

## Land and Houses Public Company Limited and its subsidiaries

### Notes to consolidated financial statements

For the year ended 31 December 2014

#### 1. General information

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

#### 2. Basis of preparation

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

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

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

#### 2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2014 (Percent)	2013 (Percent)
<u>Held by the Company</u>				
Atlantic Real Estate Co., Ltd.	Real estate business	Thailand	99.99	99.99
Pacific Real Estate Co., Ltd.	Real estate business	Thailand	99.99	99.99
Land and Houses North Co., Ltd.	Real estate business	Thailand	99.99	99.99
Land and Houses Northeast Co., Ltd.	Real estate business	Thailand	99.99	99.99
Siam Tanee Property Co., Ltd. and its subsidiary	Real estate business	Thailand	99.99	99.99
L H Real Estate Co., Ltd.	Real estate business	Thailand	99.99	99.99
L H Asset Co., Ltd.	Real estate business	Thailand	99.99	99.99
L H Muang Mai Co., Ltd. and its subsidiaries	Real estate business	Thailand	55.00	55.00
L&H Property Co., Ltd. and its subsidiaries	Real estate for lease business	Thailand	60.00	60.00
Land and Houses U.S.A., Inc.	Real estate for lease business	USA	100.00	100.00
Asia Asset Advisory Co., Ltd.*	Investment advisor	Thailand	99.99	40.00

\* The Company reclassified the type of investment from investments in associates to investments in subsidiaries in November 2014.

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2014 (Percent)	2013 (Percent)
<u>Held by subsidiary companies</u>				
Siam Tanee Real Estate Co., Ltd. (99.99 percent held by Siam Tanee Property Co., Ltd.)	Real estate business	Thailand	99.99	99.99
Phuket Future Plan Co., Ltd. (99.99 percent held by L H Muang Mai Co., Ltd.)	Real estate business	Thailand	55.00	55.00
Double Tree Co., Ltd. (99.99 percent held by L H Muang Mai Co., Ltd.)	Real estate business	Thailand	55.00	55.00
L&H Sathon Co., Ltd. (99.99 percent held by L&H Property Co., Ltd.)	Real estate for lease business	Thailand	60.00	60.00
L&H Retail Management Co., Ltd. (99.95 percent held by L&H Property Co., Ltd.)	Project administration	Thailand	60.00	60.00
L&H Hotel Management Co., Ltd. (99.97 percent held by L&H Property Co., Ltd.)	Project administration	Thailand	60.00	60.00
L&H Management Co., Ltd.** (99.93 percent held by L&H Property Co., Ltd.)	Project administration	Thailand	60.00	60.00

\*\* The Company reclassified the type of investment from investments in associates to investments in subsidiaries in November 2014.

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) The assets and liabilities in the financial statements of overseas subsidiary company are translated to Baht using the exchange rate prevailing at the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements, which present investments in subsidiaries and associates under the cost method, have been prepared solely for the benefit of the public.

### 3. New financial reporting standards

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

#### (a) Financial reporting standards that became effective in the current accounting year

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
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This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognised actuarial gains and losses immediately in other comprehensive income.

### **TFRS 10 Consolidated Financial Statements**

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 Consolidated and Separate Financial Statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when they are adopted.

### **TFRS 11 Joint Arrangements**

TFRS 11 supersedes TAS 31 Interests in Joint Ventures. This standard requires an entity to account for an investment in a jointly controlled that meets the definition of joint venture entity using the equity method, while TAS 31 allows the entity to apply either the proportionate consolidation method or the equity method to account for such an investment.

The management of the Company and its subsidiaries believes that this standard will not have any impact on the Company's and its subsidiaries' financial statements as the Company and its subsidiaries have already applied the equity method to an investment in a jointly controlled entity.

### **TFRS 12 Disclosure of Interests in Other Entities**

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company and its subsidiaries.

### **TFRS 13 Fair Value Measurement**

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance

under this standard if they are required by other accounting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

At present, the management of the Company and its subsidiaries is evaluating the impact to the financial statements in the year when this standard is adopted.

#### **4. Significant accounting policies**

##### **4.1 Revenue recognition**

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

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

###### **(b) Rendering of rental and services**

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

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

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

###### **(c) Interest income**

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

###### **(d) Dividends**

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

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

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

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

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

#### **4.3 Borrowing costs**

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

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

#### **4.4 Cash and cash equivalents**

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

#### **4.5 Trade accounts receivable**

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

#### **4.6 Inventories**

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

- |                          |  |
|--------------------------|--|
| Land                     | - Cost of land using the weighted average method, calculating it separately for each project.  |
| Construction in progress | - Construction in progress consists of the cost of construction, public utility costs and borrowing cost capitalised to cost of projects. The Company and its subsidiaries record cost of construction and public utilities based on the actual cost incurred. |

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

#### **4.7 Investments**

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

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

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

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

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

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

#### **4.8 Land held for development**

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

#### **4.9 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 5 - 40 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

#### **4.10 Property, plant and equipment/Depreciation**

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

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

Building and building improvement	20	years
Office equipment	3 - 10	years
Furniture, fixture and equipment	5	years
Motor vehicles	5	years
Others	2 - 20	years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

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

#### **4.11 Intangible assets**

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

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

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

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

#### **4.12 Long-term lease**

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

#### **4.13 Leasehold rights**

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

The amortisation expense is charged to profit or loss.

#### **4.14 Goodwill**

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

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

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

#### **4.15 Related party transactions**

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

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

#### **4.16 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

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

Gains and losses on exchange are included in determining income.

#### **4.17 Impairment of assets**

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

An impairment loss is recognised in profit or loss.

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

#### **4.18 Employee benefits**

##### **Short-term employee benefits**

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

##### **Post-employment benefits**

*Defined contribution plans*

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

#### *Defined benefit plans*

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

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

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

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in 2011.

#### **4.19 Provisions**

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

#### **4.20 Income tax**

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

##### **Current tax**

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

##### **Deferred tax**

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



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

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

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

#### **4.21 Derivatives**

##### **Interest rate swap contracts**

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

##### **Cross currency swap agreement**

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

#### **5. Significant accounting judgments and estimates**

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

##### **Leases**

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

##### **Allowance for doubtful accounts**

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

#### **Fair value of financial instruments**

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

#### **Impairment of equity investments**

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

#### **Property plant and equipment / Investment properties / Leasehold rights and Depreciation**

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

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

#### **Goodwill and other intangible assets**

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

#### **Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management

judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

#### **Post-employment benefits under defined benefit plans**

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

#### **Litigations**

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

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

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

#### **Project development costs estimation**

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

#### **Provision for after-sale maintenance expense**

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

#### **Provision for public utilities maintenance**

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

### **Provision for compensation for Housing Estate Juristic Persons**

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

### **Provision for guarantee income of fund**

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

## **6. Related party transactions**

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

<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
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.)
L&H Management Co., Ltd.	Associate (99.93 percent held by L&H Property Co., Ltd.)
Land and Houses U.S.A., Inc.	Subsidiary

Asia Asset Advisory Co., Ltd.	Subsidiary
LH Financial Group Plc.	Associate
<u>Name of related parties</u>	<u>Relationship</u>
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 the subsidiary of LH Financial Group Plc.)
Quality Construction Products Plc.	Associate
Home Product Center Plc.	Associate
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
LH Shopping Centers Leasehold Real Estate Investment Trust	Common shareholder
Trinity Securities Company Limited	Common director

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

(Unit: Million Baht)

	Consolidated		Separate		<u>Transfer pricing policy</u>
	financial statements	financial statements	financial statements	financial statements	
	2014	2013	2014	2013	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	168.9	90.2	MLR - 1.5 and 4.00% - 5.50% p.a. (2013: MLR - 1.5% and 5.00% - 7.50% p.a.)
Management fee income	-	-	18.3	13.5	Approximate cost
Dividend income	-	-	1,475.0	325.5	Declared rate
Sales of land	-	-	-	56.8	Approximate cost
Cash paid for use of land	-	-	26.3	81.0	Approximate cost
Purchases of land	-	-	-	9.0	Approximate cost
Interest expenses	-	-	7.1	3.3	3.00% p.a.

Rental and service expenses	-	-	0.3	1.7	Baht 1,030 per square metre per month
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(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements	financial statements	financial statements	financial statements	
	2014	2013	2014	2013	
<u>Transactions with associates</u>					
Interest income	24.9	16.7	21.9	13.7	Market rate
Dividend income	629.0	708.5	629.0	708.5	Declared rate
Purchases of goods	99.2	107.0	91.1	101.0	Market price
Commission expenses	0.5	4.4	-	-	Market rate
Services expenses	23.7	0.5	-	-	Contract price
Rental and service expenses	95.9	107.6	-	-	Contract price
<u>Transactions with related companies</u>					
Dividend income	56.1	55.9	56.1	55.9	Declared rate
Gain on sale of assets to REIT	3,148.2	-	-	-	Contract price
Rental and services expenses	43.8	42.1	43.8	42.1	Baht 750 - 800 per square meter per month (2013: Baht 500 - 800 per square meter per month)
Interest expenses	16.8	21.3	-	-	MLR - 1.5% and 5.50% p.a. (2013: MLR - 1.5% and 5.50% - 7.50% p.a.)
Commission expenses	14.8	14.6	-	-	Contract price
Project management fee expenses	23.3	23.7	-	-	Contract price
Provision for guarantee					
Income of fund	42.5	33.3	42.5	33.3	Contract price
<u>Transactions with directors of subsidiaries</u>					
Interest expenses	2.0	2.2	-	-	5.50% p.a. (2013: 5.50% - 7.50% p.a.)

