



Annual Report 2013

**Land and Houses Public Company Limited**



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*Investors can find additional securities issuer information in the Company's Form 56-1 disclosed at [www.sec.or.th](http://www.sec.or.th) or the Company's website at [www.lh.co.th](http://www.lh.co.th).*

## 2013 HIGHLIGHT

	2013	2012	%
<b>OPERATING RESULT</b>			
NUMBER OF ACTIVE PROJECTS	55	54	1.9
<b>EARNING ABILITY</b>			
RETURN ON TOTAL REVENUES (%)	25.17	23.26	8.2
<b>HIGHLIGHT OF THE FINANCIAL STATEMENT (million baht)</b>			
TOTAL REVENUES	25,742	24,432	5.4
NET PROFIT	6,478	5,682	14.0
INVENTORIES	38,496	32,537	18.3
TOTAL ASSETS	75,369	65,040	15.9
TOTAL SHAREHOLDERS' EQUITY INCLUDING MINORITY INTEREST	34,843	32,603	6.9
<b>PER SHARE DATA</b>			
EARNING PER SHARE	0.65	0.57	14.0
BOOK VALUE	3.35	3.14	6.8
MARKET PRICE (AT YEAR END)	8.95	9.75	(8.2)
<b>NUMBER OF OUTSTANDING SHARES (million shares)</b>	<b>10,026</b>	<b>10,026</b>	<b>-</b>

# Letter from the Chairman

Dear Shareholders,

In 2013, the Company recorded 30,190 million baht in bookings from its residential property business, up 20% from 2012. Of the total, 60% were single houses, 5% townhouses and 35% condominiums. Revenue realized from housing transfers was 22,939 million baht, up 3% from 2012, of which 80% was single houses, 7% townhouses and 13% condominiums.

During the year, the Company launched 24 projects, with a combined value of 38,740 million baht. They consisted of eight single-house projects worth 15,400 million baht in total, three townhouse projects worth a combined 3,580 million baht and 13 condominium projects worth 19,760 million baht.

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

- A subsidiary in the United States (Land and Houses U.S.A., Inc.) bought an apartment building for rent in downtown Oakland, California, near San Francisco Bay, a location with high growth in the technology industry, for 3,328 million baht. The 264-apartment project is 96% occupied at present.
- Debentures worth a combined 7,000 million baht were issued and sold in two rounds, with an average coupon rate of 3.81% a year. They are:
  1. Debentures worth 3,500 million baht were issued and sold in March 2013. They had a maturity of three years and offer a fixed coupon rate of 3.59% a year.
  2. Debentures worth 3,500 million baht were issued and sold in September 2013. They had a maturity of three years and a fixed coupon rate of 4.03% a year.
- An interim dividend was paid for operations in the first six months of 2013 at the rate of 0.25 baht a share.
- The Board of Directors passed a resolution to set up the Risk Management Committee in May 2013 to help monitor risk-mitigating measures for business operations.
- The Company was awarded the Thailand Energy Awards 2013 for its innovative invention. Designed with sustainability in mind, the equipment helps ventilate air in a room or attic automatically. Patented in February 2013, the invention carries the AirPlus trademark.

We remain committed to constantly developing products and services to ensure quality products and services which are acceptable and trusted by consumers. We also focus on strictly adhering to good corporate governance principles and corporate social responsibility.

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

Sincerely,



(Mr. Anant Asavabhokhin)  
Chairman

# Report of the Chairman of the Audit Committee

Dear Shareholders,

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

In 2013, the Audit Committee met six times. Each time, all the members attended to perform their duties in compliance with the requirements of the Stock Exchange of Thailand and as assigned by the Company's Board of Directors. Auditors and the senior vice president of the Accounting Department were invited to join the meetings. Vice presidents of other departments were also asked join when the meeting agendas concerned their operations.

The sixth meeting was held with the auditors without management to exchange opinions. The auditors confirmed they had independence in performing duties but suggested that risk management should be stepped up to improve the efficiencies of the operations and management. The Audit Committee acknowledged their concern and reported it to the Board of Directors.

The major activities of the Audit Committee were as follows:

1. Reviewed the credibility of the Company's quarterly and annual financial statements and expressed opinions on whether they were accurate and whether essential information had been adequately and promptly disclosed according to accounting standards and all related regulations.

2. Reviewed and constantly followed up on the internal control and audit systems by asking the auditors and the Company's Internal Audit and System Development Department to report their concerns to the Committee regularly. The objective was to ensure adequate and prompt actions were taken at all times in line with the rapidly changing situation.

Since the Audit Committee did not find any significant internal control flaw and the Internal Audit and System Development Department confirmed it could perform its duties independently, the Committee deemed it appropriate to approve the annual audit plan as proposed by the department.

3. Reviewed and followed up regularly on important legal disputes of the Company by proposing that the Company adhere to lawful guidelines on securities and the stipulations of the Stock Exchange of Thailand and other laws related to the Company's businesses.

The Audit Committee did not find any irregularity which could lead to significant violation of government rules and regulations or related laws. As well, thanks to mutual recognition of the importance of risk management, the Board of Directors resolved this year to set up the Risk Management Committee to improve management efficiency.

4. Reviewed the transactions between the Company and connected parties or items with potential conflicts of interest to promote accurate, conclusive and accountable disclosures in which the interests of all stakeholders had been taken into consideration. The Committee found the Company had completely abided by the rules and these transactions were normal and comparable to those conducted with other operators.

5. Selected auditors based on their independence, reputation and past performances, as well as their remuneration for 2013. The Committee proposed the appointment of auditors from Ernst & Young Co., Ltd. to the Board of Directors and the Company's shareholders approved it at the 2013 annual general shareholders meeting.

6. Constantly emphasized good corporate governance based on the principles of the Stock Exchange of Thailand and the Securities and Exchange Commission to set higher working standards than normally accepted ones. The Committee also proposed that the Company focus on sustainable development by conducting its business with corporate social responsibility. In this regard, the Company succeeded, as reflected by the Platinum Award it has won for eight consecutive years in a consumers' vote as the most trusted brand in the property business category.

7. The Audit Committee performed its duties independently throughout the year and evaluated itself at the end of the year to review comprehensiveness and accuracy within the scope defined in the Audit Committee Charter.

The Audit Committee is hereby of the opinion that the Company operated within the scope of the established good corporate governance principles with no significant flaw in the internal control system and that shareholders' interests were taken into consideration.



(Prathip Wongnirund)  
Chairman of the Audit Committee  
February 27, 2014

# Report of the Chairman of the Nomination and Compensation Committee

To Shareholders,

The Nomination and Compensation Committee was appointed by the resolution of the Board of Directors' Meeting no. 7/2549 dated 15 August 2006. The Committee comprises three directors, two of whom are independent directors and one of whom is executive director of the Company.

In 2013, the Nomination and Compensation Committee held 3 meetings to consider and perform their duties as follows:

1. To nominate qualified person as the company's directors replacing those who retired by rotation.
2. To determine and fix remuneration for directors who are not employees of the Company and present to the Board of Directors.
3. To review salary increase and bonus to Chairman of Executive Committee and present to the Board of Directors.
4. To review and amend the Charter of Nomination and Compensation Committee.

Yours sincerely,



(Mr. Pakhawat Kovithvathanaphong)

Chairman of the Nomination and Compensation Committee



# Report of the Chairman of the Risk Management Committee

Dear Shareholders,

The Board of Directors passed a resolution at its 3/2556 meeting on May 13, 2013 to set up the Risk Management Committee, consisting of the following three independent and executive directors:

- |                                  |          |
|----------------------------------|----------|
| 1. Mr. Wisanu Subsompon          | Chairman |
| 2. Mr. Chalerm Kietitanabumroong | Member   |
| 3. Mr. Nantawat Pipatwongkasem   | Member   |

In 2013, the Risk Management Committee met three times to consider a draft charter, as well as the scope, duties and responsibilities of the Committee, which were approved by the Board of Directors at its 5/2556 meeting on August 13, 2013.

Although risk management was routinely handled by the Company, the new Risk Management Committee will help consider the policies, guidelines and framework of risk management suitable for efficient business operations and in line with international standards. It also supports and promotes continual improvement and development of the internal risk management system so that the Company can manage key risks at acceptable levels.



(Wisanu Subsompon)

Chairman of the Risk Management Committee

# Nature of Business

## Revenue Structure

Product	Operated by	% Hold	2013		2012		2011	
			Million Baht	%	Million Baht	%	Million Baht	%
1. Real Estate Business								
Detached houses	The Company		17,341	67.4	15,567	63.7	12,257	55.4
	Subsidiary : Atlantic Real Estate Co.,Ltd.	100	625	2.4	520	2.1	580	2.6
	Subsidiary : Land & Houses Northeast Co.,Ltd.	100	13	0.1	33	0.2	56	0.3
	Subsidiary : LH Muang Mai Co.,Ltd.	55	334	1.3	250	1.0	260	1.2
	Subsidiary : LH Real Estate Co.,Ltd.	100	-	-	3	0.0	-	-
	Subsidiary : LH Asset Co.,Ltd.	100	17	0.1	37	0.2	454	2.1
Total revenue from detached house			18,330	71.2	16,409	67.2	13,607	61.6
Townhouses	The Company		1,160	4.5	1,376	5.6	822	3.7
	Subsidiary : LH Asset Co.,Ltd.	100	427	1.7	519	2.1	362	1.6
	Subsidiary : Land & Houses Northeast Co.,Ltd.	100	141	0.5	-	-	-	-
Total revenue from Townhouses			1,728	6.7	1,895	7.7	1,183	5.3
Condominiums	The Company		2,882	11.2	3,957	16.2	3,695	16.7
	Subsidiary : LH Asset Co.,Ltd.	100	-	-	17	0.1	-	-
Total revenue from Condominiums			2,882	11.2	3,974	16.3	3,695	16.7
Land	The Company		-	-	-	-	4	0.0
	Subsidiary : Land & Houses North Co.,Ltd.	100	-	-	27	0.1	-	-
	Subsidiary : LH Muang Mai Co.,Ltd.	55	-	-	-	-	91	0.4
Total revenue from Land			-	-	27	0.1	95	0.4
Total revenue from Real Estate Business			22,940	89.1	22,305	91.3	18,580	84.0
2. Rental income	Subsidiary : L&H Property Co.,Ltd.	60	2,044	7.9	1,797	7.4	649	2.9
	Land and Houses U.S.A. INC.	100	92	0.4				
3. Other income			666	8.3	330	1.3	2,910	13.1
4. Total revenue (1+2+3)			25,742	100.0	24,432	100.0	22,139	100.0
5. Share of income from investment in associates			2,108	8.2	2,285	9.4	1,156	5.2
Total revenue (4+5)			27,850	108.2	26,717	109.4	23,295	105.2

\* In 2011, other incomes consist of gain from sale of investment in Bangkok Chain Hospital Plc. 2,766 million baht and loss from sale of investment in Indonesia 275 million baht

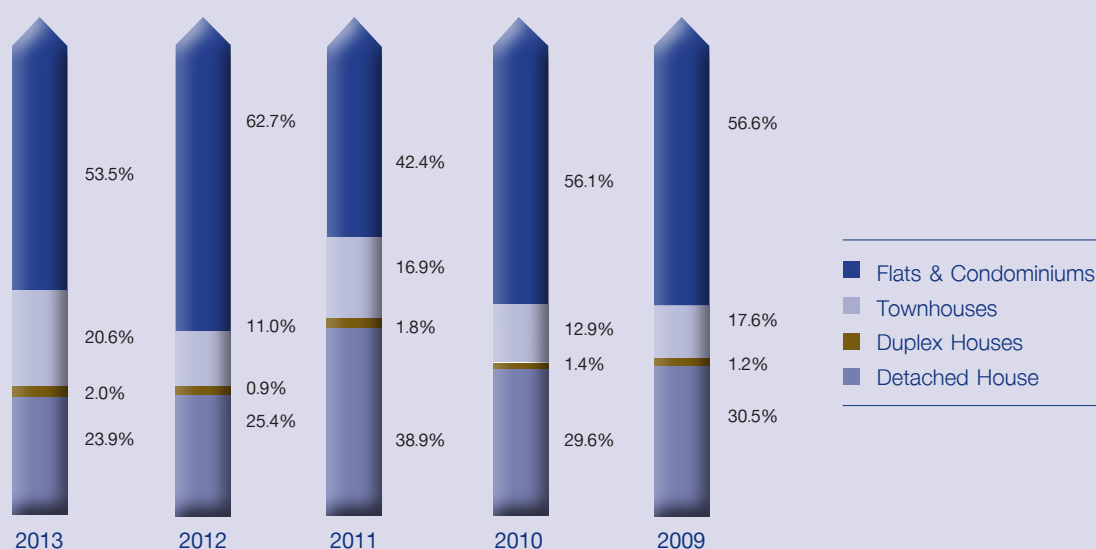


# Number of Housing Registered Units in Greater Bangkok During 2009-2013

Unit : Unit

Type	2013	2012	2011	2010	2009
• Housing Registered by Built Type					
Owner-Built	23,284	23,437	20,128	22,498	19,618
Developer-built	106,762	101,565	61,728	84,395	75,359
• Total Housing Registered (Owner & Developer)	130,046	125,002	81,856	106,893	94,977
• Classified by Type - Owner built					
Detached House	17,595	20,858	17,814	20,284	18,135
Duplex Houses	131	104	81	154	138
Townhouses	5,558	2,475	2,233	2,060	1,345
Flats & Condominiums	0	0	0	0	0
• Total Housing Registered by Owner - built	23,284	23,437	20,128	22,498	19,618
• Classified by Type - by Developer built					
Detached House	13,484	10,887	13,999	11,403	10,863
Duplex Houses	2,512	1,069	1,381	1,366	1,000
Townhouses	21,234	11,218	11,614	11,707	9,771
Flats & Condominiums	69,532	78,391	34,734	59,919	53,725
• Total Housing Registered by developer built	106,762	101,565	61,728	84,395	75,359

Source : Housing Registered from Government Housing Bank  
Greater Bangkok : Bangkok provinces and 5 Perimeter area included.



# Housing market in 2013

The overall residential market expanded by 4% year-on-year in 2013 to 130,046 units based on the number of new housing registrations in Bangkok and the vicinities. Of the new units, 23,284 were self-built units, on par with the previous year's level, and 106,762 were subdivision units, up 5.1% from 101,565 units in 2012.

## Comparative data of newly registered housing units by type from 2010 to 2013

Unit: units

Type	2010	2011	2012	2013	1995*
Self-built	22,498	20,128	23,437	23,284	32,118
Subdivision	84,395	61,728	101,565	106,762	146,735
<b>Total</b>	<b>106,893</b>	<b>81,856</b>	<b>125,002</b>	<b>130,046</b>	<b>178,753</b>
<b>% change</b>	<b>12.5</b>	<b>-23.4</b>	<b>52.7</b>	<b>4.0</b>	<b>27.7</b>

Source: Government Housing Bank

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

% change was year-on-year.

A breakdown on new subdivision units by type in 2013 reflected the following key changes:

- Single houses totaled 13,484 units, up 23.9% from 10,887 units in 2012.
- Duplexes totaled 2,512 units, up 135% from 1,069 units in 2012.
- Townhouses and commercial buildings totaled 21,234 units, up 89.3% from 11,218 units in 2012.
- Condominiums totaled 69,532 units, down 11.3% from 78,391 units in 2012.

## Comparative data of newly registered housing units by subdivision type from 2010-2013

Unit: units

Type of subdivision	2010	2011	2012	2013	1995**
Single houses	11,403	13,999	10,887	13,484	20,793
% change	5.0	22.8	-22.2	23.9	16.4
Duplexes	1,366	1,381	1,069	2,512	938
% change	36.6	1.1	-22.6	135.0	336.3
Townhouses and commercial buildings	11,707	11,614	11,218	21,234	58,093
% change	19.8	-0.8	-3.4	89.3	16.0
Condominiums	59,919	34,734	78,391	69,532	66,911
% change	11.5	-42.0	125.7	-11.3	-1.5
<b>Total</b>	<b>84,395</b>	<b>61,728</b>	<b>101,565</b>	<b>106,762</b>	<b>106,735</b>
<b>% change</b>	<b>12.0</b>	<b>-26.9</b>	<b>64.5</b>	<b>5.1</b>	<b>7.8</b>

Source : Government Housing Bank, \*\* 1995 is the record year with the highest new registrations since 1987.

% change was year-on-year

Various factors affected the residential market in 2013. Among them are:

- The economy grew by a mere 2.9% compared to 6.5% in 2012. Quarterly growth was 5.4%, 2.8%, 2.7% and 0.6% respectively. Key indices pointed to a slowdown or a stagnation:
  - Spending and exports slowed down.
  - Consumption index was 147.3 points compared to 147.1 in 2012.
  - Retail index was at 219.4 compared to 220.8 in the previous year.
  - Private investment index was at 232.7 compared to 244.8 in 2012.
- Interest rates were steady in 2013, with the policy interest rate remaining at 2.5% in the first three quarters. It was cut to 2.25% in late November. The minimum lending rate (MLR) in the first three quarters of 2013 was therefore at 7% before declining to 6.75% following the policy rate cut.
- Inflation fell slightly in 2013, averaging 2.2% compared to 3% in 2012.
- Overall construction material prices rose minimally from the levels in 2012. The overall construction material price index was at 125.8 in 2013 compared to 124.7 in the previous year. Leading the price gains in 2013 were cement and concrete products, with the indices rising by 6.8% and 5% year-on-year respectively while that of steel and steel products fell by 4.8%.
- Land prices jumped sharply, affecting operating costs for new projects and resulting in a decline in project launches.
- The residential market, especially the low-rise segment, duplexes and townhouses, expanded faster because of high land costs.

## Residential market outlook in 2014

The overall subdivision housing market looks set to slow down slightly in 2014, with new registrations estimated at 102,000 units, down 4.5% from 2013. The factors influencing the housing market in 2014 are:

- The Thai economy will likely expand by a mere 2-3%
- Consumers lack income security while spending and consumption in the private sector slow down.
- Political conflicts affect the economy, investments, confidence and consumers' pending.
- Interest rates are likely to decline slightly by 0.25 to 0.50 percentage points.
- Inflation looks set to be in a range between 1.80% and 2.50%.
- Construction material prices will likely remain steady.
- The shortages of laborers and contractors will intensify, driving up costs.
- Land prices will continue to increase on the back of government infrastructure investment and residential market expansion, especially condominiums.
- State infrastructure projects both at present and on blueprints
- Commercial banks are strict in considering pre-finance and post-finance loans.
- Housing prices will be 5% higher.

# INVESTMENT IN SUBSIDIARIES AND AFFILIATES

COMPANY	PAID UP CAPITAL (MIL. BHT.)	HOLDING SHARES	PAR VALUE	% HOLD
INVESTMENT IN RELATED PARTIES				
LISTED COMPANY				
1. LAND AND HOUSES FREEHOLD AND LEASEHOLD PROPERTY FUND	3,300	49,500,000	10	15.00
2. QUALITY CONSTRUCTION PRODUCTS PLC.	400	84,627,680	1	21.16
3. QUALITY HOUSES PLC.	9,184	2,293,667,658	1	24.98
4. HOME PRODUCT CENTER PLC.	9,590	2,899,078,024	1	30.23
5. LH FINANCIAL GROUP PLC.	12,716	4,340,567,920	1	34.14
NON-LISTED COMPANY				
1. ASIA ASSET ADVISORY CO., LTD.	5	199,994	10	40.00
2. LAND AND HOUSES PROPERTY FUND. 1	40	2,013,462	10	49.94
3. LAND AND HOUSES PROPERTY FUND. 2	1,569	78,412,634	10	49.99
4. L H MUANG MAI CO., LTD.	900	49,499,995	10	55.00
5. L&H PROPERTY CO., LTD.	2,450	14,699,994	100	60.00
6. ATLANTIC REAL ESTATE CO., LTD.	15	149,979	100	99.99
7. LAND AND HOUSES NORTH CO., LTD.	14	134,998	100	99.99
8. PACIFIC REAL ESTATE CO., LTD.	6	58,095	100	99.99
9. SIAM TANEE PROPERTY CO., LTD.	100	999,994	100	99.99
10. L H ASSET CO., LTD.	100	999,994	100	99.99
11. L H REAL ESTATE CO., LTD.	58	579,994	100	99.99
12. LAND AND HOUSES NORTH-EAST CO., LTD.	150	1,499,994	100	99.99
13. LAND AND HOUSES U.S.A., INC.	20	20,000,000	1	100.00
Holding by SIAM TANEE PROPERTY CO., LTD.				
1. SIAM TANEE REALESTATE CO., LTD.	475	4,753,461	100	99.99
Holding by LH MUANG MAI CO., LTD.				
1. PHUKET FUTURE PLAN CO., LTD.	210	2,099,994	100	99.99
2. DOUBLE THREE CO., LTD.	190	1,899,994	100	99.99
Holding by L&H PROPERTY CO., LTD.				
1. L&H SATHON CO., LTD.	268	2,679,994	100	99.99
2. L&H RETAIL MANAGEMENT CO., LTD.	0.10	9,995	10	99.95
3. L&H HOTEL MANAGEMENT CO., LTD.	0.10	9,997	10	99.97
Holding by ASIA ASSET ADVISORY CO., LTD.				
1. L&H MANAGEMENT CO., LTD.	0.10	9,993	10	99.93
Holding by LH FINANCIAL GROUP PLC.				
1. LAND AND HOUSES BANK PLC.	12,500	1,249,999,900	10	99.99
Holding by LAND AND HOUSES BANK PLC.				
1. LAND AND HOUSES FUND MANAGEMENT CO., LTD.	300,000	2,999,995	100	99.99

	COMPANY NAME	ADDRESS	TEL. NO.	FAX. NO.	TYPE OF BUSSINESS	AUTHORIZED SHARE CAPITAL	% Hold Direct and Indirect
1	LAND AND HOUSES FREEHOLD AND LEASEHOLD PROPERTY FUND	14 <sup>th</sup> Floor Q.House Sathon Building, 11 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120 Website : www.lhpf-pf.com	66 2286 3484 66 2679 2155	66 2286 3585	PROPERTY FUND	330 million units OF Baht 10 each	15.00
2	QUALITY CONSTRUCTION PRODUCTS PLC.	144 Moo 16 Bangpa-in Industrial Estate Udomsoraryuth Rd., Bangkrason Bangpa-in, Ayutthaya Thailand 13160. Website : www.qcon.co.th	(66-35) 221-271	(66-35) 221-270	BUILDING MATERIAL	400 Common million shares OF Baht 1 each	21.16
3	QUALITY HOUSE PLC.	7 <sup>th</sup> Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120 Website : www.qh.co.th	66 2677 7000	66 2677 7005	PROPERTY DEVELOPMENT	9,183.7 Common million shares OF Baht 1 each	24.98
4	HOME PRODUCT CENTER PLC.	96/27 Moo 9 Bangkhen Amphoe Muang Nonthaburi Thailand 11000 Website : www.homepro.co.th	66 2832 1000	66 2832 1400	TRADING OF CONSTRUCTION MATERIAL	9,589.5 Common million shares OF Baht 1 each	30.23
5	LH FINANCIAL GROUP PLC.	5 <sup>th</sup> Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120 Website : www.lhfg.co.th	66 2359 0000	66 2677 7223	FINANCIAL BUSINESS	12,715.5 Common million shares OF Baht 1 each	34.14
6	ASIA ASSET ADVISORY CO., LTD.	15 <sup>th</sup> Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	66 2343 8899	66 2343 8890	INVESTMENT ADVISOR	0.5 Common million shares OF Baht 10 each	40.00
7	LAND AND HOUSES PROPERTY FUND 1	16 <sup>th</sup> Sathorn Thani Bldg.1, 90/42-43 North Sathorn Rd., Silom, Bangrak, Bangkok Thailand 10500.	66 2636 8248	66 2636 6482	PROPERTY FUND	4 million units OF Baht 10 each	49.94
8	LAND AND HOUSES PROPERTY FUND 2	130-132 Wireless Road, 15 <sup>th</sup> , 17 <sup>th</sup> Floor Sindhorn Building Tower III, Bangkok Thailand 10330	66 2688 7777	66 2688 7700	PROPERTY FUND	156.9 million units OF Baht 10 each	49.99
9	L H MUANG MAI CO., LTD.	9/9 Moo 6 Thepkasadtrees Tumbonratsada Aumphoemuang Phuket Thailand 83000	(66-76) 381-150-2	(66-76) 381-111	PROPERTY DEVELOPMENT	90 Common million shares OF Baht 10 each	55.00
10	L&H PROPERTY CO., LTD.	15 <sup>th</sup> Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	66 2343 8899	66 2343 8890	PROPERTY DEVELOPMENT	24.5 Common million shares OF Baht 100 each	60.00
11	ATLANTIC REAL ESTATE CO., LTD.	37-38 <sup>th</sup> Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	66 2343 8900	66 2230 8131	PROPERTY DEVELOPMENT	0.15 Common million shares OF Baht 100 each	99.99
12	LAND AND HOUSES NORTH CO., LTD.	319 Moo 4 ThumbonnongJom Aumphoesansang Chiang Mai Thailand 50210	(66-53) 498-911-3	(66-53) 354-349 (66-53) 111-111	PROPERTY DEVELOPMENT	0.14 Common million shares OF Baht 100 each	99.99
13	PACIFIC REAL ESTATE CO., LTD.	37-38 <sup>th</sup> Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	66 2343 8900	66 2230 8131	PROPERTY DEVELOPMENT	0.058 Common million shares OF Baht 100 each	99.99
14	SIAM TANEER PROPERTY CO., LTD.	37-38 <sup>th</sup> Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	66 2343 8900	66 2230 8131	PROPERTY DEVELOPMENT	1 Common million shares OF Baht 100 each	99.99

COMPANY NAME	ADDRESS	TEL. NO.	FAX. NO.	TYPE OF BUSSINESS	AUTHORIZED SHARE CAPITAL	% Hold Direct and Indirect
15 L H ASSET CO., LTD.	37-38 <sup>th</sup> Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	66 2343 8900	66 2230 8131	PROPERTY DEVELOPMENT	1 Common million shares OF Baht 100 each	99.99
16 L H REAL ESTATE CO., LTD.	37-38 <sup>th</sup> Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	66 2343 8900	66 2230 8131	PROPERTY DEVELOPMENT	0.58 Common million shares OF Baht 100 each	99.99
17 LAND AND HOUSES NORTH-EAST CO., LTD.	114/39 Ratchasima-Pakthongchai Road Tumbonhnongjabok Aumphoemuang Nakhonratchasima Thailand 30000	(66-44) 465-294 (66-43) 258-282-3	(66-44) 349-344-5 (66-43) 258-282-3	PROPERTY DEVELOPMENT	1.5 Common million shares OF Baht 100 each	99.99
18 LAND AND HOUSES U.S.A., INC.	17485 Monterey Road Suite 308 Morgan Hill, CA 95037 USA	408 796 7337		PROPERTY INVESTMENT	20 Common million shares OF USD 1 each	100.00
19 SIAM TANEER REAL ESTATE CO., LTD.	37-38 <sup>th</sup> Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	66 2343 8900	66 2230 8131	PROPERTY DEVELOPMENT	4.75 Common million shares OF Baht 100 each	99.99
20 PHUKET FUTHER PLAN CO., LTD.	9/17 Moo 6 Thepkrasadtree Tumbonratsada Aumphoemuang Phuket Thailand 83000	(66-76) 381-150-2	(66-76) 381-111	PROPERTY DEVELOPMENT	2.1 Common million shares OF Baht 100 each	55.00
21 DOUBLE THREE CO., LTD.	9/17 Moo 6 Thepkrasadtree Tumbonratsada Aumphoemuang Phuket Thailand 83000	(66-76) 381-150-2	(66-76) 381-111	PROPERTY DEVELOPMENT	1.9 Common million shares OF Baht 100 each	55.00
22 L&H SATHON CO., LTD.	15 <sup>th</sup> Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	66 2343 8899	66 2343 8890	PROPERTY DEVELOPMENT	2.68 Common million shares OF Baht 100 each	60.00
23 L & H RETAIL MANAGEMENT CO., LTD.	15 <sup>th</sup> Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	66 2343 8899	66 2343 8890	RETAIL	9,995 Common shares OF Baht 10 each	60.00
24 L & H HOTEL MANAGEMENT CO., LTD.	15 <sup>th</sup> Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	66 2343 8899	66 2343 8890	HOTEL	9,997 Common shares OF Baht 10 each	60.00
25 L & H MANAGEMENT CO., LTD.	15 <sup>th</sup> Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	66 2343 8899	66 2343 8890	PROPERTY DEVELOPMENT	10,000 Common shares OF Baht 10 each	40.00
26 LAND AND HOUSES BANK PLC.	G, 1 <sup>st</sup> , 5 <sup>th</sup> , 6 <sup>th</sup> Floor Q.House Lumpini Bldg.,No. 1 South Satorn Road, Tungmahamek, Satorn, Bangkok Thailand 10120 Website : www.lhbank.co.th	66 2359 0000	66 2677 7223	BANK	12,500 Common million shares OF Baht 10 each	34.14
27 LAND AND HOUSES FUND MANAGEMENT CO., LTD.	14 <sup>th</sup> Floor Q.House Sathon Building, 11 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120 Website : www.lhfund.co.th	66 2286 3484 66 2679 2155	66 2286 3585	MANAGEMENT FUND	3 Common million shares OF Baht 100 each	34.14

# Risk factors

## 1. Operating risks

### Risk incurred by pre-built construction

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

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

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

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

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

## 2. Production risks

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

A steadily increasing supply of new projects in the market today has triggered higher demand for construction materials and labor. The higher demand could lead to shortages in construction materials and workers and result in higher construction-material costs. The overall construction-material price index rose by 1.1% on average in 2013 from 2012. The construction-material and labor shortages could aggravate and the construction costs could be higher in the future due to an increase in construction work. In such a scenario, the Company's project-development time could be longer and its construction cost higher, eventually affecting its liquidity and profitability.

However, as of December 31, 2013, the Company and its subsidiaries had 55 ongoing projects, giving them relatively high bargaining power when dealing with contractors and construction-material suppliers. Furthermore, the shift in policy to building houses and residential condominiums before selling them instead of after the customers made reservations (except for condominiums and townhouses under the Indy brand which the Company has allowed the customers to make reservations before construction since September 2010) has enabled the Company and its contractors to plan the construction and place material orders in advance. This strategy has helped prevent a construction-material shortage and given the Company a better control of its construction cost and development time.



## (2) Risk incurred by floods

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

## 3 Financial risks

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

As of December 31, 2013, long-term investments of the Company and its subsidiaries totaled 2,849.6 million baht, representing 3.78% of total assets (Details in Financial Position and Operating Results). Most of them were in equity securities. Among the major items are: (1) 2,021.0 million baht in Starmall Inc. in the Philippines; (2) 462.8 million baht in Land and Houses Property Fund; (3) 261.8 million baht in Quality Houses Property Fund; and (4) 178.2 million baht in Bangkok Mass Transit System Plc. The Company is therefore exposed to the risk incurred by the impairment of these investments.

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

For long-term investments in equity securities, the Company set aside investment impairment allowances of 100.5 million baht under the unrealized profit (loss) from investments in other companies in the balance sheets.

