resorts Pte Ltd.	398.1	393.7	-	-
Directors of subsidiaries	53.9	53.4	-	-
	<u>465.2</u>	<u>460.2</u>	<u>-</u>	<u>-</u>
Total	<u>465.2</u>	<u>460.2</u>	<u>195.2</u>	<u>129.2</u>
Provision for guarantee income of fund				
<u>Related company</u>				
Land and Houses Freehold and Leasehold Property Fund	48.4	67.3	48.4	67.3

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

Long-term loan to related party is unsecured loan which is due in December 2017.

(Unaudited but reviewed)

During the three-month period ended 31 March 2014, movements of loans from/loans to the Company, subsidiaries and related companies were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	1 January 2014	Increase	Decrease	31 March 2014
Short-term loans to and accrued interest receivables from related party				
<u>Associate</u>				
Land and Houses Bank Plc.	0.1	1.2	(1.3)	-
Short-term loans from and accrued interest payables to related parties				
<u>Related companies/persons</u>				
Muang Mai Property Co., Ltd.	13.1	0.1	-	13.2
Reco Resorts Pte Ltd.	393.7	4.4	-	398.1
Directors of subsidiaries	53.4	0.5	-	53.9
Total	460.2	5.0	-	465.2

(Unit: Million Baht)

	Separate financial statements			
	1 January 2014	Increase	Decrease	31 March 2014
Short-term loans to and accrued interest receivables from related parties				
<u>Subsidiaries</u>				
Land and Houses Northeast Co., Ltd.	282.7	3.3	(10.3)	275.7
L H Asset Co., Ltd.	35.4	45.6	(50.7)	30.3
L H Muang Mai Co., Ltd.	99.9	1.0	-	100.9
Pacific Real Estate Co., Ltd.	75.9	0.3	(76.2)	-
L&H Property Co., Ltd.	590.8	6.6	-	597.4
	1,084.7	56.8	(137.2)	1,004.3
<u>Associate</u>				
Land and Houses Bank Plc.	0.1	1.1	(1.2)	-
Total	1,084.8	57.9	(138.4)	1,004.3
Long-term loan to and accrued interest receivables from related parties				
<u>Subsidiary</u>				
Land and Houses U.S.A., Inc.	3,141.2	30.5	(35.8)	3,135.9
Short-term loans from and accrued interest payables to related parties				
<u>Subsidiaries</u>				
L H Real Estate Co., Ltd.	16.6	0.1	(16.7)	-
Pacific Real Estate Co., Ltd.	-	75.3	(75.3)	-
Siam Tanee Property Co., Ltd.	90.4	0.6	(25.8)	65.2
Land and Houses North Co., Ltd.	22.2	0.1	(22.3)	-
Atlantic Real Estate Co., Ltd.	-	130.0	-	130.0
Total	129.2	206.1	(140.1)	195.2

(Unaudited but reviewed)

Directors and management's benefit

During the three-month period ended 31 March 2014 and 2013, 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	
	2014	2013
Short-term employee benefits	22,838	20,405
Post-employment benefits	1,084	1,274
Total	<u>23,922</u>	<u>21,679</u>

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 with related companies as described in Note 22.

The Company had outstanding guarantee obligations with its related parties, as described in Note 22.3.

3. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Cash	4,755	4,776	2,070	2,050
Bank deposits	904,156	695,888	515,578	380,799
Due cheques not yet deposited	565,191	264,875	527,797	244,984
Bill of exchange	80,152	200,000	-	200,000
Total	<u>1,554,254</u>	<u>1,165,539</u>	<u>1,045,445</u>	<u>827,833</u>

As at 31 March 2014, bank deposits and bill of exchange carried interests between 0.50 and 2.70 percent per annum (31 December 2013: 0.50 and 2.25 percent per annum).