According to the undertaking agreement with Land and Houses Freehold and Leasehold Property Fund, the Company and Reco Plaza Pte Ltd. guarantee income of such fund. They guarantee between the different amount of Baht 179.88 million and the actual net income for the year 2012 and Baht 243.16 million and the actual net income for the year 2013 - 2015. The Company and Reco Plaza Pte Ltd. guarantee at the portion of 52% and 48%, respectively. However, the guarantee income must not exceed 50% of actual net income before income guarantee. As at 31 December 2014, the outstanding provision to guarantee income of the fund is represented as a short-term provision at Baht 42.5 million (2013: Short-term provision and long-term provision at Baht 47.5 million and Baht 19.8 million, respectively).

As at 31 December 2014 and 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	
	2014	2013	2014	2013
<b>Deposit at financial institution</b>				
(shown under cash and cash equivalents)				
<u>Associate</u>				
Land and Houses Bank Plc.	3,152.2	651.9	2,851.4	499.5
<b>Current investments (Note 8)</b>				
<u>Associate</u>				
Land and Houses Fund Management Co., Ltd.	301.4	50.0	301.4	50.0
<b>Amounts due from and accounts receivables - related parties (Note 9)</b>				
<u>Subsidiaries</u>				
(Eliminated from the consolidated financial statements)				
L H Asset Co., Ltd.	-	-	0.3	0.1
Atlantic Real Estate Co., Ltd.	-	-	-	0.1
Land and Houses Northeast Co., Ltd.	-	-	0.2	0.5
L H Muangmai Co., Ltd.	-	-	-	0.2
	-	-	0.5	0.9
<u>Associates</u>				
Q.H. International Co., Ltd.	-	3.3	-	-
Land and Houses Fund Management Co., Ltd.	0.1	-	-	-
Land and Houses Property and Loan Fund-II	7.5	-	-	-
	7.6	3.3	-	-
<u>Related companies</u>				
Land and Houses Freehold and Leasehold				
Property Fund	1.8	-	-	-
LH Shopping Centers Leasehold				
Real Estate Investment Trust	7.3	-	-	-
	9.1	-	-	-
Total	16.7	3.3	0.5	0.9
<b>Short-term loans to and accrued interest receivables from related parties</b>				
<u>Subsidiaries</u>				
(Eliminated from the consolidated financial statements)				
Land and Houses Northeast Co., Ltd.	-	-	131.6	282.7
L H Asset Co., Ltd.	-	-	-	35.4
L H Muang Mai Co., Ltd.	-	-	104.0	99.9
L&H Property Co., Ltd.	-	-	-	590.8
Pacific Real Estate Co., Ltd.	-	-	-	75.9
	-	-	235.6	1,084.7
<u>Associate</u>				
Land and Houses Bank Plc.	6.9	0.1	6.9	0.1
Total	6.9	0.1	242.5	1,084.8
<b>Long-term loans to and accrued interest receivables from related party</b>				
<u>Subsidiary</u>				
(Eliminated from the consolidated financial statements)				
Land and Houses U.S.A., Inc.	-	-	3,187.0	3,141.2

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Deposit to related companies</b>				
<u>Related company</u>				
Quality Houses Leasehold Property Fund	9.3	9.3	9.3	9.3
Total	9.3	9.3	9.3	9.3
<b>Trade accounts payables - related parties (Note 20)</b>				
<u>Associates</u>				
Quality Construction Products Plc.	8.2	14.2	7.8	14.2
Home Product Center Plc.	0.5	0.8	0.4	0.6
Quality Houses Plc.	8.8	10.3	-	-
	17.5	25.3	8.2	14.8
<u>Related companies</u>				
Land and Houses Freehold and Leasehold Property Fund	-	2.7	-	-
Siam Retail Development Co., Ltd.	7.2	3.3	-	-
	7.2	6.0	-	-
Total	24.7	31.3	8.2	14.8
<b>Amounts due to related parties (Note 20)</b>				
<u>Associates</u>				
Q.H. International Co., Ltd.	4.4	-	-	-
Quality Construction Products Plc.	0.1	-	-	-
Home Product Center Plc.	0.6	0.1	0.1	0.1
Land and Houses Bank Plc.	12.7	-	-	-
Quality Houses Plc.	-	10.6	-	-
Land and Houses Property and Loan Fund - II	1.1	-	-	-
	18.9	10.7	0.1	0.1
<u>Related companies</u>				
LH Shopping Centers Leasehold Real Estate Investment Trust	28.2	-	-	-
Siam Retail Development Co., Ltd.	9.0	9.6	-	-
Quality Houses Leasehold Property Fund	-	0.3	-	0.3
	37.2	9.9	-	0.3
Total	56.1	20.6	0.1	0.4
<b>Short-term loans from and accrued interest payables to related parties</b>				
<u>Subsidiaries</u>				
(Eliminated from consolidated financial statements)				
Pacific Real Estate Co., Ltd.	-	-	300.3	-
Siam Tanee Property Co., Ltd.	-	-	201.1	90.4
Land and Houses North Co., Ltd.	-	-	-	22.2
Atlantic Real Estate Co., Ltd.	-	-	86.6	-
LH Real Estate Co., Ltd.	-	-	-	16.6
	-	-	588.0	129.2
<u>Related companies/persons</u>				
Muang Mai Property Co., Ltd.	13.6	13.1	-	-
Reco Resorts Pte Ltd.	-	393.7	-	-
Directors of subsidiaries	55.4	53.4	-	-
	69.0	460.2	-	-
Total	69.0	460.2	588.0	129.2
<b>Provision for guarantee income of fund (Note 23)</b>				
<u>Related company</u>				
Land and Houses Freehold and				

Leasehold Property Fund	42.5	67.3	42.5	67.3
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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 year 2014, movements of loans to/loans from the Company, subsidiaries and related companies were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	1 January 2014	Increase	Decrease	31 December 2014
<b>Short-term loans to and accrued interest receivables from related parties</b>				
<u>Associate</u>				
Land and Houses Bank Plc.	0.1	21.8	(15.1)	6.8
<b>Short-term loans from and accrued interest payables to related parties</b>				
<u>Related companies/persons</u>				
Muang Mai Property Co., Ltd.	13.1	0.5	-	13.6
Reco Resorts Pte Ltd.	393.7	16.3	(410.0)	-
Directors of subsidiaries	53.4	2.0	-	55.4
<b>Total</b>	<b>460.2</b>	<b>18.8</b>	<b>(410.0)</b>	<b>69.0</b>

(Unit: Million Baht)

	Separate financial statements			
	1 January 2014	Increase	Decrease	31 December 2014
<b>Short-term loans to and accrued interest receivables from related parties</b>				
<u>Subsidiaries</u>				
Land and Houses Northeast Co., Ltd.	282.7	161.5	(312.6)	131.6
L H Asset Co., Ltd.	35.4	55.9	(91.3)	-
L H Muang Mai Co., Ltd.	99.9	4.1	-	104.0
L&H Property Co., Ltd.	590.8	24.4	(615.2)	-
Pacific Real Estate Co., Ltd.	75.9	87.6	(163.5)	-
	1,084.7	333.5	(1,182.6)	235.6
<u>Associate</u>				
Land and Houses Bank Plc.	0.1	21.8	(15.0)	6.9
<b>Total</b>	<b>1,084.8</b>	<b>355.3</b>	<b>(1,197.6)</b>	<b>242.5</b>
<b>Long-term loans to and accrued interest receivables from related party</b>				
<u>Subsidiary</u>				
Land and Houses U.S.A., Inc.	3,141.2	213.9	(168.1)	3,187.0
<b>Short-term loans from and accrued interest payables to related parties</b>				
<u>Subsidiaries</u>				
Pacific Real Estate Co., Ltd.	-	447.2	(146.9)	300.3
Siam Tanee Property Co., Ltd.	90.4	282.4	(171.7)	201.1
Land and Houses North Co., Ltd.	22.2	15.2	(37.4)	-
Atlantic Real Estate Co., Ltd.	-	156.9	(70.3)	86.6

L H Real Estate Co., Ltd.	16.6	15.1	(31.7)	-
Total	129.2	916.8	(458.0)	588.0

### Directors and management's benefits

During the years 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	124,182	83,620
Post-employment benefits	4,338	3,608
Total	128,520	87,228

### Commitments and contingent liabilities of related parties

The Company and its subsidiaries had commitments related to project management, finding lessees, consulting, operating lease and service agreement and agreement to purchase/sale of products with related companies as described in Note 36.

The Company and a subsidiary had outstanding guarantee obligations with its related parties, as described in Note 36.3.

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash	4,849	4,776	1,905	2,050
Bank deposits	2,481,180	695,888	1,345,127	380,799
Cheques in transit	296,207	264,875	281,228	244,984
Bills of exchange	3,654,208	200,000	3,400,000	200,000
Total	6,436,444	1,165,539	5,028,260	827,833

As at 31 December 2014, bank deposits and bills of exchange carried interests between 0.375% and 2.50% per annum (2013: 0.50% and 2.25% per annum).