### (2) Risk incurred by lending to subsidiaries

As of December 31, 2013, the Company extended short-term loans to 5 of its subsidiaries. The principal and outstanding interest of these loans totaled 1,084.7 million. They were in the form of unsecured promissory notes payable at call, the details of which are as follows:

Subsidiary	% of shares held by the Company	Loan extended to subsidiaries (million baht)	Interest rate (%)
L&H Asset Co., Ltd.	99.99	35.4	5.0
Land & Houses Northeast Co., Ltd.	99.99	282.7	5.0
L & H Property Co., Ltd.	60.00	590.8	MLR-1.5
LH Muang Mai Co., Ltd.	55.00	99.9	5.5
Pacific Real Estate Co., Ltd.	99.99	75.9	5
Total		1,084.7	

Long-term loans to subsidiaries As of December 31, 2013, the Company had extended a long-term loan with outstanding principal and interest as follows:

Subsidiary	% of shares held by the Company	Loan extended to subsidiaries (million baht)	Interest rate (%)
Land and Houses U.S.A., INC.	100	3,141.17	4.0

As of December 31, 2013, the Company had an outstanding long-term loan extended to Land and Houses U.S.A., Inc. (LH USA), one of its 100%-owned subsidiaries. It lent US\$95.8 million at a 4% annual interest rate, due to be repaid December 7, 2017. The outstanding amount as of December 31, 2013 was 3,141.17 million baht.

The Company is therefore exposed to the risk of defaults by its subsidiaries. The subsidiaries have invested in the following properties:

LH USA borrowed from the Company to buy an apartment for rent in California, which will generate a long-term return for the Company in future.

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

1. The Grande Centre Point Hotel and Residence, located on Soi Mahatlek Luang 1, Rajdamri Road, Lumpini sub-district, Pathumwan district, Bangkok, is a leasehold property with 24 years remaining as of December 31, 2013.
2. L&H Sukhumvit, on Sukhumvit 21, is a leasehold project on a plot of 9-1-44 rai with 27 years remaining as of December 31, 2013. The Terminal 21 shopping center and the Grande Centre Point Sukhumvit-Terminal 21 Hotel were opened in the fourth quarter of 2011.

The 2 projects will generate long-term returns. The lending is also in proportion to the Company's shareholding. From 2011 to 2013, LHP and its subsidiaries had revenue of 653.17 million and 1,797.75 million baht and 2,045.19 million baht respectively. They booked a net loss of 84.84 million baht in 2011 and began to turn a profit in 2012 and 2013 when they reported net income of 197.71 million baht and 283.1 million baht respectively. In the future, LHP and its subsidiaries will generate more revenue and net profit from the two projects. They already started repaying the Company in 2012 and 2013, when it paid back 276.6 and 185.8 million baht.

LH Muang Mai Co., Ltd. (LHM), which owed the Company 99.9 million baht, has an operational project in Phuket. It also launched two new projects in 2012 and 2013. When LHM sells the new projects in the future, it will be able to repay the loans to the Company.

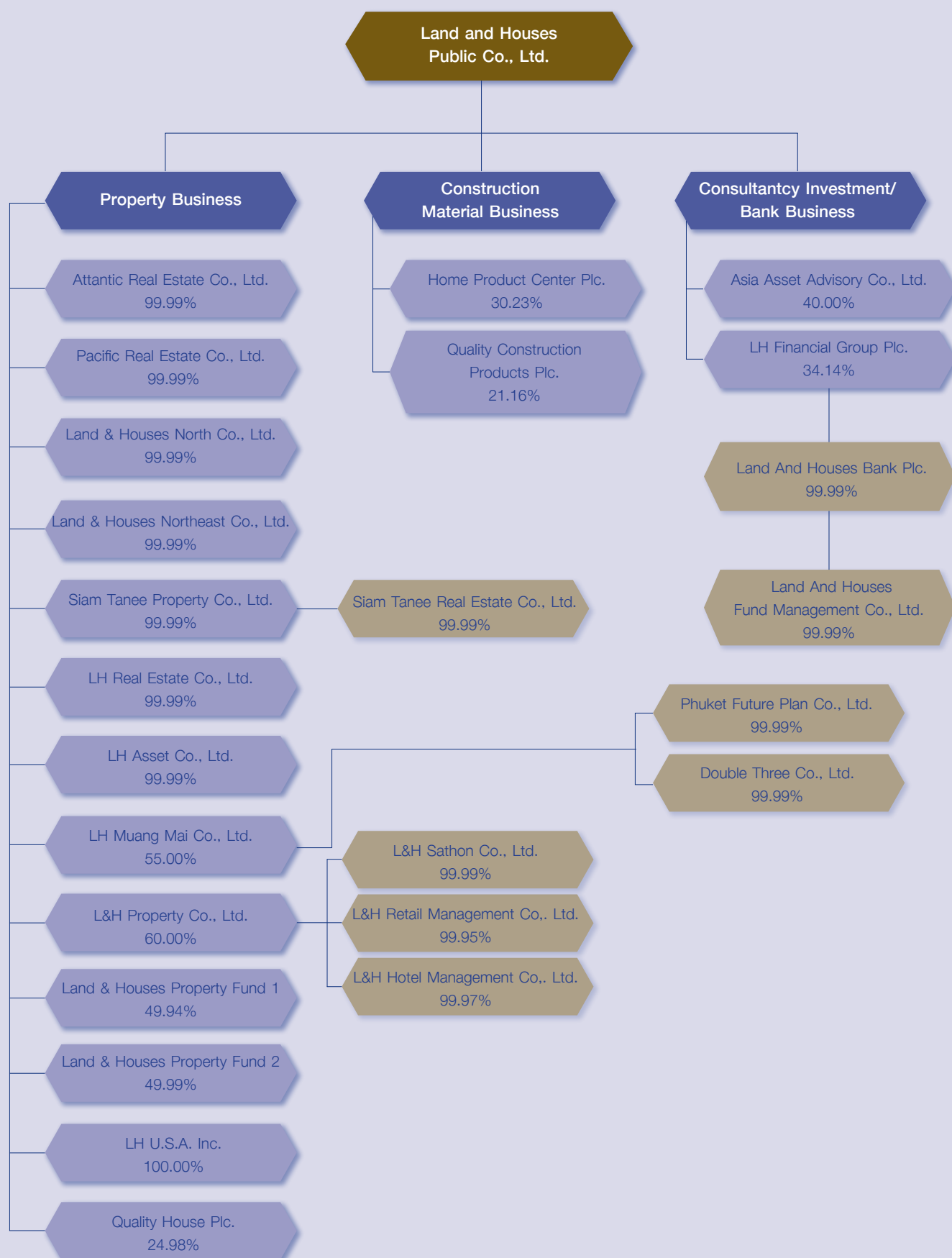
Land & Houses Northeast Co., Ltd., which owed an outstanding 282.7 million baht to the Company, launched a new project in 2013. Another will be launched in 2014.

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

### (3) Risk incurred by lawsuits

As of Dec 31, 2013, the major lawsuits faced by the Company were those in which the juristic persons of two subdivision villages sued it for failing to inform them of the servitude rights of access to main roads, demanding damages totaling 1,212.3 million baht. If the Company loses the cases, it may have to book payment for maximum damages of 1,212.3 million baht, which will affect its net profit. At present, the cases are being heard in court. In any case, the Company estimated the liability for the amount of 169 million baht, which it deems adequate.

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



# Policy and Overall Business

## 1. Vision, objectives or strategies

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

## 2. Key changes and developments

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

From 1998 to 1999, the Company faced financial problems in the wake of Thailand's financial crisis and the flotation of foreign exchange rates. It completed debt restructuring in 1999 through the increase of capital among existing shareholders and the entry of a new majority shareholder, Government of Singapore Investment Corporation (GIC). On the latest register-book closing date on August 29, 2013, the Asavabhokhin family remained the largest shareholder group, with 30.52% of all shares, while GIC controlled 16.12%.

From 2008 to the latest register-book closing date on August 29, 2013, there were key changes and developments in the shareholding structure and capital as follows:

Shareholder	Shareholding (%)				
	December 2009	August 2010	August 2011	November 2012	August 2013
1. Mr. Anant Asavabhokhin's group					
1.1 Mr. Anant Asavabhokhin	23.76	23.76	23.76	23.76	23.76
1.2 Mayland Co., Ltd.*	5.62	5.62	5.62	5.62	5.62
1.3 Ms. Piangjai Harnpanij**	1.43	1.36	1.14	1.14	1.14
Total: Mr. Anant's group	30.81	30.74	30.52	30.52	30.52
2. GIC Private Limited C.	16.19	16.33	16.27	16.01	16.12
3. Others	53.00	52.93	52.93	53.47	53.36
Total	100.00	100.00	100.00	100.00	100.00
Paid-up capital (million baht)	10,025.90	10,025.90	10,025.90	10,025.90	10,025.90

Notes : \* Mayland Co., Ltd. is 100% owned by Mr. Achanan Asavabhokhin, Mr Anant's son, and related companies.

\*\* Mr Anant Asavabhokhin's mother

## 3. Shareholding of the group

The Company directly holds shares in 10 subsidiaries. It also holds shares in 6 subsidiaries through other subsidiaries (details are under "Shareholding structure in subsidiaries and associated companies"). They all operate property development businesses. In developing property projects, the Company and its subsidiaries develop residential projects for sale, ranging from detached houses and townhouses to condominiums. They focus primarily on developing projects in Bangkok and its perimeter, and in large cities; namely, Chiang Mai, Nakhon Ratchasima, Khon Kaen and Phuket. In 2000, the Company adopted a pre-built strategy, which has drawn a good response from its customers.

The Company has 7 associated companies:

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

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

(3) Two of its associated companies engage in other businesses. They are Asia Asset Advisory Co, Ltd., which provides investment consultancy services and LH Financial Group Plc., the holding company of a commercial bank and an asset management firm.

#### **Policy on separating the operations of the Company and its subsidiaries and associated companies**

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

(1) The Company, its 10 subsidiaries and three of its associated companies operate property businesses.

(2) Two of its associated companies operate businesses related to property development such as the production and retailing of construction materials.

(3) Two of its associated companies engage in interesting businesses with potential to yield appropriate returns. They are investment consultancy services and a holding company whose subsidiaries operate a commercial bank and an asset management company.

#### **Policy of investment in subsidiaries and associated companies**

The Company has the policy of investing in subsidiaries and associated companies which develop real estate and conduct businesses related to the Company's core business such as retail and construction material manufacturing businesses, as well as commercial banks with the policy of extending loans to retail homebuyers. The Company may also consider investing in any interesting, high-yielding business but such investments will need to be deliberated by the Board of Directors.

As for the policy of managing subsidiaries and associated companies, the Company sends directors representing it to join the management of its subsidiaries and associated companies based on its shareholding. The objective is to help determine key policies and control the operations of the subsidiaries and associated companies to ensure they are in the right directions and generate profit for the Company.

#### **Legal disputes**

As of December 31, 2013, the Company and its subsidiaries did not have legal disputes in cases which might have a negative impact on the assets of the Company and its subsidiaries in an amount exceeding 5% of shareholders' equity.

# Capital Structure

## 1 Equity

### 1.1 Ordinary shares

As of December 31, 2013, the Company had registered capital of 10,354,268,670 baht, of which 10,025,921,523 baht was paid up, divided into 10,025,921,523 ordinary shares with a par value of one baht each.

According to Thai NVDR Co. Ltd.'s data, 1,712,557,521 of the Company's ordinary shares were held by investors investing through non-voting depository receipts (NVDRs) as of February 5, 2014, representing 17.08% of all paid-up shares. Since such shares are not entitled to a voting right (except for a decision to delist the stock), the holders of non-NVDR shares have 20.60% more of the voting right. As a result, holders of only 20.73% of the paid-up ordinary shares will have a voting right equal to 25% of all voting shares. Investors can check the latest number of shares held through NVDR at the Stock Exchange of Thailand's website at [www.set.or.th](http://www.set.or.th)

### 1.2 Debentures

The Company had the following debentures outstanding as of December 31, 2013:

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

Name	: "Land & Houses Plc. Unsubordinated, Unsecured Debenture No. 1/2552 Due 2558"
Type	: Registered, unsubordinated, unsecured debenture without trustee
Total number	: 2,000,000 units
Par value	: 1,000 baht
Issue Size	: 2,000 million baht
Sold to	: Institutional investors and/or large investors as defined by the notification of the Securities and Exchange Commission
Issue date	: December 22, 2009
Maturity	: 5 years 5 months and 28 days from the issue date
Redemption date	: December 22, 2015
Coupon rate	: Fixed at 4.5% a year
Coupon payments	: Every 3 months from the issue date, payable on February 28, May 30, August 30 and November 30 of every year throughout its maturity. The first payment date was on February 28, 2010 and the last payment date is on the maturity date.
Principal repayment	: On the maturity date of June 19, 2015
Call/Put option	: None
Other conditions	: The Company must maintain its debt-to-equity ratio at not more than 1.25:1
Rating	: Rated A by TRIS Rating Co., Ltd.
Registrar	: The Siam Commercial Bank Plc.

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

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

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

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



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

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

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

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

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

(f) One series of unsecured debenture No. 1/2556 Lot 1

Name	: “Land & Houses Plc. Unsubordinated, Unsecured Debenture No. 1/2556 Lot 1 Due 2559”
Type	: Registered, unsubordinated, unsecured debenture without trustee
Issue Size	: 3,500,000 units
Par value	: 1,000 baht
Total value	: 3,500 million baht
Sold to	: Institutional or large investors
Issue date	: March 28, 2013
Maturity	: 3 years and 3 days from the issue date
Maturity date	March 31, 2016

Coupon rate	: Fixed at 3.59% a year
Coupon payments	: Every 6 months from the issue date, payable on March 28 and September 28 of every year throughout its maturity. The first payment date was on September 28, 2013 and the last payment date is on the maturity date.
Principal repayment	: On the maturity date of March 31, 2016
Call/Put option	: None
Other conditions	: The Company must maintain its debt-to-equity ratio at not more than 1.50:1
Rating	: Rated A Stable by TRIS Rating Co., Ltd.
Registrar	: The Siam Commercial Bank Plc.

(g) One series of unsecured debenture No. 2/2556 Lot 2

Name	: “Land & Houses Plc. Unsubordinated, Unsecured Debenture No. 2/2556 Lot 2 Due 2559”
Type	: Registered, unsubordinated, unsecured debenture without trustee
Issue Size	: 3,500,000 units
Par value	: 1,000 baht
Total value	: 3,500 million baht
Sold to	: Institutional or large investors
Issue date	: September 27, 2013
Maturity	: 3 years and 3 days from the issue date
Maturity date	: September 30, 2016
Coupon rate	: Fixed at 4.03% a year
Coupon payments	: Every 6 months from the issue date, payable on March 30 and September 30 of every year throughout its maturity. The first payment date was on March 30, 2014 and the last payment date is on the maturity date.
Principal repayment	: On the maturity date of March 30, 2016
Call/Put option	: None
Other conditions	: The Company must maintain its debt-to-equity ratio at not more than 1.50:1
Rating	: Rated A Stable by TRIS Rating Co., Ltd.
Registrar	: The Siam Commercial Bank Plc.

## 2 Shareholders

On the latest register book-closing date on August 29, 2013, the 10 largest shareholders of the Company are:

Rank	Individual/Juristic person	Number of shares held	Percentage of all sold shares
1.	Mr. Anant Asavabhokhin*	2,382,639,623	23.76
2.	GIC Private Limited C.	1,615,723,960	16.12
3.	Mayland Co., Ltd.*	563,574,391	5.62
4.	Chase Nominees Limited 42**	483,442,525	4.82
5.	Social Security Office (two instances)	265,772,000	2.65
6.	State Street Bank And Trust Company	166,689,357	1.66
7.	THE BANK OF NEW YORK MELLON-CGT TAXABLE*	138,292,719	1.38
8.	Ms. Piangjai Harnpanij*	114,111,267	1.14
9.	Government Provident Fund (EQ-TH)	102,068,350	1.02
10.	Chase Nominees Limited 30	94,392,772	0.94
	<b>Total</b>	<b>5,926,706,964</b>	<b>59.11</b>

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

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

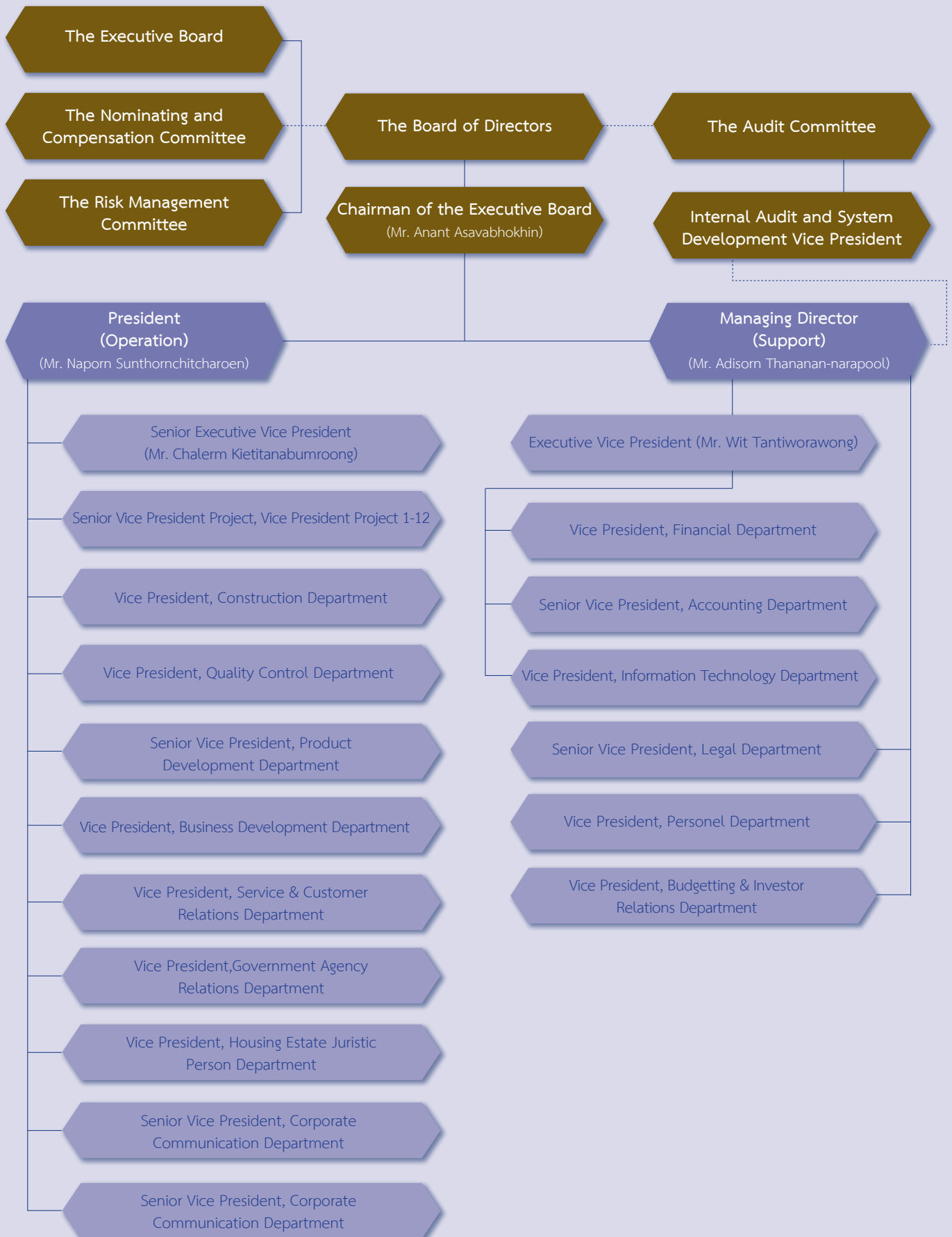
## 3 Dividend payment policy

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

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

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

# The Organization Plan of Executive Officers Land & Houses Plc.



# Management structure

## 1 Board of Directors

The Company had 5 board and committees as of December 31, 2013. They were the Board of Directors, the Audit Committee, the Nominating and Compensation Committee, the Risk Management Committee and the Executive Board.

According to the Articles of Association, the Board of Directors consists of at least 5 directors, half or more of whom are domiciled in Thailand. In conducting business, the directors must perform their duties according to laws, the objectives and articles of association of the Company, as well as the resolutions of shareholders' meetings, with integrity and care in protecting the interests of the Company.

The structures of the boards, committees and management are adequately checked and balanced in the following manners:

- The Board of Directors is composed of 3 independent directors, or one third of all directors, 5 executive directors and 1 non-executive director.
- The Audit Committee comprises 3 members with independence and duties as stipulated by the Stock Exchange of Thailand's regulations and the Audit Committee Charter. They also have accounting and finance experiences.
- Clear delegation and authorization has been established as detailed and disclosed in the Corporate Governance section.

As of December 31, 2013, the Board of Directors consisted of 9 members. The names and meeting-attendance records of the directors in 2011, 2012 and 2013 are as follows:

Name	Position	Number of attended meetings/all meetings		
		2011	2012	2013
1. Mr. Anant Asavabhokhin	Chairman and Chief Executive Officer	6 / 7	7 / 7	7 / 8
2. Mr. Pratip Wongnirund	Director, chairman of the Audit Committee and independent director	7 / 7	7 / 7	8 / 8
3. Mr. Pakhawat Kovithathanaphong	Director, member of the Audit Committee, independent director Chairman of the Nominating and Compensation Committee	7 / 7	7 / 7	8 / 8
4. Mr. Soong Hee Sang	Director	3 / 7	6 / 7	4 / 8
5. Mr. Lim Swe Guan	Director (resigned on March 2, 2011) Member of the Nominating and Compensation Committee	1 / 1	-	-
6. Mr. Chalerm Kietitanabumroong	Director (resigned on March 1, 2010 and re-joined on August 10, 2011)	3 / 3	7 / 7	8 / 8
7. Mr. Adisorn Thananan-narapool	Director and secretary to the Nominating and Compensation Committee	7 / 7	7 / 7	8 / 8
8. Mr. Naporn Sunthornchitcharoen	Director	7 / 7	7 / 7	8 / 8
9. Mr. Nantawat Pipatwongkasem	Director and company secretary	6 / 7	7 / 7	8 / 8
10. Mr. Chadchart Sittipunt	Director, member of the Audit Committee and independent director (resigned on January 16, 2012)	7 / 7	-	-
11. Mr. Wisanu Subsompon	Director, member of the Audit Committee, independent director and member of the Nominating and Compensation Committee	-	3 / 3	8 / 8
Total number of meetings during the year		7	7	8

### Authorized signatories

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

### Scope of authority and duties of the Board of Directors

To enable the Board of Directors to perform its duties efficiently, a guideline on its duties was laid down as follows:

1. Manage the Company in compliance with its objectives and regulations, as well as the resolutions of shareholders' meetings in line with the laws on integrity and apply caution to protect the interests of the Company.
2. Approve key policies, objectives, guidelines and work plans of the Company and follow up on execution according to laid-down plans
3. Monitor and supervise the administration and management of the Executive Board to ensure full compliance with the laid-down policies. The Board of Directors is empowered to consider approving the following matters:
  - 3.1 Borrowing or seeking credit from financial institutions
  - 3.2 Annual budget and important investments of the Company
  - 3.3 Interim dividend payments for shareholders when the Company has sufficient profit to do so
  - 3.4 Connected transactions and asset acquisitions or disposal, except the types requiring shareholders' approval. Such endorsements shall be in line with the announcements, requirements and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

This applies to all matters except those required by laws that the Board of Directors seek shareholders' approval before proceeding.

4. Convene at least 5 times a year.
5. Set clear meeting agenda in advance throughout the year.
6. Submit meeting agenda details at least 5 days ahead of the meeting dates so that the directors has time to study and consider them.
7. In consider each meeting agenda items, the interests of shareholders and stakeholders shall be fairly taken into account.
8. Allow free expression of opinions at meetings
9. Allocate adequate time for each agenda item to allow for careful debate and expression of opinions.
10. Supervise to ensure management is in line with good governance policy and to prevent conflicts of interest

### Roles and Duties of the Chairman of the Board of Directors

1. Take responsibility as leader of the Board of Directors in monitoring, following up on and supervising the management of the Board of Directors and other subcommittees to achieve the objectives based on laid-down work plans
2. Preside over the meetings of the Board of Directors and shareholders and manage the meetings in line with the Articles of Association
3. Promote expression of opinions in an independent and transparent manner at meetings
4. Supervise to ensure efficient communication between the directors and shareholders
5. Give the casting vote in the event the votes are tied at Board of Directors meetings

## 2 Executives

As of December 31, 2013, the Company had 18 executives:

The five senior executives were:

Mr. Anant	Asavabhokhin	Chairman of the Executive Board
Mr. Adisorn	Thananan-narapool	President (Operation)
Mr. Naporn	Sunthornchitcharoen	Managing Director (Support)
Mr. Chalerm	Kietitanabumroong	Senior Executive Vice President
Mr. Wit	Tantiworawong	Executive Vice President

The 13 mid-level executives were:

Mr. Nantawat	Pipatwongkasem	Senior Vice President, Legal Department
Mr. Teera	Benjasilarak	Senior Vice President, Accounting Department
Mr. Chokchai	Walitwarangkoon	Senior Vice President, Corporate Communication Department
Mr. Prajak	Hansakulbuntherng	Senior Vice President, Product Development Department
Mr. Lersuk	Suwannaton	Senior Vice President, Project 1
Mr. Watcharin	Kasinrer	Senior Vice President, Project 2
Mr. Somkiat	Viriyamonchai	Senior Vice President, Project 6
Mr. Kamheang	Hoonhirunsai	Senior Vice President, Project 7



Mr. Narong	Kongkavana	Senior Vice President, Project 8
Mr. Winai	Wattanagul	Senior Vice President, Project 9
Mr. Adul	Chuvanichanon	Senior Vice President, Project 10
Mr. Phaisan	Poocharoen	Senior Vice President, Project 11
Mr. Prasong	Raksincharoensak	Senior Vice President, Project 12

**Note :** On January 16, 2014, Mr. Adul Chuvanichanon and Mr. Lersuk Suwannaton were promoted to executive vice president and Mr. Visit Tantichaipakorn was appointed vice president, Financial Department.

### 3 Company Secretary

The Board of Director appointed Mr. Nantawat Pipatwongkasem, a director with appropriate knowledge, qualifications and experience, as company secretary. His roles and duties are to give advice on laws and regulations that the Board of Directors must be aware of and comply with, organize meetings of shareholders and Board of Directors in compliance with laws, the Company's Articles of Association and other guidelines. He also records meeting minutes, follows up on the implementation of meeting resolutions, contacts and communicates with shareholders so that they are aware of their rights and company news, coordinates the Board of Directors' activities, as well as archive documents as required by law.

### 4 Executive compensation

#### (a) Cash compensation

- Compensation for directors

The Company appropriately remunerates its directors based on their responsibilities. Approved at a shareholders' meeting each year, the compensation comes in the form of meeting allowances, director bonuses and bonuses. The details for 2012 and 2013 are as follows:

Name of director	Position	2012		2013	
		Meeting attendance rate %	Compensation (million baht)	Meeting attendance rate %	Compensation (million baht)
1. Mr. Anant Asavabhokhin	President	100	None	87	None
2. Mr. Pratip Wongnirund	Chairman of the Executive Board				
	Director, chairman of the Audit Committee and independent director	100	1.80	100	1.98
3. Mr. Pakhawat Kovithvathanaphong	Director, member of the Audit Committee, independent director and chairman of the Nominating and Compensation Committee	100	1.46	100	1.58
4. Mr. Soong Hee Sang	Director	86	None	50	None
5. Mr. Chalerm Kietitanabumroong	Director	100	None	100	None
6. Mr. Adisorn Thananan-narapool	Director and Secretary to the Nominating and Compensation Committee	100	None	100	None
7. Mr. Naporn Sunthornchitcharoen	Director	100	None	100	None
8. Mr. Nantawat Pipatwongkasem	Director and company Secretary	100	None	100	None
9. Mr. Chadchart Sittipunt*	Director, member of the Audit Committee, independent director and member of the Nominating and Compensation Committee	-	0.60	-	-
10. Mr. Wisanu Subsompon**	Director, member of the Audit Committee, independent director, member of the Nominating and Compensation Committee	100	0.435	100	1.26
Total			4.295		4.82

\* Mr. Chadchart Sittipunt resigned from all positions on January 16, 2012.

\*\* Mr. Wisanu Subsompon was appointed director and member of the Audit Committee and the Nominating and Compensation Committee on June 27, 2012.

- Executive compensation in 2012 and 2013 is as follows:

	2012		2013	
	Number of executives	Total amount (million baht)	Number of executives	Total amount (million baht)
Salary	7	51.30	18	93.60
Bonuses*	7	34.35	18	65.59
Total	7	85.65	18	159.19

Note \* Bonuses are paid in January of every year

**(b) Non-cash compensation**

1. The Company set up a provident fund for its employees to which the employees voluntarily contribute at the rates of 5-7% of monthly salary while Company matches at the same rates. The registered fund is managed by a licensed fund manager in compliance with the Act on Provident Funds B.E. 2542 (1999). In 2013, the Company contributed 5.09 million baht to the portion owned by the 18 executives.
2. Welfare in various forms such as medical care, health insurance, annual physical checkups by age groups, life insurance for all employees, allowances for weddings and funerals of employees' family members, uniforms, annual vacation trips and parties, as well as discounts on company products based on established criteria and conditions.

**5 Human resources (as of December 31, 2013)**

- Total number of employees 819
- Number of employees in each line
 

Management	5
Operations	709
Support	106
- Total compensation and types of compensation
  - Salary, bonuses and other compensation in 2013 totaled 724.92 million baht
  - Benefits on health care and recreation, as well as a provident fund and discounts for the purchases of company products
- Policy on human resource development
  - An internal training center was set up and some employees have been sent to train outside the Company to enhance their potential and competencies, both theoretically and operationally, at all times.

