

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 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.

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 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

(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 financial statements		Separate financial statements		
	2014	2013	2014	2013	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	42.4	21.8	MLR-1.5 and 4.00% - 5.50% p.a. (2013: MLR-1.5 and 5.00% - 7.50% p.a.
Management fee income	-	-	5.7	2.9	Approximate cost
Sale of land	-	-	-	38.9	Approximate cost
Cash paid for use of land	-	-	-	41.5	Approximate cost
Interest expenses	-	-	0.8	0.7	3.00% p.a.
Rental and service expenses	-	-	0.2	-	Market rate
<u>Transactions with associates</u>					
Interest income	7.6	3.7	6.7	2.7	Market rate
Dividend income	164.8	160.6	164.8	160.6	Declared rate
Purchase of goods	22.7	27.4	19.7	25.2	Market price
Project management fee expenses	21.7	27.9	-	-	Contract price
<u>Transactions with related companies</u>					
Dividend income	22.5	22.5	22.5	22.5	Declared rate
Rental and service expenses	11.5	11.0	11.5	11.0	Baht 750 - 800 per square metre per month
Interest expenses	4.2	5.3	-	-	MLR-1.5 and 5.50% p.a. (2013: MLR-1.5 and 7.00% - 7.50% p.a.)
Commission expenses	3.4	2.2	-	-	Contract price
Project management fee expenses	6.3	6.2	-	-	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.)

(Unit: Million Baht)

	For the nine-month periods ended 30 September				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	-	-	128.4	45.6	MLR-1.5 and 4.00% - 5.50% p.a. (2013: MLR - 1.5 and 5.00% - 7.50% p.a.
Management fee income	-	-	12.5	10.6	Approximate cost

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2014	2013	2014	2013	
Dividend income	-	-	78.5	100.5	Declared rate
Sale of land	-	-	-	41.5	Approximate cost
Purchase of land	-	-	-	9.0	Approximate cost
Cash paid for use of land	-	-	26.3	47.0	Approximate cost
Interest expenses	-	-	3.2	1.8	3.00% p.a.
Rental and services expenses	-	-	0.3	1.7	Market rate
<u>Transactions with associates</u>					
Interest income	13.4	12.8	12.4	11.0	Market rate
Dividend income	583.0	662.3	583.0	662.3	Declared rate
Purchase of goods	73.1	79.3	66.2	75.4	Market price
Commission expenses	0.1	-	-	-	Market price
Project management fee expenses	57.4	83.4	-	-	Contract price
<u>Transactions with related companies</u>					
Dividend income	50.8	50.6	50.8	50.6	Declared rate
Rental and services expenses	33.3	31.3	33.3	31.3	Baht 750 - 800 per square metre per month
Interest expenses	13.0	16.6	-	-	MLR-1.5 and 5.50% p.a. (2013: MLR-1.5 and 7.00% - 7.50% p.a.)
Commission expenses	9.9	11.9	-	-	Contract price
Project management fee expenses	17.5	17.6	-	-	Contract price
Provision for guarantee income of fund	-	19.0	-	19.0	Contract price
<u>Transactions with directors of subsidiary</u>					
Interest expenses	1.5	1.7	-	-	5.50% p.a. (2013: 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 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 30 September 2014, the outstanding provision to guarantee income of the fund is amounting to Baht 34 million. The amount are represented as short-term provision amounting to Baht 29 million and long-term provision amounting to Baht 5 million in the statement of financial position.

(Unaudited but reviewed)

As at 30 September 2014 and 31 December 2013, the balances of the accounts between the Company and those related companies are as follows:

	Consolidated financial statements		Separate financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
(Unit: Million Baht)				
Deposit at financial institution				
(shown under cash and cash equivalents)				
<u>Associate</u>				
Land and Houses Bank Plc.	122.7	651.9	31.3	499.5
Short-term investment (Note 4)				
<u>Associate</u>				
Land and Houses Fund Management Co., Ltd.	-	50.0	-	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	0.1
Land and Houses Northeast Co., Ltd.	-	-	0.7	0.5
L H Asset Co., Ltd.	-	-	0.7	0.1
L H Muang Mai Co., Ltd.	-	-	-	0.2
Siam Tanee Property Co., Ltd.	-	-	0.5	-
	-	-	2.0	0.9
<u>Associate</u>				
Q.H. International Co., Ltd.	-	3.3	-	-
Land and Houses Property and Loan Fund II	7.6	-	-	-
	7.6	3.3	-	-
Total	7.6	3.3	2.0	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.	-	-	203.1	282.7
L H Asset Co., Ltd.	-	-	-	35.4
L H Muang Mai Co., Ltd.	-	-	103.0	99.9
L&H Property Co., Ltd.	-	-	560.4	590.8
Pacific Real Estate Co., Ltd.	-	-	82.0	75.9
	-	-	948.5	1,084.7
<u>Associate</u>				
Land and Houses Bank Plc.	0.1	0.1	-	0.1
Total	0.1	0.1	948.5	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.	-	-	3,129.0	3,141.2