## 8. Current investments

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	2014	2013
Investments in LH Money Market Fund, Cost	300,000	50,000
Add: Unrealised gain on changes in value of investments	1,415	25
Trading securities - fair value	<u>301,415</u>	<u>50,025</u>

## 9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<u>Trade receivables - unrelated parties</u>				
Past due				
Less than 3 months	115,802	94,960	-	-
3 - 6 months	3,712	3,918	-	-
6 - 9 months	3,043	2,706	-	-
9 - 12 months	2,241	2,480	-	-
Over 12 months	224	188	-	-
Total	<u>125,022</u>	<u>104,252</u>	-	-
Less: Allowance for doubtful debts	-	(105)	-	-
Total trade receivables - unrelated parties, net	<u>125,022</u>	<u>104,147</u>	-	-
<u>Other receivables</u>				
Amounts due from and accounts receivables - related parties				
receivables - related parties	16,735	3,251	534	887
Other	30,371	28,850	26,843	28,087
Other receivables	<u>47,106</u>	<u>32,101</u>	<u>27,377</u>	<u>28,974</u>
Total trade and other receivables - net	<u>172,128</u>	<u>136,248</u>	<u>27,377</u>	<u>28,974</u>

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Land	24,586,992	23,564,974	23,921,905	22,636,503
Land improvements	2,403,909	1,931,679	2,326,173	1,824,428
Construction in progress	11,082,347	8,952,298	10,634,660	8,428,246
Interest cost	1,855,185	1,520,064	1,762,140	1,443,111
Public utilities	3,174,691	2,652,358	2,884,806	2,364,445
Deferred development cost	719	832	414	414
Houses held for sales	79,730	41,430	10,413	-
Total	43,183,573	38,663,635	41,540,511	36,697,147
Less : Allowance for reduce cost to net realisable value	(159,902)	(167,552)	(60,926)	(69,129)
Inventories - net	43,023,671	38,496,083	41,479,585	36,628,018

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

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Borrowing costs included in cost of land and construction in progress (Million Baht)	1,029	696	986	650
Capitalisation rate (Percent)	3.8	3.8	3.8	3.8

As at 31 December 2014 and 2013, the Company and a subsidiary have mortgaged land and structures thereon to secure the loans and the overdraft facilities of the Company and its subsidiary, of with net book values as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Net book value of land and structures thereon mortgaged as collateral	9,834	5,559	8,924	4,576

Movements in the allowance for loss on diminution in value of projects during the year ended 31 December 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	33,123	-
Transfer from land held for development	1,690	1,690
Less: Reversal due to sale	(42,463)	(9,893)
Balance as at 31 December 2014	<u>159,902</u>	<u>60,926</u>

During the year 2014, the Company transferred-in land held for development with net book value of Baht 3 million to inventories (2013: the subsidiaries transferred-out inventories with net book value of Baht 31 million to land held for development and transferred-in land held for development with net book value of Baht 25 million to inventories).

## 11. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment		Carrying amount based on cost method - net	
	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.	620,000	5,810	99.99	99.99	620,000	5,810	-	-	620,000	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
Asia Asset Advisory Co., Ltd.	5,000	-	99.99	-	5,000	-	-	-	5,000	-
					<u>3,623,517</u>	<u>3,004,327</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>3,573,517</u>	<u>2,954,327</u>

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

During the years 2014 and 2013, the Company received dividend income from subsidiaries as detailed below.

(Unit: Thousand Baht)

Company's name	2014	2013
Atlantic Real Estate Co., Ltd.	70,490	325,454
Land and Houses North Co., Ltd.	8,000	-
L&H Property Co., Ltd.	1,396,499	-
Total	1,474,989	325,454

### **11.2 Pacific Real Estate Co., Ltd.**

On 30 January 2014, the Extraordinary General Meeting of shareholders of Pacific Real Estate Co., Ltd., 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.

On 27 October 2014, the subsidiary, called for the remaining of shares registered capital in the amount of Baht 460.64 million (6,141,900 ordinary shares at Baht 75 each). The Company has already paid the subscription.

### **11.3 L&H Property Co., Ltd. and its subsidiaries**

On 7 February 2014, the Board of Directors' meeting of L&H Sathon Co., Ltd., the subsidiary of L&H Property Co., Ltd., 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.

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 (99.93% 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.)

## 11.4 Asia Asset Advisory Co., Ltd.

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 99.99% owned subsidiary.

## 11.5 L H Muang Mai Co., Ltd. and its subsidiaries

As at 31 December 2014 and 2013, L H Muang Mai Co., Ltd. pledged the ordinary shares of its subsidiaries, Phuket Future Plan Co., Ltd. and Double Tree Co., Ltd., as collateral of long-term loans.

## 12. Investments in associates

### 12.1 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	
			2014	2013	2014	2013	2014	2013
			(Percent)	(Percent)				
LH Financial Group Plc.	Holding company	Thai	33.98	34.14	4,538,712	4,394,026	5,543,973	5,137,099
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	21.16	179,178	179,178	425,860	419,878
Home Product Center Plc.	Trading of construction materials	Thai	30.23	30.23	1,489,020	1,489,020	5,365,640	4,463,110
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	-	40.00	-	2,000	-	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	482,209	537,126
Quality Houses Plc.	Real estate business	Thai	24.98	24.98	3,282,682	3,282,682	5,646,905	5,179,520
					<u>10,295,614</u>	<u>10,152,928</u>	<u>17,496,989</u>	<u>15,778,178</u>

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			2014	2013	2014	2013
			(Percent)	(Percent)		
LH Financial Group Plc.	Holding company	Thai	33.98	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	-	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>10,295,614</u>	<u>10,152,928</u>

## **12.2 Significant changes in investments in associates**

### **12.2.1 LH Financial Group Plc.**

During the year 2014, the warrant holders of LH Financial Group Plc. exercised their rights to convert warrants to 59.2 million ordinary shares. As a result, the Company's shareholding percentage in that company has changed from 34.14% to 33.98%.

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.

### **12.2.2 Home Product Center Plc.**

On 10 April 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 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 year.

On 15 October 2014, the Extraordinary General Meeting of the shareholders of Home Product Center Plc. approved the payment of dividend to its shareholders. This comprised a stock dividend at rate of 1 dividend share for every 8 existing shares, or equivalent to Baht 0.1250 per share and a cash dividend of Baht 0.013889 per share. The Company received 414 million stock dividend shares and cash dividend of Baht 46 million on 13 November 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 year.

### **12.2.3 Asia Asset Advisory Co., Ltd.**

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 99.99% owned subsidiary.

### 12.3 Share of profit and dividend received

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

(Unit: Thousand Baht)

Company's name	Consolidated financial statements				Separate financial statements	
	Share of profit from investments in associates during the year		Share of other comprehensive income of associates during the year		Dividend received during the year	
	2014	2013	2014	2013	2014	2013
LH Financial Group Plc.	404,868	288,222	1,862	(127,989)	144,541	139,878
Quality Construction Products Plc.	27,139	49,501	-	-	21,157	27,081
Home Product Center Plc.	1,001,709	927,113	(7,067)	(105)	92,113	85,805
Asia Asset Advisory Co., Ltd.	(121)	3,900	-	-	4,200	-
Land and Houses Property Fund *	-	-	-	-	-	-
Land and Houses Property and Loan Fund-II	(54,917)	15,963	-	-	-	21,171
Quality Houses Plc.	831,543	824,061	2,829	(19,984)	366,987	434,537
<b>Total</b>	<b>2,210,221</b>	<b>2,108,760</b>	<b>(2,376)</b>	<b>(148,078)</b>	<b>628,998</b>	<b>708,472</b>

\* Registered its termination on 11 December 2007.

### 12.4 Fair values of investments in listed associates

In respect of investments in associated companies that are listed companies on the Stock Exchange, their fair values as at 31 December 2014 and 2013 are as follows:

(Unit: Million Baht)

Company's name	Country of listing	Fair values	
		2014	2013
LH Financial Group Plc.	Thai	8,791	5,296
Quality Construction Products Plc.	Thai	732	804
Home Product Center Plc.	Thai	30,565	26,961
Quality Houses Plc.	Thai	8,395	6,009
<b>Total</b>		<b>48,483</b>	<b>39,070</b>



## 12.5 Summarised financial information of associates

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

(Unit: Million Baht)

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues for the		Profit for the	
	as at 31 December		as at 31 December		as at 31 December		year ended		year ended	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
LH Financial Group Plc.	13,199	12,716	164,970	149,099	148,684	134,078	8,400	7,115	1,201	893
Quality Construction Products Plc.	400	400	2,335	2,402	323	418	2,121	2,282	128	234
Home Product Center Plc.	12,329	9,590	44,313	35,942	28,611	23,225	51,209	42,830	3,313	3,068
Asia Asset Advisory Co., Ltd.*	-	5	-	44	-	25	-	68	-	8
Land and Houses Property and										
Loan Fund-II	1,569	1,569	1,985	2,193	52	6	35	84	(255)	29
Quality Houses Plc.	9,184	9,184	48,634	41,652	29,485	24,374	21,377	19,999	3,329	3,307

\* The Company reclassified the type of investment from investments in associates to investments in subsidiaries in November 2014.

**12.6** The Company's consolidated financial statements for the years ended 31 December 2014 and 2013 included investments in the following associates accounted for under the equity method, and share of profit from investments in associates under the equity method, determined based on financial statements of those companies which have been audited as follows.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Investments under the		Share of profit from	
	equity method as at		investments under the	
	31 December		equity method for the year	
	2014	2013	2014	2013
<b>Audited by auditor and other auditors of the same firm</b>				
LH Financial Group Plc.	5,543,973	5,137,099	404,868	288,222
Home Product Center Plc.	5,365,640	4,463,110	1,001,709	927,113
Asia Asset Advisory Co., Ltd. <sup>(1)</sup>	-	9,043	(121)	3,900
Land and Houses Property Fund <sup>(2)</sup>	32,402	32,402	-	-
Land and Houses Property and Loan Fund-II	482,209	537,126	(54,917)	15,963
Quality Houses Plc.	5,646,905	5,179,520	831,543	824,061
<b>Audited by other auditors</b>				
Quality Construction Products Plc.	425,860	419,878	27,139	49,501
<b>Total</b>	<b>17,496,989</b>	<b>15,778,178</b>	<b>2,210,221</b>	<b>2,108,760</b>

<sup>(1)</sup> The Company reclassified the type of investment from investments in associates to investments in subsidiaries in November 2014.

<sup>(2)</sup> Registered its termination on 11 December 2007.