# Corporate governance

## 1 Policy

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

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

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

## 2 Subcommittees

The Board of Directors appointed 4 subcommittees: the Audit Committee, the Nominating and Compensation Committee, the Risk Management Committee and the Executive Board

### (a) Audit Committee

The Audit Committee comprises 3 independent directors, all of whom are independent and meet all of the qualifications set by the Securities and Exchange Commission and the Stock Exchange of Thailand. All Audit Committee members have respectable knowledge and working experiences. Mr. Pratip Wongnirund and Mr. Pakhawat Kovithvathanaphong have the knowledge and competency in reviewing creditability of financial statements with accounting or financial academic degrees and experiences. The names and meeting attendance records of the Audit Committee in 2011, 2012 and 2013 are as follows:

Name	Position	Number of attended meetings/all meetings		
		2011	2012	2013
1. Mr. Pratip Wongnirund	Chairman of the Audit Committee	5/5	5/5	6/6
2. Mr. Pakhawat Kovithvathanaphong	Member of the Audit Committee	5/5	5/5	6/6
3. Mr. Chadchart Sittipunt *	Member of the Audit Committee	5/5	-	-
4. Mr. Wisanu Subsompon **	Member of the Audit Committee	-	3/3	6/6
Total number of meetings		5	5	6

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

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

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

### Scope of authority and duties of the Audit Committee

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

1. Review the Company's financial reports to ensure accuracy and adequate disclosure
2. Review the Company's internal control and audit system to ensure appropriateness and effectiveness
3. Review the operations of the Company to ensure compliance with the laws on securities and stock exchange or those relating to the Company's businesses
4. Approve the appointment, transfer and employment termination of the Internal Audit and System Development vice president
5. Screen and propose candidates for the Company's auditors and recommend their compensation

6. Determine proper and adequate disclosure of the Company's information on connected transactions or lists with potential conflicts of interests to ensure completeness and accuracy as required by related regulations
7. Consider and review operation reports of the Internal Audit Department and approve its annual internal audit plan
8. Supervise to ensure the independency of auditors and the Internal Audit Department in performing their duties
9. Organize meetings with auditors without management present at least once a year
10. Determine key risks faced by the Company and propose preventive measures or inform the Board of Director to find measures to alleviate them
11. Prepare reports on the activities of the Audit Committee and include them in the Company's annual reports, to be signed by the Chairman of the Audit Committee
12. Perform other duties assigned by the Board of Directors and approved by the Audit Committee

#### **(b) Nominating and Compensation Committee**

The Nominating and Compensation Committee consists of 3 members. On January 16, 2012, Mr. Chadchart Sittipunt resigned as director. Later, Mr. Wisanu Subsompon was appointed to replace him. The names and meeting-attendance records of the Nominating and Compensation Committee for 2011, 2012 and 2013 are as follows:

Name	Position	Number of attended meetings/all meetings		
		2011	2012	2013
1. Mr. Pakhawat Kovithathanaphong	Chairman of the Nominating and Compensation Committee	3/3	3/3	2/2
2. Dr. Lim Swe Guan	Member of the Nominating and Compensation Committee	1/1	-	-
3. Mr. Chadchart Sittipunt*	Member of the Nominating and Compensation Committee	3/3	-	-
4. Mr. Adisorn Thananan-narapool	Member of the Nominating and Compensation Committee	1/1	3/3	2/2
5. Mr. Wisanu Subsompon**	Member of the Nominating and Compensation Committee	-	1/1	2/2
Total number of meetings during the year		3	3	2

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

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

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

#### **Scope of authority and duties of the Nominating and Compensation Committee**

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

### (c) Risk Management Committee

The Board of Directors passed a resolution at its 3/2556 meeting on May 13, 2013 to appoint 3 persons to the Risk Management Committee. The names and meeting records of the Risk Management Committee's members in 2013 are as follows:

Name	Position	No. of attended meetings/all meetings
1. Mr. Wisanu Subsompon	Chairman of the Risk Management Committee	3/3
2. Mr. Chalerm Kietitanabumroong	Member of the Risk Management Committee	3/3
3. Mr. Nantawat Pipatwongkasem	Member of the Risk Management Committee	3/3
Total number of meetings during the year		3

### Scope of authority and responsibilities of the Risk Management Committee

1. Consider the policies, guidelines and framework of risk management to be proposed to the Board of Directors for approval
2. Study and evaluate probable risks, propose measures to prevent and alleviate the risks at acceptable levels. Monitor, evaluate and improve work plans to ensure the risks are managed adequately and properly
3. Promote and support continual improvement and development of the Company's internal risk management system
4. Communicate and exchange information, as well as coordinate on issues related to risks and internal audit, with the Audit Committee at least once a year
5. Report to the Board of Directors meeting results of significance and benefits to the Company
6. Perform other duties related to essential risk management assigned by the Board of Directors

### (d) Executive Board

The Executive Board consists of 5 directors whose names and meeting attendance records in 2011, 2012 and 2013 are as follows:

Name	Position	Number of attended meetings/all meetings		
		2011	2012	2013
1. Mr. Anant Asavabhokhin	Chairman of the Executive Board	11/11	12/12	10/11
2. Mr. Adisorn Thananan-narapool	Executive Director	11/11	12/12	11/11
3. Mr. Naporn Sunthornchitcharoen	Executive Director	11/11	12/12	11/11
4. Mr. Vidhya Tantivorawong	Executive Director	11/11	12/12	11/11
5. Mr. Lim Swe Guan*	Executive Director	1/1	-	-
6. Mr. Soong Hee Sang**	Executive Director	1/1	6/12	4/11
Total number of meetings during the year		11	12	11

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

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

### Scope of authority and duties of the Executive Board

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

### Delegation of authority and duties from the Board of Directors

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

For important decisions such as land acquisitions, project development and investment, the Executive Board shall seek the

approval to the Board of Directors on a case-by-case basis.

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

### **3 Selection of Directors and Top Executives**

The Nominating and Compensation Committee selects qualified persons to be candidates for directors and top executives based on their skills, knowledge and competency. They should have respectable experiences, transparent work records, maturity and stability. In addition to appropriate qualifications in line with the Company's Articles of Association, they should have special knowledge and expertise as well as necessary skills to enhance the strengths and effectiveness of the Board of Directors. These criteria were set to ensure diversity of professional directors, taking into account the structure, size and composition of the board. The Nominating and Compensation Committee also allows directors and shareholders to propose qualified candidates in line with the criteria and selection method.

#### **(a) Independent directors**

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

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

1. holds shares not exceeding 1% of all voting shares in the Company, its subsidiaries or associated companies.
2. is not involved in the management, or is not a staff or employee or advisor who receives regular salaries or a provider of professional audit or legal service or any other professional service that may restrict his expression of opinions with regards to the Company, its subsidiaries or associated companies, or has control over the Company, its subsidiaries or associated companies, or is the person with potential conflicts of interest. He must also have lost his status or position that may constitute such conflicts for 2 years or more.
3. has no business relationship in a manner that may limit his independence in performing his duty as a director in a significant amount or value in proportion to the Company's revenue as defined in the criteria, has no benefit or interest, whether direct or indirect, in the finance and management of the Company, its subsidiaries or associated companies or any other person with potential conflicts of interest in a manner that may compromise his independence.
4. is not a close relative of any member of management or majority shareholder of the Company, its subsidiaries or associated companies or any person with potential conflicts of interest and has not been appointed their nominee to protect the interest of directors or majority shareholders.
5. is not appointed as nominee to protect the interest of any director, majority shareholder or shareholder who is related to a majority shareholder of the Company.
6. can independently perform his duties and express opinions or report the operating results as assigned by the Board of Directors without being under the control or influence of any executive or majority shareholder, including his related persons or close relatives.

#### **(b) Selection of directors and top executives**

The criteria and procedure to select director candidates are as follows:

- (1) The Company allows one or more shareholders with combined shares of not less than 0.1% of the Company's paid-up capital to propose eligible director candidates through the Company's website or by sending a letter to the Secretary to the Board of Directors, who will forward the proposals to the Nominating and Compensation Committee. The Company will notify the timeframe of such proposals through the Stock Exchange of Thailand.

- (2) Majority shareholders may propose suitable director candidates to the Nominating and Compensation Committee.
- (3) The Nominating and Compensation Committee will consider proposing suitable director candidates to the Board of Directors, to be subsequently proposed at a shareholders' meeting.
- (4) The shareholders' meeting shall elect the directors using a majority vote based on the following criteria and methods:
  - 4.1) One share is entitled to one vote.
  - 4.2) Shareholders vote to elect one by one the candidates proposed to be nominated directors.
  - 4.3) The candidates are ranked in descending order and are appointed as directors in that order until all the director positions are filled. Where the votes of candidates are tied, the chairman of the meeting has the casting vote.
- (5) At each annual ordinary shareholders' meeting, one third of the directors shall be removed from duties. If the number of directors to be removed is not exactly one third, the closest number shall apply. The procedure for the selection of their substitutes shall be according to 1)-4).

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

#### **Selection of top executives**

In selecting top executives, the Executive Board will initially consider suitable qualified persons, with knowledge, competencies, experiences, leadership, management skills and good understanding of the Company's business. Their names will be proposed to the Nominating and Compensation Committee for endorsement and then to the Board of Directors for approval.

#### **(c) Number of directors from majority shareholders**

Six directors came from majority shareholders.

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

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

### **4 Supervision of subsidiaries and associated companies**

The management nominates and votes to appoint directors of the Company's subsidiaries and associated companies. They must also be approved by the Board of Directors. The appointed directors of the subsidiaries or associated companies shall perform their duties for the utmost benefits of their respective subsidiaries or associated companies.

The Company supervises its subsidiaries to ensure comprehensive disclosures of their financial positions and operating results, transactions with connected persons, asset acquisitions and disposals, or other important transactions. Regulations on connected transactions and disclosures are in accordance with the Company's criteria. The Company also ensures they have maintained accurate, complete data and accounting records for accountability and collected information in time for financial statement consolidation.

### **5 Supervision of the use of insider information**

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

#### **(a) Reporting of shareholding**

The Company has set a measure to prevent the use of insider information by its directors and executives to seek personal gains by informing them of their duty to report the holding of the Company's shares by them and their spouses and children who have not come of age. They have also been made aware of the requirement by the Securities and Exchange Commission and the Stock Exchange of Thailand to report changes in their holdings every time they buy, sell, transfer or accept the share transfers within



3 days after the transaction dates. Each time, they must also send copies to the company secretary to be submitted to Board of Directors meetings, of which an agenda item is shareholding acknowledgment.

#### **(b) Reporting of conflicts of interest**

The Company has required its directors and executives submit reports on their conflicts of interest, as well as those of their connected persons, if they involve the management of the Company or its subsidiaries. The first reports based on a form must be submitted to the company secretary within 30 days after they have been appointed directors or executives. They need to be submitted again within 30 days after changes occur. The company secretary shall send copies to the chairmen of the Executive Board and the Audit Committee in compliance with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

### **6 Auditors' compensation**

6.1 *Audit fee* In 2013, the Company made the following payments to Ernst & Young Co. Ltd.

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

6.2 *Non-audit fee* None

### **7 Compliance with good governance principles**

The Company complies with good governance principles in 5 areas:

#### **(a) Shareholders' rights**

##### *Before the meeting date*

The Company recognizes and values the rights of shareholders. It has strived to encourage them to exercise their fundamental rights and protect them. It also facilitates the exercise of the shareholders' rights that they are entitled to indiscriminately. Among them are the rights to adequate information, the opportunity to send questions ahead of shareholders' meeting dates, the exercise of voting rights on important issues, including the approval of dividends. The Company vows not to do anything that violates or restricts shareholders' rights. Besides, it encourages shareholders, particularly financial institutions, to attend shareholders' meetings through coordination with its investors' relations unit.

In 2013, the Company held one shareholders' meeting, the 2013 annual ordinary shareholders' meeting, at 13.30 on April 23, 2013. The Company posted the invitation letter, along with documents related to each agenda item, on its website at [www.lh.co.th](http://www.lh.co.th) 30 days ahead of the meeting date so that the shareholders had adequate time to study the information on each agenda item before receiving hard copies of the same documents by mail. The information made available on the Company's website was the same as what was sent to the shareholders in hard copies. The invitation letter and related documents were sent 14 days ahead of the meeting date. The invitation letter contained the details of each agenda item and related information, as well as the opinion of the Board of Directors, voting method and details of the documents the shareholders needed to bring with them on the meeting date. In cases where the shareholders were unable to attend the meetings, the Company arranged for the independent directors to be authorized to act on their behalf. Proxy forms approved by the Commerce Ministry and the biographies of the independent directors assigned to act as proxies were also sent to the shareholders so that the shareholders who could not attend the meeting could authorize anyone or the independent directors to represent them at the meeting.

##### *On the meeting date*

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

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

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

#### After the meeting

The 1/2556 ordinary shareholders' meeting was attended by 1,222 shareholders and proxies, representing 5,302,563,218 shares, or 52.88%, more than one third of all 10,025,921,523 shares. Mr. Anant Asavabhokhin was the chairman of the meeting and Mr. Nantawat Pipatwongkasem was the secretary of the meeting. All 9 directors attended the meeting. They were:

- |                                |                                  |  |
|--------------------------------|----------------------------------|--|
| 1. Mr. Anant                   | Asavabhokhin <sup>1</sup>        | Chairman and President                                   |
| 2. Mr. Pratip                  | Wongnirund                       | Chairman of the Audit Committee and Independent Director |
| 3. Mr. Chalerm                 | Kietitanabumroong <sup>2</sup>   | Director and Executive Vice President                    |
| 4. Mr. Pakhawat                | Kovithvathanaphong               | Audit Director and Independent Director                  |
| 5. Mr. Wisanu                  | Subsompon                        | Audit Director and Independent Director                  |
| 6. Mr. Adisorn                 | Thananan-narapool <sup>3</sup>   | Director and Senior Executive Vice President             |
| 7. Mr. Naporn                  | Sunthornchitcharoen <sup>4</sup> | Director and Senior Executive Vice President             |
| 8. Mr. Soong Hee Sang          |                                  | Director   |
| 9. Mr. Nantawat Pipatwongkasem |                                  | Director and Secretary to the Board of Directors         |

Note: On May 1, 2013, promotion was made as follows:

<sup>1</sup> Mr. Anant Asavabhokhin became Chairman and Chairman of the Executive Board.

<sup>2</sup> Mr. Chalerm Kietitanabumroong became Senior Executive Vice President and top executive for operations.

<sup>3</sup> Mr. Adisorn Thananan-narapool became Managing Director.

<sup>4</sup> Mr. Naporn Sunthornchitcharoen became President.

An auditor from Ernst & Young Co. Ltd., Ms Roongnapa Lertsuwanakul, who was the Company's auditor, also attended the meeting.

As for the minutes of the meeting, the Company recorded comprehensive details, including the names of the attending directors, questions brought up at the meeting and significant explanations on each agenda item. The minutes were disclosed on the next day after the meeting through the SET Portal of the Stock Exchange of Thailand and sent to various units within 14 days after the meeting date. They were also made available both in Thai and English at the Company's website at [www.lh.co.th](http://www.lh.co.th) so that the shareholders could readily access them without having to wait until the next meeting. They would be proposed for endorsement at the next shareholders' meeting.

#### (b) Equal treatment of shareholders

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

1. At shareholders' meetings, each agenda item will be strictly followed in the order published in the invitation letters. No additional agenda item shall be added without advance notice to the shareholders. The measure is to ensure that the shareholders have enough time to study relevant information before making decisions.

2. The Board of Directors resolved to give minority shareholders a chance to propose agenda items in advance, starting from the 1/2551 ordinary shareholders' meeting. The resolution was notified in advance through the Company's website at [www.lh.co.th](http://www.lh.co.th) and that of the Stock Exchange of Thailand, complete with the procedure to propose an agenda item and clear criteria in considering it. The Company's independent directors will consider and screen the proposed agenda items before submitting them to the Board of Directors. The agenda items approved by the Board of Directors shall be included in the next meeting's agenda. For the proposed agenda items that have not been approved by the Board of the Directors, the Company will notify the shareholders, along with the reasons and explanations for the rejections, at the Company's website.

3. The Board of Directors resolved to allow minority shareholders to propose the names of individuals to be elected as directors. The candidates must meet all the qualifications laid down by the Company and give their consent to the candidacies. The Nominating and Compensation Committee will then proceed according to the procedures to nominate, screen and select the proposed candidates to be submitted to the Board of Directors for further consideration. The names approved by the Board of Directors shall then be included as candidates in the agenda item on the election of directors at the following meeting. For the proposed candidates rejected by the Board of Directors, the Company will notify the shareholders, along with reasons and explanations for the rejections, at its website or other appropriate communications channels. In 2013, no shareholder proposed an additional agenda item or a candidate to be nominated as director.

4. The Company proposes the names of all of its independent directors as an option for proxies. A shareholder may choose to be represented by any of them. The proxy forms are also in line with the forms recommended by the Ministry of Commerce, with the formats that allow the shareholders to dictate the directions of their votes. The measure is to encourage the shareholders to exercise their rights to attend the meetings and vote on each agenda item.

5. The Company promotes the use of voting tickets for all agenda items by printing them separately for each major issue. The shareholders can therefore vote as they deem appropriate. The voting tickets will be kept in the meeting room so that they may be counted and added to the votes cast in advance in the proxy forms before the results of the votes are announced at the meeting.

6. The Company allows the shareholders to exercise their right to elect directors individually to replace those whose terms end each year.

7. The Company has laid down measures to prevent the use of insider information for personal gains by directors and executives. They are required to submit reports on their conflicts of interest and those of their connected persons, as well as their shareholding and those of their spouses and minor children. They must also submit a report each time such shareholdings change. The measures are detailed under Item on the use of insider information.

### **(c) Rights of stakeholders**

#### **Protection of stakeholders' rights**

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

- **Employees**

The Company regards its employees as a major element of its success and has treated them indiscriminately and equally. They receive appropriate and fair compensation and welfare. The remuneration is suitable for their duties and responsibilities and is within the same levels as those in the labor market. Incentives are taken into consideration to encourage employees to perform duties to their full knowledge and capacities. Evaluation is done by supervisors and a portion of the compensation is allocated to the employees based on the Company's operating results.

Several forms of welfare and benefits are provided such as:

- The Company set up a provident fund for its employees to which the employees and the Company voluntarily contribute at the rate of 5-7% of the employees' monthly salaries. Registered and managed by a licensed fund manager, the fund is in compliance with the Act on Provident Funds B.E. 2542 (1999).
- Group health-insurance policies were bought for the employees and their legitimate spouses and children.
- Group life insurance policies were bought for the employees with coverage between 500,000 and 1,500,000 baht depending on the terms of each life-insurance policy.

- Discounts are given to the employees who wish to purchase the Company's products. To exercise the right, the employees must comply with the criteria and terms determined by the Company. The Human Resource Department and the Administration will verify their qualifications and calculate the discounts for them.
- Other forms of assistance and welfare such as:
  - Outpatient medical charge coverage
  - Annual physical checkup
  - Funeral hosting for the employees and their family members
  - Financial support for wedding ceremonies
  - Maternity gifts
  - Scholarships for employees' children who meet the criteria set by the Company
  - Support for annual departmental vacation trips
  - Support for annual departmental parties
  - Free uniforms for both male and female employees
  - Additional aids for contingencies as appropriate. For example, during the great floods late in 2011, the Company provided accommodation for more than 200 families of its employees. It also extended zero-interest loans for home repairs and asset purchases after the floods up to 4 times the salaries with a 2-year repayment period. The Company also prepared parking space for 200 cars for the employees and 50,000 sand bags to prevent floods from entering their homes.
- A mental development project is held improve the efficiencies and content in the workplace through meditation. The project provides fundamental training of the senses and mind applicable to every day's life, both at work and at home. The project is open to the employees of all levels and is considered a fundamental course for normal operations. In 2013, four such trainings were held.
- Educational scholarships are awarded yearly to children of the employees at the operational level.
- Master's degree scholarships are awarded to executives to promote and support their learning and self-improvement to their maximum potential.
- Certificates and gold are given every year to the employees who have served 10, 20 and 30 years as a gesture of gratitude and to honor dedicated staff.

The Company established the Welfare Committee to represent the employees in talks with the Company to arrange welfare for them. The body acts as a medium to express the employees' demands, propose appropriate forms of benefits and welfare and monitor the provision of the benefits and welfare the Company has prepared for its employees.

The Company also emphasizes the importance of maintaining, improving and developing security and sanitary systems as well as work environment to ensure safety for life, health and assets of the employees and their sanitation. It also supports and promotes good culture and atmosphere at the workplace and is determined to develop human resources with knowledge and conscience about safety and sanitation. In 2013, the Company did not have any dispute with its employees and there was no lost-time accident.

#### **Policy on human resource training and development**

The Company is aware of the importance of human resources on its success. It recognizes that in order to achieve goals, the employees must be trained and developed systematically and steadily and this is the responsibility of not only the Company but also every employee. The Company provides opportunities for its staff to learn and develop themselves for their personal growth. At the same time, the employees must take responsibility for their own success by taking advantage of such opportunities to train and develop themselves with sincere determination. To realign training and human resource development with the Company's management and to achieve the laid-down policy, the Company set up the "human resource development center" to take charge of activities necessary for training and development. It has also set the following policy:

- 1) The Company regards human resources as the most valuable of all management resources. Each employee shall be trained and developed methodically and continually until he masters the knowledge, attitude and skills that meet his job requirements so that he can advance in his career. In so doing, the readiness of each employee is the key determination.
- 2) The Company views that the expenses on training and human resource development are an investment in its personnel. This is vital to efficient implementation to achieve core missions and operating objectives while keeping up with rapidly changing modern technologies used in the operations.

- 3) The Company stresses the need for various training projects, both line and function programs, at the supervisory and executive levels. It also holds special & supporting programs to prepare the employees for both present and future challenges and responsibilities
- 4) The Company is aware of the importance of human resource training and development as tools for improvements. It therefore promotes and supports the organization of trainings and seminars to address problems involving the operations of each department and project groups.
- 5) The Company recognizes that all levels of supervisors play a critical role in training and developing their subordinates through on-the-job training and/or coaching. In evaluating these supervisors, their ability to develop subordinates shall be taken into consideration.
- 6) The Company supports cooperation with educational institutions and organizations in the areas of training and development such as welcoming observation tours, accepting interns and engaging in academic cooperation. This is a form of social responsibility and helps bolster its corporate image.

For new recruits, the Company holds an orientation on their first day at work so they are aware of the policies, regulations, rules and orders, as well as corporate structure and fundamental corporate culture. This is also a chance for them to learn about the Company's welfare and benefits. Each year, a New Friends seminar is held so the new employees have a chance to know their colleagues and executives, which will strengthen the relationship among the employees, help build corporate ties and learn about teamwork.

In 2013, the Company steadily supported skill and competency development by organizing training at all levels-from inviting experts to provide training at the Company and sending employees to receive training outside the Company to organizing overseas training and observation trips. These enhanced the potential, knowledge and capabilities of the employees in developing the organization to sustainable success. In 2013, the Company provided training at the rate of 18 hours per employee, higher than the Department of Skill Development's standard of 6 hours per employee per year.

- **Trading partners**

The Company has laid down business ethics to become a guideline on appropriately treating its trading partners by selecting them based on free and fair competition. Criteria are set in selecting trading and contract partners by taking into account their qualifications, work quality, reputation, experiences, business expertise, financial stability, past records and the ability to deliver by schedule for the utmost benefits of the Company. The Company always prepares clear agreements or contracts with trading partners, without stipulating any unfair conditions. In purchasing goods and services from trading partners, the Company has complied with trading terms and fulfilled its contractual obligations. Good relationships are also established for mutual benefits. Moreover, the supply chain system has been adopted in ordering goods to improve convenience and speed while reducing paperwork. This helps cut costs and trading partners can prepare goods in advance.

- **Creditors**

The Company has strictly complied with the terms of loan contracts and has never committed any act that violates them, or concealed any information or facts that potentially cause damages to its creditors. These practices have always bolstered confidence among its creditors. In most borrowing contracts, certain conditions and restrictions apply such as the ratio of shareholding by majority shareholders, changes in the Board of Directors, debt guarantees or bill of exchange avals for individuals or juristic persons, dividend payments, business consolidation or mergers with other companies, maintenance of certain financial ratios and written notification to creditors of court cases which may affect debt repayment ability. The Company has also put up some of its assets as collateral for bank loans.

- **Customers**

The Company is determined to improve the quality of its products and services to meet standards. To learn about the problems, suggestions, opinions and demands of its customers, the Company set up a dedicated unit to serve as a customer contact center. The information is then used to improve its products and services to maximize customers' confidence and satisfaction. The determination paid off when Land and Houses Plc. won the Trusted Brand Award for the 8<sup>th</sup> consecutive year in a survey by Reader's Digest magazine. The survey measured the satisfaction of customers in Asia including Thailand in 6 areas: (1) reliability and trust, (2) quality, (3) value, (4) understanding consumer demand, (5) creativity and (6) social responsibility. Land & Houses was the only real estate brand to have won the Platinum Award. More detail on this can be found in "Social responsibility" under "Responsibility to consumers".

- **Competitors**

The Company competes with its rivals within the framework of ethics, professionalism, transparency and rule of law. It does not obtain the secrets or trade secrets of its rivals illegitimately and always adheres to the policy and treatments of competitors outlined in its Code of Conducts. Furthermore, viewing its competitors as trade allies, the Company allows them to visit and observe its operations and IT system to establish good relationship. Over the past year, the Company was not involved in any dispute with its rivals.

- **Communities and the environment**

The Company is always aware of its responsibilities towards communities and the environment, as reflected in its core work process, from product designing, choice of materials and resources, quality control, services, delivery time and product development for better quality of life. It also strictly complies with impact alleviation guidelines in environment impact assessment reports and rigorously monitors compliance with the law. Efficient use of resources is promoted while projects and activities are regularly held for communities. More information on these can be found in “Social responsibility” under “Environment protection”, “Participation in community and social development” and “Innovation and CSR innovation propagation”.

#### **Intellectual property or copyright**

The Company has a policy to abide by intellectual property and copyright laws. It does not support its employees in committing any act which violates intellectual property or copyright of others without authorization. The precaution was included as a guideline for employees in using computer networks and announced through the Company’s intranet.

#### **Complaint filing measures and informant protection**

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

- E-mail : [auditcommittee@lh.co.th](mailto:auditcommittee@lh.co.th)
- Mail to “Chairman of the Audit Committee, 1 Q House Lumpini, 37<sup>th</sup>-38<sup>th</sup> floors, South Satorn Road, Tung Mahamek, Satorn, Bangkok 10120”.

#### **(d) Disclosures and transparency**

- Aware of the importance of adequate, accurate, inclusive, timely and transparent disclosure, the Company publishes its important information including financial and non-financial data on the websites of the Stock Exchange of Thailand (SET) at [www.set.or.th](http://www.set.or.th) and the Security and Exchange Commission (SEC) at [www.sec.or.th](http://www.sec.or.th) according to the criteria set by the SET and SEC. In addition, the information that has been made public and known to its stakeholders is made available at the Company’s website at [www.lh.co.th](http://www.lh.co.th). It is updated regularly to ensure users have convenient access to timely news and information for their utmost benefits.
- The financial statements disclosed to stakeholders must be approved first by the Audit Committee and the Board of Directors of the Company.
- The Board of Directors has included an accountability report for financial statements of the Board of Directors, along with the Audit Report, starting from the 2006 Annual Report onward.
- The Company has complied with good corporate governance principles and published the summarily approved corporate governance policy and the results of the implementation of the policy in its annual report and on its website, starting from the 2007 Annual Report onward.
- The roles and duties of the Board of Directors and the sub-committees, as well as their meeting attendance records, are disclosed under Item , “Management structure” and “Subcommittees”. Also disclosed is the report of the chairmen of each committee.

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

From 2011 to 2013, the Company's high-ranking executives, along with the Investors' Relations Office, disclosed information to shareholders, investors and stock analysts several times as follows:

	2011	2012	2013
- Domestic, international road shows	10	8	10
- Analyst Meeting	5	5	5
- Company Visit	84	76	107
- Conference Call	9	12	8

#### (e) Accountability of the Board of Directors

##### 1. Structure of the Board of Directors

The election of the Company's directors is made in accordance with the resolution at shareholders' meetings based on the criteria and methods set by law and the Company's regulations. The directors hold a 3-year term and each year the 3 longest-serving directors shall resign to pave the way for the election of new directors. On December 31, 2013, the Board of Directors consists of 9 members:

Executive directors	5
Non-executive directors	1
Independent directors	3

The independent directors are independent from the Company's management and shareholders. They do not have any business relationship with the Company in a manner that may restrict their expression of opinions and are qualified based on the definition of independent directors as detailed under "Independent directors".

##### Separation of roles, duties and responsibilities

The Company has separated the roles, duties and responsibilities between the Board of Directors and management. The Board of Directors determines policies and supervises the management, which manage operations in several areas according to the laid-down policies. The chairman of the Board of Directors is not the same person as the president. Reports on non-routine operations are scrutinized by the Board of Directors, of which at least one third of all members are independent directors.

##### Composition of the Board of Directors

The structure and composition of the incumbent Board of Directors consists of directors with expertise in diverse fields; namely, engineering, accounting, business administration, economics and law. The variety of their professions and experiences benefits the Company's operations and constitutes a fine balance of directors.

##### 2. Subcommittees

The Board of Directors set up 4 subcommittees to help follow up and supervise the Company's operations more closely by regularly reporting to the Board of Directors. The subcommittees are the Executive Board, the Audit Committee, the Nominating and Compensation Committee and the Risk Management Committee. The Board of Directors clearly defined the authority, duties and responsibilities of each subcommittee.

##### 3. Roles and duties of the Board of Directors

3.1 The Company's Board of Directors has knowledge, skills and extensive experiences in several fields and can apply them at their discretion independently. They also have leadership and the duty to determine the strategies, directions, policies, objectives and missions of the Company, as well as to follow up on its performances in order to achieve the objectives and ensure



compliance with the policies, rules, laws and related regulations. They are also responsible for managing risks at an appropriate level within the framework of the law, objectives and resolutions of the shareholders with integrity in the best interest of the Company while having full responsibilities to the shareholders and all stakeholders. Furthermore, to enhance efficiencies, effectiveness, transparency and accountability, the Company regularly assesses the performance of the Board of Directors.

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

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

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

- Informing the employees of the Code of Conduct
- During the orientation of new employees, the principles of good corporate governance and Code of Conduct are included for better understanding and practice.
- Communicating to the employees via email about the guidelines based on the Code of Conduct.
- Organizing activities through internal electronic media or intranet, especially public relations on ethics and the principles of good corporate governance on the Welcome Page

The Company follows up on compliance of the Code of Conduct every year. The Internal Audit and System Development Department has been assigned to monitor the compliance and report to the Audit Committee for acknowledgement with suggestions on how to address the issues.

3.4 Conflicts of interests

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

#### **4. Measures to eliminate conflicts of interest**

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

4.1 For any transaction in which a director, employee or connected party has a conflict of interest with the Company, the director or employee may not take part in approving it. The price to be used must also be set appropriately, as if the transaction were made with a third party.

4.2 In determining a price to prevent a potential conflict of interest, a fair, appropriate price in line with normal trade practices shall be used.

4.3 In conducting a connected-party transaction in line with the principles of good corporate governance, the transaction must be submitted to the Audit Committee for consideration first, in line with the criteria set by the Stock Exchange of Thailand. Only after the Audit Committee gives its opinion on the transaction can it be sent to the Board of Directors for approval in keeping with good corporate governance principles.

4.4 Disclosures of transactions with potential conflicts of interest or connected-party transactions as defined by the Securities and Exchange Commission and the Stock Exchange of Thailand have been made in Form 56-1 and the Annual Report. They are also included in the financial statements in line with accounting standards.

4.5 Risk policy

Risk management: The Company's Board of Directors places great importance on risk management and has determined and evaluated risks of the business. Measures have been adopted to prevent and manage the risks, including those affecting the Company's operations as detailed under "Risk factors". As well, on May 13, 2013, the Company set up the Risk Management Committee of which scope of authority, duties and responsibilities were clearly defined in the Risk Management Committee Charter approved by the Board of Director.



## **5. Risk management policy**

5.1 As owners of risks, the Company's Board of Directors, all executives, employees and units have the duty to take responsibility of, proceed, evaluate, follow up and support the establishment of an efficient risk-management procedure.

5.2 Each business unit of the Company must set up its own risk management procedure and evaluate and follow up on its progress and results systematically and constantly. The procedure must be revised to better suit the changing business environment on a regular basis at least once a year.

5.3 Risk evaluation shall be included as part of the annual work plan of each unit by considering all risks at the organizational level and taking into consideration both internal and external risk factors. Risks must be managed and an appropriate early-warning system set up.

5.4 The Risk Management Committee is responsible for evaluating the risk management and giving its opinions on the issue to the Company's Board of Directors.

5.5 An organizational culture has been fostered to promote a common understanding and conscience on risks by building a knowledge base, as the Company believes risks can be alleviated or acceptable when the executives and staff of all units are aware of the damages they can potentially unleash. As a result, the Company is determined to develop databases both internally and externally by investing in information technology and embracing modern technologies so that staff at all levels can access the information and share their experiences. This will eventually lead to the development and improvement of the risk-management procedure into an efficient mechanism.

## **6. Board of Directors' meetings**

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

## **7. Self-evaluation of the Board of Directors**

The Company has a policy to ask its Board of Directors to evaluate its performance at least once a year to allow them to consider and review their performances, issues and obstacles over the year and to increase the effectiveness of the Board of Directors. The evaluation of the Board of Directors' performance is done in 2 manners:

7.1 Performance evaluation of the Board of Directors as a group. The areas to be assessed are: (1) structure and qualifications of the directors (2) roles, duties and responsibilities of the Board (3) meetings (4) performances of directors (5) relationship with management (6) self-improvement of directors and executive development.