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2014	2013	2014	2013
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.	8.7	-	-	-
Quality Construction Products Plc.	6.0	14.2	6.0	14.2
Home Product Center Plc.	0.5	0.8	0.3	0.6
Quality Houses Plc.	0.1	10.3	-	-
	15.3	25.3	6.3	14.8
<u>Related companies</u>				
Land and Houses Freehold and Leasehold Property Fund	-	2.7	-	-
Siam Retail Development Co., Ltd.	3.9	3.3	-	-
	3.9	6.0	-	-
Total	19.2	31.3	6.3	14.8
Amounts due to related parties (Note 16)				
<u>Associates</u>				
Q.H. International Co., Ltd.	3.8	-	-	-
Asia Asset Advisory Co., Ltd.	4.0	-	-	-
Home Product Center Plc.	-	0.1	-	0.1
Quality Construction Products Plc.	0.1	-	-	-
Quality Houses Plc.	-	10.6	-	-
	7.9	10.7	-	0.1
<u>Related companies</u>				
Siam Retail Development Co., Ltd.	7.8	9.6	-	-
Quality Houses Leasehold Property Fund	0.7	0.3	0.7	0.3
	8.5	9.9	0.7	0.3
Total	16.4	20.6	0.7	0.4
Short-term loans from and accrued interest payables to related parties				
<u>Subsidiaries</u>				
(Eliminated from the consolidated financial statements)				
L H Asset Co., Ltd.	-	-	85.0	-
Atlantic Real Estate Co., Ltd.	-	-	86.0	-
L H Real Estate Co., Ltd.	-	-	15.0	16.6
Siam Tanee Property Co., Ltd.	-	-	120.1	90.4
Land and Houses North Co., Ltd.	-	-	15.1	22.2
	-	-	321.2	129.2

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2014	2013	2014	2013
<u>Related companies/persons</u>				
Muang Mai Property Co., Ltd.	13.5	13.1	-	-
Reco Resorts Pte Ltd.	373.5	393.7	-	-
Directors of subsidiaries	54.9	53.4	-	-
	441.9	460.2	-	-
Total	441.9	460.2	321.2	129.2
Provision for guarantee income of fund				
<u>Related company</u>				
Land and Houses Freehold and Leasehold Property Fund	33.7	67.3	33.7	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.

During the nine-month period ended 30 September 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	30 September 2014
Short-term loans to and accrued interest receivables from related party				
<u>Associate</u>				
Land and Houses Bank Plc.	0.1	14.1	(14.1)	0.1
Short-term loans from and accrued interest payables to related parties				
<u>Related companies/persons</u>				
Muang Mai Property Co., Ltd.	13.1	0.4	-	13.5
Reco Resorts Pte Ltd.	393.7	12.7	(32.9)	373.5
Directors of subsidiaries	53.4	1.5	-	54.9
Total	460.2	14.6	(32.9)	441.9

(Unit: Million Baht)

	Separate financial statements			
	1 January 2014	Increase	Decrease	30 September 2014
Short-term loans to and accrued interest receivables from related parties				
<u>Subsidiaries</u>				
Land and Houses Northeast Co., Ltd.	282.7	29.8	(109.4)	203.1
L H Asset Co., Ltd.	35.4	55.9	(91.3)	-
L H Muang Mai Co., Ltd.	99.9	3.1	-	103.0
L&H Property Co., Ltd.	590.8	19.0	(49.4)	560.4
Pacific Real Estate Co., Ltd.	75.9	82.3	(76.2)	82.0
Total	1,084.7	190.1	(326.3)	948.5

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate financial statements			
	1 January 2014	Increase	Decrease	30 September 2014
Associate				
Land and Houses Bank Plc.	0.1	12.2	(12.3)	-
Total	1,084.8	202.3	(338.6)	948.5
Long-term loan to and accrued interest receivables from related parties				
Subsidiary				
Land and Houses U.S.A., Inc.	3,141.2	93.4	(105.6)	3,129.0
Short-term loans from and accrued interest payables to related parties				
Subsidiaries				
L H Asset Co., Ltd.	-	85.0	-	85.0
Atlantic Real Estate Co., Ltd.	-	156.2	(70.2)	86.0
L H Real Estate Co., Ltd.	16.6	15.1	(16.7)	15.0
Pacific Real Estate Co., Ltd.	-	75.3	(75.3)	-
Siam Tanee Property Co., Ltd.	90.4	121.2	(91.5)	120.1
Land and Houses North Co., Ltd.	22.2	15.2	(22.3)	15.1
Total	129.2	468.0	(276.0)	321.2

Directors and management's benefit

During the three-month and nine-month periods ended 30 September 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			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2014	2013	2014	2013
Short-term employee benefits	23,732	21,395	72,332	62,170
Post-employment benefits	1,085	795	3,254	2,385
Total	24,817	22,190	75,586	64,555

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 26.

The Company had outstanding guarantee obligations with its related parties, as described in Note 26.3.

(Unaudited but reviewed)

3. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2014	2013	2014	2013
Cash	4,414	4,776	1,940	2,050
Bank deposits	413,520	695,888	113,485	380,799
Due cheques not yet deposited	332,929	264,875	255,973	244,984
Bill of exchange	-	200,000	-	200,000
Fixed deposit receipt	300,000	-	200,000	-
Total	1,050,863	1,165,539	571,398	827,833

As at 30 September 2014, bank deposits and bill of exchange carried interests between 0.375 and 2.05 percent per annum (31 December 2013: 0.50 and 2.70 percent per annum).