(Unaudited but reviewed)

4. Current investments

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	31 March 2014	31 December 2013
Investments in LH Money Market Fund, Cost	100,000	50,000
Add: Unrealised gain on changes in value of investments	214	25
Trading securities - fair value	<u>100,214</u>	<u>50,025</u>

5. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
<u>Trade accounts receivable - unrelated parties</u>				
Past due				
Less than 3 months	75,366	94,960	-	-
3 - 6 months	2,470	3,918	-	-
6 - 9 months	2,485	2,706	-	-
9 - 12 months	2,138	2,480	-	-
Over 12 months	128	188	-	-
Total	<u>82,587</u>	<u>104,252</u>	-	-
Less: Allowance for doubtful debts	-	(105)	-	-
Total trade accounts receivable - unrelated parties, net	<u>82,587</u>	<u>104,147</u>	-	-
<u>Other receivables</u>				
Amounts due from and accounts receivable				
- related parties	1,441	3,251	1,048	887
Other	<u>22,336</u>	<u>28,850</u>	<u>21,685</u>	<u>28,087</u>
Total other receivables	<u>23,777</u>	<u>32,101</u>	<u>22,733</u>	<u>28,974</u>
Total trade and other receivables	<u>106,364</u>	<u>136,248</u>	<u>22,733</u>	<u>28,974</u>

(Unaudited but reviewed)

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	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Net book value of land and structures thereon mortgaged as collateral	7,488	5,559	6,490	4,576

Movements in the allowance for loss on diminution in value of projects during the three-month period ended 31 March 2014 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2014	167,552	69,129
Add: Additional set up	25,731	-
Add: Transfer from land held for development	1,690	1,690
Less: Reversal due to sale	(3,583)	(3,583)
Balance as at 31 March 2014	<u>191,390</u>	<u>67,236</u>

During the current period, the Company transferred in inventories with net book value of Baht 2.9 million from land held for development.

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		Cost		Allowance for		Carrying amount based	
			percentage				impairment		on cost method - net	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013
			(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.	159,357	5,810	99.99	99.99	159,357	5,810	-	-	159,357	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

Company's name	Separate financial statements									
	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment		Carrying amount based on cost method - net	
	31	31	31	31	31	31	31	31	31	31
	March	December	March	December	March	December	March	December	March	December
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
			(Percent)	(Percent)						
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	616,427	-	-	616,427	616,427
					<u>3,157,874</u>	<u>3,004,327</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>3,107,874</u>	<u>2,954,327</u>

(a) As at 31 March 2014 and 31 December 2013, Land and Houses U.S.A., Inc. had paid-up capital amounted to USD 20.0 million.

7.2 Pacific Real Estate Company Limited

On 30 January 2014, the Extraordinary General Meeting of shareholders of Pacific Real Estate Company Limited, the Company's subsidiary, passed a resolution approving an increase in the registered share capital of Baht 614.19 million by issuing an additional 6,141,900 new ordinary shares at the par value of Baht 100 each. The meeting also passed a resolution approving to call up partial payment of 6,141,900 new ordinary shares at Baht 25 each, a total of Baht 153.55 million. The Company has already paid the subscription.

7.3 L&H Property Company Limited and its subsidiaries

On 7 February 2014, the Board of Directors' meeting of L&H Sathon Company Limited, the subsidiary of L&H Property Company Limited, passed a resolution approving the dissolution of the Company. The subsidiary filed for deregistration on 18 March 2014. Currently, the subsidiary has been during the liquidation process.

7.4 L H Muang Mai Company Limited and its subsidiaries

As at 31 March 2014 and 31 December 2013, 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.

8. Investments in associates

8.1 Details of investments in associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on Equity method	
			31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013
			(Percent)	(Percent)				
LH Financial Group Plc.	Holding company	Thai	34.12	34.14	4,394,026	4,394,026	5,233,858	5,137,099
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	21.16	179,178	179,178	434,348	419,878
Home Product Center Plc.	Trading of construction materials	Thai	30.23	30.23	1,489,020	1,489,020	4,682,538	4,463,110
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	2,000	2,000	9,846	9,043
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	785,330	538,079	537,126
Quality Houses Plc.	Real estate business	Thai	24.98	24.98	3,282,682	3,282,682	5,340,437	5,179,520
					<u>10,152,928</u>	<u>10,152,928</u>	<u>16,271,508</u>	<u>15,778,178</u>