7.2 Performance evaluation of individual directors. The areas to be assessed are: (1) readiness (2) determination of strategies and business planning (3) risk management and internal control (4) supervision to prevent conflicts of interest (5) following up on financial reports and operations (6) board meetings (7) others.

In 2013, the Company's secretary sent the directors' performance evaluation form to the directors. The results were summarized and submitted to the Board of Directors to be considered so that the aforementioned objectives were achieved.

## **8. Performance evaluation of subcommittees**

Each year, the Board of Directors evaluates the performance of subcommittees such as the Audit Committee to be used as a framework for reviewing the performance of the past year and improve the efficiency. The results are submitted to the Board of Directors for acknowledgment.

## **9. Compensation**

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

#### 10. Development of directors and executives

The Board of Directors recognizes the importance of developing its directors. It does so by sending its directors to attend courses on knowledge and competency development held by the Thai Institute of Directors and other institutions every year to help them improve themselves and enhance their views to be applied to the Company's business. In 2013, the following directors attended these courses.

Director	Course
Mr. Wisanu Subsompon	Risk Management Committee Program - IOD
Mr. Nantawat Pipatwongkasem	Risk Management Workshop - TLCA

The Company has a policy to steadily develop its human resource to upgrade the knowledge and capabilities of its employees and enable them to keep up with the highly competitive business world. In 2013, the Company sent its executives to attend courses both inside and outside the Company. The courses were: Finance for Non Finance Executive, Risk management, Maximizing Sales and Profits Strategy, Successful Sales Force Management Strategy, Compensation Management Strategies, security officers at management levels, as well as meditation and dharma discussions. Furthermore, the Company sent its executives to attend long-term courses such as master's degree on business administration or executive MBA (5 executives) and MPPM (1 executive)

#### 11. Orientation of new directors

As the Company is aware of the importance of the performances of new directors, an orientation program has been organized to introduce them to the Company's overall operations, the organization structures of subsidiaries, associated companies and related companies. The goal is to provide them with insights into working procedures and cross-shareholding structures. They are also given essential information necessary for their performances as the directors such as the internal work flow, Articles of Association, company objectives, code of conduct of directors, handbook of listed companies, corporate governance policy, related laws, financial statements and notes to the financial statements. They are also introduced to the Chairman, the Board of Directors and subcommittees to learn about the Company's business operations.

#### 12. Non-executive directors' meetings

The Company requires that its non-executive directors meet among themselves at least once a year to freely consider management problems without management or the administration. In 2013, they met once on December 16.

#### 13. Meetings between audit directors and auditors

To allow audit directors to fully perform their duty of assisting the Board of Directors and give them freedom to propose corporate governance guidelines, the Company encourages audit directors to meet without executives or management present. In 2013, the Audit Committee met with auditors on December 16 to enquire about their independence and exchange views on the internal control system.

# Corporate social responsibility report

The Company recognizes the importance of complying with corporate governance in line with the 2012 Principles of Good Corporate Governance for Listed Companies of the Stock Exchange of Thailand. The involve rights of shareholders, equitable treatment of shareholders, role of stakeholders, disclosure and transparency and responsibilities of the Board (more detail in “Corporate governance”). In conducting its business, the Company also places importance on communities, society and the environment. The Board of Directors is always well aware that good corporate governance and social responsibility sustainably improves its operating results and is the key to its success. The Board of Directors therefore laid down a policy on good corporate governance and business ethics in writing. In designing its core work process, the Company takes into account and pay attention to stakeholders, communities, society and the environment while strictly complying with the laws and regulations related to its business.

## 1 Fair business operations

The Company emphasizes operating business by promoting free and fair competition within the framework of the law and its business ethics. It avoids activities which may constitute conflicts of interests, has measures to supervise the use of insider information for personal gains or others’ and respects the rights and equality of all groups of stakeholders—from shareholders, customers, employees, trade partners, competitors, creditors, as well as communities, society and the environment. Guidelines on the rights and benefits that the stakeholders should be entitled to are included in the Company’s code of conduct and business ethics so that owners, executives and employees can adhere to. They are also posted on the Company’s website and central database. More information can be found in “Roles of stakeholders” under “Corporate governance”.

## 2 Anti-corruption and bribery

The Company has an anti-corruption policy and prohibits bribery. Under its code of conduct, an employee must not demand benefits and avoid accepting any asset which may illegitimately persuade him to perform or refrain from performing any duty or cause the Company to lose its legitimate benefits. All employees must not commit any act which may constitute conflicts of interest against the Company. They must not use the Company’s assets to seek commercial benefits for themselves or others, illegitimately refrain from doing anything or abuse their positions. The Company disseminates its code of conduct to all employees so they are aware of the importance of performing their duties with integrity. The Company also aims to enhance morality and ethics among its employees by holding meditation sessions and religious trainings.

As part of its whistleblower policy, the Company provides channels to report wrongdoing or corrupt practices and laid down measures to protect and mitigate negative impacts on reporters, informants or cooperators. Details are in “Measures of reporting wrongdoing and mechanisms to protect informants”.

The Company also laid down a process of assessing risks involving internal corruption through the COSO internal control evaluation at the director level, internal control assessment at the unit level and work process of the Risk Management Committee and the Internal Audit and System Development Department. Measures to monitor, control and prevent corruption are also in place for various systems, as is the effective and efficient internal control system. The adequacy and effectiveness of these system are also reviewed and improved regularly. The organization structure was designed for check and balance and appropriate separation of duties. Corporate culture also focuses on morality and ethics with mechanisms to routinely evaluate the effectiveness. Employees are made aware of the policy and trained regularly.

## 3 Human rights observation

The Company complies with human rights principles. Its directors, executives and all employees follow these principles closely and regard them as core values. They take it to heart equality, freedom, dignity and rights of other people. Discrimination is not tolerated, whether it involves race, nationality, languages, religions, sex, age and education. The Company does not support any act deemed in violation of universal human rights.

### Guidelines

- 1) Tighten supervision to ensure the Company’s business does not involve human rights violations such as child labor or sexual harassment.
- 2) Take care of employees and their well-being by giving them fair compensation, provide welfare, promote education and training continually both in the short and long term, take good care of health and sanitation, provide them with asset and work security and watch out for unfair treatments

- 3) Keep the confidentiality of customers, trade partners and employees by not transferring or disseminating personal information to unrelated parties and agencies. Disclosures or transfers of private data can only be done with prior consent of their owners.
- 4) Terms and conditions in employment contracts are appropriate and fair.
- 5) Treat employees and all stakeholders equally, indiscriminately and respectfully. Respect other people's opinions.
- 6) Stipulate in the code of conduct of employees that they must behave in a manner suitable for their duties and positions and refrain from speaking ill of other people or organizations without grounds.

#### 4 Fair treatment of labor

The Company believes that employees are the most important element of its success. It therefore takes care of and fairly treats them in various areas such as:

- Respect the rights of employees based on human rights principles. More details are under "Human rights observation".
- Determine compensation that match their duties, responsibilities and price mechanisms in the labor market by taking into consideration incentives so that employees are motivated to perform their duties to their full capacity. Performances are evaluated by supervisors and part of the compensation is allocated as their reward based on the Company's operating results.
- Various forms of welfare are provided. The Company has the policy on safety and sanitation and promote good work environment. More information is in "Rights of stakeholders and employees" under "Corporate governance".
- Promote the development of potential of employees by organizing training and educating employees at all levels.
- The Company set up a welfare committee to represent employees in talks with the Company so that the Company knows what the employees really want. It also supervises the distribution and access to such welfare.

#### 5 Responsibility to consumers

The Company is determined to improve the quality of its products and services to meet standards including setting up a contact center to listen to consumers' suggestions and opinions. Armed with such knowledge, the Company can improve their products and services to meet customers' satisfaction and bolster their confidence. The efforts paid off when Land and Houses Plc. won the Trusted Brand award for the eighth consecutive year based on a consumer survey by Reader's Digest magazine. The award measures consumers' satisfaction in both Thailand and Asia in six areas: (1) credibility and trust (2) quality (3) value (4) understanding of consumers' demand (5) creativity (6) social responsibility. Land & Houses is the only property brand that won the Platinum Award.

##### Guidelines

- 1) Manufacture products with the "Baan Sabai" concept, which focuses on coolness, comfort, energy efficiency, space usage maximization, convenience and safety

##### 1.1 Cool and energy-efficient

###### Comfortable walls

House walls are divided into two categories: those made of Q-CON's autoclaved aerated concrete and those made of reinforced concrete. The choice depends on house plans. Both types are strong, long-lasting and heat-resistant.

###### Baan Sabai roofs

Roofs are designed and constructed carefully using high-quality tiles. Every roof passes quality control so leaking is very rare. Besides, heat-reflective sheets are installed under the roofs to reflect sunlight.

###### Under-roof laths

Under-roof laths are narrow strips of materials installed with small space in between below roof tiles around the structure to allow hot air under the roofs to ventilate. The Company uses ready-made laths made of long-lasting materials, eliminating the termite problem. They are also non-decaying, non-swelling, robust, unbending, non-fading, long-lasting and easy to clean.

#### Ceilings

Ceilings are panels put under the roofs of below upper floors to conceal untidy view of the structure. The Company uses high-quality, lightweight and fire-resistant gypsum sheets as ceilings to ventilate heat, block noises upstairs and decorate rooms.

#### Light-blocking green glass

The Company uses light-blocking green glass that prevents UV ray and absorbs 35-50% of sun heat. It helps reduce the workload of air-conditioners and conserve energy.

#### Special aluminum and vinyl door/window frames

Door and window frames are made of special aluminum and vinyl, which help prevent termites and are long-lasting. They withstand sunlight, wind and rain. They do not bend, twist, swell or contract from humidity and water leaks and are easy to clean.

### 1.2 Versatile usable space

#### Bathrooms of Baan Sabai

Baan Sabai's bathrooms are designed for sanitation, with separate wet and dry sections, good ventilation and skylights to help kill germs and reduce pollution.

#### Side garden doors

Baan Sabai provides easy access to beautiful gardens around the house with additional doors to verandas along the sides, giving an airy, unobstructed view.

#### Glass lofts in sitting room and/or bathrooms, master bedroom

The airy view is enhanced by glass lofts to help reduce energy use

#### Special fiber mosquito nets

Mosquito nets are rust-proof, long-lasting and beautiful. They do not absorb heat and are black in color to prevent reflection and are easy to clean.

#### Praying rooms or separate praying shelves

A praying room or praying shelf is included in the design in keeping with the commonly believed auspicious corner.

### 1.3 Security, convenience and safety

#### Emergency light and circuit breaker system

An emergency light and circuit breaker system includes down lights in key areas such as master bedrooms and staircases during blackouts or overloads.

#### Underground water tank and pumping system

The underground water tank and pumping system is securely built with piling to support the weight. Quality tanks, connections, taps, valves are used with pipes connecting to pumps, which dispenses water automatically. A system is in place to prevent motors from overheating and pressure diaphragm tanks help extend motor life.

#### Termite control system

The Company prepares an underground termite control system by laying PE pipes around ground beams, eliminating the need to make holes on floors for chemical injections. This means there is no chemical residue in the house.

#### Garbage cans near fences and specially designed mailboxes

Space is provided for garbage cans, as well as mailboxes with well-designed slots.

#### Garden decoration

Gardens are prepared and groomed by landscape architects, ready for home owners to move in.

#### House plans

To accommodate extensions, the Company digitizes house plans and put the data on CD-ROM for ease of use.

#### Pre-built houses

Baan Sabai is pre-built before they are sold to customers, allowing customers to set their house-moving schedules conveniently.

- 2) Sells quality products and services to customers at fair prices
- 3) Creates a green environment for each project, with large common gardens for cool atmosphere for residents
- 4) Provides data on projects and products, gives advice to residents and contact customers with courtesy and no exaggerating claims.
- 5) Guarantees products and has an after-sale service to serve residents and provides house checks during warranty periods.
- 6) Sets up a customer relation system to directly communicate with residents at the Company's website or at the 1198 call center. It accepts complaints about houses and condominiums and provides home tips. The computer system was upgraded to accommodate online booking for repairs and checking service for houses under warranty where customers can submit their requests around the clock. Project residents can follow up on the status of their repairs requests and find information on their houses by themselves.
- 7) Respect customer privacy and does not reveal their data or exploit them illegitimately
- 8) Holds activities to strengthen ties among project residents, as well as their relationship with the Company in the long run

## 6 Environment conservation

The Company recognizes the importance of impacts on the environment. It therefore designs and makes quality, energy-friendly products. This is the concept behind designs and the choice of quality, energy-efficient and environmentally friendly materials. It has a system to control construction standards. Gardens are prepared around each house and the appropriate environment is arranged as detailed under "Responsibilities to consumers". Guidelines on reducing environmental impacts under environment impact assessment reports are closely followed. Efforts are made to strictly comply with related laws.

The Company places importance on energy conservation and conserve the environment. Executive cars are the hybrid type and electric golf cars, which are energy-efficient and help reduce air pollution, are used in projects.

The Company also developed an innovation in 2013 by introducing "AirPlus, an air-ventilating system that enables a house to breathe" to upgrade the quality of life of residents and save energy. More details are in "Innovation and innovative CSR propagation".

### Promotion of efficient resource use and environment education for employees

The Company is determined to use resources efficiently by taking into consideration social and environmental impacts. It encourages and educates employees to create a good environment at work by using resources effectively and efficiently and to take into account their responsibility to the environment while performing their duties. The conscience is instilled through the activities and trainings in which they constantly participate, starting from basic, everyday activity such as the reduction of paper use, more use of recycled paper, re-use of document files and regular maintenance of equipment, campaign to conserve water and electricity, etc. Moreover, the Company holds trainings to propagate knowledge on energy conservation and the environment such as energy-saving technology and energy conservation including clean energy alternatives to mitigate the impacts on the environment.

## 7 Participation in social and community development

The Company is aware of its responsibilities toward the environment and communities and routinely holds projects and activities for communities and society. In 2013, it organized the following activities:

- Scholarships for children and rewards for good workers  
To support education for children of construction workers in all projects and annual reward for hard workers
- Voice Book project: Voice creates Media for Perpetual Education  
Voice book CDs were given to the Bangkok School for the Blind under the Foundation for the Blind in Thailand to be used as educational media for blind children, who lack several categories of voice books for their study.
- Unused calendars for the Foundation for the Blind in Thailand project  
Unused calendars were given to the Foundation for the Blind in Thailand to be used as educational materials and media at the Bangkok School for the Blind.

## 8 Innovation and innovative CSR propagation

The Company intends to improve houses and upgrade the quality of life of their residents under “LH SMART: A concept for better life”. The concept is reflected by the adoption of concepts involving conveniences, safety and reduction of maintenance burden. These concepts have been integrated into the “Baan Sabai” standards since 1999. Houses under these standards are pre-built, easy to maintain, beautiful and modern. The Company continues to develop quality houses by conducting research, and collecting data on usage behaviors and problems and feedback of residents on new items. Based on the data on modern lifestyles and behaviors, one interesting finding stands out. People spend less time at home on weekdays. This means conveniences and good quality of life are what everybody needs and this led to the development of the AirPlus technology.

In 2013, the Company introduced the “AirPlus, an air-ventilating system that enables a house to breathe”. It spent no fewer than five years to develop the technology by applying knowledge on traditional Thai house design to modern home technologies. Clean energy is used as the system relies on solar cells to generate electricity. The “AirPlus” system is based on the following concepts:

1. Smart and convenient
2. Continuous ventilation
3. Easy maintenance and long lifetime
4. Solar energy
5. Adapt to modern life style
6. Live-in with good nature

It is the first concept to focus on air ventilation in a house by allowing it to circulate continuously and automatically all day using a natural approach. With the AirPlus system, new air enters and is circulated all the time, reducing carbon dioxide and damp odor. A house that can breathe is therefore fresh all the time, improving its residents’ quality of life. AirPlus has been patented under No. 0601006065 application. On September 18, 2013, the Company won a complimentary award on energy innovation at the Thailand Energy Awards 2013 organized by the Department of Alternative Energy Development and Efficiency, Ministry of Energy (nobody won the outstanding award).

# DIRECTORS AND EXECUTIVES

## MR. ANANT ASAVABHOKHIN

### Position

- Chairman of the Board of Directors and Chairman of the Executive Board Director and authorized signatory
- Appointed Date 12 December 1992  
Age 63 years

### Education

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

### % of Shareholding as 31-Dec-13

- 23.76

### Relationship

- -

### Working Experience

- May 13-Present : Chairman of the Board of Directors  
Chairman of the Executive Board  
Land and Houses PCL. (Real Estate)
- 1985-Apr 13 : President  
Land and Houses PCL. (Real Estate)
- 1988-Apr 13 : Chief Executive Officer  
Land and Houses PCL. (Real Estate)
- 2005-Present : President  
Land and Houses Retail Bank PCL. (Bank)
- 2005-Present : Director  
Polar Property Holdings, Corporation (Real Estate)
- 2005-Present : Director  
L&H PROPERTY CO.,LTD. (Real Estate)
- 2005-Present : Director  
L&H Sathon Co., Ltd. (Real Estate)
- 2004-Present : Director  
LH Realestate Co.,Ltd. (Real Estate)
- 2004-Present : Director  
LH Asset Co.,Ltd. (Real Estate)
- 2000-Present : Director  
Asia Asset Advisory Co.,Ltd. (Advisor)
- 1995-Present : President  
Home Product Center PCL.  
(Trading of construction materials)
- 1994-Present : President  
Quality Construction Products PCL. (Building Material)
- 1983-Present : President  
Quality Houses PCL. (Real Estate)

## MR. CHALERM KIETITANABUMROONG

### Position

- Senior Executive Vice President and Chief Operation Officer  
The Member of The Risk management Committee
- Appointed Date 11 July 2011  
Age 60 years

### Education

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

### % of Shareholding as 31-Dec-13

- 0.074

### Relationship

- -

### Working Experience

- May 13-Present : Senior Executive Vice President and Chief Operation Officer  
The Member of The Risk management Committee  
Land and Houses PCL. (Real Estate)
- 1988-Apr 13 : Executive Vice President Subsidiary  
and Associated Companies  
Land and Houses PCL. (Real Estate)
- 2011-Present : Director  
Land and Houses PCL. (Real Estate)
- 2005-Present : Director  
Phuket Future Plan Co., Ltd. (Real Estate)
- 2005-Present : Director  
Double Three Co., Ltd. (Real Estate)
- 2001-Present : Director  
LH Muang Mai Co.,Ltd. (Real Estate)
- 2004-Present : Director  
LH Realestate Co.,Ltd. (Real Estate)
- 2004-Present : Director  
LH Asset Co.,Ltd. (Real Estate)



**MR. ADISORN THANANAN-NARAPOOL****Position**

- Managing Director  
Director and authorized signatory
- Appointed Date 12 December 1992  
Age 59 years

**Education**

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

**% of Shareholding as 31-Dec-13**

- 0.69

**Relationship**

- -

**Working Experience**

- May 13-Present: Managing Director  
Land and Houses PCL. (Real Estate)
- 2002-Apr 13 : Director & Executive Director &  
Senior Executive Vice President Support  
Land and Houses PCL. (Real Estate)
- 1992-2001 : Executive Vice President  
Land and Houses PCL. (Real Estate)
- 2005-Present : Director  
L&H Property Co., Ltd. (Real Estate)
- 2005-Present : Director  
L&H Sathon Co., Ltd. (Real Estate)
- 2003-Present : Director  
Quality Houses PCL. (Real Estate)
- 2001-Present : Director  
LH Muang Mai Co.,Ltd. (Real Estate)
- 2000-Present : Director  
Land and Houses Property Fund I (Property Fund)
- 2002-Present : Director  
Land and Houses Property Fund II (Property Fund)
- 2004-Present : Director  
LH Real Estate Co.,Ltd. (Real Estate)
- 2004-Present : Director  
LH Asset Co.,Ltd. (Real Estate)
- 2011-Present : Director  
MFC Asset Management Public Co.,Ltd. (Securities)
- 2012-Present : Director  
Land And House U.S.A.,INC. (Real Estate)

**MR. NAPORN SUNTHORNCHITCHAROEN****Position**

- President  
Director and authorized signatory
- Appointed Date 12 December 1992  
Age 55 years

**Education**

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

**% of Shareholding as 31-Dec-13**

- 0.23

**Relationship**

- -

**Working Experience**

- May 13-Present: President  
Land and Houses PCL. (Real Estate)
- 2002-Apr 13 : Executive Director &  
Senior Executive Vice President Operation  
Land and Houses PCL. (Real Estate)
- 1991-2001 : Executive Vice President  
Land and Houses PCL. (Real Estate)
- 1995-Present : Director  
Land and Houses Northeast Co.,Ltd. (Real Estate)
- 1995-Present : Director  
Land and Houses North Co.,Ltd. (Real Estate)
- 1995-Present : Director  
LH Muang Mai Co.,Ltd. (Real Estate)
- 1994-Present : Director  
Quality Construction Products PCL. (Building Material)
- 1995-Present : Director  
Home Product Center PCL. (Trading of construction materials)
- 2004-Present : Director  
LH Real Estate Co.,Ltd. (Real Estate)
- 2004-Present : Director  
LH Asset Co.,Ltd. (Real Estate)
- 2005-Present : Director  
Land and Houses Retail Bank PCL. (Bank)
- 2005-Present : Director  
Phuket Future Plan Co., Ltd. (Real Estate)
- 2005-Present : Director  
Double Three Co., Ltd. (Real Estate)
- Dec 13-Present : Director  
CIMB Securities International (Thailand) PCL. (Real Estate)
- 2012-Present : Director  
Land And House U.S.A.,INC. (Real Estate)

#### MR. NANTAWAT PIPATWONGKASEM

##### Position

- Senior Vice President  
Legal Department  
Director and authorized signatory & Company Secretary  
The Member of The Risk Management Committee
- Appointed Date 12 December 1992  
Age 53 years

##### Education

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

##### % of Shareholding as 31-Dec-13

- 0.0001

##### Relationship

- -

##### Working Experience

- 1992-Present : Director  
Land and Houses PCL. (Real Estate)
- Jul 13-Present : Senior Vice President, Legal Department  
The Member of The Risk Management Committee  
Land and Houses PCL. (Real Estate)
- 1990-Jun 13 : Vice President, Legal Department  
Land and Houses PCL. (Real Estate)
- 1995-Present : Director  
Land and Houses North Co., Ltd. (Real Estate)
- 1995-Present : Director  
Land and Houses Northeast Co., Ltd. (Real Estate)
- 2001-Present : Director  
LH Muang Mai Co.,Ltd. (Real Estate)
- 2012-Present : Director  
Land And Houese U.S.A.,INC. (Real Estate)

#### MR. PRATIP WONGNIRUND

##### Position

- Director  
The Chairman of The Audit Committee & Independent Director
- Appointed Date 3 December 1999  
Age 79 years

##### Education

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

##### % of Shareholding as 31-Dec-13

- 0.003

##### Relationship

- -

##### Working Experience

- 2000 - Present : The Chairman of The Audit Committee &  
Independent Director  
Land and Houses PCL. (Real Estate)
- 2003 - Present : The Chairman of The Audit Committee &  
Independent Director  
Quality Construction Products PCL. (Building Material)
- 2005 - Sep 2009 : The Chairman of The Audit Committee &  
Independent Director  
ACL Securities Co., Ltd. (Securities)
- 1998 - 2009 : Chairman  
Indra Insurance PCL. (Insurance)
- 1997 - Apr 2009 : Independent Director & The Chairman  
of The Audit Committee  
Siam Commercial Leasing PCL. (Leasing)

**MR. PAKHAWAT KOVITHVATHANAPHONG****Position**

- Director  
Independent Director  
The Member of The Audit Committee  
& Chairman of The Nominating and Compensation Committee
- Appointed Date 3 December 1999  
Age 64 years

**Education**

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

**% of Shareholding as 31-Dec-13**

- 0.001

**Relationship**

- -

**Working Experience**

- 1999-Present : Director, Independent Director & The Member of The Audit Committee & Chairman of The Nominating and Compensation Committee  
Land and Houses PCL. (Real Estate)
- 2001-Present : Chief Executive Officer and Director  
(Trinity Watthana PCL. (Holding Company))
- 2001-Present : Chairman  
Trinity Securities (Securities)
- 2011-Present : Chairman  
Trinity Advisory 2001 Co., Ltd. (Advisor)
- 2011-Present : Independent Director and Risk Management Committee  
Thai Rubber Latex Corporation (Thailand) Plc.  
(Rubber Business)
- 2010-Present : Director and Chairman of Corporate Strategy Committee  
TSFC Securities Plc. TSFC : Thailand Securities Finance Corporation (Securities)
- 2010-Present : Advisor  
The Stock Exchange of Thailand
- 2010-Present : Advisor  
Association of Thai Securities Companies
- 2011 -Present : Director  
The Thai Bond Market Association
- 2009-Present : Advisor  
Thai Listed Companies Association

**MR. WISANU SUBSOMPON****Position**

- Independent Director, The Member of The Audit Committee  
Chairman of The Risk Management Committee
- Appointed Date 2 July 2012  
Age 45 years

**Education**

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

**% of Shareholding as 31-Dec-13**

- -

**Relationship**

- -

**Working Experience**

- Jun 2012 -Present : Independent Director, The Member of The Audit Committee, Chairman of The Risk Management Committee  
Land and Houses PCL. (Real Estate)
- 2002 - Present : Associate Professor  
Faculty of Engineering, Chulalongkorn University  
(Education)
- 2013 - Present : Independent Director  
Airports of Thailand PCL. (Transport and Logistic)
- 2006 - Present : Director  
Jamjuree Innovation Co., Ltd.
- 2008 - Present : Director  
Jamjuree Innovation Products ( JIP )
- 2004 - 2012 : Director  
Chulalongkorn University Intellectual Property Institute.

#### MR. SOONG HEE SANG

##### Position

- Director
- Appointed Date 29 November 2006  
Age 55 years

##### Education

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

##### % of Shareholding as 31-Dec-13

- -

##### Relationship

- -

##### Working Experience

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

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

#### MR. WIT TANTIWORAWONG

##### Position

- Executive Director & Executive Vice President and Chief Finance Officer
- Appointed Date 24 April 2013  
Age 55 years

##### Education

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

##### % of Shareholding as 31-Dec-13

- 0.00002

##### Relationship

- -

##### Working Experience

- May 13-Present: Executive Vice President and Chief Finance Officer  
Land and Houses PCL. (Real Estate)
- 2009-Apr 13 : Senior Vice President Financial Department  
Land and Houses PCL. (Real Estate)
- 1991- 2008 : Vice President Financial Department  
Land and Houses PCL. (Real Estate)
- 2007-Present : Director  
L&H PROPERTY CO.,LTD. (Real Estate)
- 2007-Present : Director  
L&H Sathon Co., Ltd. (Real Estate)
- 2000-Present : Director  
Asia Asset Advisory Co.,Ltd. (Advisor)
- 2012-Present : Director  
Land And House U.S.A.,INC. (Real Estate)

#### MR. LERSUK SUWANNATON

##### Position

- Senior Vice President Project 1  
& Vice President Business Development Department
- Appointed Date 20 February 2009  
Age 55 years

##### Education

- Bachelor of Civil Engineering Kasetsart University
- % of Shareholding as 31-Dec-13**
- 0.016

##### Relationship

- -

##### Working Experience

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

#### MR. ADUL CHUVANICHANON

##### Position

- Senior Vice President Project 10
- Appointed Date 20 February 2009  
Age 58 years

##### Education

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

##### % of Shareholding as 31-Dec-13

- 0.009

##### Relationship

- -

##### Working Experience

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

#### MR. TEERA BENJASILARAK

##### Position

- Senior Vice President Accounting Department
- Appointed Date 12 December 1992  
Age 54 years

##### Education

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

##### % of Shareholding as 31-Dec-13

- 0.013

##### Relationship

- -

##### Working Experience

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

#### MR. WATCHARIN KASINRERK

##### Position

- Senior Vice President Project 2
- Appointed Date 2 January 2013  
Age 52 years

##### Education

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

##### % of Shareholding as 31-Dec-13

- 

##### Relationship

- -

##### Working Experience

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

#### MR. SOMKIAT VIRIYAMONCHAI

##### Position

- Senior Vice President Project 6
- Appointed Date 2 January 2013  
Age 53 years

##### Education

- Bachelor of Civil Engineering Chiangmai University

##### % of Shareholding as 31-Dec-13

- -

##### Relationship

- -

##### Working Experience

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

#### MR. KAMHEANG HOONHIRUNSAI

##### Position

- Senior Vice President Project 7
- Appointed Date 2 January 2013  
Age 54 years

##### Education

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

##### % of Shareholding as 31-Dec-13

- 0.001

##### Relationship

- -

##### Working Experience

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

#### MR. NARONG KONGKAVANA

##### Position

- Senior Vice President Project 8
- Appointed Date 2 January 2013  
Age 51 years

##### Education

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

##### % of Shareholding as 31-Dec-13

- 0.002

##### Relationship

- -

##### Working Experience

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

#### MR. WINAI WATTANAGUL

##### Position

- Senior Vice President Project 9
- Appointed Date 2 January 2013  
Age 51 years

##### Education

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

##### % of Shareholding as 31-Dec-13

- -

##### Relationship

- -

##### Working Experience

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

#### MR. PHAISAN POOCHAROEN

##### Position

- Senior Vice President Project 11
- Appointed Date 2 January 2013  
Age 55 years

##### Education

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

##### % of Shareholding as 31-Dec-13

- 0.0002

##### Relationship

- -

##### Working Experience

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

#### MR. PRASONG RAKSINCHAROENSAK

##### Position

- Senior Vice President Project 12
- Appointed Date 2 January 2013  
Age 56 years

##### Education

- Bachelor of Liberal Arts Thammasat University

##### % of Shareholding as 31-Dec-13

- -

##### Relationship

- -

##### Working Experience

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

#### MR. PRAJAK HANSAKULBUNTHERNG

##### Position

- Senior Vice President Product Development Department
- Appointed Date 2 January 2013  
Age 51 years

##### Education

- Bachelor of Architecture Chulalongkorn University

##### % of Shareholding as 31-Dec-13

- -

##### Relationship

- -

##### Working Experience

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

#### MR.CHOKCHAI WALITWARANGKON

##### Position

- Senior Vice President Corporate Communication Department
- Appointed Date 2 January 2013  
Age 51 years

##### Education

- Bachelor of Commerce and Accountancy (Marketing)  
Chulalongkorn University

##### % of Shareholding as 31-Dec-13

- -

##### Relationship

- -

##### Working Experience

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

# Internal controls and risk management

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

1. Through the organization's structure The organization was designed with the nature of work in mind. The scopes of authority and duties were clearly defined to optimize operating flexibility and speed within internationally accepted restrictions. For instance, a board of director was set up to supervise policies and take responsibility for parties related to the Company. The Executive Board is in charge of operating results based on established objectives. Sub-committees; namely the Audit Committee, the Risk Management Committee and the Nominating and Compensation Committee, are in charge of missions assigned by the Board of Directors in the area of good corporate governance. Departments are grouped into two lines: operation and support, and were set up appropriately and adequately to ensure good management of supervision and checks and balances of authority among the operators in each department or line.

The Company set up the Risk Management Committee at the 3/2556 Board of Director's meeting on May 13, 2013 and had the Risk Management Committee Charter in writing. Its main duties are to monitor risk management mechanisms at acceptable levels and to report to the Board of Directors significant findings at its meetings which benefit the Company.

2. Through the Audit Committee The Board of Directors assigned the three members of the Audit Committee to supervise, monitor and consider the appropriateness and adequacy of the internal control system since the dynamic environment made it necessary to evaluate the system every year. The Audit Committee was also structured to report directly to the Board of Directors.