4. Current investments

(Unit: Thousand Baht)

	Consolidated and separate	
	financial statements	
	30 September	31 December
	2014	2013
Investments in LH Money Market Fund, Cost	-	50,000
Add: Unrealised gain on changes in value of investments	-	25
Trading securities - fair value	-	50,025

(Unaudited but reviewed)

5. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
<u>Trade accounts receivable - unrelated parties</u>				
Past due				
Less than 3 months	95,775	94,960	-	-
3 - 6 months	4,207	3,918	-	-
6 - 9 months	2,430	2,706	-	-
9 - 12 months	2,504	2,480	-	-
Over 12 months	72	188	-	-
Total	104,988	104,252	-	-
Less: Allowance for doubtful debts	-	(105)	-	-
Total trade accounts receivable - unrelated parties, net	104,988	104,147	-	-
<u>Other receivables</u>				
Amounts due from and accounts receivable				
- related parties	7,554	3,251	2,026	887
Other	22,548	28,850	21,777	28,087
Total other receivables	30,102	32,101	23,803	28,974
Total trade and other receivables	135,090	136,248	23,803	28,974

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 2014	31 December 2013	30 September 2014	31 December 2013
Net book value of land and structures thereon mortgaged as collateral	10,122	5,559	9,200	4,576

(Unaudited but reviewed)

Movements in the allowance for loss on diminution in value of projects during the nine-month period ended 30 September 2014 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2014	167,552	69,129
Add: Additional set up	31,401	-
Add: Transfer from land held for development	1,690	1,690
Less: Reversal due to sale	(26,945)	(9,777)
Balance as at 30 September 2014	173,698	61,042

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:

(Unit: Thousand Baht)

Company's name	Separate financial statements									
	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment		Carrying amount based on cost method - net	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
			(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.	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
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
					3,157,874	3,004,327	(50,000)	(50,000)	3,107,874	2,954,327

(a) As at 30 September 2014 and 31 December 2013, Land and Houses U.S.A., Inc. had paid-up capital amounted to USD 20 million.

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

Company's name	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2014	2013	2014	2013
Atlantic Real Estate Co., Ltd.	-	-	70,490	100,486
Land and Houses North Co., Ltd.	-	-	8,000	-
Total	-	-	78,490	100,486

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 30 September 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	
			30 September 2014	31 December 2013	30 September 2014	31 December 2013	30 September 2014	31 December 2013
			(Percent)	(Percent)				
LH Financial Group Plc.	Holding company	Thai	34.02	34.14	4,538,712	4,394,026	5,475,037	5,137,099
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	21.16	179,178	179,178	425,866	419,878
Home Product Center Plc.	Trading of construction materials	Thai	30.23	30.23	1,489,020	1,489,020	5,105,142	4,463,110
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	2,000	2,000	6,575	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	487,590	537,126
Quality Houses Plc.	Real estate business	Thai	24.98	24.98	3,282,682	3,282,682	5,487,476	5,179,520
					<u>10,297,614</u>	<u>10,152,928</u>	<u>17,020,088</u>	<u>15,778,178</u>

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			30 September 2014	31 December 2013	30 September 2014	31 December 2013
			(Percent)	(Percent)		
LH Financial Group Plc.	Holding company	Thai	34.02	34.14	4,538,712	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>10,297,614</u>	<u>10,152,928</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 2014, the warrant holders of LH Financial Group Public Company Limited exercised their rights to convert warrants to 44.9 million ordinary shares. As a result, the Company's shareholding percentage in that company has changed from 34.14% to 34.02%.

On 21 April 2014, 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 (30:1) at a price of Baht 1 per share. The Company invested in ordinary shares of LH Financial Group Plc. for 145 million shares with a total value of Baht 145 million and made payment for such shares in May 2014.

8.2.2 Home Product Center Public Company Limited

On 10 April 2014, 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 7 existing shares, or equivalent to Baht 0.1429 per share and a cash dividend of Baht 0.0159 per share. The Company received 414 million stock dividend shares and cash dividend of Baht 46 million on 8 May 2014. 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.

Subsequently on 15 October 2014, the Annual General Meeting of the shareholders of Home Product Center Plc. approved the payment of dividend to its shareholders. This comprised a stock dividend at a rate of 1 dividend share for every 8 existing shares, or equivalent to Baht 0.125 per share, and cash dividend of Baht 0.013889 per share, which is to be paid on 13 November 2014.

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 in the separate financial statements as follows:

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	For the three-month periods ended 30 September					
	Consolidated financial statements				Separate financial statements	
	Share of profit (loss) from investments in associates		Share of other comprehensive income of associates		Dividend received	
	2014	2013	2014	2013	2014	2013
LH Financial Group Plc.	124,607	55,792	(1,473)	(17,975)	-	-
Quality Construction Products Plc.	8,551	12,389	-	-	-	-
Home Product Center Plc.	231,625	217,543	(2,430)	179	-	-
Asia Asset Advisory Co., Ltd.	419	1,130	-	-	4,200	-
Land and Houses Property Fund*	-	-	-	-	-	-
Land and Houses Property and Loan Fund-II	(48,463)	5,028	-	-	-	-
Quality Houses Plc.	267,177	220,151	(232)	(2,849)	160,557	160,556
Total	583,916	512,033	(4,135)	(20,645)	164,757	160,556

* Registered its termination on 11 December 2007

(Unit: Thousand Baht)