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			31 March 2014	31 December 2013	31 March 2014	31 December 2013
			(Percent)	(Percent)		
LH Financial Group Plc.	Holding company	Thai	34.12	34.14	4,394,026	4,394,026
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	21.16	179,178	179,178
Home Product Center Plc.	Trading of construction materials	Thai	30.23	30.23	1,489,020	1,489,020
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	2,000	2,000
Land and Houses Property Fund	Real estate business	Thai	49.94	49.94	20,692	20,692
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	785,330	785,330
Quality Houses Plc.	Real estate business	Thai	24.98	24.98	3,282,682	3,282,682
					<u>10,152,928</u>	<u>10,152,928</u>

8.2 Significant changes in investments in associates

LH Financial Group Public Company Limited

During the three-month period ended 31 March 2014, the warrant holders of LH Financial Group Public Company Limited exercised their rights to convert warrants to 4.3 million ordinary shares. As a result, the Company's shareholding percentage in that company has changed from 34.14% to 34.12%.

8.3 Share of profit (loss) and dividend received

(Unaudited but reviewed)

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 in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	For the three-month periods ended 31 March					
	Consolidated financial statements				Separate financial statements	
	Share of profit from investments in associates		Share of other comprehensive income of associates		Dividend received	
	2014	2013	2014	2013	2014	2013
LH Financial Group Plc.	76,930	59,455	19,829	(20,658)	-	-
Quality Construction Products Plc.	14,470	11,567	-	-	-	-
Home Product Center Plc.	219,400	208,669	28	(147)	-	-
Asia Asset Advisory Co., Ltd.	803	770	-	-	-	-
Land and Houses Property Fund*	-	-	-	-	-	-
Land and Houses Property and Loan Fund-II	953	5,629	-	-	-	21,171
Quality Houses Plc.	157,809	145,287	3,108	(2,134)	-	-
Total	470,365	431,377	22,965	(22,939)	-	21,171

* Registered its termination on 11 December 2007

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:

(Unit: Million Baht)

Company	Fair values	
	31 March 2014	31 December 2013
LH Financial Group Plc.	5,296	5,296
Quality Construction Products Plc.	817	804
Home Product Center Plc.	28,121	26,961
Quality Houses Plc.	6,927	6,009
Total	41,161	39,070

8.5 The Company's interim consolidated financial statements for the three-month period ended 31 March 2014 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 as stipulated.

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements			
	Investments under the equity method as at 31 March	Share of profit from investments under the equity method for the three-month periods ended 31 March		
		2014	2014	2013
Reviewed by auditor and another auditors of the same firm				
LH Financial Group Plc.	5,233,858	76,930	59,455	
Home Product Center Plc.	4,682,538	219,400	208,669	
Asia Asset Advisory Co., Ltd.	9,846	803	770	
Land and Houses Property Fund ⁽¹⁾	32,402	-	-	
Land and Houses Property and Loan Fund-II	538,079	953	5,629	
Quality Houses Plc.	5,340,437	157,809	145,287	
Reviewed by other auditor				
Quality Construction Products Plc.	434,348	14,470	11,567	
Total	16,271,508	470,365	431,377	

⁽¹⁾ Registered its termination on 11 December 2007**9. Other long-term investments**

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Available-for-sale securities				
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	(476,664)	(406,590)	(476,664)	(406,590)
Available-for-sale securities - net	2,675,608	2,745,682	2,675,608	2,745,682
Other investments				
Equity securities - Domestic	204,437	204,437	26,000	26,000
Less: Allowance for impairment	(100,500)	(100,500)	(16,000)	(16,000)
Other investments - net	103,937	103,937	10,000	10,000
Total	2,779,545	2,849,619	2,685,608	2,755,682

(Unaudited but reviewed)

10. Land held for development

As at 31 March 2014 and 31 December 2013, 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	
	31 March	31 December	31 March	31 December
	2013	2013	2013	2013
Net book value of mortgaged land				
held for development to secure loans	3,496	3,496	2,551	2,551

During the current period, the Company transferred out land held for development with net book value of Baht 2.9 million to inventories.

Movements in the allowance for loss on diminution in value of land held for development during the period ended 31 March 2014 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2014	802,862	691,869
Less: Transfer to inventories	(1,690)	(1,690)
Balance as at 31 March 2014	801,172	690,179

11. Investment properties

Movements of the investment properties account during the three-month period ended 31 March 2014 are presented below.