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

At the Company's Board of Directors' meeting No. 8/2556 on Dec 23, 2013, the Board of Directors considered the preliminary report on the evaluation of the adequacy of the internal control system in 2013 submitted by the Audit Committee. The Board of Directors was of the opinion that the Company's internal control system was adequate and suitable for the current situation based on the evaluation form of the Security and Exchange Commission and the Stock Exchange of Thailand, which covered five key areas defined by the Committee of Sponsoring Organization of the Treadway Commission (COSO)'s international standards. It was also improved by integrating the Enterprise Risk Management framework or COSO-ERM Framework to be used as a tool to optimize the risk management process and internal control system. After considering it, the Board of Directors agreed with the Audit Committee's opinions and findings.

At the department level, the Company adopts a control self-evaluation system implemented every year to review operations and improve work systems, ensure internal control is more effective and efficient and promote continual development.

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

The Audit Committee takes the supervising role so that the Internal Audit and System Development Department can perform its duties independently, fairly and ethically. The chief audit executive of the Company is Mr. Pornchai Ketkhajornvirach, Vice President, Internal Audit and System Development. The Audit Committee found Mr. Pornchai Ketkhajornvirach qualified, knowledgeable and competent, with experiences and understanding of the Company's business and work systems, and able to perform his duties efficiently. The consideration of the appointment, transfer, employment termination of the chief audit executive must be approved by the Audit Committee.



# Related-party transactions

## 1. Related-party transactions

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

Individual/ juristic person	Relationship (as of Dec. 31, 2013)	Nature of transaction	Value (million baht)		Opinion of the Audit Committee												
			2012	2013													
Quality Construction Product Plc. (Q-CON)	<div>- The Company is a majority shareholder of Q-CON, with 21.16% of all sold shares.</div> <div>- Mr. Pratip Wongnirund and Mr. Naporn Sunthornchitcharoen serve on the boards of both companies.</div>	<div>- The Company and its subsidiaries bought construction materials from Q-CON totaling 0.32% of total sale revenue in 2012 and 0.30% in 2013.</div> <table><tr><td>Goods purchases</td><td>71.7</td><td>69.3</td></tr><tr><td>Trade accounts payable</td><td>9.9</td><td>14.2</td></tr><tr><td>Other accounts payable</td><td>5.7</td><td>-</td></tr><tr><td>Dividends</td><td>6.8</td><td>27.1</td></tr></table>	Goods purchases	71.7	69.3	Trade accounts payable	9.9	14.2	Other accounts payable	5.7	-	Dividends	6.8	27.1			<div>- According to the evaluation by the Audit Committee and executives, the terms and prices were normal business practices and comparable to the same transactions with outsiders.</div> <div>- The dividends are in proportion to the Company’s holding and at the same rate as other shareholders received.</div>
Goods purchases	71.7	69.3															
Trade accounts payable	9.9	14.2															
Other accounts payable	5.7	-															
Dividends	6.8	27.1															
Home Product Center Plc. (HMPRO)	<div>- The Company is a majority shareholder of HMPRO, with 30.23% of all sold shares.</div> <div>- Mr. Anant Asavabhokhin and Mr. Naporn Sunthornchitcharoen serve on the Boards of Directors of both companies.</div>	<div>- The Company and its subsidiaries bought home decoration items from HMPRO, accounting for 0.28% of sale revenue in 2012 and 0.16% in 2013.</div> <table><tr><td>Goods purchases</td><td>63.1</td><td>37.7</td></tr><tr><td>Trade accounts payable</td><td>0.8</td><td>0.8</td></tr><tr><td>Other accounts payable</td><td>4.5</td><td>0.1</td></tr><tr><td>Dividends</td><td>304.2</td><td>85.8</td></tr></table>	Goods purchases	63.1	37.7	Trade accounts payable	0.8	0.8	Other accounts payable	4.5	0.1	Dividends	304.2	85.8			<div>- According to the evaluation by the Audit Committee and executives, the terms and prices were normal business practices, comparable to the same transactions with outsiders.</div> <div>- The dividends are in proportion to the Company’s holding and at the same rate as other shareholders received.</div>
Goods purchases	63.1	37.7															
Trade accounts payable	0.8	0.8															
Other accounts payable	4.5	0.1															
Dividends	304.2	85.8															

Individual/ juristic person	Relationship (as of Dec. 31, 2013)	Nature of transaction	Value (million baht)		Opinion of the Audit Committee
			2012	2013	
Quality Houses Property Fund (QHPF)	<ul style="list-style-type: none"> <li>- Mr. Anant Asavabhokhin's group (consisting of Mr. Anant Asavabhokhin / Mayland Co., Ltd. / and Ms. Piangjai Harnpanij) holds a combined 30.52% in QHPF as of August 29, 2013.</li> <li>- The Company is the majority shareholder of QH, with a 24.98% stake.</li> <li>- QH is the majority shareholder of QHPF, at 25.66%.</li> <li>- Mr. Anant Asavabhokhin and Mr. Mr. Adisorn Thananan-narapool serve on the boards of both the Company and QH.</li> </ul>	<ul style="list-style-type: none"> <li>- The Company and its subsidiaries leased buildings from QHPF for their head offices.</li> <li>Rentals and services</li> <li>Advanced payments</li> <li>Dividends</li> </ul>	39.3 8.6 21.8	42.1 9.3 21.3	<ul style="list-style-type: none"> <li>- According to the evaluation by the Audit Committee and executives, the leasing was based on normal business practices and the rentals were comparable to the rates QHPF charged its other customers.</li> <li>- The dividends are in proportion to the Company's holding.</li> </ul>
Land and Houses Retail Bank Plc. (LH Bank)	<ul style="list-style-type: none"> <li>- The Company is the majority shareholder, with 34.14%, of LH Financial Group (LHFG), which holds 99.99% of shares in LH Bank.</li> <li>- Quality Houses Plc., an associated company of the Company, holds 21.60% of shares in LHFG.</li> <li>- Ms. Piangjai Harnpanij, Mr. Anant Asavabhokhin's mother, holds 16.68% of shares in LHFG.</li> </ul>	<ul style="list-style-type: none"> <li>- The Company and its subsidiaries had savings and current accounts with LH Bank.</li> <li>Short-term bills of exchange and deposits</li> <li>Interest income</li> <li>Accrued interest</li> <li>Dividends</li> </ul>	919.0 22.7 0.1 15.0	651.9 16.7 0.1 139.9	<ul style="list-style-type: none"> <li>- According to the evaluation of the Audit Committee and executives, the deposits were normal business practice and the interest earned was of the same rates as what other companies unrelated to LH Bank received from it. No obligation for the deposits.</li> <li>- The dividends are in proportion to the Company's holding and at the same rate as other shareholders received.</li> </ul>

Individual/ juristic person	Relationship (as of Dec. 31, 2013)	Nature of transaction	Value (million baht)		Opinion of the Audit Committee
			2012	2013	
Quality Houses Plc. (QH)	<ul style="list-style-type: none"> <li>- The Company holds 24.98% of shares in QH. Mr. Anant Asavabhokhin and Mr. Adisorn Thanananarapool are directors of both the Company and QH.</li> <li>- Government of Singapore Investment Corporation Pte. Ltd. is a majority shareholder in both the Company (16.12%) and QH (10.77%).</li> </ul>	<p>Dividends</p> <ul style="list-style-type: none"> <li>- Management and accounting fees</li> <li>- Brokerage fees</li> <li>- Trade accounts payable</li> <li>- Other accounts payable</li> </ul>	<p>19.52</p> <p>57.9</p> <p>-</p> <p>16.8</p> <p>5.7</p>	<p>434.5</p> <p>45.6</p> <p>4.4</p> <p>10.3</p> <p>10.6</p>	<ul style="list-style-type: none"> <li>- The dividends were paid in proportion to the Company's holding and at the same rate as what other shareholders received.</li> <li>- The Company's Board of Directors on November 14, 2011 approved a connected transaction worth 75.70 million baht in which QH is hired to manage the Grande Centre Point Hotel &amp; Residence Sukhumvit Terminal 21 for 3 years 2 months from November 1, 2011 to December 31, 2014.</li> <li>- QH was hired to manage Grande Centerpoint Ratchadamri Hotel for 3 years and 3 months from October 1, 2010 to December 31, 2013</li> </ul>
Land and Houses Freehold and Leasehold Property Funds 1 and 2 (LHPF 1 and 2)	<ul style="list-style-type: none"> <li>- The Company holds 49.94% of units in LHPF 1 and 49.99% in LHPF 2.</li> </ul>	Dividends	316.3	21.2	<ul style="list-style-type: none"> <li>- The dividends were paid in proportion to the Company's holding, at the same rates as what other unit holders received.</li> </ul>
Asia Asset Advisory Co., Ltd. (AAA) and L&H Property Co., Ltd. (LHP)	<ul style="list-style-type: none"> <li>- Asia Asset Advisory Co., Ltd. (AAA) and L&amp;H Property Co., Ltd. (LHP) are related as Government of Singapore Investment Corporation Pte. Ltd., a major shareholder of the Company with 16.12%, is also a major shareholder of AAA, with 60%.</li> <li>- The Company holds 40% of shares in AAA.</li> <li>- Mr. Anant Asavabhokhin and Mr. Soong Hee Sang serve as the directors of both LHP and AAA.</li> </ul>	<ul style="list-style-type: none"> <li>- AAA provides property procurement and management services for LHP, a subsidiary of the Company for the period from January 1-December 31, 2012.</li> </ul> <p>Management fees</p>	<p>62.8</p>	<p>62.5</p>	<ul style="list-style-type: none"> <li>- The Company's Board agreed at its meeting on November 11, 2012 that the fees were fair and in line with normal business practices. They consisted of: <ul style="list-style-type: none"> <li>- A management fee of 0.25% of the net asset value (NAV) for operational projects</li> <li>- An asset procurement/ disposition and building improvement fee for completed projects of 2 times employees' wages plus a 10% operating fee (Mr. Soong Hee Sang, who represented GIC, did not attend the meeting and vote on this agenda item).</li> </ul> </li> </ul>

Individual/ juristic person	Relationship (as of Dec. 31, 2013)	Nature of transaction	Value (million baht)		Opinion of the Audit Committee
			2012	2013	
Reco Resort Pte. Ltd. (RECO) and L&H Property Co., Ltd. (LHP)	- The connected party was RECO since Government of Singapore Investment Corporation Pte. Ltd. (GIC) is an indirect major shareholder in RECO (100%) and a major shareholder of the Company (16.12%).	<p>- The Company and RECO gave financial assistance to LHP based on their shareholdings in LHP. The Company, which owned 60%, and RECO, which owned 40%, jointly lent to LHP based on their holdings. The Company gave a credit line of not more than 1,320 million baht and RECO lent no more than 880 million baht at the interest rate of The Siam Commercial Bank Plc.'s MLR-1.5% to support LHP's L&amp;H Rajdamri, L&amp;H Villa Sathorn and L&amp;H Sukhumvit projects. They expected to be repaid in 2020. LHP had the following outstanding debts owed to RECO:</p> <p>- Loans and accrued interest</p> <p>LHP had the following outstanding debts owed to the Company:</p> <p>- Loans and accrued interest</p> <p>- Interest payable</p>	<p>496.9</p> <p>745.5</p> <p>29.8</p>	<p>393.7</p> <p>590.8</p> <p>21.3</p>	- At its November 10, 2010 meeting, the Board was of the opinion that the lending was reasonable and benefited the Company. (Mr. Lim Swe Guan and Mr. Soong Hee Sang, who represented GIC, did not attend the meeting and vote on this agenda item).

Individual/ juristic person	Relationship (as of Dec. 31, 2013)	Nature of transaction	Value (million baht)		Opinion of the Audit Committee
			2012	2013	
Mr. Pittaya Tantipiriyakit	<ul style="list-style-type: none"> <li>- Mr. Pittaya is a director of LH Muang Mai Co., Ltd. (LM), a subsidiary of the Company.</li> <li>- The Company holds 55% of shares in LM.</li> </ul>	<ul style="list-style-type: none"> <li>- Mr. Pittaya lent to LM in proportion to his holding.</li> <li>- Short-term loan and accrued interest</li> <li>- Interest payable</li> </ul>	45.2  2.2	53.4  2.2	<ul style="list-style-type: none"> <li>- According to the evaluation of the executives, the interest rate charged for the loans was a market rate of 7.5%.</li> </ul>
Siam Retail Development Co., Ltd. (SRD)	<ul style="list-style-type: none"> <li>- Mr. Anant Asavabhokhin holds 23.76% in the Company and 27% in SRD.</li> </ul>	<ul style="list-style-type: none"> <li>- Office common-area fee</li> <li>- Terminal 21 shopping center management fee</li> <li>- Brokerage fee</li> <li>- Other accounts payable</li> </ul>	-  22.0 11.3 4.3	-  23.7 14.6 9.6	<ul style="list-style-type: none"> <li>- The Board of Directors' meeting on May 13, 2011 was of the opinion that the transactions and their terms were normal trade practices. The Audit Committee also shared the same opinion.</li> </ul>
Land and Houses Freehold and Leasehold Property Fund (LHPF)	<ul style="list-style-type: none"> <li>- Government of Singapore Investment (GIC), which holds 16.12% in LH, holds 15% in LHPF.</li> <li>- LH also holds 15% in LHPF</li> </ul>	<ul style="list-style-type: none"> <li>- Dividends</li> <li>- Realized provision for guaranteed income of the fund</li> <li>- Unrealized provision for guaranteed income of the fund</li> </ul>	9.6 80.6 72.8	34.6 33.3 67.3	<ul style="list-style-type: none"> <li>- In line with shareholding</li> <li>- The guarantee was in proportion with the sale of assets into the fund between LH and GIC, at 52:48 for 3 years from 2013-2015 as detailed in the prospectus.</li> </ul>

## 2 Necessity and accountability of the transactions

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

## 3 Measures or procedures of approving related party transactions

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

#### 4 Policy or trend of related-party transactions

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

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

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

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

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

Land and House Financial Group Plc. (LHFG)

As of December 31, 2013, the shareholders of LHFG, which holds 100% of shares in Land and Houses Bank Plc. were:

- (1) Land and Houses Plc. (34.14%)
- (2) Quality Houses Plc. (21.60%)
- (3) Ms. Piangjai Harnpanij (16.68%)
- (4) Groups of executives and other retail shareholders (27.58%)

Under the shareholding structure, Ms. Piangjai Harnpanij is a person with potential conflicts of interest with LH and QH, as she is related to Mr. Anant Asavabhokhin. A group led by Mr. Anant is the majority shareholder of LH, with 30.52% (as of August 28, 2013). Mr. Anant is also a director of both LH and QH.

The indirect holding of more than 10% in LH Bank, an associated company of LH and QH, by Ms. Piangjai is not in keeping with the notification of the Securities and Exchange Commission of Thailand on the maintaining of the status as a listed company on the Stock Exchange of Thailand B.E. 2544 (2001). Item of the notification provides: "A listed company and its subsidiaries must not have conflicts of interest as defined by the criteria under the notifications of the Securities and Exchange Commission of Thailand". The reason, necessity and background of such a shareholding structure dated back to when LHFG filed a request to set up a commercial bank under the LH Bank name. According to the Finance Ministry's announcement on the criteria, procedure and conditions in applying to establish a commercial bank dated January 23, 2004, the qualifications of an eligible applicant stipulates: "An entity which has the right to submit the application must not have any other person become a new majority shareholder from the date the Minister signed this announcement to the date the license to operate a bank is granted or the date it is notified that its application has been turned down, whichever is applicable". The majority shareholder in this case means a person with controlling power who holds 20% or more of all shares. Holding more than 5% in a commercial bank requires an approval from the Bank of Thailand and the Finance Ministry, and Ms. Piangjai was granted the approval. As of December 31, 2013, Ms Piangjai had a 16.68% indirect stake in LH Bank.

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

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

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

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

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

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

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

# Explanations and Analysis of Financial Position and Operating Results

## (a) Overall picture of past performances

### Operating results

In the first 6 months of 2011, consumers' confidence improved on pent-up demand after they delayed buying houses in the latter half of 2010 following the end of tax breaks for homebuyers. Demand slipped again in the last 4 months of 2011 due to the great floods. At the end of 2011, the Company still managed to maintain growth, with sales revenue for the whole year totaling 18,580.09 million baht, up 12.3% or 2,034.8 million baht from 2010. In 2012, the flood concerns eased and consumer confidence improved, driven by government measures to boost incomes and purchasing power. Sales revenue continued to increase to 22,305.37 million baht, up 20.1% or 3,725.28 million baht from the levels in 2011. For 2013, the Company retained growth at similar levels in the first six months of the year before sliding in the latter half in the wake of the political turmoil. In any case, the Company managed to show growth at a level similar to the previous year's, with consolidated revenue of 22,939.49 million baht, up 2.84% or 634.12 million baht, from 2012.

Gross profit margin In 2011, gross profit was 6,247.63 million baht, while gross profit margin stood at 32.49%, down slightly from 2010. In 2012, gross profit margin rose to 34.48% on gross profit of 8,310.12 million baht. In the first six months of 2013, the Company booked gross profit of 9,085.41 million baht, representing a margin of 36.23%, up 9.33% from the same period of 2012.

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

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

In the first six months of 2013, confidence and consumers' purchasing power continued to grow due to the government's measures to increase liquidity and investment policies. The regional integration in the form of Asean Economic Community which will begin in 2015 also bolstered confidence and the country's economic growth projections. All these slowed in the second half due to escalating political conflicts.

### Past performance of each business group

More than 90% of the total revenue of the Company and its subsidiaries came from the property business. In 2011, the proportion of property business revenue declined as the Company sold its investment in September, leading to a drop in the proportion of property business in total revenue to 83.92%. In 2012, revenue from the property business accounted for 91.29% of total revenue. In 2013, it slid slightly to 89.11% of total revenue.

**Sales Revenue :** Sales revenue consists of revenue from land development and construction of immovable assets for sale. The revenue is realized when construction work has been completed by contractual terms and ownerships have been transferred to buyers. The majority of sales revenue from 2011 to 2013 came from sales of single houses, at 73.3%, 73.7% and 79.9% respectively. While the Company and its subsidiaries have focused on building single houses for sale, they have expanded their customer bases by developing for sale other types of residential units; namely, townhouses and condominiums, to meet customers' demand.

Revenue from land development and construction of immovable assets for sale increased steadily but slowed down in 2013. In 2011, sales revenue rose by 12.30%, or 2,034.80 million baht, to 18,580.09 million baht.

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

In 2013, sales revenue grew by 2.84% or 634.12 million baht from the previous year to 22,939.49 million baht.

**Lease revenue :** Lease revenue of the Company continued to rise steadily.

In 2011, the Company booked lease revenue of 648.99 million baht, or 2.93% of total revenue, up 85.30% or 298.76 million baht from the previous year. This was because the political situation was more stable than on 2010. Moreover, a new revenue stream came from the L&H Sukhumvit project, which had launched the Terminal 21 shopping center and the Grande Centre Point Hotel in the fourth quarter of 2011.



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

In 2013, lease revenue was 8.30% of total revenue or 2,135.96 million baht, up 18.85% or 338.81 million baht from the previous year.

Share of profit from investments in associated companies : In 2011 and 2012, the share of profit from investments in associated companies was 1,156.14 million baht and 2,284.73 million baht respectively on the back of higher profits of the associated companies. In 2011, the share fell 21.27% or 312.47 million baht, from the previous year due to the disposal of the Company's entire 25.06% stake in Bangkok Chain Hospital Plc. and the associated companies' weakening operating results. In 2012, the share of profit from investments in associated companies surged by 97.61% or 1,128.59 million baht from the level in 2011 on better performances of the associated companies. Part of the increase was due to asset sales by two of the associated companies. The Land and Houses Freehold and Leasehold Property Fund 2 had sold assets to the Land and Houses Freehold and Leasehold Property Fund while Quality Houses Plc. had sold some assets to the Quality Houses Hotel and Residence Freehold and Leasehold Property Fund. In 2013, the share of profit from investments in associated companies dropped by 7.70% or 175.97 million baht to 2,108.76 million baht as the associated companies earned little from asset sales during the year.

#### Share of profit from investments in associated companies

Unit: thousand baht

Company	2013	2012
LH Financial Group Plc.	288,222	234,354
Home Product Center Plc.	927,113	803,143
Asia Asset Advisory Co., Ltd.	3,900	3,305
Land and Houses Property and Loan Fund-II	15,963	524,621
Quality Houses Plc.	824,061	609,746
Quality Construction Product Plc.	49,501	84,216
Starmalls, Inc.	-	25,344
Total	2,108,760	2,284,729

**Other incomes :** Other incomes consist of profits from the disposal of investments, profits from the reversals of investment impairment, profits from the reversals of losses from project impairment, interest income, utility services fee incomes, dividends receivable and other incomes.

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

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

In 2013, other incomes of 666.27 million baht comprised utility fee incomes of 226.32 million baht, dividends receivable of 126.66 million baht, profit from land right sale under the North Park project of 202.29 million baht and other incomes of 111.00 million baht.

**Sales cost :** In 2011, gross profit margin fell slightly, representing 32.49% of total revenue. Gross profit margin from the sale of building and land was at 32.64% while that of lease revenue was 28.29%. In 2012, gross profit margin rebounded to 34.48% of total revenue, with that for sales of buildings and land standing at 34.01% and that of lease revenue at 40.30%. In 2013, gross profit margin rose further to 36.23% of total revenue while that for sales of buildings and land standing at 35.75% and that of lease revenue was 41.33%.

The higher gross profit margin for sales of buildings and land, which rose by 1.74% from 2012, was due to higher sales of high-margin single houses and higher home prices than in 2012 while costs remained the same.

**Management expenses :** Management expenses in 2011 and 2012 were 1,467.62 million baht and 1,746.23 million baht, representing 6.63% and 7.15% of total revenue respectively. In 2013, management expenses were 1,645.06 million baht, or 6.39% of total revenue, down 5.79% or 101.17 million baht year-on-year.

**Sales expenses :** Sales expenses, excluding special business taxes and transfer fees, in 2011 and 2012 stood at 878.33 million baht and 909.08 million baht respectively. They rose to 3.5% in 2012 in line with higher marketing, advertisement and public relations expenses. In 2013, sales expenses were 908.37 million baht, representing 3.43% of total revenue and in line with the previous year's level.

**Special business taxes and transfer fees :** Special business taxes and transfer fees totaled 716.36 million baht, accounting for 3.24% of total revenue. In 2012, they amounted to 862.23 million baht or 3.53% of total revenue, increasing by 20.36% or 145.87 million baht from the previous year, due to higher sales. In 2013, they were 882.37 million baht, or 3.43% of total revenue. They rose by 2.33% or 20.14 million baht compared to the previous year in line with slightly higher sales relatively 2012's levels.

**Losses from project impairment :** Losses from project impairment from 2011 to 2013 stood at 15.80 million baht, 81.19 million baht and 79.98 million baht respectively, most were due to servitudes.

**Earnings before interest and corporate income tax :** Earnings before interest and corporate income tax in 2011, 2012 and 2013 stood at 6,079.41 million baht, 5,039.64 million baht and 6,150.14 baht respectively. In 2012, the Company's profit before interest and corporate income tax dropped by 1,039.77 million baht year-on-year, mainly due to a profit of 2,490.30 million baht from the disposal of its investment in 2011. In 2013, profit before interest and corporate income tax rose by 22.03%, or 1,110.50 million baht, from the previous year due to higher gross profit margin and profit from the sale of land purchase right under the North Park project.

**Earnings before corporate income tax :** Earnings before corporate income tax in 2011, 2012 and 2013 amounted to 6,925.95 million baht, 6,836.34 million baht and 7,689.14 million baht respectively. In 2012, earnings before corporate income tax fell by 1.33% or 89.61 million baht due to a profit from the disposal of investment of 2,490.30 million baht in 2011 although sales revenue was lower while there was no such profit in 2012.

**Net profit :** Net profit of the Company and its subsidiaries from 2011 to 2013 totaled 5,608.56 million baht, 5,681.83 million baht and 6,478.40 million baht respectively. In 2013, net profit rose 14.02% or 796.57 million baht.

Based of the aforementioned operating results and the profitability ratios of the Company in 2011, 2012 and 2013, its gross profit margin stood at 32.49%, 34.48% and 36.23% respectively. Net profit margin was 25.33%, 23.07% and 25.17% respectively.

**Earnings per share :** Based on the average number of shares in 2011, 2012 and 2013 at 10,025.92 million shares, basic earnings per share were 0.56, 0.57 and 0.65 baht respectively.

**Dividends payable :** Based on the operating results, the Company considered paying dividends for its performances in 2011, 2012 and 2013 as follows:

	Dividend rate (%)	Dividends (million baht)	Payment date
Dividends for 2011 operations	71.50	1,704 2,306	September 9, 2011 May 18, 2012
Dividends for 2012 operations	80.04	2,005 1,002 1,504	September 12, 2012 December 12, 2012 May 22, 2013
Dividends for operations in the first six months of 2013	81.60	2,506	September 12, 2013

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

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

Dividend payment for 2013 operations The Board of Directors approved on August 13, 2013 the payment of an interim dividend of 0.25 baht per share (at one-baht par) for the six-month operations, totaling 2,506 million baht.

## **(b) Financial position**

### Assets

Total assets of the Company and its subsidiaries as of the end of 2011, 2012 and 2013 stood at 60,832.59 million baht, 65,040.48 million baht and 75,369.11 million baht respectively. Since the Company operates the business of developing real estate by building pre-built houses and launching new projects regularly, its core assets are in the form of inventories, comprising land and projects under development. Next in importance are assets in the form of long-term investments, investments in subsidiaries and associated companies, leasehold rights and property for investment. Details of the Company's assets are as follows:

Inventories: Outstanding inventories as of the end of 2011, 2012 and 2013 were valued at 31,471.83 million baht, 32,536.63 million baht and 38,496.08 million baht, representing 51.74%, 50.03% and 51.08% of total assets respectively. The Company separated the accounts of the undeveloped land of its own and its subsidiaries, as well as its related expenses, totaling 4,681.31 million baht, 4,362.77 million baht and 4,126.21 million baht as of the end of 2011, 2012 and 2013 respectively. The amounts were booked as land pending development and shown under non-current assets. They will be booked as inventories once development begins.

Net accounts receivable Net accounts receivable of the Company as of the end of 2011, 2012 and 2013 were 104.51 million baht, 120.25 million baht and 136.25 million baht respectively and were under the leasing business.

### Investment in associated companies

As of the end of 2011, investments in associated companies of Company and its subsidiaries totaled 14,378.92 million baht. They were:

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

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

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

As of the end of 2012, the Company and its subsidiaries had the following investments in associated companies totaling 14,204.28 million baht:

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

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

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

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

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

As of the end of 2013, the Company and its subsidiaries had investments worth 15,778.18 million baht in associated companies. They were:

(1) LH Financial Group Plc. In 2013, holders of LH Financial Group Plc.'s warrants exercised their rights to convert the warrants into 330 million ordinary shares, diluting the Company's holding from 35.07% to 34.14%. On April 22, 2013, LH Financial Group Plc.'s shareholders approved the allocation of new ordinary shares based on their existing shareholding at the ratio of 30 existing shares for one new share at the price of one baht each. The Company exercised its right to buy the new shares of LH Financial Group Plc. by paying 140 million baht for 140 million new shares. The payment was made in May 2013.

(2) Home Product Center Plc. In 2013, the Company bought 10 million more Home Product Center Plc shares for 152 million baht. Warrant holders of Home Product Center Plc also exercised their right to convert the warrants into 5 million ordinary shares. These changed the Company's stake in Home Product Center Plc. from 30.11% to 30.23%.

On April 5, 2013, Home Product Center Plc.'s shareholders approved a share dividend at a general shareholders' meeting at the ratio of 6 existing shares to 1 dividend share, or the equivalent of 0.1667 baht a share, and a cash payment of 0.0186 baht a share. The Company received 355 million dividend shares and a cash dividend of 40 million baht on April 30, 2013. The Company averaged the cost of its investment in Home Product Center Plc by combining the dividend shares with its existing shares.

On October 22, 2013, Home Product Center Plc.'s shareholders approved a share dividend at the ratio of 6 existing shares to 1 dividend share, the equivalent of 0.1667 baht a share, and a cash dividend of 0.0186 baht a share. The Company received 414 million dividend shares and a cash dividend of 46 million baht on November 15, 2013. The Company averaged the cost of its investment in Home Product Center Plc by combining the dividend shares with its existing shares.

(3) Quality Houses Plc. In 2013, the Company bought 10.5 million more shares of Quality Houses Plc. for 30 million baht, resulting its stake changing from 24.86% to 24.98%.

Investments in associated companies under the equity method as of December 31, 2013 and 2012 were as follows:

Unit: thousand baht

Company	2013	2012
LH Financial Group Plc.	5,137,099	4,976,725
Home Product Center Plc.	4,463,111	3,470,119
Asia Asset Advisory Co., Ltd.	9,042	5,142
Land and Houses Property Fund	32,402	32,402
Land and Houses Property and Loan Fund-II	537,126	542,334
Quality Houses Plc.	5,179,520	4,780,100
Quality Construction Products Plc.	419,878	397,458
Total	15,778,178	14,204,280

**Long-term investments:** Long-term investments at the end of 2011, 2012 and 2013 were valued at 455.97 million baht, 3,208.56 million baht and 2,849.62 million baht, accounting for 0.75%, 4.93% and 3.78% of total assets respectively.

In 2011, the Company sold its investment in Indonesia, generating a net return of 347 million baht.

In 2012, the Company invested an additional 495 million baht in the Land and Houses Property and Loan Fund. It also reclassified its investment in Starmalls, Inc. as securities available for sale in the amount of 2,142.34 million baht instead of an investment in associated companies after its shareholding the associated company fell from 25% to 9.59%.

In 2013, the Company had long-term investment of 2,849.62 million baht, down 358.94 million baht from the previous year, due to downward adjustments of the fair value of its investments in Land and Houses Property Fund of 56.92 million baht, Quality Houses Property Fund of 71.66 million baht and Starmalls, Inc. of 121.26 million baht. It also allocated an allowance for permanent price discount of Bangkok Mass Transit System Plc. (BTSC) of 63.44 million baht and was repaid 45.65 million baht from BTSC for capital reduction.

**Land pending development:** As of the end of 2011, 2012 and 2013 land pending development was valued at 4,681.31 million baht, 4,362.77 million baht and 4,126.21 million, representing 7.70%, 6.71% and 5.47% of total assets respectively.

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

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

At the end of 2013, land pending development totaled 4,126.21 million baht after an impairment allowance of 802.86 million baht.

In 2012, the Company hired an independent appraiser to evaluate the fair value of some land under development using the market comparison approach. The appraiser estimated prices higher than the net accounting value of the projects.

As of December 31, 2013, the Company and its subsidiaries put up some land under development as collateral for long-term loans with net accounting value of 3,496 million baht (2,116 million baht in 2012).

**Immovable assets for investment :** In 2011, 2012 and 2013, the Company had immovable assets for investment worth 386.51 million baht, 313.68 million baht and 3,758.71 million baht respectively. In 2011 and 2012, they were the L&H Villa Sathon project, which was sold to the Land and Houses Property and Loan Fund in 2012. As of the end of 2012, the immovable asset for investment was an apartment in California, the United States, bought by its subsidiary Land and Houses U.S.A. Inc. (LH USA) in December 2012. In September 2013, LH USA demanded an additional capital payment of US\$8.7 million, bringing its paid-up capital to US\$20 million. LH USA also sought a 4-year US\$95.8 million loan from the Company to buy 100% of another apartment in Oakland, California, USA, for rent at US\$104 million.

**Land, buildings and equipment :**

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

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

In 2013, the net value of land, buildings and equipment stood at 616.29 million baht, down 34.70 million baht from the end of 2012.