Company's name	For the nine-month periods ended 30 September					
	Consolidated financial statements				Separate financial statements	
	Share of profit (loss) from investments in associates		Share of other comprehensive income of associates		Dividend received	
	2014	2013	2014	2013	2014	2013
LH Financial Group Plc.	303,293	212,263	34,500	(96,469)	144,541	139,879
Quality Construction Products Plc.	27,145	32,079	-	-	21,157	27,081
Home Product Center Plc.	690,703	646,804	(2,573)	149	46,095	39,585
Asia Asset Advisory Co., Ltd.	1,732	2,750	-	-	4,200	-
Land and Houses Property Fund*	-	-	-	-	-	-
Land and Houses Property and Loan Fund-II	(49,535)	12,621	-	-	-	21,171
Quality Houses Plc.	669,547	642,383	5,393	(15,100)	366,987	434,536
Total	1,642,885	1,548,900	37,320	(111,420)	582,980	662,252

* 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	
	30 September 2014	31 December 2013
LH Financial Group Plc.	8,073	5,296
Quality Construction Products Plc.	796	804
Home Product Center Plc.	34,126	26,961
Quality Houses Plc.	9,679	6,009
Total	52,674	39,070

8.5 The Company's interim consolidated financial statements for the three-month and nine-month periods ended 30 September 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.

(Unit: Thousand Baht)

Investments under the equity method as at 30 September 2014	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		
	2014	2013	2014	2013	
Reviewed by auditor and other auditors of the same firm					
LH Financial Group Plc.	5,475,037	124,607	55,792	303,293	212,263
Home Product Center Plc.	5,105,142	231,625	217,543	690,703	646,804
Asia Asset Advisory Co., Ltd.	6,575	419	1,130	1,732	2,750
Land and Houses Property Fund ⁽¹⁾	32,402	-	-	-	-
Land and Houses Property and Loan Fund-II	487,590	(48,463)	5,028	(49,535)	12,621
Quality Houses Plc.	5,487,476	267,177	220,151	669,547	642,383
Reviewed by another auditor					
Quality Construction Products Plc.	425,866	8,551	12,389	27,145	32,079
Total	17,020,088	583,916	512,033	1,642,885	1,548,900

⁽¹⁾ Registered its termination on 11 December 2007.

(Unaudited but reviewed)

9. Other long-term investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2014	2013	2014	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
Add (less): Changes in fair value of securities	1,188,029	(406,590)	1,188,029	(406,590)
Available-for-sale securities - net	4,340,301	2,745,682	4,340,301	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	4,444,238	2,849,619	4,350,301	2,755,682

10. Land held for development

As at 30 September 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		Separate	
	financial statements		Financial statements	
	30 September	31 December	30 September	31 December
	2014	2013	2014	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.

(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 2014 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2014	802,862	691,869
Less: Transfer to inventories	(1,690)	(1,690)
Balance as at 30 September 2014	<u>801,172</u>	<u>690,179</u>

11. Investment properties

Movements of the investment properties account during the nine-month period ended 30 September 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	21,755
Depreciation for period	(57,141)
Translation adjustment	(50,325)
Net book value as at 30 September 2014	<u>3,673,003</u>

12. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 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	309,353	276,399
Disposals during period - net book value	(3,043)	(2,982)
Depreciation for period	(170,618)	(120,918)
Translation adjustment	(7)	-
Net book value as at 30 September 2014	<u>751,974</u>	<u>598,307</u>

(Unaudited but reviewed)

13. Leasehold rights

(Unit: Thousand Baht)

Project	Remaining period of leasehold rights (years)	Consolidated financial statements	
		30 September 2014	31 December 2013
Grande Centre Point Hotel Ratchadamri, Terminal 21 Shopping Mall, and Grande Centre Point Hotel Terminal 21	24	1,701,347	1,769,057
Vacant Land	13 and 33	264,504	107,190
		<u>6,247,463</u>	<u>6,280,253</u>

The subsidiary has pledged their land leasehold rights with construction thereon with a total net book value as at 30 September 2014 of Baht 1,701 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.

Income tax expenses for the three-month and nine-month periods ended 30 September 2014 and 2013 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Current income tax:				
Interim corporate income tax charge	303,793	309,308	257,702	273,139
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,694)	26,432	(6,700)	12,589
Income tax expenses reported in the statements of income	<u>302,099</u>	<u>335,740</u>	<u>251,002</u>	<u>285,728</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Current income tax:				
Interim corporate income tax charge	948,732	835,455	866,561	759,395
Deferred tax:				
Relating to origination and reversal of temporary differences	(24,820)	20,292	(52,120)	(9,702)
Income tax expenses reported in the statements of income	<u>923,912</u>	<u>855,747</u>	<u>814,441</u>	<u>749,693</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month and nine-month periods ended 30 September 2014 and 2013.

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Deferred tax relating to gain/loss on changes in value of available-for-sale investments	(28,789)	8,591	(28,789)	8,591

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Deferred tax relating to gain/loss on changes in value of available-for-sale investments	(318,924)	41,426	(318,924)	41,426

(Unaudited but reviewed)

15. Bank overdrafts and short-term loans

(Unit: Thousand Baht)

	Interest rate (percent per annum)		Consolidated financial statements		Separate financial statements	
	30	31	30	31	30	31
	September 2014	December 2013	September 2014	December 2013	September 2014	December 2013
<u>Bank overdrafts and short-term loans from financial institutions</u>						
Bank overdrafts	MOR	MOR	19,089	21,669	-	180
Promissory notes	MOR - 1.5	MOR - 1.5	100,000	400,000	-	300,000
Total bank overdrafts and short-term loans from financial institutions			<u>119,089</u>	<u>421,669</u>	<u>-</u>	<u>300,180</u>
<u>Short-term loans</u>						
Bills of exchange	2.66	2.75 - 2.99	2,000,000	2,360,000	2,000,000	2,360,000
Less: Prepaid interest			(8,515)	(5,482)	(8,515)	(5,482)
Total short-term loans			<u>1,991,485</u>	<u>2,354,518</u>	<u>1,991,485</u>	<u>2,354,518</u>