### 13. Other long-term investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
<b>Available-for-sale securities</b>				
Equity securities - Domestic	1,231,613	783,568	1,231,613	783,568
Unit trust - Overseas	2,368,704	2,368,704	2,368,704	2,368,704
Add (less): Changes in fair value of securities	1,676,283	(406,590)	1,676,283	(406,590)
Available-for-sale securities - net	5,276,600	2,745,682	5,276,600	2,745,682
<b>Other investments</b>				
Equity securities - Domestic	204,239	204,239	26,000	26,000
Unit trust - Domestic	198	198	-	-
Less: Allowance for impairment	(100,500)	(100,500)	(16,000)	(16,000)
Other investments - net	103,937	103,937	10,000	10,000
Total	5,380,537	2,849,619	5,286,600	2,755,682

### 14. Land held for development

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Land held for development	4,932,853	4,929,075	3,747,318	3,741,556
Less: Allowance for loss on diminution in value	(801,172)	(802,862)	(690,179)	(691,869)
Land held for development - net	4,131,681	4,126,213	3,057,139	3,049,687

As at 31 December 2014 and 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	
	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 year 2014, the Company transferred-out land held for development with net book value of Baht 3 million to inventories (2013: the subsidiaries transferred-in inventories with net book value of Baht 31 million to land held for development, and transferred-out land held for development with net book value of Baht 25 million to inventories).

Movements in the allowance for loss on diminution in value of land held for development during the year ended 31 December 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 31 December 2014	<u>801,172</u>	<u>690,179</u>

## 15. Investment properties

The net book value as at 31 December 2014 and 2013 of investment properties, representing apartments of Land and Houses U.S.A., Inc., the Company's subsidiary is presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2014	2013
Cost	3,834,281	3,788,852
Less: Accumulated depreciation	(107,780)	(30,138)
Net book value	<u>3,726,501</u>	<u>3,758,714</u>

A reconciliation of the net book value of investment properties for the years 2014 and 2013 is presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2014	2013
Net book value at beginning of year	3,758,714	313,683
Acquisition of assets	28,242	3,452,512
Depreciation charged	(76,473)	(28,049)
Disposals - net book value at disposal date	(48)	-

Translation adjustment	16,066	20,568
Net book value at end of year	<u>3,726,501</u>	<u>3,758,714</u>

Depreciation of investment properties for the year 2014 of Baht 76 million (2013: Baht 28 million) included in cost of rental and services.

The fair value of the investment properties as at 31 December 2014 and 2013 stated below:

	(Unit: Million Baht)	
	Consolidated	
	financial statements	
	<u>2014</u>	<u>2013</u>
Apartments	3,618 <sup>(1)</sup>	3,603 <sup>(1)</sup>

<sup>(1)</sup> As at 31 December 2014 and 2013 fair value USD 110.25 million.

As at 31 December 2014 and 2013, the fair values of investment properties have been determined using the following approach.

- Investment properties which are acquired in the year 2013 have been determined based on acquisition cost. The management believes that there are no material differences between the book value and its fair value.
- Investment properties which are acquired in the year 2012 have been determined by an accredited independent valuer in the year 2013 using the Market Comparison Approach.

During the years 2014 and 2013, the subsidiary gained rental income and had direct operating expenses arising from apartments of Land and Houses U.S.A., Inc. which are recorded in profit or loss as detailed below.

	(Unit: Million Baht)	
	Consolidated	
	financial statements	
	<u>2014</u>	<u>2013</u>
Rental income	278	92
Direct operating expenses	181	66

## 16. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements									
	Land	Building and improvement	Office equipment	Furniture, fixture and equipment	Motor vehicles	Clubhouse and pool	Other	Assets under construction	Total
<b>Cost</b>									
1 January 2013	26,997	64,392	160,365	413,532	113,651	834,403	249,958	38,133	1,901,431
Purchase	-	-	8,548	2,061	5,758	133,985	19,076	26,897	196,325
Disposal/Write-off	-	(1,891)	(1,136)	(14,339)	(5,856)	(98,850)	(18,223)	-	(140,295)
Transfer in (out)	-	4,835	-	20,734	-	8,915	-	(34,484)	-
Translation adjustment	-	-	6	24	-	-	-	-	30
31 December 2013	26,997	67,336	167,783	422,012	113,553	878,453	250,811	30,546	1,957,491
Purchase	-	-	14,180	1,205	10,451	294,265	18,307	47,592	386,000
Disposal/write-off	-	-	(27,186)	(34,847)	(6,088)	(58,371)	(28,783)	-	(155,275)
Transfer in (out)	-	-	4,568	16,024	5,962	7,639	507	(19,980)	14,720
Translation adjustment	-	-	1	3	-	-	-	-	4
31 December 2014	26,997	67,336	159,346	404,397	123,878	1,121,986	240,842	58,158	2,202,940
<b>Accumulated depreciation</b>									
1 January 2013	-	40,017	107,190	312,755	48,930	591,897	148,474	-	1,249,263
Depreciation for the year	-	2,304	20,407	31,257	18,154	105,977	32,820	-	210,919
Depreciation on disposal	-	(472)	(1,126)	(13,273)	(5,855)	(98,850)	(591)	-	(120,167)
Translation adjustment	-	-	3	7	-	-	-	-	10
31 December 2013	-	41,849	126,474	330,746	61,229	599,024	180,703	-	1,340,025
Depreciation for the year	-	2,302	20,727	33,409	19,754	119,715	27,680	-	223,587
Depreciation on disposal	-	-	(20,089)	(25,757)	(4,410)	(58,370)	(17,395)	-	(126,021)
Transfer in (out)	-	-	3,747	3,683	4,991	-	507	-	12,928
Translation adjustment	-	-	1	2	-	-	-	-	3
31 December 2014	-	44,151	130,860	342,083	81,564	660,369	191,495	-	1,450,522
<b>Allowance for impairment</b>									
31 December 2013	-	1,178	-	-	-	-	-	-	1,178
31 December 2014	-	1,178	-	-	-	-	-	-	1,178
<b>Net book value</b>									
31 December 2013	26,997	24,309	41,309	91,266	52,324	279,429	70,108	30,546	616,288
31 December 2014	26,997	22,007	28,486	62,314	42,314	461,617	49,347	58,158	751,240
<b>Depreciation for the year</b>									
2013 (Baht 151 million included in cost of sales and cost of rental and services, and the balance in administrative expenses)									210,919
2014 (Baht 160 million included in cost of sales and cost of rental and services, and the balance in administrative expenses)									223,587

(Unit: Thousand Baht)

Separate financial statements								
	Building and improvement	Office equipment	Furniture, fixture and equipment	Motor vehicles	Clubhouse and pool	Other	Assets under construction	Total
<b>Cost</b>								
1 January 2013	46,688	111,624	183,770	105,888	720,519	51,444	33,568	1,253,501
Purchase	-	5,534	-	5,710	131,653	8,380	13,730	165,007
Disposal/Write-off	(1,891)	(18)	(11,714)	(2,975)	(86,146)	(203)	-	(102,947)
Transfer in (out)	4,835	-	18,769	-	-	-	(23,604)	-
31 December 2013	49,632	117,140	190,825	108,623	766,026	59,621	23,694	1,315,561
Purchase	-	10,685	242	9,262	273,622	2,450	42,137	338,398
Disposal/write-off	-	(6,325)	(8,673)	(5,864)	(49,616)	(473)	-	(70,951)
Transfer in (out)	-	-	11,988	-	-	-	(11,988)	-
31 December 2014	49,632	121,500	194,382	112,021	990,032	61,598	53,843	1,583,008
<b>Accumulated depreciation</b>								
1 January 2013	23,493	84,119	147,005	43,181	482,016	41,823	-	821,637
Depreciation for the year	2,304	12,942	13,347	17,565	97,676	4,638	-	148,472
Depreciation on disposal	(472)	(18)	(10,649)	(2,974)	(86,146)	(97)	-	(100,356)
31 December 2013	25,325	97,043	149,703	57,772	493,546	46,364	-	869,753
Depreciation for the year	2,301	13,011	15,540	18,955	105,119	4,599	-	159,525
Depreciation on disposal	-	(6,310)	(6,722)	(4,185)	(49,616)	(303)	-	(67,136)
31 December 2014	27,626	103,744	158,521	72,542	549,049	50,660	-	962,142
<b>Net book value</b>								
31 December 2013	24,307	20,097	41,122	50,851	272,480	13,257	23,694	445,808
31 December 2014	22,006	17,756	35,861	39,479	440,983	10,938	53,843	620,866
<b>Depreciation for the year</b>								

2013 (Baht 98 million included in cost of sales, and the balance in administrative expenses)  
 2014 (Baht 105 million included in cost of sales, and the balance in administrative expenses)

148,472

159,525

As at 31 December 2014 and 2013, certain building and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Building and equipment items have been fully depreciated but are still in use	567	548	276	264

## 17. Leasehold rights

(Unit: Thousand Baht)

Project	Remaining periods of leasehold rights (years)	Consolidated financial statements				
		1 January 2014	Increase	Disposal - net book value at disposal date		31 December 2014
		2014		Amortisation	2014	
Grande Centre Point Hotel Ratchadamri	23	1,769,057	197	-	(90,657)	1,678,597
Terminal 21 Shopping Mall and Grande Centre Point Hotel Terminal 21	26	4,404,006	1,979	(2,565,910)	(162,807)	1,677,268
Vacant land	12 and 32	107,190	210,148	-	(5,871)	311,467
<b>Total</b>		<b>6,280,253</b>	<b>212,324</b>	<b>(2,565,910)</b>	<b>(259,335)</b>	<b>3,667,332</b>

The amortisation of leasehold rights for the year 2014 of Baht 259 million (2013: Baht 256 million) included in cost of rental and services.