(Unit: Thousand Baht)

	Consolidated
	financial statements
Net book value as at 1 January 2014	3,758,714
Acquisitions during period - at cost	8,799
Depreciation for period	(19,189)
Translation adjustment	(42,286)
Net book value as at 31 March 2014	3,706,038

(Unaudited but reviewed)

12. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2014 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2014	616,289	445,808
Acquisitions during period - at cost	94,819	90,222
Disposals during period - net book value	(219)	(182)
Depreciation for period	(55,548)	(38,616)
Translation adjustment	(6)	-
Net book value as at 31 March 2014	<u>655,335</u>	<u>497,232</u>

13. Leasehold rights

(Unit: Thousand Baht)

Project	Remaining period of leasehold rights (years)	Consolidated financial statements	
		31 March 2014	31 December 2013
Grande Centre Point Hotel Ratchadamri, Terminal 21 Shopping Mall, and Grande Centre Point Hotel Terminal 21	24	1,746,718	1,769,057
Vacant Land	13 and 33	111,332	107,190
		<u>6,220,879</u>	<u>6,280,253</u>

Subsidiary has pledged their land leasehold rights with construction thereon with a total net book value as at 31 March 2014 of Baht 1,747 million (31 December 2013: Baht 1,769 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.

(Unaudited but reviewed)

Income tax expenses for the three-month periods ended 31 March 2014 and 2013 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Current income tax:				
Interim corporate income tax charge	259,123	250,922	236,938	232,138
Deferred tax:				
Relating to origination and reversal of temporary differences	(7,473)	6,537	(16,764)	(10,188)
Income tax expense reported in the statements of income	<u>251,650</u>	<u>257,459</u>	<u>220,174</u>	<u>221,950</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2014 and 2013 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Deferred tax relating to gain (losses) on changes in value of available-for-sale investments	14,015	(7,319)	14,015	(7,319)

15. Bank overdrafts and short-term loans

	(Unit: Thousand Baht)					
	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	31	31	31	31	31	31
	March	December	March	December	March	December
	2014	2013	2014	2013	2014	2013
Bank overdrafts and short-term loans from financial institutions						
Bank overdrafts	MOR	MOR	19,319	21,669	-	180
Promissory notes	MOR - 1.5	MOR - 1.5				
			<u>2,600,000</u>	<u>400,000</u>	<u>2,500,000</u>	<u>300,000</u>
Total bank overdrafts and short-term loans from financial institutions			<u>2,619,319</u>	<u>421,669</u>	<u>2,500,000</u>	<u>300,180</u>
Short-term loans						
Bills of exchange	2.895 - 2.955	2.75 - 2.99	4,060,000	2,360,000	4,060,000	2,360,000
Less: Prepaid interest			(12,883)	(5,482)	(12,883)	(5,482)
Total short-term loans			<u>4,047,117</u>	<u>2,354,518</u>	<u>4,047,117</u>	<u>2,354,518</u>

(Unaudited but reviewed)

As at 31 March 2014 and 31 December 2013, 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	
	31 March	31 December	31 March	31 December
	2014	2013	2014	2013
Trade payables - unrelated parties	1,923,173	1,799,037	1,761,095	1,635,094
Trade payables - related parties	20,232	31,283	11,930	14,815
Other payables - related parties	29,548	20,604	3,272	420
Accrued expenses	566,184	933,882	367,185	741,866
Others	20,986	21,044	20,349	20,117
Total trade and other payables	<u>2,560,123</u>	<u>2,805,850</u>	<u>2,163,831</u>	<u>2,412,312</u>

17. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2014	2013	2014	2013
Long-term loans	14,098,377	13,374,637	10,312,486	9,507,486
Less: Current portion	(2,994,452)	(1,870,427)	(2,000,000)	(1,000,000)
Net	<u>11,103,925</u>	<u>11,504,210</u>	<u>8,312,486</u>	<u>8,507,486</u>

Movements in the long-term loans during the three-month period ended 31 March 2014 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2014	13,374,637	9,507,486
Add: Additional borrowing	1,860,600	1,805,000
Less: Repayment	(1,136,860)	(1,000,000)
Balance as at 31 March 2014	<u>14,098,377</u>	<u>10,312,486</u>

(Unaudited but reviewed)

During the three-month period ended 31 March 2014, the Company entered into a loan agreement with a commercial bank of Baht 1,805 million which carry interest at a fixed rate of 3.95 per annum. The loan is payable within 3 years. As at 31 March 2014, the Company fully drawdown the loan facilities.