**Leasehold rights :** In 2011, 2012 and 2013, the Company and its subsidiaries had leasehold rights worth 6,870.71 million baht, 6,420.07 million baht and 6,280.25 million baht respectively. They consisted of the leasehold rights for Grande Centre Point Ratchadamri hotel and the L&H Sukhumvit project, which comprises Terminal 21 shopping center and Grande Centre Point Hotel & Residence-Terminal 21 hotel. In 2013, there was a leasehold sale of 256 million baht (257 million baht in 2012) booked under leasehold and service costs.

In October 2013, Pacific Real Estate Co., Ltd., one of its subsidiaries, placed a 106.71-million-baht guarantee to rent a plot of 3-2-40 square wah on Sukhumvit Soi 55 for 33 years, with total leasehold value throughout the contract of 620 million baht. The plot will be developed into a hotel and a serviced apartment for rent.

### Asset Quality

#### **(1) Inventories**

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

As of December 31, 2012, net outstanding inventories stood at 32,650.26 million baht, up 1,104.22 million baht from the end of 2011, due to project development. Product impairment allowances were 113.63 million baht and outstanding inventories had a net book value of 32,536.63 million baht.

As of December 31, 2013, net outstanding inventories stood at 38,663.63 million baht, up 6,012.87 million baht from the end of 2012, due to project development. Product impairment allowances were 167.55 million baht and outstanding inventories had a net book value of 38,496.08 million baht.

#### **(2) Long-term investments: Long-term investments as of the end of 2013 are as follows:**

Unit: million baht

	Securities available for sale	General investments	Total
Equity securities	3,152.27	204.44	3,356.71
Less : Allowances for revaluation	(406.59)	(100.50)	(507.09)
Less : Allowances for impairment of investments	-	-	-
Total	2,745.68	103.94	2,849.62

### Liquidity

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

(unit : million baht)

	2011	2012	2013
Cash flow from operating activities	(1,010.88)	5,007.96	662.35
Cash flow from investing activities	137.86	884.90	(2,867.25)
Cash flow from financing activities	(58.69)	(5,629.85)	1,944.60

In 2011, cash and cash equivalents declined by 931.71 million baht due to operating and financing activities.

In 2012, cash and cash equivalents rose 263 million baht from operating and investing activities. It was spent on financing activities.

In 2013, cash and cash equivalents decreased by 296.55 million baht from operating and financing activities. It was spent on investing activities.

Cash flow from investing activities was 137.86 million baht in 2011, primarily from the disposal of investments worth 3,500.66 million baht. The amount was used to invest more in other subsidiaries and associated companies and in additional leasehold rights of 1,806.69 million baht and 2,062.65 million baht respectively.

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

Cash flow from investing activities was minus 2,867.25 million baht in 2013, due to the purchase of an immovable asset for rent of LH USA, one of the Company's subsidiaries in California, USA, of 3,731.24 million baht and dividend payments by associated companies of 708.47 million baht.

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

Cash flow from financing activities was minus 5,629.84 million baht in 2012, mainly due to dividend payments of 5,266.33 million baht.

Cash flow from financing activities was 1,944.60 million baht in 2013, mainly due to net receipts from debenture issues and long-term loans of 3,000 million baht and 2,666.97 million baht respectively.



#### Important liquidity ratios

Liquidity ratios in 2011 and 2012 were 2.83 and 3.06 times respectively while quick ratios over the two years were 0.11 and 0.14 times respectively. The liquidity and quick ratios improved in 2011 before declining in 2012 due to a decrease in current assets, particularly cash.

In 2013, the liquidity ratio was 3.02 times while the quick ratio stood at 0.10 times. They dropped from the levels in 2012 due to an increase in current assets, especially inventories, which grew by 5,959.45 million baht.

The creditor ratio was 7.06 times in 2011 before increasing to 7.35 times in 2012, with the repayment period standing at 51 and 49 days respectively.

In 2013, the creditor ratio was 5.95 while the repayment period increased to 60 days.

#### Investment expenses

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

In 2013, the Company's key investment was through its 100%-owned LH USA, which bought an apartment building for rent in Oakland, California, USA, for US\$104 million (3,328 million baht). The 1.52-acre property has 264 apartments, with a 96% occupation rate at present. The investment was aimed to generating a long-term return.

#### Fund sources

The Company's debt-to-equity ratio as of the end of 2011, 2012 and 2013 was 1.00, 0.98 and 1.16 times respectively. The upward trend was the result of higher borrowings for more investments in the subsidiaries and associated companies and investments in immoveable assets, resulting in an increase of its debt-to-equity ratio.

As of the end of 2011, shareholders' equity was 30,472.24 million baht, up 1,808.91 million baht on net operating profit of 5,608.56 million baht. The shareholders' equity dropped after dividend payments totaling 3,487.33 million baht.

As of the end of 2012, shareholders' equity was 32,602.54 million baht, up 2,130.30 million baht on net operating profit of 5,681.83 million baht. The shareholders' equity dropped after dividend payments totaling 5,266.33 million baht and a capital surplus from the reclassification from subsidiary to equity for sales of its investment in Starmalls, Inc. worth 1,227.78 million baht.

As of the end of 2013, shareholders' equity was 34,843.03 million baht, up 2,240.49 million baht, on net operating profit of 6,478.40 million baht. The shareholders' equity fell after dividend payments totaling 3,976.68 million baht.

#### Liabilities

Consolidated liabilities as of the end of 2011 and 2012 stood at 30,360.35 million baht and 32,437.94 million baht respectively. As of the end of 2013, they were 40,526.08 million baht. Major liabilities were long-term borrowings (11,504.21 million baht), debentures (14,600 million baht), current portion of long-term loan (1,870.43 million baht), current portion of debentures (3,400 million baht) and trade accounts payable and others (2,805.85 million baht). So far, the Company and its subsidiaries have repaid debts on time.

Liabilities of the Company and its subsidiaries as of December 31, 2013

(unit : million baht)

Com-pany	Type of debts	Mone-tary	Amount	Interest rate	Collateral	Due date
LH	Overdraft	baht	21.67	MOR	None	Upon call
	Promissory notes	baht	400	MOR-1.5%	None	Upon call
	Bills of exchange	baht	2,354.52	2.75 - 2.99%	None	Upon call
	Long-term loan	baht	2,000	Years 1-2 = 4.11% Subsequent years = MLR-1.75%	None	Within 4 years from the date the first lot is drawn
	Long-term loan	baht	1,000	Years 1-3 = 5.0% Years 4-5 = 4.05%	None	To be repaid in 5 years, at least 1,000 million baht from the end of the third year
	Long-term loan	baht	815	Years 1-3 = 3.95% Subsequent years = MLR-1.75%	Land and buildings of projects	Within 4 years from the date the first lot is drawn

(unit : million baht)

Com- pany	Type of debts	Mone- tary	Amount	Interest rate	Collateral	Due date
	Long-term loan	baht	361	Years 1-5 and subsequent years = 2.25%	Land	Within 5 years from the date the first lot is drawn
	Long-term loan	baht	1,000	3.63%		Within 2 years from the date the first lot is drawn
	Long-term loan	baht	1,000	3.62%		Within 18 months from the date the first lot is drawn
	Long-term loan	baht	3,330	Years 1-4 and subsequent years = MLR-2.25%	Land	Within 4 years from the date the first lot is drawn
	Local debenture 1/2552	baht	2,000	Fixed at 4.50%	None	5.5 years, to be redeemed on June 19, 2015
	Local debenture 1/2554	baht	2,500	Fixed at 3.54%	None	3 years, to be redeemed on January 20, 2014
	Local debenture 1/2555-1	baht	900	Fixed at 3.85%	None	2.5 years, to be redeemed on September 30, 2014
	Local debenture 1/2555-2	baht	3,100	Fixed at 3.99%	None	3 years, to be redeemed on March 30, 2015
	Local debenture 2/2555	baht	2,500	Fixed at 4.10%	None	3 years, to be redeemed on September 30, 2015
	Local debenture 1/2556	baht	3,500	Fixed at 3.59%	None	3 years to be redeemed on March 31, 2016
	Local debenture 2/2556	baht	3,500	Fixed at 4.03%	None	3 years to be redeemed on September 30, 2016
LHM & sub-sidiaries	Long-term loan	baht	226.0	MLR-1.5%	Project land and buildings	- Repaid 60% of home and land selling prices - Principal to be repaid in 5 years from the date the first lot is drawn
	Long-term loan	baht	385.0	MLR-2.0%	Project land and buildings	- Repaid 60% of home and land selling prices - Principal to be repaid in 5 years from the date the first lot is drawn
	Long-term loan	baht	211.0	Years 1 = MLR-1.5% Years 2-4 = MLR-1.0% Year 5 = MLR-1.25%	Project land and shares of the company and related companies	Repaid 70% of land selling price
LHP	Long-term loan	baht	668.0	Years 1-3 = MLR-1.5% Subsequent years = MLR-1.0% or fixed deposit rate+2.5%, whichever is higher	Leasehold right of project land and buildings	To be repaid in December 2017
	Long-term loan	baht	2,377.0	Years 1-4 = MLR-1.5% Years 5-8 = MLR-1.0% Subsequent years = MLR-0.75%	Project land and shares of the company and related companies	Within 12 years from the date the first lot is drawn, first repayment in January 2014
	Total	baht	34,149.16			

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



#### Maintenance of debt to equity ratio

In issuing the 1/2552 debenture due in June 2015 and the 1/2554 debenture due in January 2014, the Company was required to maintain its debt-to-equity ratio at not exceeding 1.25:1. For other debentures, the requirement was 1.50:1. The calculation is as follows:

Unit: million baht

Item	Consolidated financial statements as of December 31, 2013
Liabilities (including third-party guarantees) Shareholders' equity	38,702.76 34,843.03
<b>Debt-to-equity ratio</b>	<b>1.11</b>
Liabilities under consolidated financial statements Plus guarantee for customers borrowing from banks Minus accounts payable	40,526.08 7.00 1,830.32
<b>Total liabilities</b>	<b>38,702.76</b>
Accounts payable – unrelated businesses Accounts payable – related businesses	1,799.04 31.28
<b>Total accounts payable</b>	<b>1,830.32</b>

In the consolidated financial statements as of December 31, 2013, the Company maintained the debt-to-equity ratio within the required levels for debenture issuances.

Debenture	Required rate	Calculated rate
1/2552 debenture due to be redeemed in 2015 and 1/2554 debenture due 2014	1.25	1.11
Remaining debentures	1.50	1.11

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

1. The uncertain political situation at present may affect the Company's housing unit and land sales revenue in the future due to eroding consumers' confidence. Its rental business may also been impacted as foreign tourists are not confident of safety when travelling to Thailand.

2. The Company invested 15,778.18 million baht, or 20.9% of total assets, in associated companies as of December 31, 2013. Its share of profits from these associated companies made up 32.6% of net profit. If these companies face problems, the Company's operations may be affected. However, the Company is well diversified in its investments in associated companies in line with its policy of diversifying risks.

As for cases where the juristic persons of two subdivision villages filed lawsuits against the Company involving public access, seeking damages totaling 1,212 million baht, the Company allocated an allowance of 169 million baht for the item. If the court rules against it and orders it to pay for the damages in full, its future operating results may be affected.

# COMPARATIVE 3 YEARS FINANCIAL STATISTICS

## NUMBER OF OUTSTANDING SHARES

Million Shares



## BOOK VALUE

Baht



## RESULT OF OPERATION

Million Baht



■ GROSS PROFIT  
■ SALES

## TOTAL ASSETS AND SHAREHOLDERS' EQUITY

Million Baht



■ SHAREHOLDERS' EQUITY  
■ TOTAL ASSETS

	2013	2012	2011
<b>ASSETS (MILLION BAHT)</b>			
TOTAL ASSETS	75,369	65,040	60,833
INVENTORIES	38,496	32,537	31,472
INVESTMENT	18,628	17,413	14,835
<b>LIABILITIES AND SHARE HOLDERS' EQUITY (MILLION BAHT)</b>			
SHORT TERM LOAN (Interest Bearing Debt)	8,507	7,319	8,762
LONG TERM LOAN (Interest Bearing Debt)	26,104	20,163	17,941
TOTAL LIABILITIES	40,526	32,438	30,360
PAID UP SHARE CAPITAL	10,026	10,026	10,026
SHAREHOLDERS' EQUITY	34,843	32,603	30,472
<b>RESULT OF OPERATION (MILLION BAHT)</b>			
SALES	22,939	22,305	18,580
TOTAL REVENUES	25,742	24,432	22,139
GROSS PROFIT	9,085	8,310	6,248
NET PROFIT	6,478	5,682	5,527
<b>PER SHARE FIGURE (BAHT)</b>			
BOOK VALUE	3.35	3.14	2.93
EARNING	0.65	0.57	0.55
<b>RATIO</b>			
CURRENT RATIO	3.02	3.06	2.83
QUICK RATIO	0.10	0.14	0.11
<b>PROFITABILITY RATIO</b>			
GROSS PROFIT MARGIN (%)	36.23	34.48	32.49
OPERATION PROFIT MARGIN(%)	21.87	19.54	16.48
NET PROFIT MARGIN (%)	25.17	23.26	25.33
RETURN ON EQUITIES (%)	19.93	18.52	19.53
<b>EFFICIENCY RATIO</b>			
RETURN ON ASSETS (%)	9.23	8.99	9.67
<b>FINANCIAL POLICY RATIO</b>			
DEBT / EQUITIES RATIO	1.16	0.99	0.98
INTEREST COVERAGE RATIO	2.08	5.45	1.25
<b>NUMBER OF OUTSTANDING SHARES (million shares)</b>	<b>10,026</b>	<b>10,026</b>	<b>10,026</b>

Land and Houses Public Company Limited and its subsidiaries

Financial Ratio

As at 31 December 2013, 2012 and 2011

		31 December 2013	31 December 2012	31 December 2011
<b>Liquidity Ratio</b>				
Current Ratio	(Times)	3.02	3.06	2.83
Quick Ratio	(Times)	0.10	0.14	0.11
Quick Ratio (Cash Basis)	(Times)	0.15	0.48	0.09
Account Receivable Turnover	(Times)	178.87	198.48	302.53
Average Collection Period	(Days)	2.01	1.81	1.19
Inventory Turnover	(Times)	0.41	0.46	0.43
Average Sales Period	(Days)	867.61	782.74	841.69
Account Payable Turnover	(Times)	5.95	7.35	7.06
Payment Period	(Days)	60.48	49.01	50.99
Cash Cycle	(Days)	809.14	735.55	791.90
<b>Profitability Ratio</b>				
Gross Profit Margin	(%)	36.23	34.48	32.49
Operating Profit Margin	(%)	21.87	19.54	16.48
Other Profit Margin	(%)	10.78	10.70	18.37
Operating Profit Margin (Cash Basis)	(%)	35.51	118.39	31.76
Net Profit Margin	(%)	25.17	23.26	25.33
Return On Equity	(%)	19.93	18.52	19.53
Basic Earnings Per Share	(Baht/Share)	0.65	0.57	0.56
<b>Efficiency Ratio</b>				
Return On Asset	(%)	9.23	8.99	9.67
Return On Fixed Asset	(%)	77.47	80.84	86.80
Total Assets Turnover	(Times)	0.37	0.39	0.38
<b>Financial Policy Ratio</b>				
Debt to Equity Ratio	(Times)	1.16	0.99	0.98
Interest Coverage Ratio	(Times)	2.08	5.45	1.25
Obligation Coverage Ratio	(Times)	1.07	0.87	0.41
Dividend Payout	(%)	81.57	79.39	71.50

# Accountability report of the Board of Directors for Financial Reports

The Board of Directors is responsible for the financial statements of Land and Houses Plc. and its subsidiaries. The financial statements of Land and Houses Plc. and its subsidiaries for the year ending December 31, 2013 have been prepared and presented fairly in accordance with financial reporting standards. The Board of Directors is also responsible for internal control it deems necessary to enable the preparation of financial statements that are free from material misstatement for the benefits of shareholders and general investors.

The Board of Directors has appointed the Audit Committee, of which members are all non-executive directors, to supervise and take responsibility of the quality of the financial reports and review internal control and internal audit. The Committee also considers disclosing connected transactions in a comprehensive, adequate and appropriate manner. The opinions of the Audit Committee on these matters are expressed in the Audit Committee report in this annual report.

The Board of Directors appointed the Risk Management Committee to consider the risk management policies, guidelines and framework by coordinating with the Audit Committee in the areas of risks and internal control to create reasonable credibility in the financial statements of the Company and its subsidiaries. As for the financial statements ending December 31, 2013, the auditors of the Company, having audited them based on generally accepted accounting standards, are of the opinion that the financial statements appropriately reflect in essence an accurate financial position and operating results based on generally accepted accounting standards.



(Mr. Anant Asavabhokhin)  
Chairman and Chairman of the Executive Board

# Independent Auditor's Report

For the years ended 31 December 2013

To the Shareholders of Land and Houses Public Company Limited

I have audited the accompanying consolidated financial statements of Land and Houses Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Land and Houses Public Company Limited for the same period.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

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

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

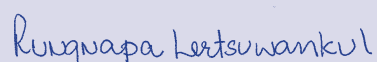
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Land and Houses Public Company Limited and its subsidiaries and of Land and Houses Public Company Limited as at 31 December 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

### Emphasis of matter

I draw attention to Note 4 to the financial statements regarding the change in accounting policy due to the adoption of Thai Accounting Standard 12 *Income Taxes*. The Company has restated the consolidated and separate financial statements for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustments resulting from such change. The Company has also presented the consolidated and separate statements of financial position as at 1 January 2012 as comparative information, using the newly adopted accounting policy for income taxes. My opinion is not qualified in respect of this matter.



Rungnapa Lertsuwankul

Certified Public Accountant (Thailand) No. 3516

EY Office Limited

(Formerly known as "Ernst & Young Office Limited")

Bangkok: 27 February 2014

# Statement of Financial position

As at 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		As at	As at	As at	As at	As at	As at
		31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
			(Restated)			(Restated)	
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	7, 8	1,165,538,578	1,462,085,187	1,199,381,498	827,832,778	1,181,441,404	883,435,381
Current investment	7, 9	50,025,038	-	-	50,025,038	-	-
Trade and other receivables	10	136,248,379	120,245,910	104,510,885	28,974,136	27,755,007	31,976,935
Short-term loans to and accrued interest receivables							
from related parties	7	61,644	85,616	260,247	1,084,762,183	924,573,911	1,094,955,456
Inventories	11	38,496,083,375	32,536,634,876	31,471,827,015	36,628,018,414	30,975,667,974	30,469,504,228
Advance payment for constructions		960,806,236	409,227,977	267,770,715	953,287,517	405,668,442	263,205,738
Deposits for purchase of land and other		229,950,703	523,307,803	30,922,017	225,787,029	520,604,710	28,268,825
Other current assets		166,380,984	110,395,669	184,710,673	83,896,082	55,283,253	138,956,280
<b>Total current assets</b>		<b>41,205,094,937</b>	<b>35,161,983,038</b>	<b>33,259,383,050</b>	<b>39,882,583,177</b>	<b>34,090,994,701</b>	<b>32,910,302,843</b>
<b>Non-current assets</b>							
Investments in subsidiaries	12	-	-	-	2,954,326,591	2,684,365,591	2,337,899,591
Investments in associates	13	15,778,177,846	14,204,280,412	14,480,021,745	10,152,928,335	9,831,241,235	11,262,858,016
Other long-term investments	14	2,849,619,303	3,208,557,391	455,970,161	2,755,682,213	3,005,531,982	252,766,700
Long-term loan to and accrued interest							
receivables from related party	7	-	-	-	3,141,168,476	-	-
Land held for development	15	4,126,212,863	4,165,062,863	4,483,585,890	3,049,687,418	3,063,937,418	3,358,229,896
Investment properties	16	3,758,713,643	313,682,808	386,512,910	-	-	-
Property, plant and equipment	17	616,288,594	650,990,523	638,422,491	445,808,173	431,864,338	363,448,690
Leasehold rights	18	6,280,253,388	6,420,070,490	6,870,713,575	-	-	-
Deposit for purchase of land	19	-	197,715,000	197,715,000	-	197,715,000	197,715,000
Other intangible assets	20	104,624,897	117,447,331	105,879,728	20,665,426	23,099,733	6,394,242
Deferred tax assets	4, 31	617,679,027	539,455,537	478,018,805	491,841,181	400,583,709	306,619,112
Other non-current assets		32,445,690	61,233,325	55,486,068	9,272,772	29,383,140	49,970,726
<b>Total non-current assets</b>		<b>34,164,015,251</b>	<b>29,878,495,680</b>	<b>28,152,326,373</b>	<b>23,021,380,585</b>	<b>19,667,722,146</b>	<b>18,135,901,973</b>
<b>Total assets</b>		<b>75,369,110,188</b>	<b>65,040,478,718</b>	<b>61,411,709,423</b>	<b>62,903,963,762</b>	<b>53,758,716,847</b>	<b>51,046,204,816</b>

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



# Statement of Financial position (continued)

As at 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		As at	As at	As at	As at	As at	As at
		31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
			(Restated)			(Restated)	
<b>Liabilities and shareholders' equity</b>							
<b>Current liabilities</b>							
Bank overdrafts and short-term loans from financial institutions	21	421,669,434	325,060,873	22,950,758	300,180,000	300,000,000	-
Trade and other payables	22	2,805,849,917	2,145,852,092	1,861,587,443	2,412,312,292	1,763,933,783	1,464,197,280
Retention guarantees		319,619,923	275,664,809	288,455,795	281,073,793	243,429,810	238,446,607
Short-term loans from and accrued interest payables to related parties	7	460,245,790	554,597,058	737,706,440	129,182,685	73,686,699	-
Current portion of long-term loans	23	1,870,427,000	1,545,010,000	573,031,000	1,000,000,000	1,000,000,000	-
Current portion of debentures	24	3,400,000,000	4,000,000,000	3,000,000,000	3,400,000,000	4,000,000,000	3,000,000,000
Short-term loans	21	2,354,517,920	893,982,276	4,428,068,364	2,354,517,920	893,982,276	4,428,068,364
Income tax payable		477,226,834	605,085,272	65,653,717	424,582,382	558,050,867	-
Short-term provisions	25	328,735,153	312,871,260	79,279,211	322,937,906	309,742,520	74,544,201
Advance received from customers		962,091,382	613,709,478	573,518,724	907,501,565	572,538,996	518,613,036
Other current liabilities		255,941,740	208,272,559	104,399,123	218,943,113	171,325,967	76,775,511
<b>Total current liabilities</b>		<b>13,656,325,093</b>	<b>11,480,105,677</b>	<b>11,734,650,575</b>	<b>11,751,231,656</b>	<b>9,886,690,918</b>	<b>9,800,644,999</b>
<b>Non-current liabilities</b>							
Long-term loans - net of current portion	23	11,504,210,000	9,162,652,000	9,441,259,000	8,507,486,000	5,552,345,000	5,923,000,000
Debentures - net of current portion	24	14,600,000,000	11,000,000,000	8,500,000,000	14,600,000,000	11,000,000,000	8,500,000,000
Provision for long-term employee benefits	26	202,126,500	181,828,913	131,650,572	187,820,843	172,114,378	126,190,682
Long-term provisions	25	314,187,673	379,342,472	311,753,823	290,257,429	355,523,434	287,897,539
Other non-current liabilities		249,231,244	234,004,657	241,033,729	-	-	-
<b>Total non-current liabilities</b>		<b>26,869,755,417</b>	<b>20,957,828,042</b>	<b>18,625,697,124</b>	<b>23,585,564,272</b>	<b>17,079,982,812</b>	<b>14,837,088,221</b>
<b>Total liabilities</b>		<b>40,526,080,510</b>	<b>32,437,933,719</b>	<b>30,360,347,699</b>	<b>35,336,795,928</b>	<b>26,966,673,730</b>	<b>24,637,733,220</b>

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

## Statement of Financial position (continued)

At as 31 December 2013

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	As at	As at	As at	As at	As at	As at
	Note	31 December 2013	31 December 2012	31 December 2013	31 December 2012	1 January 2012
			(Restated)		(Restated)	
<b>Shareholders' equity</b>						
Share capital						
Registered						
10,354,268,670 ordinary shares of Baht 1 each		10,354,268,670	10,354,268,670	10,354,268,670	10,354,268,670	10,354,268,670
Issued and paid-up						
10,025,921,523 ordinary shares of Baht 1 each		10,025,921,523	10,025,921,523	10,025,921,523	10,025,921,523	10,025,921,523
Premium on ordinary shares		10,643,375,083	10,643,375,083	10,643,375,083	10,643,375,083	10,643,375,083
Retained earnings						
Appropriated - Statutory reserve	28	1,080,673,720	1,080,673,720	1,080,673,720	1,080,673,720	1,080,673,720
Unappropriated		10,876,772,773	8,381,788,989	4,640,613,963	3,665,609,430	4,695,142,077
Other components of shareholders' equity		946,063,479	1,309,682,722	1,176,583,545	1,376,463,361	-36,640,807
Equity attributable to the shareholders of the Company		33,572,806,578	31,441,442,037	27,567,167,834	26,792,043,117	26,408,471,596
Non-controlling interests of subsidiaries		1,270,223,100	1,161,102,962	-	-	-
<b>Total shareholders' equity</b>		<b>34,843,029,678</b>	<b>32,602,544,999</b>	<b>27,567,167,834</b>	<b>26,792,043,117</b>	<b>26,408,471,596</b>
<b>Total liabilities and shareholders' equity</b>		<b>75,369,110,188</b>	<b>65,040,478,718</b>	<b>62,903,963,762</b>	<b>53,758,716,847</b>	<b>51,046,204,816</b>

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

# Income statement

For the years ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2013	2012	2013	2012
			(Restated)		(Restated)
<b>Revenues</b>					
Sales income		22,939,490,876	22,305,373,502	21,435,258,396	20,900,010,521
Rental and services income		2,135,960,366	1,797,153,162	-	-
Other income					
Dividend from subsidiaries and associates	12.1, 13.3	-	-	1,033,926,346	961,911,648
Dividend from other companies		126,665,557	48,199,617	55,893,772	31,390,394
Gain on share reduction of an associate		-	-	-	273,588,710
Gain on disposal of the right for purchase of land	19	202,285,000	-	202,285,000	-
Interest income		18,180,738	26,494,435	104,786,012	72,181,361
Infrastructure service income		226,325,661	187,221,121	195,701,440	160,541,988
Others		92,810,926	67,872,229	31,925,843	31,034,090
<b>Total revenues</b>		<b>25,741,719,124</b>	<b>24,432,314,066</b>	<b>23,059,776,809</b>	<b>22,430,658,712</b>
<b>Expenses</b>					
Cost of sales and services		14,736,868,769	14,719,411,580	13,811,808,253	13,806,162,550
Cost of rental and services		1,253,168,089	1,072,994,733	-	-
Selling expenses		908,371,340	909,080,384	695,953,143	709,126,131
Specific business tax and transfer fee		882,373,946	862,231,030	822,660,521	806,493,413
Administrative expenses		1,645,060,428	1,746,230,291	1,330,638,300	1,524,251,853
Other expenses					
Loss on impairment of other long-term investments		63,436,054	-	-	-
Loss on impairment of other asset		20,000,000	-	20,000,000	-
Loss on diminution in value of projects	11	43,274,220	54,414,542	-	51,897,513
Loss on diminution in value of land held for development	15	36,702,981	26,783,288	-	-
Loss on exchange of land		-	1,526,239	-	-
Loss on disposal of property, plant and equipment		2,320,924	-	1,178,263	581,934
Loss on exchange rate		-	-	68,701,280	-
<b>Total expenses</b>		<b>19,591,576,751</b>	<b>19,392,672,087</b>	<b>16,750,939,760</b>	<b>16,898,513,394</b>
<b>Profit before share of profit from investments in associates, finance cost and income tax expenses</b>		<b>6,150,142,373</b>	<b>5,039,641,979</b>	<b>6,308,837,049</b>	<b>5,532,145,318</b>
Share of profit from investments in associates	13.3	2,108,760,267	2,284,728,993	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>8,258,902,640</b>	<b>7,324,370,972</b>	<b>6,308,837,049</b>	<b>5,532,145,318</b>
Finance cost		(569,762,467)	(488,028,604)	(367,161,129)	(248,773,022)
<b>Profit before income tax expenses</b>		<b>7,689,140,173</b>	<b>6,836,342,368</b>	<b>5,941,675,920</b>	<b>5,283,372,296</b>
Income tax expenses	31	(1,101,574,090)	(1,119,125,133)	(983,254,796)	(1,003,400,407)
<b>Profit for the year</b>		<b>6,587,566,083</b>	<b>5,717,217,235</b>	<b>4,958,421,124</b>	<b>4,279,971,889</b>
<b>Net income attributable to:</b>					
Equity holders of the Company		6,478,400,375	5,681,824,352	4,958,421,124	4,279,971,889
Non-controlling interests of the subsidiaries		109,165,708	35,392,883	-	-
		<b>6,587,566,083</b>	<b>5,717,217,235</b>		
<b>Earnings per share</b>	32				
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company		0.65	0.57	0.49	0.43

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

# Statement of comprehensive income

For the years ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2013	2012	2013	2012
			(Restated)		(Restated)
<b>Profit for the year</b>		6,587,566,083	5,717,217,235	4,958,421,124	4,279,971,889
<b>Other comprehensive income:</b>					
Loss on change in value of available-for-sale investments					
- net of income taxes	27	(199,879,816)	(88,751,128)	(199,879,816)	(88,751,128)
Exchange differences on translation of					
financial statements in foreign currency		(15,661,411)	(31,038,845)	-	-
Actuarial loss - net of income taxes		-	(34,321,043)	-	(32,273,478)
Share of other comprehensive income of associates - net of income taxes		(148,078,016)	37,567,578	-	-
<b>Other comprehensive income for the year</b>		<b>(363,619,243)</b>	<b>(116,543,438)</b>	<b>(199,879,816)</b>	<b>(121,024,606)</b>
<b>Total comprehensive income for the year</b>		<b>6,223,946,840</b>	<b>5,600,673,797</b>	<b>4,758,541,308</b>	<b>4,158,947,283</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		6,114,781,132	5,566,202,318	4,758,541,308	4,158,947,283
Non-controlling interests of the subsidiaries		109,165,708	34,471,479		
		<b>6,223,946,840</b>	<b>5,600,673,797</b>		