On 23 December 2014, L&H Property Co., Ltd., a subsidiary of the Company, entered into an agreement to transfer the leasehold rights including right to the use of the connecting walkway and an agreement to sell movable assets which consist of furniture, fixture and equipment of Terminal 21 Shopping Mall Project to LH Shopping Centers Leasehold Real Estate Investment Trust (“the Trust”) at a total price of Baht 5,874 million. The subsidiary had gains on such transactions totaling Baht 3,148 million (net of relevant sales expenses), and recognised such transactions in the profit or loss for the year 2014. In addition, as at 31 December 2014 the Company acquired 9% of the registered unit of the Trust which was presented as other long-term investments.

Leasehold rights of Grande Centre Point Hotel Ratchadamri project included the value of premises thereon because a subsidiary has to transfer such premises located on the

leasehold to the lessor when the construction of such premises completed, in accordance with the conditions stipulated in the agreement.

The subsidiaries have pledged their land leasehold rights with construction thereon with a total net book value as at 31 December 2014 of Baht 1,679 million (2013: Baht 1,769 million) as collateral for bank overdrafts and long-term loans.

## 18. Other intangible assets

The net book value of other intangible assets as at 31 December 2014 and 2013 is presented below.

	Consolidated financial statements			Separate financial statements	
	Right to the use of the connecting walkway	Computer software	Total	Computer software	Total
(Unit: Thousand Baht)					
As at 31 December 2014:					
Cost	-	61,071	61,071	47,593	47,593
Less: Accumulated amortisation	-	(26,956)	(26,956)	(22,372)	(22,372)
Net book value	-	34,115	34,115	25,221	25,221
As at 31 December 2013:					
Cost	80,803	66,491	147,294	39,415	39,415
Less: Accumulated amortisation	(16,807)	(25,862)	(42,669)	(18,750)	(18,750)
Net book value	63,996	40,629	104,625	20,665	20,665

A reconciliation of the net book value of intangible assets for the years 2014 and 2013 is presented below.

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Net book value at beginning of year	104,625	117,447	20,665	23,100
Acquisition of computer software	13,275	1,576	8,178	611
Disposal and amortised during the year				
- net book value as at disposal date	(69,463)	(605)	-	-
Amortisation	(14,322)	(13,793)	(3,622)	(3,046)
Net book value at end of year	34,115	104,625	25,221	20,665
Amortisation for the year charged to				
Cost of rental and services	7,569	7,689	-	-
Administrative expenses	6,753	6,104	3,622	3,046



### Right to the use of the connecting walkway

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

On 23 December 2014, the subsidiary transferred right to the use of the connecting walkway to the Trust, as described in note 17.

### 19. Bank overdrafts and short-term loans

	(Unit: Thousand Baht)					
	Interest rate		Consolidated		Separate	
	(Percent per annum)		financial statements		financial statements	
	2014	2013	2014	2013	2014	2013
<b><u>Bank overdrafts and short-term loans from financial institutions</u></b>						
Bank overdrafts	MOR	MOR	19,161	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			119,161	421,669	-	300,180
<b><u>Short-term loans</u></b>						
Bills of exchange	-	2.75 - 2.99	-	2,360,000	-	2,360,000
Less: Prepaid interest			-	(5,482)	-	(5,482)
Total short-term loans			-	2,354,518	-	2,354,518

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.

## 20. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Trade payables - unrelated parties	1,783,101	1,799,037	1,613,131	1,635,094
Trade payables - related parties	24,713	31,283	8,256	14,815
Other payables - related parties	56,155	20,604	62	420
Accrued expenses	1,190,408	933,882	891,653	741,866
Others	34,458	21,044	21,126	20,117
<b>Total trade and other payables</b>	<b>3,088,835</b>	<b>2,805,850</b>	<b>2,534,228</b>	<b>2,412,312</b>

## 21. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Long-term loans	9,882,929	13,374,637	7,966,986	9,507,486
Less: Current portion	(2,176,646)	(1,870,427)	(1,000,500)	(1,000,000)
<b>Net</b>	<b>7,706,283</b>	<b>11,504,210</b>	<b>6,966,486</b>	<b>8,507,486</b>

As at 31 December 2014 and 2013, long-term loans of the Company and its subsidiaries from domestic financial institutions are shown below:

(Unit: Million Baht)

	Consolidated		Separate		Interest rate per annum	Principal repayments	Guaranteed by
	2014	2013	2014	2013			
<u>The Company</u>	-	2,000	-	2,000	Year 1-2: 4.11% Thereafter: MLR - 1.75	Repayment within 4 years from the first drawdown date	-
	-	1,000	-	1,000	Year 1-3: 5% Year 4-5: 4.05%	Repayments within 5 years whereas repayments at least Baht 1,000 million per year since the end of the third year	-
	1	1	1	1	Year 1-3: 4% Year 4: MLR - 1.75	Repayments within 4 years from the first drawdown date	Land and premises of project
	-	815	-	815	Year 1-2: 3.95% Thereafter: MLR - 1.75	Repayments within 4 years from the first drawdown date	Land and premises of projects
	361	361	361	361	Year 1-5: MLR - 2.25	Repayments within 5 years from the first drawdown date	Land
	1,000	1,000	1,000	1,000	3.63%	Repayments within 2 years from the first drawdown date	-

- 1,000 - 1,000 3.62%

Repayment within 18  
months from the first  
drawdown date

-

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Interest rate per annum	Principal repayments	Guaranteed by
	2014	2013	2014	2013			
	3,330	3,330	3,330	3,330	Year 1-4: MLR - 2.25	Repayments within 4 years from the first drawdown date	Land
	440	-	440	-	Year 1-2: 3.95% Thereafter - MLR - 2.00	Repayments within 3 years from the first drawdown date	Land and premises of project
	805	-	805	-	Year 1-2: 3.95% Thereafter: MLR - 2.00	Repayments within 3 years from the first drawdown date	Land and premises of project
	560	-	560	-	Year 1-2: 3.95% Thereafter: MLR - 2.00	Repayments within 3 years from the first drawdown date	Land and premises of project
	470	-	470	-	Year 1-2 - 3.85% Thereafter: MLR - 2.00	Repayments within 3 years from the first drawdown date	Land and premises of project
	1,000	-	1,000	-	Year 1-2: 3.85% Thereafter: MLR - 2.00	Repayments within 3 years from the first drawdown date	Land and premises of project
<u>Subsidiaries</u>							
L&H Property Co., Ltd.	508	668	-	-	Year 1-3: MLR - 1.5 Thereafter: MLR - 1.0 or fixed deposit interest rate plus 2.5% whichever is higher rate	Repayments within December 2017	Land leasehold of project which the bank granted the loan
	675	2,377	-	-	Year 1-4: MLR - 1.5 Year 5-8: MLR - 1.0 Thereafter: MLR - 0.75	Repayments within 12 years for the first drawdown date commencing from January 2013	Letter of comfort from shareholders <sup>a)</sup>
L H Muang Mai Co., Ltd.	171	226	-	-	MLR - 1.5	60 percent of proceeds from sale of land and premises whereas the total loan have to be repaid within 5 years from the first drawdown date	Land and premises of project
	355	385	-	-	MLR - 2	60 percent of proceeds from sale of land and premises whereas the total loan have to be repaid within 5 years from the first drawdown date	Land and premises of project
Double Tree Co., Ltd.	207	211	-	-	Year 1: MLR - 1.5 Year 2-4: MLR - 1 Year 5: MLR - 1.25	70 percent of proceeds from sale of land	Land of project Ordinary shares of the company and the related company
Total	9,883	13,374	7,967	9,507			
Less: Current portion	(2,177)	(1,870)	(1,001)	(1,000)			
Net	7,706	11,504	6,966	8,507			

a) The Company and Reco Resorts Pte Ltd., as shareholders of L&H Property Co., Ltd., agreed to provide assurance to the lender of L&H Property Co., Ltd. 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 sell, transfers or pledges the shares of such subsidiary.

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

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Undrawdown loan facilities	2,201	1,183	1,795	86

## 22. 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 debenture holder representation
Method of issuance	To be issued in Thailand and/or offshore

As at 31 December 2014, the Company has unissued debentures under the above mentioned approval totaling Baht 14,900 million (2013: Baht 2,000 million).

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

No.	Interest rate per annum	Age	Repayment	Maturity	Consolidated and Separate financial statements			
					Number of debenture (Shares)		Amount (Thousand Baht)	
					2014	2013	2014	2013
<b>Unsubordinated and unsecured debentures</b>								
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	-
No. 5/2014	Fixed rate 3.50%	3 years	At maturity	6 October 2017	4,000,000	-	4,000,000	-
Total					<u>25,100,000</u>	<u>18,000,000</u>	<u>25,100,000</u>	<u>18,000,000</u>
Less: Current portion of debentures							<u>(7,600,000)</u>	<u>(3,400,000)</u>
Net							<u><u>17,500,000</u></u>	<u><u>14,600,000</u></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.