As at 30 September 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 financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2014	2013	2014	2013
Trade payables - unrelated parties	1,982,980	1,799,037	1,796,011	1,635,094
Trade payables - related parties	19,154	31,283	6,272	14,815
Other payables - related parties	16,399	20,604	726	420
Accrued expenses	826,088	933,882	597,591	741,866
Others	32,044	21,044	21,227	20,117
Total trade and other payables	<u>2,876,665</u>	<u>2,805,850</u>	<u>2,421,827</u>	<u>2,412,312</u>

(Unaudited but reviewed)

17. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Long-term loans	11,489,620	13,374,637	7,966,986	9,507,486
Less: Current portion	(1,758,994)	(1,870,427)	(1,000,500)	(1,000,000)
Net	<u>9,730,626</u>	<u>11,504,210</u>	<u>6,966,486</u>	<u>8,507,486</u>

Movements in the long-term loans during the nine-month period ended 30 September 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	3,403,900	3,275,000
Less: Repayment	<u>(5,288,917)</u>	<u>(4,815,500)</u>
Balance as at 30 September 2014	<u>11,489,620</u>	<u>7,966,986</u>

During the current period, the Company entered into 5 loan agreements with a domestic commercial bank as detailed below:

(Unit: Million Baht)

	Draw down amount during the nine-month period ended			Principal repayments
	Facilities	30 September 2014	Interest rate	
1.	440	440	3.95% p.a.	Repayments within 3 years from the first drawdown date
2.	805	805	3.95% p.a.	Repayments within 3 years from the first drawdown date
3.	560	560	3.95% p.a.	Repayments within 3 years from the first drawdown date
4.	470	470	3.85% p.a.	Repayments within 3 years from the first drawdown date
5.	1,000	1,000	3.85% p.a.	Repayments within 3 years from the first drawdown date
Total	<u>3,275</u>	<u>3,275</u>		

As at 30 September 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 30 September 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	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Undrawdown loan facilities	2,248	1,097	1,795	-

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 24 April 2014
Amount	Revolving amount of Baht 40,000 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 2014, the Company has unissued debentures under the above mentioned approval totalling Baht 18,900 million. (31 December 2013: Baht 2,000 million).

The outstanding balance of debentures as at 30 September 2014 and 31 December 2013 are detailed below.

	No.	Interest rate per annum	Age	Repayment	Maturity	Consolidated and Separate financial statements			
						Number of debenture (Shares)		Amount (Thousand Baht)	
						30	31	30	31
						September	December	September	December
<u>Unsubordinated and unsecured debentures</u>									
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. 1/2011	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	
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	-	
No. 2/2014	Fixed rate 3.59%	3 years	At maturity	4 April 2017	3,500,000	-	3,500,000	-	
No. 3/2014	Fixed rate 3.25%	2 years	At maturity	9 May 2016	1,500,000	-	1,500,000	-	
No. 4/2014	Fixed rate 3.30%	3.5 years	At maturity	17 March 2018	1,000,000	-	1,000,000	-	
Total					<u>21,100,000</u>	<u>18,000,000</u>	<u>21,100,000</u>	<u>18,000,000</u>	
Less: Current portion of debentures							<u>(7,600,000)</u>	<u>(3,400,000)</u>	
Net							<u>13,500,000</u>	<u>14,600,000</u>	

Movements in the debentures during the nine-month period ended 30 September 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	6,500,000
Less: Redemption	<u>(3,400,000)</u>
Balance as at 30 September 2014	<u>21,100,000</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. Share capital

On 24 April 2014, the Annual General Meeting of the Company's shareholders passed the resolutions in relation to the Company's share capital as follows:

1. To approve a reduction of the registered capital by canceling the 328,347,147 unissued shares.
2. 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 1 unit of warrant. These warrants have an exercise price of Baht 3.50 per new common stock, with the term of warrants is not exceed 3 years as from the date of issuance.
3. 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.

The increase in share capital of the Company during the period resulting from exercising of warrants are summarised below.

Date of exercise	Type of warrant	Number of exercised warrants (Unit)	Ordinary shares issued for exercised warrants (Shares)	Exercise price (Baht per share)	Date of registration of share capital with the Ministry of Commerce	Date of the Stock Exchange of Thailand approved ordinary shares as listed securities
30 June 2014	LH-W3	772,275,689	772,275,689	3.50	4 July 2014	9 July 2014

Reconciliation of number of shares

(Unit: Shares)

	Consolidated and separate financial statements	
	30 September 2014	31 December 2013
<u>Registered share capital</u>		
Balance beginning of period/year	10,354,268,670	10,354,268,670
Decreased in registered share capital	(328,347,147)	-
Increased in registered share capital	2,005,184,305	-
Balance ending of period/year	<u>12,031,105,828</u>	<u>10,354,268,670</u>

(Unaudited but reviewed)

(Unit: Shares)

	Consolidated and separate financial statements	
	30 September 2014	31 December 2013
<u>Issued and paid-up share capital</u>		
Balance beginning of period/year	10,025,921,523	10,025,921,523
Increased due to exercise of warrants	772,275,689	-
Balance ending of period/year	10,798,197,212	10,025,921,523

The registered ordinary shares which are not issued and paid-up are the ordinary shares reserved for exercise of warrants

20. Warrants

On 6 May 2014, the Company issued of 1,998,184,856 registered warrants free of charge to existing shareholders (LH-W3) in a ratio of 5 existing shares per 1 unit of warrant. These warrants have an exercise price of Baht 3.50 per share, an exercise ratio of 1 warrant to 1 new ordinary share, and can be exercised on the last working day of every March, June, September and December, beginning on 30 June 2014 and with a final exercise date of 4 May 2017. The Stock Exchange of Thailand accepted the warrants as listed securities, to be traded as from 30 May 2014.