As at 31 March 2014 and 31 December 2013, 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.

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 March 2014 and 31 December 2013, there were available long-term loan facilities from financial institutions as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Undrawdown loan facilities	3,792	1,097	3,265	-

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

As at 31 March 2014, the Company has unissued debentures under the above mentioned approval totalling Baht 4,000 million. (31 December 2013: Baht 2,000 million).

The outstanding balance of debentures as at 31 March 2014 and 31 December 2013 are detailed below.

					Consolidated and Separate financial statements			
					Number of debenture (Shares)		Amount (Thousand Baht)	
					31	31	31	31
					March	December	March	December
No.	Interest rate per annum	Age	Repayment	Maturity	2014	2013	2014	2013
<u>Unsubordinated and unsecured debentures</u>								
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. 1/2011	Fixed rate 3.54%	3 years	At maturity	20 January 2014	-	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	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	3,500,000	3,500,000
No. 1/2014	Fixed rate 3.63%	3 years	At maturity	27 February 2017	500,000	-	500,000	-
Total					<u>16,000,000</u>	<u>18,000,000</u>	<u>16,000,000</u>	<u>18,000,000</u>
Less: Current portion of debentures							<u>(4,000,000)</u>	<u>(3,400,000)</u>
Net							<u>12,000,000</u>	<u>14,600,000</u>

(Unaudited but reviewed)

Movements in the debentures during the three-month period ended 31 March 2014 are summarised below.

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
Balance as at 1 January 2014	18,000,000
Add: Issue of new debenture	500,000
Less: Redemption	(2,500,000)
Balance as at 31 March 2014	16,000,000

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.

19. Revaluation surplus (deficit) in investments

During the three-month periods ended 31 March 2014 and 2013, movements of revaluation surplus (deficit) in investments are as follows:

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	2014	2013
Balance as at beginning of period	(325,272)	(125,392)
Changes during the period due to		
- Revaluation	(70,074)	36,597
- Income taxes	14,015	(7,319)
Balance as at end of period	(381,331)	(96,114)

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. Segment information

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services. During the period, the Company and its subsidiaries have no change on operating segment information.

(Unaudited but reviewed)

Revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month periods ended 31 March 2014 and 2013 are as follows.

(Unit: Million Baht)

For the three-month period ended 31 March 2014					
	Real estate business	Rental and service business	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	5,556	488	6,044	-	6,044
Inter-segment revenue	-	-	-	-	-
Interest income	44	1	45	(43)	2
Infrastructure service income	64	-	64	-	64
Interest expenses	(134)	(84)	(218)	43	(175)
Depreciation and amortisation	(56)	(86)	(142)	-	(142)
Loss on diminution in value of project	(26)	-	(26)	-	(26)
Segment profit	1,158	18	1,176	2	1,178
Unallocated revenue and expenses:					
Other income					41
Share of profit from investments in associates					470
Income tax expenses					(252)
Non-controlling interests of the subsidiaries					(16)
Profit for the period					1,421

(Unit: Million Baht)

For the three-month period ended 31 March 2013					
	Real estate business	Rental and service business	Total reportable segments	Adjustments and eliminations	Consolidated Financial Statements
Revenue from external customers	5,316	502	5,818	-	5,818
Inter-segment revenue	-	1	1	(1)	-
Interest income	14	-	14	(12)	2
Infrastructure service income	64	-	64	-	64
Interest expenses	(78)	(60)	(138)	12	(126)
Depreciation and amortisation	(40)	(76)	(116)	-	(116)
Segment profit	1,145	86	1,231	3	1,234
Unallocated revenue and expenses:					
Other income					39
Share of profit from investments in associates					431
Income tax expenses					(257)
Non-controlling interests of the subsidiaries					(25)
Profit for the period					1,422

22. Commitments and contingent liabilities

22.1 Commitments

22.1.1 As at 31 March 2014 and 31 December 2013, the Company and its subsidiaries have commitments under construction contracts as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Commitments under construction contracts	5,453	4,316	5,361	4,206