## 23. Provisions

(Unit: Thousand Baht)

	Consolidated financial statements								
	Short-term provisions				Long-term provisions				
	After-sale maintenance expenses	Legal cases	Guarantee income of fund	Total	Compensation for Housing Estate Juristic Persons		Guarantee income of fund	Assets retirement obligation	Total
					Public utilities maintenance				
As at 1 January 2013	51,505	211,046	50,320	312,871	150,478	206,342	22,522	-	379,342
Increase during the year	55,127	10,511	18,605	84,243	34,440	85,237	14,699	-	134,376
Transfer in (out)	-	-	17,423	17,423	-	-	(17,423)	-	(17,423)
Utilised	(46,310)	(657)	(38,835)	(85,802)	(32,835)	(149,272)	-	-	(182,107)
As at 31 December 2013	60,322	220,900	47,513	328,735	152,083	142,307	19,798	-	314,188
Increase during the year	32,460	94,111	8,806	135,377	31,517	71,264	-	15,000	117,781
Transfer in (out)	-	-	19,798	19,798	-	-	(19,798)	-	(19,798)
Utilised	(50,088)	-	(33,658)	(83,746)	(10,545)	(104,060)	-	-	(114,605)
As at 31 December 2014	<u>42,694</u>	<u>315,011</u>	<u>42,459</u>	<u>400,164</u>	<u>173,055</u>	<u>109,511</u>	<u>-</u>	<u>15,000</u>	<u>297,566</u>

(Unit: Thousand Baht)

	Separate financial statements									
	Short-term provisions				Long-term provisions					
	After-sale maintenance expenses	Legal cases	Guarantee income of fund	Total	Compensation for Housing		Public utilities maintenance	Guarantee income of fund	Assets retirement obligation	Total
					Estate Juristic Persons					
As at 1 January 2013	48,376	211,046	50,320	309,742	134,944	198,057	22,522	-	355,523	
Increase during the year	47,357	10,511	18,605	76,473	32,190	79,019	14,699	-	125,908	
Transfer in (out)	-	-	17,423	17,423	-	-	(17,423)	-	(17,423)	
Utilised	(41,208)	(657)	(38,835)	(80,700)	(28,119)	(145,632)	-	-	(173,751)	
As at 31 December 2013	54,525	220,900	47,513	322,938	139,015	131,444	19,798	-	290,257	
Increase during the year	30,321	94,111	8,806	133,238	28,509	69,544	-	-	98,053	
Transfer in (out)	-	-	19,798	19,798	-	-	(19,798)	-	(19,798)	
Utilised	(46,365)	-	(33,658)	(80,023)	(10,544)	(95,356)	-	-	(105,900)	
As at 31 December 2014	38,481	315,011	42,459	395,951	156,980	105,632	-	-	262,612	

## 24. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Defined benefit obligation at beginning of year	202,127	181,829	187,821	172,115
Transfers from related companies	13,530	-	-	-
Current service cost	14,901	14,226	10,377	9,987
Interest cost	7,302	6,549	6,761	6,196
Benefits paid during the year	(13,836)	(477)	(13,836)	(477)
Actuarial loss	37,014	-	31,525	-
Defined benefit obligation at end of year	261,038	202,127	222,648	187,821

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Current service cost	14,901	14,226	10,377	9,987
Interest cost	7,302	6,549	6,761	6,196
Total expenses recognised in profit or loss	22,203	20,775	17,138	16,183
Line items in profit or loss under which such expenses are included				
Cost of sales and cost of rental and services	8,592	7,899	4,335	4,066
Administrative expenses	13,611	12,876	12,803	12,117

As at 31 December 2014, cumulative actuarial loss (net of income taxes), which were recognised in other comprehensive income of the Company and its subsidiaries, amounted to Baht 64 million (2013: Baht 34 million) (The Company only: Baht 57 million and 2013: Baht 32 million).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(Percent per annum)	(Percent per annum)	(Percent per annum)	(Percent per annum)
Discount rate	3.2	3.6 - 3.7	3.2	3.6
Future salary increase rate	6.0 - 7.0	6.0 - 7.5	7.0	6.5
Staff turnover rate (depending on age)	0 - 25	0 - 20	0 - 20	0 - 20

The amounts of defined benefit obligations and experience adjustments for the current year and the past four years are as follows:

(Unit: Thousand Baht)

	Defined benefit obligation		Experience adjustments arising on the obligation	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2014	261,038	222,648	20,450	11,787
Year 2013	202,127	187,821	-	-
Year 2012	181,829	172,114	68,972	64,317
Year 2011	131,651	126,190	-	-
Year 2010	120,256	116,132	-	-

## 25. Share capital

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

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 warrants free of charge to existing shareholders, in a ratio of 1 warrant for every 5 existing shares. The warrants have an exercise price of Baht 3.50 per share, an exercise ratio of 1 warrant to 1 new ordinary share and a term of not more than 3 years as from the date of issuance.

3. To approve an increase of the registered capital by 2,005,184,305 additional shares, to be reserved for the exercise of the Company's warrants.

The increase in share capital of the Company during the year 2014 resulting from exercising of warrants are summarised below.

Date of exercised	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
30 September 2014	LH-W3	187,370,805	187,370,805	3.50	7 October 2014	10 October 2014
Total		<u>959,646,494</u>	<u>959,646,494</u>			

#### Reconciliation of number of shares

(Unit: Shares)

	Consolidated and separate financial statements	
	2014	2013
<u>Registered share capital</u>		
Balance beginning of 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 year	<u>12,031,105,828</u>	<u>10,354,268,670</u>
<u>Issued and paid-up share capital</u>		
Balance beginning of year	10,025,921,523	10,025,921,523
Increased due to exercise of warrants	959,646,494	-
Balance ending of year	<u>10,985,568,017</u>	<u>10,025,921,523</u>

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

## **26. 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 (Baht per share)	Exercise ratio per 1 warrant shares per 1 unit of warrant	Number of warrants	Number of	Number of warrants
			outstanding as at issuance dated 6 May 2014 (Units)	warrants exercised during the year (Units)	outstanding as at 31 December 2014 (Units)
LH-W3	3.50	5 existing	1,998,184,856	(970,290,509)	1,027,894,347

## 27. Cash receipts from share subscription

During the year 2014, the Company received cash from exercise of warrants to purchase its ordinary shares as follows.

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 December 2014	LH-W3	10,644,015	10,644,015	3.50	9 January 2015	14 January 2015

As at 31 December 2014, the Company record cash received from exercised of warrants Baht 37 million. The amount is represented as cash receipts from share subscription in the statement of financial position.

## 28. Surplus (deficit) on changes in value of available-for-sale investments

During the years 2014 and 2013, movement of surplus (deficit) on changes in value of available-for-sale investments are as follows:

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	2014	2013
Balance as at beginning of year	(325,272)	(125,392)
Changes during the year due to		
- Purchase	(4,393)	-
- Revaluation	2,087,265	(249,850)
- Income taxes	(416,574)	49,970
Balance as at end of year	1,341,026	(325,272)

## 29. Statutory reserve

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

During the year 2014, the Company set aside a statutory reserve Baht 122 million.

## 30. Provident fund

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Contribution to provident fund	34	32	29	28

## 31. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Purchase of land and land held for development and payment of construction in progress during year	20,179	19,770	19,393	18,509
Changes in land, constructions in progress and land held for development	(4,533)	(5,921)	(4,859)	(5,638)
Salaries and wages and other employee benefits	1,066	1,070	1,023	861
Depreciation and amortisation expenses	574	509	163	152
Loss on impairment of other long-term investments	-	63	-	-
Loss on impairment of other asset	-	20	-	20
Loss on diminution in value of projects	33	43	-	-
Loss on diminution in value of land held for development	-	37	-	-
Loss on disposal of property, plant and equipment	2	2	1	1
Loss on exchange rate	-	-	6	69
Rental expenses from operating lease agreements	48	89	44	49
Expenses related to flood	-	5	-	4

### 32. Income tax

Income tax expenses for the years ended 31 December 2014 and 2013 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Current income tax:</b>				
Current income tax charge	1,163,807	1,129,827	1,046,628	1,024,542
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	700,372	(28,253)	38,038	(41,287)
<b>Income tax expenses reported in the statements of income</b>	<b>1,864,179</b>	<b>1,101,574</b>	<b>1,084,666</b>	<b>983,255</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2014 and 2013 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Deferred tax relating to loss on changes in value of available-for-sale investments	(416,574)	49,970	(416,574)	49,970
Deferred tax relating to actuarial loss	7,402	-	6,305	-
	<b>(409,172)</b>	<b>49,970</b>	<b>(410,269)</b>	<b>49,970</b>

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Accounting profit before tax	11,393,109	7,689,140	7,509,147	5,941,676
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	2,278,682	1,537,828	1,501,829	1,188,335
Recognition of previously unrecognised deferred tax assets	-	(34,000)	-	-
Effects of:				
Change in value of investments accounted for the equity method	(316,245)	(280,058)	-	-
Exempt dividend income	(137,023)	(152,689)	(432,021)	(217,780)
Non-deductible expenses	16,314	21,245	13,976	12,558
Additional expense deductions allowed	(1,296)	(375)	(563)	(368)
Unused tax losses	13,380	6,538	-	-
Others	10,367	3,085	1,445	510
Total	(414,503)	(402,254)	(417,163)	(205,080)
Income tax expenses reported in the statement of income	1,864,179	1,101,574	1,084,666	983,255

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Deferred tax assets</b>				
Allowance for diminution in value of inventories and land held for development	192,205	194,073	150,221	152,200
Loss on change in value of available-for-sale investment	-	81,313	-	81,313
Allowance for impairment of investment	54,100	54,100	3,200	3,200
Allowance for asset impairment	4,236	4,236	4,000	4,000
Accumulated depreciation - Clubhouse and pool	85,463	76,376	76,806	69,220
Accumulated amortisation - Leasehold rights	496,329	-	-	-
Accumulated amortisation - Intangible assets	11,248	-	-	-
Short-term provisions	80,135	64,691	79,190	64,588
Advance received from customers	837	50,263	-	49,508
Provision for long-term employee benefits	44,805	31,845	38,225	29,496
Actuarial loss	7,402	8,580	6,305	8,068
Long-term provisions	25,322	31,745	21,126	30,248
Unused tax loss	-	35,385	-	-
Accrued land rental	6,933	-	-	-
Total	1,009,015	632,607	379,073	491,841

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2014	2013	2014	2013
	<b>Deferred tax liabilities</b>			
Gain on change in value of available-for-sale investment	(335,539)	-	(335,539)	-
Accumulated depreciation - Leasehold rights	-	(14,928)	-	-
Advance received from sale of assets to REIT	(1,162,835)	-	-	-
Total	<u>(1,498,374)</u>	<u>(14,928)</u>	<u>(335,539)</u>	<u>-</u>
<b>Deferred tax assets - net</b>	<u>(489,359)</u>	<u>617,679</u>	<u>43,534</u>	<u>491,841</u>

As at 31 December 2014, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 378 million (2013: Baht 407 million) (The Company only: Baht 90 million, 2013: Baht 90 million), on which deferred tax assets have not been recognised as the Company and its subsidiaries believe that the temporary differences and unused tax losses will not be utilised.