Details of the warrants of the Company (LH-W3) are as follows:

Type of warrant	Exercise price	Exercise ratio per 1 warrant	Number of warrants outstanding as at 6 May 2014	Number of warrants exercised during the period	Number of warrants outstanding as at 30 September 2014
	(Baht per share)		(Units)	(Units)	(Units)
LH-W3	3.50	5 existing shares per 1 unit of warrant	1,998,184,856	(959,646,494)	1,038,538,362

21. Cash receipts from share subscription

During the current period, the Company received cash from exercise of warrants to purchase its ordinary shares as follows.

Date of exercise	Type of warrant	Number of warrants exercised	Ordinary shares issued for exercised warrants	Exercise price	Date of registration of share capital with the Ministry of Commerce	Date of the Stock Exchange of Thailand approved ordinary shares as listed securities
		(Unit)	(Shares)	(Baht per share)		
30 September 2014	LH-W3	187,370,805	187,370,805	3.50	7 October 2014	10 October 2014

(Unaudited but reviewed)

As at 30 September 2014, the Company record cash received from exercised of warrants Baht 656 million. The amount are represented as cash receipts from share subscription in the statement of financial position.

22. Revaluation surplus (deficit) in investments

During the nine-month periods ended 30 September 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	1,594,619	(207,131)
- Income taxes	(318,924)	41,426
Balance as at end of period	<u>950,423</u>	<u>(291,097)</u>

23. 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.

Diluted 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, plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place on the date the potential ordinary shares were issued.

(Unaudited but reviewed)

Consolidated financial statements

For the three-month periods ended 30 September

	Profit for the period		Weighted average number of ordinary shares		Earnings per share	
	2014	2013	2014	2013	2014	2013
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders						
of the Company	1,730,739	<u>1,842,023</u>	10,800,234*	<u>10,025,922</u>	<u>0.16</u>	<u>0.18</u>
Effect of dilutive potential ordinary shares						
Warrants (LH-W3)	-		811,199			
Diluted earnings per share						
Profit of ordinary shareholders						
assuming the conversion of						
warrants to ordinary shares	<u>1,730,739</u>		<u>11,611,433</u>		<u>0.15</u>	

* Included ordinary shares from cash receipts from share subscription

Separate financial statements

For the three-month periods ended 30 September

	Profit for the period		Weighted average number of ordinary shares		Earnings per share	
	2014	2013	2014	2013	2014	2013
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders						
of the Company	1,172,108	<u>1,304,600</u>	10,800,234*	<u>10,025,922</u>	<u>0.11</u>	<u>0.13</u>
Effect of dilutive potential ordinary shares						
Warrants (LH-W3)	-		811,199			
Diluted earnings per share						
Profit of ordinary shareholders						
assuming the conversion of						
warrants to ordinary shares	<u>1,172,108</u>		<u>11,611,433</u>		<u>0.10</u>	

* Included ordinary shares from cash receipts from share subscription

(Unaudited but reviewed)

Consolidated financial statements					
For the nine-month periods ended 30 September					
Profit for the period		Weighted average number of ordinary shares		Earnings per share	
2014	2013	2014	2013	2014	2013
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share					
Profit attributable to equity holders of the Company					
5,136,970	4,914,203	10,289,691*	10,025,922	0.50	0.49
Effect of dilutive potential ordinary shares					
Warrants (LH-W3)		995,468			
Diluted earnings per share					
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares					
5,136,970		11,285,159		0.46	

* Included ordinary shares from cash receipts from share subscription

Separate financial statements					
For the nine-month periods ended 30 September					
Profit for the period		Weighted average number of ordinary shares		Earnings per share	
2014	2013	2014	2013	2014	2013
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share					
Profit attributable to equity holders of the Company					
3,900,400	3,756,559	10,289,691*	10,025,922	0.38	0.37
Effect of dilutive potential ordinary shares					
Warrants (LH-W3)		995,468			
Diluted earnings per share					
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares					
3,900,400		11,285,159		0.35	

* Included ordinary shares from cash receipts from share subscription

24. 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 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	(19)	2,487
							3,977
Final dividend for 2013	Annual General Meeting of the shareholders on 24 April 2014	0.40	0.25	0.15	1,504	(5)	1,499
Interim dividend for 2014	Board of Director's meeting on 14 August 2014	0.25	-	0.25	2,700	(7)	2,693
							4,192

25. 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.

Revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month and nine-month periods ended 30 September 2014 and 2013 are as follows.