22.1.2 As at 31 March 2014 and 31 December 2013, subsidiaries have 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	From 1 June 2008, the following rental is to be paid in monthly installments 1st - 5th year, total rental payment of Baht 33.15 million (Full amount has been paid) 6th - 10th year, total rental payment of Baht 42.31 million (31 March 2014: already paid Baht 6.38 million in total (31 December 2013: already paid Baht 4.47 million in total)) 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

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

In addition, as at 31 March 2014 and 31 December 2013, the subsidiary 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 31 March 2014: already paid Baht 14.45 million in total (31 December 2013: already paid Baht 13.44 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.

c) Land lease agreements

Agreement date	Agreement period	Maturity date	Rental rate
3 October 2013	30 years*	31 March 2047	From 1 April 2017, the following rental is to be paid in annually installments 1st - 7th year, total rental payment of Baht 35.00 million 8th - 17th year, total rental payment of Baht 100.00 million 18th - 27th year, total rental payment of Baht 150.00 million 28th - 30th year, total rental payment of Baht 75.00 million

* The agreement runs from 1 April 2017 (3 years after the period of construction).

In addition, as at 31 March 2014 and 31 December 2013, the subsidiary is committed to pay land leasing fee at Baht 150.0 million within 1 April 2014 and commission at Baht 5.0 million per year in the second and third year of construction period. Currently, the subsidiary paid full amount of land leasing fee at Baht 150.0 million.

The above land lease agreements contain conditions as specified in the agreements that, among other things, require the subsidiary to increase its registered share capital to be the new registered share capital at the amount no later than Baht 620 million within 31 January 2014. The Company is to maintain its shareholding in the subsidiary at not less than 90%, etc. During the three-month period ended 31 March 2014, the subsidiary has increased its registered share capital as described in Note 7.2 to the financial statements.

22.1.3 As at 31 March 2014, the Company had outstanding commitment of Baht 90 million in respect of uncalled portion of investment in L&H Property Company Limited (31 December 2013: Baht 90 million).

As at 31 March 2014, the Company had outstanding commitments of Baht 461 million in respect of the uncalled portion of investment in Pacific Real Estate Company Limited (31 December 2013: Nil).

22.1.4 As at 31 March 2014, 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 27.6 million. (31 December 2013: Baht 36.7 million). These are payable within one year.

22.1.5 As 31 March 2014 and 31 December 2013, L&H Property Company Limited is committed to pay project management fees to the following associate.

Associate	Project	Service fee rates	Term
Q.H. International Company Limited	Grande Centre Point Hotel Ratchadamri	2% of total revenue plus additional 4% of net income	From 1 January 2014 to 31 December 2014
Q.H. International Company Limited	Grande Centre Point Hotel Terminal 21	2% of total revenue plus additional 4% of net income	From 1 January 2014 to 31 December 2014

22.1.6 As at 31 March 2014 and 31 December 2013, 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.

22.1.7 As at 31 March 2014 and 31 December 2013, the Company has commitment related to purchase of land as follows.

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	31 March 2014	31 December 2013
Commitment to purchase of land	406	2,836

22.1.8 Obligation and commitment to complete projects on hand

	Consolidated financial statements		Separate financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
	Number of projects on hand at beginning of period/year	55	54	46
Number of closed projects during period/year	(1)	(16)	(1)	(13)
Number of new projects during period/year	3	17	3	13
Number of projects on hand at end of period/year	57	55	48	46
Accumulative value of sales already contracted (Million Baht)	59,521	91,684	54,287	81,231
As percentage of total sales of projects on hand	56	66	55	65
Value of sales already contracted during period/year (Million Baht)	5,524	22,857	5,120	21,327
As percentage of total sales of projects on hand	5	17	5	17
Commitments in respect of the installation of central utilities of projects on hand (Million Baht)	1,244	1,268	1,199	1,195

(Unaudited but reviewed)

22.1.9 As at 31 March 2014, the subsidiaries have servitude over land of approximately 89 rai (31 December 2013: 88 rai), which the cost is included in the cost of projects.