### 33. Earnings per share

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

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, 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 either at the beginning of the year or on the date the potential ordinary shares were issued.

	Consolidated financial statements					
	For the year ended 31 December					
	Profit for the year		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)
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the Company	8,423,066	<u>6,478,400</u>	10,465,148*	<u>10,025,922</u>	<u>0.80</u>	<u>0.65</u>
<b>Effect of dilutive potential ordinary shares</b>						
Warrants (LH-W3)	-		<u>867,403</u>			
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>8,423,066</u>		<u>11,332,551</u>		<u>0.74</u>	

\* Included ordinary shares from cash receipts from share subscription

Separate financial statements					
For the year ended 31 December					
Profit for the year		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)
<b>Basic earnings per share</b>					
Profit attributable to equity holders					
of the Company					
6,424,481	4,958,421	10,465,148*	10,025,922	0.61	0.49
<b>Effect of dilutive potential ordinary shares</b>					
Warrants (LH-W3)					
-		867,403			
<b>Diluted earnings per share</b>					
Profit of ordinary shareholders					
assuming the conversion of					
warrants to ordinary shares					
6,424,481		11,332,551		0.57	

### 34. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Company's Board of Directors

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

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

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

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following table present revenue and profit information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2014 and 2013, respectively.

(Unit: Million Baht)

	For the year ended 31 December 2014				
	Real estate business	Rental and service business	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	26,037	2,280	28,317	-	28,317
Inter-segment revenue	-	4	4	(4)	-
Interest revenue	246	6	252	(175)	77
Infrastructure service income	255	-	255	-	255
Interest expense	(346)	(332)	(678)	175	(503)
Depreciation and amortisation	(163)	(410)	(573)	-	(573)
Loss on diminution in value of project	(33)	-	(33)	-	(33)
Gain (loss) on sales of assets	(2)	3,148	3,146	-	3,146
<b>Segment profit</b>	<b>5,689</b>	<b>3,349</b>	<b>9,038</b>	<b>11</b>	<b>9,049</b>
<b>Unallocated revenue and expenses:</b>					
Other income					134
Share of profit from investments in associates					2,210
Other expenses					-
Income tax expenses					(1,864)
Non-controlling interests of the subsidiaries					(1,106)
<b>Profit for the year</b>					<b>8,423</b>

(Unit: Million Baht)

	For the year ended 31 December 2013				
	Real estate business	Rental and service business	Total reportable segments	Adjustments and eliminations	Consolidated Financial Statements
Revenue from external customers	22,939	2,136	25,075	-	25,075
Inter-segment revenue	62	2	64	(64)	-
Interest revenue	110	2	112	(94)	18
Infrastructure service income	226	-	226	-	226
Interest expense	(390)	(272)	(662)	92	(570)
Depreciation and amortisation	(162)	(347)	(509)	-	(509)
Loss on diminution in value of project	(53)	-	(53)	10	(43)
Loss on diminution in value of land held for development	(37)	-	(37)	-	(37)
Loss on sales of property, plant and equipment	(1)	(1)	(2)	-	(2)
<b>Segment profit</b>	<b>4,975</b>	<b>259</b>	<b>5,234</b>	<b>8</b>	<b>5,242</b>
<b>Unallocated revenue and expenses:</b>					
Other income					422
Share of profit from investments in associates					2,109
Other expenses					(84)
Income tax expenses					(1,102)

Non-controlling interests of the subsidiaries

(109)

Profit for the year

6,478

The following table present assets information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2014 and 2013, respectively.

	(Unit: Million Baht)				
	Real estate business	Rental and service business	Total segments	Unallocated assets	Consolidated financial statements
Segment assets					
At 31 December 2014	48,880	7,524	56,404	30,484	86,888
At 31 December 2013	44,155	10,083	54,238	21,131	75,369

### Geographic information

Revenue from external customers is based on locations of the Company and its subsidiaries which are summarised as follow.

	(Unit: Million Baht)	
	<u>2014</u>	<u>2013</u>
<b>Revenue from external customers</b>		
Thailand	31,654	25,650
United States	278	92
Total	<u>31,932</u>	<u>25,742</u>
<b>Non-current assets (other than financial instruments, deferred tax assets and net defined benefit assets)</b>		
Thailand	31,492	29,787
United States	3,727	3,759
Total	<u>35,219</u>	<u>33,546</u>

### Major customers

For the years 2014 and 2013, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

## 35. 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	(20)	2,486
							<u>3,976</u>
Final dividend for 2013	Annual General Meeting of the	0.40	0.25	0.15	1,504	(5)	1,499

Interim dividend for 2014	shareholders on 24 April 2014 Board of Director's meeting on 14 August 2014	0.25	-	0.25	2,700	(7)	<u>2,693</u>
							<u>4,192</u>

## 36. Commitments and contingent liabilities

### 36.1 Commitments

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2014	2013	2014	2013
Commitments under construction contracts	8,498	4,316	7,309	4,206

36.1.2 As at 31 December 2014 and 2013, L&H Property Co., Ltd. has the following commitments under, land and construction lease agreement and land lease agreement as follows:

#### a) Land and construction lease agreement

Agreement date	Agreement period	Maturity date	Rental rate
7 June 2005	30 years*	31 May 2038	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 (2014: already paid Baht 12.35 million in total) (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 December 2014 and 2013 L&H Property Co., Ltd. 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 (2014: already paid Baht 17.47 million in total) (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 million 8th - 17th year, total rental payment of Baht 100 million 18th - 27th year, total rental payment of Baht 150 million 28th - 30th year, total rental payment of Baht 75 million

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

In addition, as at 31 December 2014 and 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 not less 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 year 2014, the subsidiary has increased its registered share capital as described in Note 11.2.

36.1.3 As at 31 December 2014, the Company had outstanding commitment of Baht 90 million in respect of uncalled portion of investments in L&H Property Co., Ltd. (2013: Baht 90 million).

36.1.4 As at 31 December 2014, L&H Property Co., Ltd. had no outstanding commitment to pay the management fee to Asia Asset Advisory Co., Ltd. (2013: Baht 36.7 million).

36.1.5 As 31 December 2014 and 2013, L&H Property Co., Ltd. is committed to pay project management fees to the following associates.

Associate	Project	Service fee rate	Term
Q.H. International Co., Ltd.	Grande Centre Point Hotel	Revenue management fee:	From 1 January 2015 to
	Ratchadamri	2% of total revenues	31 December 2015
Q.H. International Co., Ltd.	Grand Centre Point Hotel Terminal 21	Operational management fee:	From 1 January 2015 to
		4% of net income	
Q.H. International Co., Ltd.	Grand Centre Point Hotel	Revenue management fee:	From 1 January 2015 to
	Terminal 21	2% of total revenues	31 December 2015

Operational management fee:

4% of net income

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

(Unit: Million Baht)

	Consolidated and separate financial statements	
	2014	2013
Commitment to purchase of land	988	2,836

36.1.7 Obligation and commitment to complete projects on hand

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Number of projects on hand at beginning of year	55	54	46	46
Number of closed projects during year	(14)	(16)	(11)	(13)
Number of new projects during year	23	17	19	13
Number of projects on hand at end of year	64	55	54	46
Accumulative value of sales already contracted (Million Baht)	79,755	91,684	73,140	81,231
As percentage of total sales of projects on hand	59	66	59	65
Value of sales already contracted during year (Million Baht)	25,823	22,857	24,038	21,327
As percentage of total sales of projects on hand	19	17	20	17
Commitments in respect of the installation of central utilities of projects on hand (Million Baht)	1,282	1,268	1,147	1,195

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

36.1.9 Operating lease commitments

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

As at 31 December 2014 and 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	
	2014	2013	2014	2013
Payable:				
In up to 1 year	40	35	40	35
In over 1 and up to 3 years	71	10	71	10

36.1.10 As at 31 December 2013, Land and Houses U.S.A., Inc. has a commitment regarding management fee paid to project manager for renovation project, which the fee rate is 20% of the total renovation cost (2014: none).

### 36.2 Bank guarantees

As at 31 December 2014 and 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	
	2014	2013	2014	2013
Letter of guarantees for arrangement and maintenance of public utilities	2,419	2,261	2,220	2,054
Letter of guarantees for electricity usage	59	42	42	33
Other letter of guarantees	-	30	-	22
	<u>2,478</u>	<u>2,333</u>	<u>2,262</u>	<u>2,109</u>

### 36.3 Guarantees

36.3.1 As at 31 December 2014 and 2013, the Company and its subsidiaries have the following obligations in respect of guarantees.

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



36.3.2 The Company has contingent liabilities to a bank in relation to the financial support in form of issuance of a letter of comfort to provide to a subsidiary company for loan and guarantee facilities obtained for development of the subsidiary's project. As at 31 December 2014, the subsidiary has outstanding loans related to guarantee portion of the Company as specified in the letter of comfort amounting to Baht 715 million (2013: Baht 1,832 million).