	(Unit: Million Baht)				
	For the three-month period ended 30 September 2014				
	Real estate business	Rental and service business	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	5,965	603	6,568	-	6,568
Inter-segment revenue	-	-	-	-	-
Interest income	54	2	56	(43)	13
Infrastructure service income	54	-	54	-	54
Interest expenses	(55)	(85)	(140)	42	(98)
Depreciation and amortisation	(48)	(99)	(147)	-	(147)
Loss on diminution in value of project	-	-	-	-	-
Loss on disposal of equipment	(1)	-	(1)	-	(1)
Segment profit	1,371	69	1,440	(1)	1,439
Unallocated revenue and expenses:					
Other income					42
Share of profit from investments in associates					584
Income tax expenses					(302)
Non-controlling interests of the subsidiaries					(32)
Profit for the period					1,731

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month period ended 30 September 2013					
	Real estate business	Rental and service business	Total reportable segments	Adjustments and eliminations	Consolidated Financial Statements
Revenue from external customers	6,273	553	6,826	-	6,826
Inter-segment revenue	39	-	39	(39)	-
Interest income	24	1	25	(22)	3
Infrastructure service income	40	-	40	-	40
Interest expenses	(106)	(67)	(173)	22	(151)
Depreciation and amortisation	(41)	(84)	(125)	-	(125)
Loss on impairment of other assets	(20)	-	(20)	-	(20)
Loss on diminution in value of project	(39)	-	(39)	10	(29)
Loss on diminution in value of land held for development	-	-	-	-	-
Loss on disposal of equipment	(1)	(1)	(2)	-	(2)
Segment profit	1,258	89	1,347	43	1,390
Unallocated revenue and expenses:					
Other income					304
Share of profit from investments in associates					512
Income tax expenses					(336)
Non-controlling interests of the subsidiaries					(28)
Profit for the period					1,842

(Unit: Million Baht)

For the nine-month period ended 30 September 2014					
	Real estate business	Rental and service business	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	18,596	1,624	20,220	-	20,220
Inter-segment revenue	-	-	-	-	-
Interest income	169	3	172	(131)	41
Infrastructure service income	168	-	168	-	168
Interest expenses	(281)	(253)	(534)	130	(404)
Depreciation and amortisation	(138)	(296)	(434)	-	(434)
Loss on diminution in value of project	(31)	-	(31)	-	(31)
Loss on disposal of equipment	(1)	-	(1)	-	(1)
Segment profit	4,256	129	4,385	(5)	4,380
Unallocated revenue and expenses:					
Other income					103
Share of profit from investments in associates					1,643
Income tax expenses					(924)
Non-controlling interests of the subsidiaries					(65)
Profit for the period					5,137

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month period ended 30 September 2013					
	Real estate business	Rental and service business	Total reportable segments	Adjustments and eliminations	Consolidated Financial Statements
Revenue from external customers	17,146	1,543	18,689	-	18,689
Inter-segment revenue	39	2	41	(41)	-
Interest income	59	2	61	(47)	14
Infrastructure service income	156	-	156	-	156
Interest expenses	(270)	(187)	(457)	47	(410)
Depreciation and amortisation	(120)	(240)	(360)	-	(360)
Loss on impairment of other assets	(20)	-	(20)	-	(20)
Loss on diminution in value of project	(39)	-	(39)	10	(29)
Loss on diminution in value of land held for development	(37)	-	(37)	-	(37)
Loss on disposal of equipment	(1)	(1)	(2)	-	(2)
Segment profit	3,655	231	3,886	38	3,924
Unallocated revenue and expenses:					
Other income					369
Share of profit from investments in associates					1,549
Income tax expenses					(856)
Non-controlling interests of the subsidiaries					(72)
Profit for the period					4,914

26. Commitments and contingent liabilities

26.1 Commitments

26.1.1 As at 30 September 2014 and 31 December 2013, the Company and its subsidiaries have commitments under construction contracts as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Commitments under construction contracts	6,711	4,316	6,612	4,206

26.1.2 As at 30 September 2014 and 31 December 2013, the 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	<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 (Full amount has been paid)</p> <p>6th - 10th year, total rental payment of Baht 42.31 million (30 September 2014: already paid Baht 10.34 million in total) (31 December 2013: already paid Baht 4.47 million in total)</p> <p>11th - 15th year, total rental payment of Baht 54.00 million</p> <p>16th - 20th year, total rental payment of Baht 68.92 million</p> <p>21th - 25th year, total rental payment of Baht 87.97 million</p> <p>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 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*	<p>Land leasing fee is to be monthly paid as follows:</p> <p>1st - 5th year, total rental of Baht 20.16 million (30 September 2014: already paid Baht 16.46 million in total) (31 December 2013: already paid Baht 13.44 million in total)</p> <p>6th - 10th year, total rental of Baht 23.18 million</p> <p>11th - 15th year, total rental of Baht 26.66 million</p> <p>16th - 20th year, total rental of Baht 30.66 million</p> <p>21st - 25th year, total rental of Baht 35.25 million</p> <p>26th - 30th year, total rental of Baht 40.54 million</p>

* 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	<p>From 1 April 2017, the following rental is to be paid in annually installments</p> <p>1st - 7th year, total rental payment of Baht 35 million</p> <p>8th - 17th year, total rental payment of Baht 100 million</p> <p>18th - 27th year, total rental payment of Baht 150 million</p> <p>28th - 30th year, total rental payment of Baht 75 million</p>

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

In addition, as at 30 September 2014 and 31 December 2013, the subsidiary is committed to pay commission at Baht 5 million per year in the second and third year of construction period. Currently, the subsidiary paid full amount of land leasing fee.

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 nine-month period ended 30 September 2014, the subsidiary has increased its registered share capital as described in Note 7.2 to the financial statements.