22.1.10 Operating lease commitments

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

As at 31 March 2014 and 31 December 2013, the future minimum lease payments and services fee payments required under these non-cancellable contracts were as follows.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Payable:				
In up to 1 year	28	35	28	35
In over 1 and up to 3 years	8	10	8	10

22.1.11 As at 31 March 2014 and 31 December 2013, Land and Houses U.S.A., Inc. has a commitment regarding renovation project, which the fee rate is 20% of the total renovation cost.

22.2 Bank guarantees

As at 31 March 2014 and 31 December 2013, 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	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Letter of guarantee for arrangement and maintenance of public utilities	2,612	2,261	2,312	2,054
Letter of guarantee for electricity usage	51	50	34	33
Other letter of guarantees	-	22	-	22
	<u>2,663</u>	<u>2,333</u>	<u>2,346</u>	<u>2,109</u>

22.3 Guarantees

22.3.1 As at 31 March 2014 and 31 December 2013, the Company has the following obligations in respect of guarantee.

		(Unit: Million Baht)	
Guarantor	Guarantee	31 March 2014	31 December 2013
Land and Houses Plc.	Customers	<u>7</u>	<u>7</u>

22.3.2 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 March 2014, the subsidiary has outstanding loans related to guarantee portion of the Company as specified in the letter of comfort amounting to Baht 1,781 million (31 December 2013: Baht 1,832 million).

22.4 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 additional 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 2013: 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 146 million (31 December 2013: Baht 144 million) for liabilities arising as a result of these cases, based on the opinion of its legal department and its legal advisor. However, as at 31 March 2013 the Company had already filed an appeal against the judgment to clarify the case.

- b) As at 31 March 2014, the Company and its subsidiaries have been sued for a total of approximately Baht 535 million (31 December 2013: Baht 534 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 53 million (31 December 2013: Baht 52 million). The Company has set aside a provision of Baht 53 million (31 December 2013: Baht 52 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.

22.5 Cross Currency and Interest Rate Swap agreement

The details of the Cross Currency and Interest Rate Swap agreements outstanding as at 31 March 2014 and 31 December 2013 are as follows:

As at 31 March 2014 and 31 December 2013				
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 346.0 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

As at 31 March 2014, the Company would have unrealised losses of approximately Baht 185.4 million, if it recorded the above contracts at fair value (31 December 2013: Baht 271.6 million).

23. Events after the reporting period

23.1 On 4 April 2014, the Company issued unsubordinated and unsecured debentures No. 2/2014 to institutional investors and/or private placement by issuing 3,500,000 units at Baht 1,000 each, a total of Baht 3,500 million. The debentures have fixed interest rate at 3.59% per annum, with a semi-annually interest payment schedule. The debentures have a maturity of 3 years, with redemption on 4 April 2017.

23.2 On 24 April 2014, the Annual General Meeting of the Company's shareholders passed the following resolutions.

1. To approve the payment of a dividend for the year 2013 of Baht 0.40 per share. However, since the Board of Directors previously approved an interim dividend from profit of the year 2013 amounting to Baht 0.25 per share, the Board will propose the remaining dividend payment of Baht 0.15 per share, amounting to Baht 1,504 million. The payment of such dividend shall be made within 22 May 2014.
2. To approve the issuance and offering for sale of additional revolving debenture of not exceeding Baht 20,000 million or the equivalent in any other currency. This amount will be added up to the approved revolving debenture in Annual General Meeting of the Company's shareholders of the year 2011 of Baht 20,000 million, totaling Baht 40,000 million.
3. To approve a reduction of the registered capital by canceling the 328,347,147 unissued shares.
4. To approve the allocation of 2,005,184,305 units of warrants free of charge to existing shareholders, in a ratio of 5 existing shares per to 1 warrant. These warrants have an exercise price of Baht 3.50 per share per new common stock, with the term to warrants is not exceed 3 years as from the date of issuance.
5. To approve the allocation of the aforesaid 2,005,184,305 additional shares to be reserved for the exercise of warrants to be allotted to existing shareholders.

23.3 On 9 May 2014, the Company issued unsubordinated and unsecured debentures No. 3/2014 to institutional investors and/or private placement by issuing 1,500,000 units at Baht 1,000 each, a total of Baht 1,500 million. The debentures have fixed interest rate at 3.25% per annum, with a semi-annually interest payment schedule. The debentures have a maturity of 2 years, with redemption on 9 May 2016.

24. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 12 May 2014.