## **36.4 Litigation**

### The Company and its subsidiaries

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

- a) In 2006, two housing estate juristic persons filed a lawsuit against the Company and a subsidiary for claim of Baht 1,013 million in relation to access to public thoroughfares. In June 2009, the plaintiffs requested to reduce the claim amount to Baht 800 million. In addition, in February 2009, the Company was additionally sued in 2 lawsuits which are under the claims amounting to Baht 310 million and Baht 102 million, in accordance with the Land Allocation Act and Customer Protect Act. As at 31 December 2014, the Company has set aside a provision of Baht 25 million (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 percent per annum, commencing from 8 December 2008 until the full amount is paid. As at 31 December 2014, the Company has set aside a provision including interest of Baht 152 million (2013: Baht 144 million) for liabilities arising as a result of the cases, based on the opinion of the Company's management and its legal consultant. However, the Company had already filed an appeal against the judgment to clarify the case.

- b) As at 31 December 2014, the Company and its subsidiaries have been sued for a total of approximately Baht 529 million (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 138 million (2013: Baht 52 million). As at 31 December 2014, the Company has set aside a provision of

Baht 138 million (2013: Baht 52 million) for liabilities arising as a result of these cases, based on the opinion of their legal department.

### Associate

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.

## **37. Financial instruments**

### **37.1 Financial risk management**

The Company and its subsidiaries’ financial instruments, as defined under Thai Accounting Standard No. 107 “Financial Instruments: Disclosure and Presentations”, principally comprise cash and cash equivalents, current investment, trade and other receivables, loans, trade and other payables, borrowings and debentures. The financial risks associated with these financial instruments and how they are managed is described below.

#### **Credit risk**

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

#### **Interest rate risk**

The Company and its subsidiaries’ exposure to interest rate risk relates primarily to its deposit at financial institutions, loans, bank overdrafts, borrowings and debentures which bearing of interest. However, since most of the Company and its subsidiaries’ financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.



As at 31 December 2014 and 2013, significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements								
As at 31 December 2014								
	Fixed interest rates				Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	At call	Within 1 year	1 - 5 years	Over 5 years				
<b>Financial assets</b>								
Cash and cash equivalents	2,300	1,354	-	-	2,234	548	6,436	0.375 - 2.50
Current investment	-	-	-	-	-	301	301	-
Trade and other receivables	-	-	-	-	-	172	172	-
<b>Financial liabilities</b>								
Bank overdrafts and short-term								
loans from financial institutions	-	-	-	-	119	-	119	Note 19
Trade and other payables	-	-	-	-	-	3,089	3,089	-
Short-term loans from related parties	46	-	-	-	-	-	46	5.50
Long-term loans	-	1,000	3,275	-	5,608	-	9,883	Note 21
Debentures	-	7,600	17,500	-	-	-	25,100	Note 22

(Unit: Million Baht)

Separate financial statements								
As at 31 December 2014								
	Fixed interest rates				Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	At call	Within 1 year	1 - 5 years	Over 5 years				
<b>Financial assets</b>								
Cash and cash equivalents	2,300	1,100	-	-	1,274	354	5,028	0.375 - 2.50
Current investment	-	-	-	-	-	301	301	-
Trade and other receivables	-	-	-	-	-	27	27	-
Loans to related parties	205	-	3,176	-	-	-	3,381	4.00 - 5.50
<b>Financial liabilities</b>								
Trade and other payables								
Short-term loans from related parties	585	-	-	-	-	-	585	3.00
Long-term loans	-	1,001	3,275	-	3,691	-	7,967	Note 21
Debentures	-	7,600	17,500	-	-	-	25,100	Note 22

(Unit: Million Baht)

Consolidated financial statements								
As at 31 December 2013								
Fixed interest rates								
	At call	Within 1 year	1 - 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
<b>Financial assets</b>								
Cash and cash equivalents	200	-	-	-	582	383	1,165	0.50 - 2.25
Current investment	-	-	-	-	-	50	50	-
Trade and other receivables	-	-	-	-	-	136	136	-
<b>Financial liabilities</b>								
Bank overdrafts and short-term loans								
from financial institutions	-	-	-	-	422	-	422	Note 19
Trade and other payables	-	-	-	-	-	2,806	2,806	-
Short-term loans from related parties	376	-	-	-	-	-	376	MLR - 1.5 and 5.50 - 7.50
Short-term loans	-	2,360	-	-	-	-	2,360	Note 19
Long-term loans	-	3,815	2,000	-	7,559	-	13,374	Note 21
Debentures	-	3,400	14,600	-	-	-	18,000	Note 22

(Unit: Million Baht)

Separate financial statements								
As at 31 December 2013								
Fixed interest rates								
	At call	Within 1 year	1 - 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
<b>Financial assets</b>								
Cash and cash equivalents	200	-	-	-	343	285	828	0.50 - 2.25
Current investment	-	-	-	-	-	50	50	-
Trade and other receivables	-	-	-	-	-	29	29	-
Short-term loans to related parties	955	-	3,131	-	-	-	4,086	MLR - 1.5 and 5.00 - 7.50
<b>Financial liabilities</b>								
Bank overdrafts and short-term loans								
from financial institutions	-	-	-	-	300	-	300	Note 19
Trade and other payables	-	-	-	-	-	2,412	2,412	-
Short-term loans from related parties	129	-	-	-	-	-	129	3.00
Short-term loans	-	2,360	-	-	-	-	2,360	Note 19
Long-term loans	-	3,815	2,000	-	3,692	-	9,507	Note 21
Debentures	-	3,400	14,600	-	-	-	18,000	Note 22

## Foreign currency risk

The Company exposure to foreign currency risk arises mainly from investment transactions and borrowings that are denominated in foreign currencies.

The balances of financial assets denominated in foreign currencies as at 31 December 2014 and 2013 are summarised below:

Foreign currency	Financial assets		Average exchange rate as at 31 December	
	2014 (Million)	2013 (Million)	2014 (Baht per 1 foreign currency unit)	2013
Philippines Peso	4,139	2,926	0.73775	0.73975
US Dollar	20	20	32.9630	32.8136

The Company entered into Cross Currency and Interest Rate Swap agreements to manage risk associated with the financial liabilities carrying floating interest. The details of long-term loans from financial institutions are set out in Note 21. The details of the Cross Currency and Interest Rate Swap agreements outstanding as at 31 December 2014 and 2013 are as follows:

As at 31 December 2014 and 2013				
Currency and Interest Revenue Rate Swap agreement		Currency and Interest Expense Rate Swap agreement		Termination date
Principal amount	Interest rate	Principal amount	Interest rate	
Baht 346.0 million	Floating rate MLR-2.25%	USD 11.3 million	Floating rate LIBOR 6 month plus 3.25%	8 December 2017
Baht 3,075.0 million	Floating rate MLR-2.25%	USD 95.8 million	Floating rate LIBOR 6 month plus 3.19%	8 December 2017
Baht 15.5 million	Floating rate MLR-2.25%	USD 0.5 million	Floating rate LIBOR 6 month plus 3.19%	8 December 2017
Baht 254.4 million	Floating rate MLR-2.25%	USD 8.2 million	Floating rate LIBOR 6 month plus 3.19%	8 December 2017

### 37.2 Fair values of financial instruments

The estimated fair values of financial instruments as at 31 December 2014 and 2013, in comparison with the related amounts carried, are as follows:

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	Carrying amount		Fair value		Carrying amount		Fair value	
	2014	2013	2014	2013	2014	2013	2014	2013
<u>Financial assets</u>								
Cash and cash equivalents	6,436	1,165	6,436	1,165	5,028	828	5,028	828
Current investment	301	50	301	50	301	50	301	50
Trade and other receivables	172	136	172	136	27	29	27	29
Loans to related parties	-	-	-	-	3,381	4,086	3,381	4,086

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	Carrying amount		Fair value		Carrying amount		Fair value	
	2014	2013	2014	2013	2014	2013	2014	2013
<u>Financial liabilities</u>								
Bank overdrafts and short-term								
loans from financial institutions	119	422	119	422	-	300	-	300
Trade and other payables	3,089	2,806	3,089	2,806	2,534	2,412	2,534	2,412
Short-term loans from related parties	46	376	46	376	585	129	585	129
Short-term loans	-	2,360	-	2,360	-	2,360	-	2,360
Long-term loans	9,883	13,374	9,737	13,129	7,967	9,507	7,821	9,262
Debentures	25,100	18,000	23,822	16,919	25,100	18,000	23,822	16,919

The estimated fair value of the derivatives is as follows:

(Unit: Million Baht)

	As at	As at
	31 December 2014	31 December 2013
	Fair value	Fair value
	Gain (loss)	Gain (loss)
Cross Currency and Interest Rate Swap agreements	(197)	(272)

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

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

### **38. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2014, the Group's debt-to-equity ratio was 0.96:1 (2013: 1.16:1) and the Company's was 1.14:1 (2013: 1.28:1).

### **39. Subsequent events after reporting period**

39.1 On 9 January 2015, 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 December 2014, as described in Note 27, which increased the Company's paid-up share capital from Baht 10,985 million to Baht 10,996 million. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities on 14 January 2015.

39.2 On 16 January 2015, Land and Houses U.S.A., Inc., the Company's 99.99% owned subsidiary, entered into an agreement to purchase new apartment in the United States at the amount of USD 73.6 million (approximately Baht 2,437 million). The subsidiary paid the deposit amounting to USD 3 million (approximately Baht 99 million). The subsidiary has expected that this transaction will be completed and the property right will be transferred within February 2015.

39.3 On 24 February 2015, the meeting of the Company's Board of Directors passed the resolution to propose Annual General Meeting of the Company's shareholders for approval the payment of a dividend for the year 2014 of Baht 0.65 per share. However, since the Board of Directors previously approved an interim dividend from profit of the year 2014 amounting to Baht 0.25 per share, the Board will propose the remaining dividend payment of Baht 0.40 per share, amounting to Baht 4,398 million. The payment of such dividend shall be made within May 2015.

### **40. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2015.