- 26.1.3 As at 30 September 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).
- 26.1.4 As at 30 September 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, totaling Baht 9.18 million. (31 December 2013: Baht 36.7 million). These are payable within one year.
- 26.1.5 As at 30 September 2014, Pacific Real Estate Company Limited is committed to pay the management fee to Asia Asset Advisory Company Limited, which is an associate of the Company as described in contract.

(Unaudited but reviewed)

26.1.6 As 30 September 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

26.1.7 As at 30 September 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.

26.1.8 As at 30 September 2014 and 31 December 2013, the Company has commitment related to purchase of land as follows.

(Unit: Million Baht)

	Consolidated and separate financial statements	
	30 September	31 December
	2014	2013
Commitment to purchase of land	268	2,836

26.1.9 Obligation and commitment to complete projects on hand

	Consolidated financial statements		Separate financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Number of projects on hand at beginning of period/year	55	54	46	46
Number of closed projects during period/year	(8)	(16)	(7)	(13)
Number of new projects during period/year	17	17	13	13
Number of projects on hand at end of period/year	64	55	52	46

(Unaudited but reviewed)

	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	September	December	September	December
	2014	2013	2014	2013
Accumulative value of sales already contracted (Million Baht)	72,328	91,684	66,104	81,231
As percentage of total sales of projects on hand	58	66	58	65
Value of sales already contracted during period/year (Million Baht)	18,396	22,857	17,001	21,327
As percentage of total sales of projects on hand	15	17	15	17
Commitments in respect of the installation of central utilities of projects on hand (Million Baht)	1,518	1,268	1,347	1,195

26.1.10 As at 30 September 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.

26.1.11 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 30 September 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		Separate financial	
	statements		statements	
	30	31	30	31
	September	December	September	December
	2014	2013	2014	2013
Payable:				
In up to 1 year	14	35	14	35
In over 1 and up to 3 years	6	10	6	10

26.1.12 As at 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 (30 September 2014: Nil).

26.2 Bank guarantees

As at 30 September 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		Separate	
	financial statements		financial statements	
	30	31	30	31
	September	December	September	December
	2014	2013	2014	2013
Letter of guarantee for arrangement and maintenance of public utilities	2,493	2,261	2,256	2,054
Letter of guarantee for electricity usage	59	50	42	33
Other letter of guarantees	-	22	-	22
	<u>2,552</u>	<u>2,333</u>	<u>2,298</u>	<u>2,109</u>

26.3 Guarantees

26.3.1 As at 30 September 2014 and 31 December 2013, the Company has the following obligations in respect of guarantee.

(Unit: Million Baht)

Guarantor	Guarantee	30 September 2014	31 December 2013
Land and Houses Plc.	Customers	<u>7</u>	<u>7</u>

26.3.2 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 2014, the subsidiary has outstanding loans related to guarantee portion of the Company as specified in the letter of comfort amounting to Baht 1,730 million (31 December 2013: Baht 1,832 million).

26.4 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 150 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 30 September 2014 the Company had already filed an appeal against the judgment to clarify the case.

- b) As at 30 September 2014, the Company and its subsidiaries have been sued for a total of approximately Baht 550 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 54 million (31 December 2013: Baht 52 million). The Company has set aside a provision of Baht 54 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.

26.5 Cross Currency and Interest Rate Swap agreement

The details of the Cross Currency and Interest Rate Swap agreements outstanding as at 30 September 2014 and 31 December 2013 are as follows:

As at 30 September 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 30 September 2014, the Company would have unrealised losses of approximately Baht 163.6 million, if it recorded the above contracts at fair value (31 December 2013: Baht 271.6 million).

27. Events after the reporting period

- 27.1 On 6 October 2014, the Company issued unsubordinated and unsecured debentures No. 5/2014 to institutional investors and/or private placement by issuing 4,000,000 units at Baht 1,000 each, a total of Baht 4,000 million. The debentures have fixed interest rate at 3.50% per annum, with a semi-annually interest payment schedule. The debentures have a maturity of 3 years, with redemption on 6 October 2017.
- 27.2 On 7 October 2014, the Company registered the increase in its issued and paid-up share capital as a result of the warrant holders exercising their rights to convert warrants to ordinary shares in September 2014, as described in Note 21, which increased the Company's paid-up share capital from Baht 10,798 million to Baht 10,985 million. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities on 10 October 2014.
- 27.3 On 27 October 2014, Pacific Real Estate Co., Ltd., the Company's 99.99% owned subsidiary, called for the remaining of shares registered capital in an amount of Baht 460.64 million (6,141,900 ordinary shares at Baht 75 each). The Company has already paid the subscription.

- 27.4 On 11 November 2014, the Company's Board of Directors meeting passed a resolution approving the additional acquisition in Asia Asset Advisory Co., Ltd., the Company's 40% owned associate, from two existing shareholders in the amount of Baht 3 million (300,000 ordinary shares at Baht 10 each). As a result, Asia Asset Advisory Co., Ltd. will be changed from associate to be the Company's 100% owned subsidiary.
- 27.5 On 11 November 2014, L&H Property Co., Ltd., the Company's 60% owned subsidiary, approving the additional acquisition in L&H Management Co., Ltd., the Company's associate (99.99% held by Asia Asset Advisory Co., Ltd.) from existing shareholder in the amount of Baht 0.1 million (9,993 ordinary shares at Baht 10 each). As a result, L&H Management Co., Ltd. will be changed from associate to be the Company's subsidiary (60% held by L&H Property Co., Ltd.).

28. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 November 2014.