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

# Statement of changes in shareholders' equity

For the years ended 31 December 2013

	Consolidated financial statements													(Unit: Baht)
	Equity attributable to the shareholders of the Company													
	Other components of shareholders' equity													
	Other comprehensive income													
Note	Issued and paid-up share capital	Premium on ordinary shares	Appropriated - Statutory reserve	Retained earnings	Unappropriated	Revaluation deficit on changes in value of available-for-sale investments	Exchange differences on translation of financial statements in foreign currency	Share of other comprehensive income of associates	Premium on share capital of associates	Other surplus	Total other components of shareholders' equity of the Company	Total equity attributable to the shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
Balance as at 31 December 2011 - as previously reported	10,025,921,523	10,643,375,083	1,080,673,720	7,468,079,096	(45,801,009)	30,732,401	102,325,018	91,042,443	-	178,298,853	29,396,348,275	1,075,897,485	30,472,245,760	
Cumulative effect of change in accounting policy for income taxes	-	-	-	542,516,238	9,160,202	-	(23,336,474)	-	-	-	528,339,966	50,775,998	579,115,964	
Balance as at 31 December 2011 - as restated	10,025,921,523	10,643,375,083	1,080,673,720	8,010,595,334	(36,640,807)	30,732,401	78,988,544	91,042,443	-	(14,176,272)	29,924,688,241	1,126,673,483	31,051,361,724	
Dividend paid	-	-	-	(5,266,326,266)	-	-	-	-	-	-	(5,266,326,266)	-	(5,266,326,266)	
Subsidiary received share subscription from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(42,000)	(42,000)	
Income tax from unpaid dividend	-	-	-	(10,904,792)	-	-	-	-	-	-	(10,904,792)	-	(10,904,792)	
Total comprehensive income for the year (restated)	-	-	-	5,648,424,713	(88,751,128)	(31,038,845)	37,567,578	-	-	(82,222,395)	5,566,202,318	34,471,479	5,600,673,797	
Transfer of share premium of associate due to disposal of investments	-	-	-	-	-	-	-	-	-	1,227,782,536	1,227,782,536	-	1,227,782,536	
Balance as at 31 December 2012 - as restated	10,025,921,523	10,643,375,083	1,080,673,720	8,381,788,989	(125,391,935)	(306,444)	116,556,122	91,042,443	1,227,782,536	1,309,682,722	31,441,442,037	1,161,102,962	32,602,544,999	
Balance as at 31 December 2012 - as previously reported	10,025,921,523	10,643,375,083	1,080,673,720	7,784,832,368	(156,739,919)	(306,444)	143,983,831	91,042,443	1,227,782,536	1,305,762,447	30,840,565,141	1,122,949,395	31,963,514,536	
Cumulative effect of change in accounting policy for income taxes	-	-	-	596,956,621	31,347,984	-	(27,427,709)	-	-	3,920,275	600,876,896	38,153,567	639,030,463	
Balance as at 31 December 2012 - as restated	10,025,921,523	10,643,375,083	1,080,673,720	8,381,788,989	(125,391,935)	(306,444)	116,556,122	91,042,443	1,227,782,536	1,309,682,722	31,441,442,037	1,161,102,962	32,602,544,999	
Dividend paid	-	-	-	(3,976,678,586)	-	-	-	-	-	-	(3,976,678,586)	-	(3,976,678,586)	
Subsidiaries paid dividend to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(45,570)	(45,570)	
Income tax from unpaid dividend	-	-	-	(6,738,005)	-	-	-	-	-	-	(6,738,005)	-	(6,738,005)	
Total comprehensive income for the year	-	-	-	6,478,400,375	(199,879,816)	(15,661,411)	(148,078,016)	-	-	(363,619,243)	6,114,781,132	109,165,708	6,223,946,840	
Balance as at 31 December 2013	10,025,921,523	10,643,375,083	1,080,673,720	10,876,772,773	(325,271,751)	(15,967,855)	(31,521,894)	91,042,443	1,227,782,536	946,063,479	33,572,806,578	1,270,223,100	34,843,029,678	

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

# Statement of changes in shareholders' equity (continued)

For the years ended 31 December 2013

(Unit: Baht)

	Note	Separate financial statements									
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Unappropriated	Other components of shareholders' equity				Total shareholders' equity
							Appropriated - Statutory reserve	Unappropriated	Other comprehensive income	Other surplus	Total other components of shareholders' equity
<b>Balance as at 31 December 2011</b>		10,025,921,523	10,643,375,083	1,080,673,720	4,397,683,167	(45,801,009)	-	(45,801,009)	-	-	26,101,852,484
- as previously reported		10,025,921,523	10,643,375,083	1,080,673,720	4,397,683,167	(45,801,009)	-	(45,801,009)	-	-	26,101,852,484
Cumulative effect of change in accounting policy for income taxes	4	-	-	-	297,458,910	9,160,202	-	9,160,202	-	-	306,619,112
<b>Balance as at 31 December 2011 - as restated</b>		10,025,921,523	10,643,375,083	1,080,673,720	4,695,142,077	(36,640,807)	-	(36,640,807)	-	-	26,408,471,596
Dividend paid	34	-	-	-	(5,266,326,266)	-	-	-	-	-	(5,266,326,266)
Income tax from unpaid dividend		-	-	-	(10,904,792)	-	-	-	-	-	(10,904,792)
Total comprehensive income for the year (restated)		-	-	-	4,247,698,411	(88,751,128)	-	(88,751,128)	-	-	4,158,947,283
Gain on investment reclassification from investments in associate to available-for-sale investments		-	-	-	-	-	-	-	1,501,855,296	1,501,855,296	1,501,855,296
<b>Balance as at 31 December 2012 - as restated</b>		10,025,921,523	10,643,375,083	1,080,673,720	3,665,609,430	(125,391,935)	-	(125,391,935)	1,501,855,296	1,376,463,361	26,792,043,117
<b>Balance as at 31 December 2012</b>		10,025,921,523	10,643,375,083	1,080,673,720	3,296,373,705	(156,739,919)	-	(156,739,919)	1,501,855,296	1,345,115,377	26,391,459,408
- as previously reported		10,025,921,523	10,643,375,083	1,080,673,720	3,296,373,705	(156,739,919)	-	(156,739,919)	1,501,855,296	1,345,115,377	26,391,459,408
Cumulative effect of change in accounting policy for income taxes	4	-	-	-	369,235,725	31,347,984	-	31,347,984	-	-	400,583,709
<b>Balance as at 31 December 2012 - as restated</b>		10,025,921,523	10,643,375,083	1,080,673,720	3,665,609,430	(125,391,935)	-	(125,391,935)	1,501,855,296	1,376,463,361	26,792,043,117
Dividend paid	34	-	-	-	(3,976,678,586)	-	-	-	-	-	(3,976,678,586)
Income tax from unpaid dividend		-	-	-	(6,738,005)	-	-	-	-	-	(6,738,005)
Total comprehensive income for the year		-	-	-	4,958,421,124	(199,879,816)	-	(199,879,816)	-	-	4,758,541,308
<b>Balance as at 31 December 2013</b>		10,025,921,523	10,643,375,083	1,080,673,720	4,640,613,963	(325,271,751)	-	(325,271,751)	1,501,855,296	1,176,583,545	27,567,167,834

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

# Cash flow statement

For the years ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2013	2012	2013	2012
		(Restated)		(Restated)
<b>Cash flows from operating activities</b>				
Profit before income tax expenses	7,689,140,173	6,836,342,368	5,941,675,920	5,283,372,296
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid from) operating activities:				
Inventories and land held for development decrease from transfer to cost of sales	13,713,908,150	13,676,248,376	12,870,637,490	12,839,552,832
Depreciation and amortisation	509,139,678	494,191,850	151,927,377	139,346,738
Share of profit from investments in associates	(2,108,760,267)	(2,284,728,993)	-	-
Provision for guarantee income of fund	33,304,110	-	33,304,110	80,558,622
Provision for legal cases	10,510,593	174,477,382	10,510,593	174,477,382
Loss on exchange of land	-	1,526,239	-	-
Loss on impairment of other asset	20,000,000	-	20,000,000	-
Loss on impairment of other long-term investments	63,436,054	-	-	-
Loss on diminution in value of projects	43,274,220	54,414,542	-	51,897,513
Loss on diminution in value of land held for development	36,702,981	26,783,288	-	-
Loss (gain) on disposal of investment properties, leasehold rights, building and equipment	2,320,924	(16,041,268)	1,178,263	581,934
Loss on write-off of supplies	16,263,515	-	-	-
Loss on exchange rate	-	-	68,701,280	-
Gain on disposal of the right for purchase of land	(202,285,000)	-	(202,285,000)	-
Gain on share reduction of an associate	-	-	-	(273,588,710)
Gain on share reduction of other long-term investment	-	(43,536)	-	-
Unrealised gain on current investment	(25,038)	-	(25,038)	-
Provision for after-sale maintenance expenses	55,127,423	45,470,716	47,356,633	42,314,680
Provision for compensation for Housing Estate Juristic Persons	34,439,653	22,741,132	32,190,413	19,700,999
Provision for public utilities maintenance	85,237,485	60,927,502	79,018,895	60,713,291
Provision for long-term employee benefits	20,774,587	14,440,037	16,183,465	12,744,848
Amortisation of withholding tax deducted at source	500,124	2,832,483	-	-
Interest income	(18,180,739)	(26,494,435)	(104,786,012)	(72,181,361)
Dividend received	(126,665,557)	(48,199,617)	(1,089,820,118)	(993,302,042)
Interest expenses	558,982,812	476,775,249	356,381,474	237,519,667
Profit from operating activities before change in operating assets and liabilities	20,437,145,881	19,511,663,315	18,232,149,745	17,603,708,689
Decrease (increase) in operating assets				
Trade and other receivables	(16,002,469)	(15,735,025)	(1,219,129)	4,221,928
Inventories	(19,013,088,851)	(13,801,023,792)	(17,858,633,893)	(12,425,760,932)
Land held for development	(5,380,000)	(9,029,493)	-	(6,476,753)
Other current assets	(293,965,922)	(615,510,358)	(281,414,223)	(628,376,887)
Other non-current assets	8,787,635	(5,747,257)	110,368	20,587,586
Increase (decrease) in operating liabilities				
Trade and other payables	604,340,381	469,659,423	593,128,968	266,586,293
Retention guarantees	43,955,114	(12,790,986)	37,643,983	4,983,203
Other current liabilities	349,083,720	107,388,383	216,660,113	116,562,915
Other non-current liabilities	(167,358,350)	(52,794,058)	(174,228,313)	(42,473,394)
Cash flows from operating activities	1,947,517,139	5,576,080,152	764,197,619	4,913,562,648
Cash paid for income tax	(1,285,164,746)	(568,117,228)	(1,164,748,804)	(442,711,452)
<b>Net cash flows from (used in) operating activities</b>	<b>662,352,393</b>	<b>5,007,962,924</b>	<b>(400,551,185)</b>	<b>4,470,851,196</b>

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

# Cash flow statement (continued)

For the years ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2013	2012	2013	2012
		(Restated)		(Restated)
<b>Cash flows from investing activities</b>				
Decrease (increase) in short-term loans to related parties	-	194,946	(143,500,000)	171,600,000
Increase in long-term loan to related party	-	-	(3,075,180,000)	-
Cash paid for purchases of current investment	(50,000,000)	-	(50,000,000)	-
Cash paid for share subscription of subsidiary	-	-	(269,961,000)	(346,466,000)
Cash paid for purchases of investments in associates	(321,687,100)	(162,170,360)	(321,687,100)	(162,170,360)
Cash paid for purchase of other long-term investments	-	(495,000,000)	-	(495,000,000)
Cash received from share reduction of an associate	-	1,000,526,955	-	1,000,526,955
Cash received from share reduction of other investments	45,652,264	221,588	-	-
Dividend received from subsidiaries	-	-	325,454,430	299,958,000
Dividend received from associates	708,471,916	661,953,648	708,471,916	661,953,648
Dividend received from other companies	126,665,557	48,199,617	55,893,772	31,390,394
Cash received from disposal of the right for purchase of land	400,000,000	-	400,000,000	-
Proceed from disposal of investment properties leasehold right, building and equipment	1,004,000	570,611,334	1,004,000	630,592
Cash paid for purchase of investment properties, leasehold rights, building, equipment and intangible assets	(3,756,727,298)	(758,396,485)	(156,517,129)	(221,539,558)
Cash paid for guarantee income of fund	(38,834,868)	(7,716,863)	(38,834,868)	(7,716,863)
Cash received from interest income	18,204,711	26,474,120	77,462,504	70,962,907
<b>Net cash flows from (used in) investing activities</b>	<b>(2,867,250,818)</b>	<b>884,898,500</b>	<b>(2,487,393,475)</b>	<b>1,004,129,715</b>
<b>Cash flows from financing activities</b>				
Increase in bank overdrafts and short-term loans from financial institutions	96,608,561	302,110,115	180,000	300,000,000
Increase (decrease) in short-term loans from related parties	(100,000,000)	(184,400,000)	55,000,000	73,500,000
Increase (decrease) in short-term loans	1,460,000,000	(3,563,000,000)	1,460,000,000	(3,563,000,000)
Cash paid for debentures repayment	(4,000,000,000)	(3,000,000,000)	(4,000,000,000)	(3,000,000,000)
Cash received from issue of debentures	7,000,000,000	6,500,000,000	7,000,000,000	6,500,000,000
Cash paid for long-term loans repayment	(2,919,866,000)	(3,076,573,000)	(2,390,000,000)	(2,532,000,000)
Cash received from drawdown loans	5,586,841,000	3,769,945,000	5,345,141,000	3,161,345,000
Cash paid for interest expenses	(1,202,258,029)	(1,111,565,140)	(959,306,380)	(850,493,622)
Subsidiary paid dividend to non-controlling interests of subsidiaries	(45,570)	(42,000)	-	-
Dividend paid	(3,976,678,586)	(5,266,326,266)	(3,976,678,586)	(5,266,326,266)
<b>Net cash flows from (used in) financing activities</b>	<b>1,944,601,376</b>	<b>(5,629,851,291)</b>	<b>2,534,336,034</b>	<b>(5,176,974,888)</b>
Exchange differences on translation of financial statements in foreign currency	(36,249,560)	(306,444)	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(296,546,609)</b>	<b>262,703,689</b>	<b>(353,608,626)</b>	<b>298,006,023</b>
Cash and cash equivalents at beginning of year	1,462,085,187	1,199,381,498	1,181,441,404	883,435,381
<b>Cash and cash equivalents at end of year (Note 8)</b>	<b>1,165,538,578</b>	<b>1,462,085,187</b>	<b>827,832,778</b>	<b>1,181,441,404</b>

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



# Cash flow statement (continued)

For the years ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2013	2012	2013	2012
		(Restated)		(Restated)
<b>Supplemental cash flow information</b>				
Non-cash items				
Purchases of building and equipment and leasehold rights recorded as liabilities	25,826,316	16,724,277	25,826,316	16,724,277
Increase in other surplus from investment reclassification	-	1,227,782,536	-	1,501,855,296
Reclassification from investments in associate to available-for-sale investments (book value as at transfer date)	-	1,140,921,657	-	866,848,897
Exchange differences on translation of financial statements in foreign currency	(15,661,411)	(31,038,845)	-	-
Increase in revaluation surplus (deficit) on change in value of available-for-sale investments - net of income taxes	(199,879,816)	(88,751,128)	(199,879,816)	(88,751,128)
Transfer land held for development to inventories (book value)	24,600,000	302,550,660	-	302,550,660
Transfer inventories to land held for development (book value)	31,322,981	2,603,606	-	2,603,606
Interest expenses recorded as cost of projects	696,014,999	695,203,994	650,104,037	671,083,929
Actuarial loss - net of income taxes	-	(34,321,043)	-	(32,273,478)
Transfer provision for guarantee income of fund to short-term provisions	17,423,000	-	17,423,000	-
Income tax payable from unpaid dividend	6,738,005	10,904,792	6,738,005	10,904,792
Share of other comprehensive income of associates - net of income taxes	(148,075,016)	37,567,578	-	-

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

# Notes to consolidated financial statements

For the years ended 31 December 2013

## 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	
			2013 (Percent)	2012 (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

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2013 (Percent)	2012 (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

- 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 accounting standards

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

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

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

IFRS 8	Operating Segments
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Accounting Standard Interpretations:

TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

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

#### TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its subsidiaries have changed this accounting policy in this current period and restated the prior year's financial statements, presented as comparative information, as though the Company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4 to the financial statements.

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

		<u>Effective date</u>
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012)	Impairment of Assets	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
Accounting Standard Interpretations:		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:		
TRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014

		<u>Effective date</u>
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The Company's management believes that these accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations will not have any significant impact on the financial statements for the year when they are initially applied.

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

During the current year, the Company and its subsidiaries made the change described in Note 3 to the financial statements to their significant accounting policy, as a result of the adoption of Thai Accounting Standard 12 Income Taxes. The cumulative effect of the change in the accounting policy has been separately presented in the statements of changes in shareholders' equity.

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

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	As at	As at	As at	As at	As at	As at
	31 December	31 December	1 January	31 December	31 December	1 January
	2013	2012	2012	2013	2012	2012
<b>Statements of financial position</b>						
Increase in investments in associates	163,880	99,575	101,096	-	-	-
Increase in deferred tax assets	617,679	539,456	478,019	491,841	400,584	306,619
Increase in unappropriated retained earnings	679,070	596,957	542,516	410,523	369,236	297,459
Increase (decrease) in other components of shareholders' equity	80,673	3,920	(14,176)	81,318	31,348	9,160
Increase in non-controlling interests of subsidiaries	21,816	38,154	50,775	-	-	-

(Unit: Thousand Baht)

	For the years ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Income statements</b>				
Decrease in income tax expenses	(28,253)	(30,669)	(41,287)	(63,709)
Increase in share of profit from investments in associates	37,523	2,569	-	-
Decrease in profit attributable to non-controlling interests of subsidiaries	(16,337)	(12,853)	-	-
Increase in profit attributable to equity holders of the Company	82,113	46,091	41,287	63,709
Increase in basic earnings per share (Baht)	0.008	0.005	0.004	0.006
<b>Statements of comprehensive income</b>				
Decrease in loss on change in value of available-for-sale investments	(49,970)	(22,188)	(49,970)	(22,188)
Decrease in actuarial loss	-	(8,580)	-	(8,068)
Increase (decrease) in share of other comprehensive income of associates	26,782	(4,091)	-	-

## 5. Significant accounting policies

### 5.1 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.

### **5.2 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.

### **5.3 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.



#### 5.4 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.

#### 5.5 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.

#### 5.6 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.

#### 5.7 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.

## **5.8 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.

## **5.9 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.

#### 5.10 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.

#### 5.11 Intangible assets

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

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

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

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

### **5.12 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.

### **5.13 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.

### **5.14 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.

### **5.15 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.

### 5.16 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.

### 5.17 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.

## 5.18 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.

## 5.19 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.

## 5.20 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.

## **5.21 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.

## **6. 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 have used judgment to assess of the results of the litigation and provision for the related liabilities has been recorded as at the end of reporting period. However, actual results could differ from the estimates.

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

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

### **Project development costs estimation**

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

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

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

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

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

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

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

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

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

### **7. Related party transactions**

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

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

Name of related parties	Relationship
L&H Retail Management Co., Ltd.	Subsidiary (99.95 percent held by L&H Property Co., Ltd.)
L&H Hotel Management Co., Ltd.	Subsidiary (99.97 percent held by L&H Property Co., Ltd.)
Land and Houses U.S.A., Inc.	Subsidiary
LH Financial Group Plc.	Associate
Land and Houses Bank Plc.	Associate (99.99 percent held by LH Financial Group Plc.)
Land and Houses Fund Management Co., Ltd.	Associate (99.99 percent held by the subsidiary of LH Financial Group Plc.)
Quality Construction Products Plc.	Associate
Home Product Center Plc.	Associate
Asia Asset Advisory Co., Ltd.	Associate
L&H Management Co., Ltd.	Associate (99.99 percent held by Asia Asset Advisory Co., Ltd.)
Land and Houses Property Fund	Associate
Land and Houses Property and Loan Fund-II	Associate
Quality Houses Plc.	Associate
Q.H. International Co., Ltd.	Associate (99.99 percent held by Quality Houses Plc.)
Quality Houses Leasehold Property Fund	Associate of Quality Houses Plc.
Starmalls, Inc.	Associate (The Company reclassified the type of investment from investments in associate to available-for-sale investments in June 2012)
Muang Mai Property Co., Ltd.	Shareholder of subsidiary
Reco Resorts Pte Ltd.	Shareholder of subsidiary
Siam Retail Development Co., Ltd.	Common shareholder
Land and Houses Freehold and Leasehold Property Fund	Common shareholder
Trinity Securities Company Limited	Common director

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 financial statements		Separate financial statements		Transfer pricing policy
	2013	2012	2013	2012	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	90.2	48.8	MLR - 1.5 and 5.00% - 7.50% p.a.
Management fee income	-	-	13.5	12.5	Approximate cost
Dividend income	-	-	325.5	300.0	Declared rate
Sales of land	-	-	56.8	1.4	Approximate cost
Cash paid for use of land	-	-	81.0	5.2	Approximate cost
Purchases of land	-	-	9.0	0.5	Approximate cost
Interest expenses	-	-	3.3	4.1	3.00% p.a.
Rental and service expenses	-	-	1.7	1.8	Baht 1,030 per square metre per month
<u>Transactions with associates</u>					
Interest income	16.7	22.7	13.7	21.5	Market rate
Dividend income	708.5	662.0	708.5	662.0	Declared rate
Purchases of goods	107.0	134.7	101.0	127.9	Market price
Commission expenses	4.4	-	-	-	Market rate
Services expenses	0.5	3.4	-	-	Contract price
Accounting services expenses	-	1.0	-	-	Contract price
Project management fee expenses	107.6	116.2	-	-	Contract price
<u>Transactions with related companies</u>					
Dividend income	55.9	31.4	55.9	31.4	Declared rate
Rental and services expenses	42.1	39.3	42.1	39.3	Baht 500 - 800 per square meter per month
Interest expenses	21.3	29.8	-	-	MLR - 1.5 and 5.50% - 7.50% p.a.
Commission expenses	14.6	11.3	-	0.4	Contract price
Project management fee expenses	23.7	22.0	-	-	Contract price
Sale of project	-	628.0	-	-	Market price
Provision for guarantee					
Income of fond	33.3	80.6	33.3	80.6	Contract price
<u>Transactions with directors of subsidiaries</u>					
Interest expenses	2.2	2.2	-	-	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 2013, the outstanding provision to guarantee income of the fund is amounting to Baht 67 million. The amount are represented as a short-term provision totaling Baht 47 million and long-term provision totaling Baht 20 million in the statement of financial position.

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Deposit at financial institution</b>				
(shown under cash and cash equivalents)				
<u>Associate</u>				
Land and Houses Bank Plc.	651.9	919.0	499.5	722.4
<b>Current investments (Note 9)</b>				
<u>Associate</u>				
Land and Houses Fund Management Co., Ltd.	50.0	50.0	50.0	50.0
<b>Amounts due from and accounts receivables - related parties (Note 10)</b>				
<u>Subsidiaries</u>				
(Eliminated from the consolidated financial statements)				
L H Asset Co., Ltd.	-	-	0.1	1.1
Atlantic Real Estate Co., Ltd.	-	-	0.1	0.8
Land and Houses Northeast Co., Ltd.	-	-	0.5	-
L H Muangmai Co., Ltd.	-	-	0.2	-
	-	-	0.9	1.9
<u>Associates</u>				
Q.H. International Co., Ltd.	3.3	-	-	-
Quality Houses Plc.	-	0.2	-	-
Land and Houses Bank Plc.	-	0.1	-	-
	3.3	0.3	-	-
<u>Related company</u>				
Land and Houses Freehold and Leasehold Property Fund	-	3.5	-	-
<b>Total</b>	<b>3.3</b>	<b>3.8</b>	<b>0.9</b>	<b>1.9</b>
<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.	-	-	282.7	50.1
L H Asset Co., Ltd.	-	-	35.4	60.1
L H Muang Mai Co., Ltd.	-	-	99.9	68.8
L&H Property Co., Ltd.	-	-	590.8	745.5
Pacific Real Estate Co., Ltd.	-	-	75.9	-
	-	-	1,084.7	924.5
<u>Associate</u>				
Land and Houses Bank Plc.	0.1	0.1	0.1	0.1
<b>Total</b>	<b>0.1</b>	<b>0.1</b>	<b>1,084.8</b>	<b>924.6</b>
<b>Long-term loans to and accrued interest receivables from related parties</b>				
<u>Subsidiary</u>				
(Eliminated from the consolidated financial statements)				
Land and Houses U.S.A., Inc.	-	-	3,141.2	-

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Deposit to related companies</b>				
<u>Subsidiary</u>				
(Eliminated from the consolidated financial statements)				
L&H Property Co., Ltd.	-	-	-	0.4
<u>Related company</u>				
Quality Houses Leasehold Property Fund	9.3	8.6	9.3	8.6
Total	9.3	8.6	9.3	9.0
<b>Trade accounts payables - related parties (Note 22)</b>				
<u>Associates</u>				
Quality Construction Products Plc.	14.2	9.9	14.2	9.9
Home Product Center Plc.	0.8	0.8	0.6	0.3
Quality Houses Plc.	10.3	16.8	-	-
	25.3	27.5	14.8	10.2
<u>Related companies</u>				
Land and Houses Freehold and Leasehold Property Fund	2.7	2.4	-	-
Siam Retail Development Co., Ltd.	3.3	7.6	-	-
	6.0	10.0	-	-
Total	31.3	37.5	14.8	10.2
<b>Amounts due to related parties (Note 22)</b>				
<u>Associates</u>				
Home Product Center Plc.	0.1	4.5	0.1	4.6
Quality Houses Plc.	10.6	5.7	-	-
	10.7	10.2	0.1	4.6
<u>Related companies</u>				
Siam Retail Development Co., Ltd.	9.6	4.3	-	-
Quality Houses Leasehold Property Fund	0.3	-	0.3	-
	9.9	4.3	0.3	-
Total	20.6	14.5	0.4	4.6
<b>Short-term loans from and accrued interest payables to related parties</b>				
<u>Subsidiaries</u>				
(Eliminated from consolidated financial statements)				
LH Real Estate Co., Ltd.	-	-	16.6	-
Pacific Real Estate Co., Ltd.	-	-	-	42.6
Siam Tanee Property Co., Ltd.	-	-	90.4	9.0
Land and Houses North Co., Ltd.	-	-	22.2	22.1
	-	-	129.2	73.7
<u>Related companies</u>				
Muang Mai Property Co., Ltd.	13.1	12.5	-	-
Reco Resorts Pte Ltd.	393.7	496.9	-	-
Directors of subsidiaries	53.4	45.2	-	-
	460.2	554.6	-	-
Total	460.2	554.6	129.2	73.7

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Provision for guarantee income of fund (Note 25)</b>				
<u>Related company</u>				
Land and Houses Freehold and Leasehold Property Fund	67.3	72.8	67.3	72.8

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

During the year 2013, movements of loans to/loans from the Company, subsidiaries and related companies were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	1 January 2013	Increase	Decrease	31 December 2013
<b>Short-term loans to and accrued interest receivables from related parties</b>				
<u>Associate</u>				
Land and Houses Bank Plc.	0.1	16.7	(16.7)	0.1
<b>Short-term loans from and accrued interest payables to related parties</b>				
<u>Related companies</u>				
Muang Mai Property Co., Ltd.	12.5	0.6	-	13.1
Reco Resorts Pte Ltd.	496.9	20.7	(123.9)	393.7
Directors of subsidiaries	45.2	8.2	-	53.4
<b>Total</b>	<b>554.6</b>	<b>29.5</b>	<b>(123.9)</b>	<b>460.2</b>

(Unit: Million Baht)

	Separate financial statements			
	1 January 2013	Increase	Decrease	31 December 2013
<b>Short-term loans to and accrued interest receivables from related parties</b>				
<u>Subsidiaries</u>				
Land and Houses Northeast Co., Ltd.	50.1	275.8	(43.2)	282.7
L H Asset Co., Ltd.	60.1	48.2	(72.9)	35.4
L H Muang Mai Co., Ltd.	68.8	31.1	-	99.9
L&H Property Co., Ltd.	745.5	31.1	(185.8)	590.8
Atlantic Real Estate Co., Ltd.	-	75.9	(75.9)	-
Pacific Real Estate Co., Ltd.	-	80.9	(5.0)	75.9
	924.5	543.0	(382.8)	1,084.7
<u>Associate</u>				
Land and Houses Bank Plc.	0.1	13.7	(13.7)	0.1
<b>Total</b>	<b>924.6</b>	<b>556.7</b>	<b>(396.5)</b>	<b>1,084.8</b>
<b>Long-term loans to and accrued interest receivables from related parties</b>				
<u>Subsidiary</u>				
Land and Houses U.S.A., Inc.	-	3,170.9	(29.7)	3,141.2

(Unit: Million Baht)

	Separate financial statements			
	1 January 2013	Increase	Decrease	31 December 2013
Short-term loans from and accrued interest payables to related parties				
Subsidiaries				
Pacific Real Estate Co., Ltd.	42.6	120.6	(163.2)	-
Siam Tanee Property Co., Ltd.	9.0	111.7	(30.3)	90.4
Land and Houses North Co., Ltd.	22.1	45.6	(45.5)	22.2
Atlantic Real Estate Co., Ltd.	-	231.3	(231.3)	-
L H Real Estate Co., Ltd.	-	48.7	(32.1)	16.6
Total	73.7	557.9	(502.4)	129.2

### Directors and management's benefits

During the year 2013 and 2012, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2013	2012
Short-term employee benefits	83,620	90,985
Post-employment benefits	3,180	3,194
Total	86,800	94,179

### 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 35 to the financial statements.

The Company and a subsidiary had outstanding guarantee obligations with its related parties, as described in Note 35.3 to the financial statements.



## 8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash	4,776	5,271	2,050	1,798
Bank deposits	695,888	1,028,121	380,799	761,615
Cheques in transit	264,875	278,704	244,984	268,039
Bills of exchange	200,000	-	200,000	-
Treasury bills	-	149,989	-	149,989
Total	1,165,539	1,462,085	827,833	1,181,441

As at 31 December 2013, bank deposits, bills of exchange and treasury bills carried interests between 0.50% and 2.25% per annum (2012: 0.625% to 3.00% per annum).

## 9. Current investments

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2013	2012
Investments in LH Money Market Fund, Cost	50,000	-
Add: Unrealised gain on changes in value of investments	25	-
Fair value	50,025	-

## 10. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<u>Trade receivables - unrelated parties</u>				
Past due				
Less than 3 months	94,960	78,743	-	-
3 - 6 months	3,918	10,186	-	-
6 - 9 months	2,706	553	-	-
9 - 12 months	2,480	-	-	-
Over 12 months	188	567	-	-
Total	104,252	90,049	-	-
Less: Allowance for doubtful debts	(105)	-	-	-
Total trade receivables - unrelated parties, net	104,147	90,049	-	-

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
<u>Other receivables</u>				
Amounts due from and accounts receivables - related parties	3,251	3,776	887	1,876
Other	28,850	26,421	28,087	25,879
Other receivables	32,101	30,197	28,974	27,755
Total trade and other receivables - net	136,248	120,246	28,974	27,755

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Land	23,564,974	20,514,921	22,636,503	19,591,173
Land improvements	1,931,679	1,296,652	1,824,428	1,234,153
Construction in progress	8,952,298	7,114,711	8,428,246	6,770,099
Interest cost	1,520,064	1,515,468	1,443,111	1,462,351
Public utilities	2,652,358	2,147,214	2,364,445	1,996,344
Deferred development cost	832	1,091	414	500
Houses held for sales	41,430	60,204	-	-
Total	38,663,635	32,650,261	36,697,147	31,054,620
Less : Allowance for reduce cost to net realisable value	(167,552)	(113,626)	(69,129)	(78,952)
Inventories - net	38,496,083	32,536,635	36,628,018	30,975,668

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

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

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Borrowing costs included in cost of land and construction in progress (Million Baht)	696	695	650	671
Capitalisation rate (Percent)	3.8	4.0	3.8	4.0

As at 31 December 2013 and 2012, 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 financial statements		Separate financial statements	
	2013	2012	2013	2012
Net book value of land and structures thereon mortgaged as collateral	5,559	9,571	4,576	8,762

Movements in the allowance for loss on diminution in value of projects during the year ended 31 December 2013 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2013	113,626	78,952
Add: Additional set up	43,274	-
Transfer from land held for development	26,692	-
Less: Reversal due to sale	(16,040)	(9,823)
Balance as at 31 December 2013	167,552	69,129

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

## 12. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment		Carrying amount based on cost method - net	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
			(Percent)	(Percent)						
Atlantic Real Estate Co., Ltd.	15,000	15,000	99.99	99.99	14,998	14,998	-	-	14,998	14,998
Pacific Real Estate Co., Ltd.	5,810	5,810	99.99	99.99	5,810	5,810	-	-	5,810	5,810
Land and Houses North Co., Ltd.	13,500	13,500	99.99	99.99	13,500	13,500	-	-	13,500	13,500
Land and Houses Northeast Co., Ltd.	150,000	150,000	99.99	99.99	149,999	149,999	(50,000)	(50,000)	99,999	99,999
Siam Taneer Property Co., Ltd. and its subsidiary	100,000	100,000	99.99	99.99	64,859	64,859	-	-	64,859	64,859
L H Real Estate Co., Ltd.	58,000	58,000	99.99	99.99	25,000	25,000	-	-	25,000	25,000
L H Asset Co., Ltd.	100,000	100,000	99.99	99.99	52,734	52,734	-	-	52,734	52,734
L H Muang Mai Co., Ltd. and its subsidiaries	900,000	900,000	55.00	55.00	495,000	495,000	-	-	495,000	495,000
L&H Property Co., Ltd. and its subsidiaries	2,450,000	2,450,000	60.00	60.00	1,566,000	1,566,000	-	-	1,566,000	1,566,000
Land and Houses U.S.A., Inc.	(a)	(a)	100.00	100.00	616,427	346,466	-	-	616,427	346,466
					<u>3,004,327</u>	<u>2,734,366</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>2,954,327</u>	<u>2,684,366</u>

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

During the years 2013 and 2012, the Company received dividend income from a subsidiary as detailed below.

(Unit: Thousand Baht)

Company's name	2013	2012
Atlantic Real Estate Co., Ltd.	325,454	299,958
Total	<u>325,454</u>	<u>299,958</u>

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

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

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

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

### 13. Investments in associates

#### 13.1 Details of investments in associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements								
			Shareholding			Carrying amounts based on					
			percentage			Cost			equity method		
			31	31	1	31	31	1	31	31	1
			December	December	January	December	December	January	December	December	January
			2013	2012	2012	2013	2012	2012	2013	2012	2012
			(Percent)	(Percent)	(Percent)	(Restated)					
LH Financial Group Plc.	Holding company	Thai	34.14	35.07	35.43	4,394,026	4,254,008	4,254,008	5,137,099	4,976,725	4,726,552
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	21.16	21.16	179,178	179,178	179,178	419,878	397,458	320,149
Home Product Center Plc.	Trading of construction materials	Thai	30.23	30.11	30.07	1,489,020	1,337,231	1,175,060	4,463,110	3,470,119	2,801,956
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	40.00	2,000	2,000	2,000	9,042	5,142	2,623
Land and Houses Property Fund	Real estate business	Thai	49.94	49.94	49.94	20,692	20,692	20,692	32,402	32,402	32,402
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	49.99	785,330	785,330	1,512,269	537,126	542,334	1,260,648
Quality Houses Plc.	Real estate business	Thai	24.98	24.86	24.86	3,282,682	3,252,802	3,252,802	5,179,520	4,780,100	4,187,038
Starmalls, Inc.	Real estate business	Philippines	-	-	25.00	-	-	866,849	-	-	1,148,654
						10,152,928	9,831,241	11,262,858	15,778,177	14,204,280	14,480,022

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements					
			Shareholding percentage			Cost		
			31	31	1	31	31	1
			December	December	January	December	December	January
			2013	2012	2012	2013	2012	2012
			(Percent)	(Percent)	(Percent)			
LH Financial Group Plc.	Holding company	Thai	34.14	35.07	35.43	4,394,026	4,254,008	4,254,008
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	21.16	21.16	179,178	179,178	179,178
Home Product Center Plc.	Trading of construction materials	Thai	30.23	30.11	30.07	1,489,020	1,337,231	1,175,060
Asia Asset Advisory Co., Ltd.	Investment advisor	Thai	40.00	40.00	40.00	2,000	2,000	2,000
Land and Houses Property Fund	Real estate business	Thai	49.94	49.94	49.94	20,692	20,692	20,692
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	49.99	785,330	785,330	1,512,269
Quality Houses Plc.	Real estate business	Thai	24.98	24.86	24.86	3,282,682	3,252,802	3,252,802
Starmalls, Inc.	Real estate business	Philippines	-	-	25.00	-	-	866,849
						10,152,928	9,831,241	11,262,858

#### 13.2 Significant changes in investments in associates

##### 13.2.1 LH Financial Group Public Company Limited

During the year 2013, the warrant holders of LH Financial Group Public Company Limited exercised their rights to convert warrants to 330 million ordinary shares. As a result, the Company's shareholding percentage in that company has changed from 35.07% to 34.14%.

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

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

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

On 5 April 2013, the Annual General Meeting of the shareholders of Home Product Center Public Company Limited approved the payment of dividend to its shareholders. This comprised a stock dividend at rate of 1 dividend share for every 6 existing shares, or equivalent to Baht 0.1667 per share and a cash dividend of Baht 0.0186 per share. The Company received 355 million stock dividend shares and cash dividend of Baht 40 million on 30 April 2013. The Company included this stock dividend in recalculating the average cost of investment in such company, using the total shares held after receiving stock dividend during the current period.

On 22 October 2013, the Extraordinary General Meeting of the shareholders of Home Product Center Public Company Limited approved the payment of dividend to its shareholders. This comprised a stock dividend at rate of 1 dividend share for every 6 existing shares, or equivalent to Baht 0.1667 per share and a cash dividend of Baht 0.0186 per share. The Company received 414 million stock dividend shares and cash dividend of Baht 46 million on 15 November 2013. The Company included this stock dividend in recalculating the average cost of investment in such company, using the total shares held after receiving stock dividend during the current period.

#### **13.2.3 Quality Houses Public Company Limited**

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

### 13.3 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	
	2013	2012	2013	2012	2013	2012
	(Restated)		(Restated)			
LH Financial Group Plc.	288,222	234,354	(127,989)	30,861	139,878	15,041
Quality Construction Products Plc.	49,501	84,216	-	(137)	27,081	6,770
Home Product Center Plc.	927,113	803,143	(105)	7,141	85,805	304,292
Asia Asset Advisory Co., Ltd.	3,900	3,305	-	(785)	-	-
Land and Houses Property Fund <sup>(1)</sup>	-	-	-	-	-	-
Land and Houses Property and Loan Fund-II	15,963	524,621	-	-	21,171	316,335
Quality Houses Plc.	824,061	609,746	(19,984)	2,832	434,537	19,516
Starmalls, Inc. <sup>(2)</sup>	-	25,344	-	(2,344)	-	-
Total	2,108,760	2,284,729	(148,078)	37,568	708,472	661,954

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

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

### 13.4 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 2013 and 2012 are as follows:

(Unit: Million Baht)

Company's name	Country of listing	Fair values	
		2013	2012
LH Financial Group Plc.	Thai	5,296	5,713
Quality Construction Products Plc.	Thai	804	1,244
Home Product Center Plc.	Thai	26,961	26,715
Quality Houses Plc.	Thai	6,009	4,886
Total		39,070	38,558

### 13.5 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	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
				(Restated)		(Restated)		(Restated)		(Restated)
LH Financial Group Plc.	12,716	11,979	149,099	122,369	134,078	108,202	7,115	5,252	893	683
Quality Construction Products Plc.	400	400	2,402	2,219	418	340	2,282	2,176	234	398
Home Product Center Plc.	9,590	7,041	35,942	25,868	23,225	15,941	42,830	36,969	3,068	2,671
Asia Asset Advisory Co., Ltd.	5	5	44	37	25	25	68	71	8	6
Land and Houses Property and Loan Fund-II	1,569	1,569	2,193	1,092	6	7	84	143	29	1,197
Quality Houses Plc.	9,184	9,184	41,652	41,871	24,374	26,076	19,999	14,409	3,307	2,450

13.6 The Company's consolidated financial statements for the years ended 31 December 2013 and 2012 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 or not 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	
	2013	2012	2013	2012
		(Restated)		(Restated)
<b>Audited by auditor and other auditors of the same firm</b>				
LH Financial Group Plc.	5,137,099	4,976,725	288,222	234,354
Home Product Center Plc.	4,463,111	3,470,119	927,113	803,143
Asia Asset Advisory Co., Ltd.	9,042	5,142	3,900	3,305
Land and Houses Property Fund <sup>(1)</sup>	32,402	32,402	-	-
Land and Houses Property and Loan Fund-II	537,126	542,334	15,963	524,621
Quality Houses Plc.	5,179,520	4,780,100	824,061	609,746
<b>Audited by other auditors</b>				
Quality Construction Products Plc.	419,878	397,458	49,501	84,216
<b>Unaudited by auditor</b>				
Starmalls, Inc. <sup>(2)</sup>	-	-	-	25,344
<b>Total</b>	<b>15,778,178</b>	<b>14,204,280</b>	<b>2,108,760</b>	<b>2,284,729</b>

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

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



#### 14. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Available-for-sale securities</b>				
Equity securities - Domestic	783,568	783,568	783,568	783,568
Equity securities - Overseas	2,368,704	2,368,704	2,368,704	2,368,704
Less: Changes in fair value of securities	(406,590)	(156,740)	(406,590)	(156,740)
Available-for-sale securities - net	2,745,682	2,995,532	2,745,682	2,995,532
<b>Other investments</b>				
Equity securities - Domestic	204,437	250,089	26,000	26,000
Less: Allowance for impairment	(100,500)	(37,064)	(16,000)	(16,000)
Other investments - net	103,937	213,025	10,000	10,000
<b>Total</b>	<b>2,849,619</b>	<b>3,208,557</b>	<b>2,755,682</b>	<b>3,005,532</b>

#### 15. Land held for development

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Land held for development	4,929,075	4,957,913	3,741,556	3,755,806
Less: Allowance for loss on diminution in value	(802,862)	(792,850)	(691,869)	(691,869)
Land held for development - net	4,126,213	4,165,063	3,049,687	3,063,937

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

As at 31 December 2013 and 2012, the Company and its subsidiaries have mortgaged land held for development to secure long-term loans with net book value as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Net book value of mortgaged land held for development to secure loans	3,496	2,116	2,551	1,171

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

Movements in the allowance for loss on diminution in value of land held for development during the year ended 31 December 2013 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2013	792,850	691,869
Add: Additional set up	36,703	-
Less: Transfer to inventories	(26,691)	-
Balance as at 31 December 2013	802,862	691,869

## 16. Investment properties

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

(Unit: Thousand Baht)

	Consolidated financial statements	
	2013	2012
Cost	3,788,852	313,974
Less: Accumulated depreciation	(30,138)	(291)
Net book value	3,758,714	313,683

A reconciliation of the net book value of investment properties for the years 2013 and 2012 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements	
	2013	2012
Net book value at beginning of year	313,683	386,513
Acquisition of assets	3,452,512	313,974
Depreciation charged	(28,049)	(6,012)
Disposals - net book value at disposal date	-	(380,792)
Translation adjustment	20,568	-
Net book value at end of year	3,758,714	313,683

Depreciation of investment properties for the year 2013 of Baht 28 million (2012: Baht 6 million) included in cost of rental and services.

The fair value of the investment properties as at 31 December 2013 and 2012 stated below:

(Unit: Million Baht)

	Consolidated financial statements	
	2013	2012
Apartments	3,603 <sup>(1)</sup>	314 <sup>(2)</sup>
<sup>(1)</sup> As at 31 December 2013 fair value USD 110.25 million.		
<sup>(2)</sup> As at 31 December 2012 fair value USD 10.25 million.		

As at 31 December 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 2013 and 2012, the subsidiaries 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	
	2013	2012
Rental and service income	92	20
Direct operating expenses	66	16

## 17. Property, plant and equipment

(Unit: Thousand Baht)									
	Consolidated financial statements								
	Land	Building and building improvement	Office equipment	Furniture, fixture and equipment	Motor vehicles	Clubhouse and pool	Other	Assets under construction	Total
<u>Cost</u>									
1 January 2012	26,997	63,212	154,490	465,568	64,976	788,221	235,236	36,538	1,835,238
Purchase	-	-	29,492	4,176	54,668	109,992	16,415	23,938	238,681
Disposal/Write-off	-	-	(23,617)	(77,375)	(5,993)	(63,810)	(1,693)	-	(172,488)
Transfer in (out)	-	1,180	-	21,163	-	-	-	(22,343)	-
31 December 2012	26,997	64,392	160,365	413,532	113,651	834,403	249,958	38,133	1,901,431
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	-	20,454	-	5,740	-	(31,029)	-
Translation adjustment	-	-	6	24	-	-	-	-	30
31 December 2013	26,997	67,336	167,783	421,732	113,553	875,278	250,811	34,001	1,957,491
<u>Accumulated depreciation</u>									
1 January 2012	-	37,868	113,056	329,926	38,140	557,950	118,697	-	1,195,637
Depreciation for the year	-	2,149	17,656	52,694	16,505	97,757	30,910	-	217,671
Depreciation on disposal	-	-	(23,522)	(69,865)	(5,715)	(63,810)	(1,133)	-	(164,045)
31 December 2012	-	40,017	107,190	312,755	48,930	591,897	148,474	-	1,249,263
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
<u>Allowance for impairment</u>									
31 December 2012	-	1,178	-	-	-	-	-	-	1,178
31 December 2013	-	1,178	-	-	-	-	-	-	1,178
<u>Net book value</u>									
31 December 2012	26,997	23,197	53,175	100,777	64,721	242,506	101,484	38,133	650,990
31 December 2013	26,997	24,309	41,309	90,986	52,324	276,254	70,108	34,001	616,288
<u>Depreciation for the year</u>									
2012 (Baht 164 million included in cost of sales and cost of rental and services, and the balance in administrative expenses)									217,671
2013 (Baht 151 million included in cost of sales and cost of rental and services, and the balance in administrative expenses)									210,919

(Unit: Thousand Baht)

	Separate financial statements							
	Building and building improvement	Office equipment	Furniture, fixture and equipment	Motor vehicles	Clubhouse and pool	Other	Assets under construction	Total
<u>Cost</u>								
1 January 2012	45,508	110,047	171,388	55,372	673,767	48,662	35,965	1,140,709
Purchase	-	24,399	-	52,888	106,179	2,782	19,946	206,194
Disposal/Write-off	-	(22,822)	(8,781)	(2,372)	(59,427)	-	-	(93,402)
Transfer in (out)	1,180	-	21,163	-	-	-	(22,343)	-
31 December 2012	46,688	111,624	183,770	105,888	720,519	51,444	33,568	1,253,501
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

(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
<u>Accumulated depreciation</u>								
1 January 2012	21,344	96,821	142,038	29,739	449,069	38,249	-	777,260
Depreciation for the year	2,149	10,089	12,566	15,814	92,374	3,574	-	136,566
Depreciation on disposal	-	(22,791)	(7,599)	(2,372)	(59,427)	-	-	(92,189)
31 December 2012	23,493	84,119	147,005	43,181	482,016	41,823	-	821,637
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
<u>Net book value</u>								
31 December 2012	23,195	27,505	36,765	62,707	238,503	9,621	33,568	431,864
31 December 2013	24,307	20,097	41,122	50,851	272,480	13,257	23,694	445,809
<u>Depreciation for the year</u>								
2012 (Baht 92 million included in cost of sales, and the balance in administrative expenses)								136,566
2013 (Baht 98 million included in cost of sales, and the balance in administrative expenses)								148,472

As at 31 December 2013 and 2012, certain building and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Building and equipment items have been fully depreciated but are still in use	548	536	264	261

## 18. Leasehold rights

(Unit: Thousand Baht)

Consolidated financial statements						
Project	Remaining Periods of Leasehold rights	1 January	Disposal -		31 december	
	(years)	2013	Increase	Net book value At disposal date	Amortisation	2013
Grande centre point hotel ratchadamri	24	1,856,398	3,019	-	(90,360)	1,769,057
Terminal 21 shopping mall and grande centre point hotel terminal 21	27	4,563,155	6,290	-	(165,439)	4,404,006
Vacant land	13 and 33	517	106,710	-	(37)	107,190
Total		6,420,070	116,019	-	(255,836)	6,280,253

The amortisation of leasehold rights for the year 2013 of Baht 256 million (2012: Baht 257 million) included in cost of rental and services.

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.

Subsidiaries have pledged their land leasehold rights with construction thereon with a total net book value as at 31 December 2013 of Baht 1,769 million (2012: Baht 1,856 million) as collateral for bank overdrafts and long-term loans.

## 19. Deposit for purchase of land

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2013	2012
Deposit for purchase of land	-	282,450
Less: Allowance for impairment	-	(84,735)
Deposit for purchase of land - net	-	197,715

As at 31 December 2012, the Company had an agreement to buy and to sell land which it made full payment of Baht 282 million. Regarding to the condition in the agreement, ownership of the land would be transferred after completion of some construction on the land within 36 months from the agreement date. If the Company is unable to fulfill this condition, the seller can cancel the agreement and return 70 percent of the purchase price to the Company. The Company has not yet proceeded such construction, therefore, allowance for impairment of deposit for purchase of land was recorded of Baht 85 million.

However, during the year 2013, the Company sold deposit for purchase of land and recognised gains on the sales in profit or loss.

## 20. Other intangible assets

The net book value of other intangible assets as at 31 December 2013 and 2012 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements	
	Right to the use of the connecting walkway	Computer software	Total	Computer software	Total
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

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements	
	Right to the use of the connecting walkway	Computer software	Total	Computer software	Total
As at 31 December 2012:					
Cost	81,408	64,915	146,323	38,804	38,804
Less: Accumulated amortisation	(9,118)	(19,758)	(28,876)	(15,704)	(15,704)
Net book value	72,290	45,157	117,447	23,100	23,100

A reconciliation of the net book value of intangible assets for the years 2013 and 2012 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Net book value at beginning of year	117,447	105,880	23,100	6,394
Acquisition of computer software	1,576	25,494	611	19,486
Disposal and amortised during the year				
- net book value as at disposal date	(605)	(27)	-	-
Amortisation	(13,793)	(13,900)	(3,046)	(2,780)
Net book value at end of year	104,625	117,447	20,665	23,100
Amortisation for the year charged to				
Cost of rental and services	7,689	8,269	-	-
Administrative expenses	6,104	5,631	3,046	2,780

#### Right to the use of the connecting walkway

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

## 21. Bank overdrafts and short-term loans

(Unit: Thousand Baht)

	Interest rate (Per-cent per annum)		Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012	2013	2012
<b>Bank overdrafts and short-term loans from financial institutions</b>						
Bank overdrafts	MOR	MOR	21,669	15,061	180	-
Promissory notes	MOR - 1.5	3.20 and MOR - 1.5	400,000	310,000	300,000	300,000
Total bank overdrafts and short-term loans from financial institutions			421,669	325,061	300,180	300,000
<b>Short-term loans</b>						
Bills of exchange	2.75 - 2.99	2.90 - 2.99	2,360,000	900,000	2,360,000	900,000
Less: Prepaid interest			(5,482)	(6,018)	(5,482)	(6,018)
Total short-term loans			2,354,518	893,982	2,354,518	893,982

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.

## 22. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade payables - unrelated parties	1,799,037	1,318,789	1,635,094	1,111,370
Trade payables - related parties	31,283	37,455	14,815	10,195
Other payables - related parties	20,604	14,481	420	4,578
Accrued expenses	933,882	753,302	741,866	617,979
Others	21,044	21,825	20,117	19,812
Total trade and other payables	2,805,850	2,145,852	2,412,312	1,763,934

## 23. Long-term loans

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Long-term loans	13,374,637	10,707,662	9,507,486	6,552,345
Less: Current portion	(1,870,427)	(1,545,010)	(1,000,000)	(1,000,000)
Net	11,504,210	9,162,652	8,507,486	5,552,345



As at 31 December 2013 and 2012, long-term loans of the Company and its subsidiaries from domestic financial institutions are shown below:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Interest rate per annum	Principal repayments	Guaranteed by
	2013	2012	2013	2012			
<u>The Company</u>	2,000	2,000	2,000	2,000	Year 1-2 - 4.11% Thereafter - MLR - 1.75	Repayment within 4 years from the first drawdown date	-
	1,000	2,000	1,000	2,000	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	1,391	1	1,391	Year 1-3 - 4% Year 4 - MLR - 1.75	Repayments within 4 years from the first drawdown date	Land and premises of project
	815	815	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	346	361	346	Year 1 - 5 - MLR - 2.25	Repayments within 5 years from the first drawdown date	Land
	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	-
	3,330	-	3,330	-	Year 1 - 4 MLR - 2.25	Repayments within 4 years from the first drawdown date	Land
<u>Subsidiaries</u>							
L&H Property Co., Ltd.	668	813	-	-	Year 1-3 - MLR - 1.5 Thereafter-MLR - 1.0 or fixed deposit interest rate plus 2.5% whichever is higher rate	Repayments within December 2017	Land leasehold of project which the bank granted the loan
	2,377	2,547	-	-	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>aj</sup>
L H Muang Mai Co., Ltd.	226	247	-	-	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 draw- down date	Land and premises of project
	385	334	-	-	MLR - 2	60 percent of proceeds from sale of land and premises whereas the total loan have to be repaid within 5 years from the first drawdown date	Land and premises of project

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Interest rate per annum	Principal repayments	Guaranteed by
	2013	2012	2013	2012			
Double Tree Co., Ltd.	211	214	-	-	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	13,374	10,707	9,507	6,552			
Less: Current portion	(1,870)	(1,545)	(1,000)	(1,000)			
Net	11,504	9,162	8,507	5,552			

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

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

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Undrawdown loan facilities	1,183	2,633	86	1,254

## 24. Debentures

Details of approval to issue the debenture are as follows:

Approved by	The Annual General Meeting of the Company's shareholders held on 26 April 2011
Amount	Revolving amount of Baht 20,000 million or the equivalent in any other currency
Term	Maximum terms of 10 years

Type	Any types of debentures such as unsubordinated and/or subordinated, unsecured and/or secured, with and/or without debentureholder representation
Method of issuance	To be issued in Thailand and/or offshore

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

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

					Consolidated and Separate financial statements			
					Number of debenture (Shares)		Amount (Thousand Baht)	
					2013	2012	2013	2012
No.	Interest rate per annum	Tenor	Repayment	Maturity				
Unsubordinated and unsecured debetures								
No. 1/2009	Fixed rate 4.5%	5.5 years	At maturity	19 June 2015	2,000,000	2,000,000	2,000,000	2,000,000
No. 1/2010	Fixed rate 3.4%	3.5 years	At maturity	30 September 2013	-	1,000,000	-	1,000,000
No. 2/2010	Fixed rate 3%	3 years	At maturity	29 March 2013	-	2,000,000	-	2,000,000
No. 3/2010	Fixed rate 2.89%	3 years	At maturity	27 July 2013	-	1,000,000	-	1,000,000
No. 1/2011	Fixed rate 3.54%	3 years	At maturity	20 January 2014	2,500,000	2,500,000	2,500,000	2,500,000
No. 1/2012 (1)	Fixed rate 3.85%	2.5 years	At maturity	30 September 2014	900,000	900,000	900,000	900,000
No. 1/2012 (2)	Fixed rate 3.99%	3 years	At maturity	30 March 2015	3,100,000	3,100,000	3,100,000	3,100,000
No. 2/2012 (1)	Fixed rate 4.10%	3 years	At maturity	30 September 2015	2,500,000	2,500,000	2,500,000	2,500,000
No. 1/2013	Fixed rate 3.59%	3 years	At maturity	31 March 2016	3,500,000	-	3,500,000	-
No. 2/2013	Fixed rate 4.03%	3 years	At maturity	30 September 2016	3,500,000	-	3,500,000	-
Total					18,000,000	15,000,000	18,000,000	15,000,000
Less: Current portion of debentures							(3,400,000)	(4,000,000)
Net							14,600,000	11,000,000

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

## 25. Provisions

(Unit: Thousand Baht)

	Consolidated financial statements							
	Short-term provisions				Long-term provisions			
					Compensation			
	After-sale		Guarantee		for Housing		Guarantee	
	maintenance	Legal	income		Estate Juristic	Public utilities	income	
expenses	cases	of fund	Total	Persons	maintenance	of fund	Total	
As at 1 January 2012	42,710	36,569	-	79,279	147,078	164,676	-	311,754
Increase during the year	45,471	174,477	58,037	277,985	22,741	60,927	22,522	106,190
Utilised	(36,676)	-	(7,717)	(44,393)	(19,341)	(19,261)	-	(38,602)
As at 31 December 2012	51,505	211,046	50,320	312,871	150,478	206,342	22,522	379,342
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

(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		Guarantee income of fund	Total
					Estate Juristic Persons	Public utilities maintenance		
As at 1 January 2012	37,975	36,569	-	74,544	133,223	154,674	-	287,897
Increase during the year	42,315	174,477	58,037	274,829	19,701	60,713	22,522	102,936
Utilised	(31,914)	-	(7,717)	(39,631)	(17,980)	(17,330)	-	(35,310)
As at 31 December 2012	48,376	211,046	50,320	309,742	134,944	198,057	22,522	355,523
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

## 26. 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 financial statements		Separate financial statements	
	2013	2012	2013	2012
Defined benefit obligation at beginning of year	181,829	131,651	172,115	126,190
Current service cost	14,226	8,486	9,987	6,971
Interest cost	6,549	5,954	6,196	5,774
Benefits paid during the year	(477)	(7,163)	(477)	(7,163)
Actuarial loss	-	42,901	-	40,342
Defined benefit obligation at end of year	202,127	181,829	187,821	172,114

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Current service cost	14,226	8,486	9,987	6,971
Interest cost	6,549	5,954	6,196	5,774
Total expenses recognised in profit or loss	20,775	14,440	16,183	12,745
Line items under which such expenses are included in profit or loss				
Cost of sales and cost of rental and services	7,899	3,598	4,066	2,359
Administrative expenses	12,876	10,842	12,117	10,386

As at 31 December 2012, the cumulative amount of actuarial loss (net of income tax) recognised in other comprehensive income and taken as part of retained earnings of the Company and its subsidiaries amounted to Baht 34 million (2013: None) (The Company only: Baht 32 million, 2013: None).

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(Percent per annum)	(Percent per annum)	(Percent per annum)	(Percent per annum)
Discount rate	3.6 - 3.7	3.6 - 3.7	3.6	3.6
Future salary increase rate	6.0 - 7.5	6.0 - 7.5	6.5	6.5
Staff turnover rate (depending on age)	0 - 20	0 - 20	0 - 20	0 - 20

Amounts of defined benefit obligation and experience adjustments on the obligation for the current and previous four periods are as follows:

(Unit: Thousand Baht)

	Defined benefit obligation		Experience adjustments arising on the obligation	
	Consolidated	Separate	Consolidated	Separate
	financial statements	financial statements	financial statements	financial statements
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	-	-
Year 2009	116,713	113,199	-	-

## 27. Deficit on changes in value of available-for-sale investments

During the year 2013, movement of deficit on changes in value of available-for-sale investments are as follows:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2013	2012
		(Restated)
Balance as at beginning of year	(125,392)	(36,641)
Changes during the year due to		
- Revaluation	(249,850)	(110,939)
- Income taxes	49,970	22,188
Balance as at end of year	(325,272)	(125,392)

## 28. 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.

## 29. 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 financial statements		Separate financial statements	
	2013	2012	2013	2012
Contribution to provident fund	32	29	28	26

### 30. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Purchase of land and land held for development and payment of construction in progress	19,770	14,423	18,509	13,051
Changes in land, constructions in progress and land held for development	(5,921)	(746)	(5,638)	(212)
Salary and wages and other employee benefits	1,070	807	861	761
Depreciation and amortisation expenses	509	494	152	139
Loss on impairment of other long-term investments	63	-	-	-
Loss on impairment of other asset	20	-	20	-
Loss on diminution in value of projects	43	54	-	52
Loss on diminution in value of land held for development	37	27	-	-
Loss on exchange of land	-	2	-	-
Loss on disposal of property, plant and equipment	2	-	1	1
Loss on exchange rate	-	-	69	-
Rental expenses from operating lease agreements	89	84	49	48
Expenses related to flood	5	89	4	69

### 31. Income tax

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial state- ments	
	2013	2012	2013	2012
	(Restated)		(Restated)	
<b>Current income tax:</b>				
Current income tax charge	1,129,827	1,149,794	1,024,542	1,067,109
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(28,253)	(46,580)	(41,287)	(73,709)
Effects of changes in the applicable tax rates	-	15,911	-	10,000
<b>Income tax expenses reported in the statements of income</b>	<u>1,101,574</u>	<u>1,119,125</u>	<u>983,255</u>	<u>1,003,400</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2013 and 2012 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Deferred tax relating to loss on changes in value of available-for-sale investments	(49,970)	(22,188)	(49,970)	(22,188)
Deferred tax relating to actuarial loss	-	(8,580)	-	(8,068)
Deferred tax relating to share of other comprehensive income of associates	26,782	(4,091)	-	-
	<u>(23,188)</u>	<u>(34,859)</u>	<u>(49,970)</u>	<u>(30,256)</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Accounting profit before tax	<u>7,689,140</u>	<u>6,836,342</u>	<u>5,941,676</u>	<u>5,283,372</u>
Applicable tax rate	20%	23%	20%	23%
Accounting profit before tax multiplied by applicable tax rate	1,537,828	1,572,359	1,188,335	1,215,176
Effects of changes in the applicable tax rates	-	15,911	-	10,000
Recognition of previously unrecognized deferred tax assets	(34,000)	-	-	-
Effects of:				
Change in value of investments accounted for the equity method	(280,058)	(373,238)	-	-
Exempt dividend income	(152,689)	(159,076)	(217,780)	(228,045)
Non-deductible expenses	21,245	66,837	12,558	10,606
Additional expense deductions allowed	(375)	(8,223)	(368)	(7,296)
Others	9,623	4,555	510	2,959
Total	<u>(402,254)</u>	<u>(469,145)</u>	<u>(205,080)</u>	<u>(221,776)</u>
Income tax expenses reported in the statement of income	<u>1,101,574</u>	<u>1,119,125</u>	<u>983,255</u>	<u>1,003,400</u>



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

(Unit: Thousand Baht)

	Statements of financial position					
	Consolidated financial statements			Separate financial statements		
	As at	As at	As at	As at	As at	As at
	31 December	31 December	1 January	31 December	31 December	1 January
	2013	2012	2012	2013	2012	2012
<b>Deferred tax assets</b>						
Allowance for diminution in value of inventories and land held for development	194,073	179,323	167,940	152,200	154,164	145,958
Loss on change in value of available-for-sale investment	81,313	45,272	9,160	81,313	45,272	9,160
Allowance for impairment of investment	54,100	7,413	7,413	3,200	3,200	3,200
Allowance for asset impairment	4,236	17,182	17,183	4,000	16,947	16,947
Accumulated depreciation - Clubhouse and pool	76,376	76,285	73,072	69,220	68,035	64,136
Short-term provisions	64,691	61,981	14,965	64,588	61,949	14,909
Advance received from customers	50,263	26,346	27,346	49,508	26,014	26,856
Provision for long-term employee benefits	31,845	27,685	26,238	29,496	26,355	25,453
Actuarial loss	8,580	8,580	-	8,068	8,068	-
Long-term provisions	31,745	5,185	1,109	30,248	4,504	-
Unused tax loss	35,385	113,525	149,750	-	-	-
<b>Total</b>	<b>632,607</b>	<b>568,878</b>	<b>494,176</b>	<b>491,841</b>	<b>414,508</b>	<b>306,619</b>
<b>Deferred tax liabilities</b>						
Gain on re-measuring available-for-sale investments	-	(13,924)	-	-	(13,924)	-
Accumulated depreciation - Leasehold rights	(14,928)	(15,499)	(16,158)	-	-	-
<b>Total</b>	<b>(14,928)</b>	<b>(29,423)</b>	<b>(16,158)</b>	<b>-</b>	<b>(13,924)</b>	<b>-</b>
<b>Deferred tax assets - net</b>	<b>617,679</b>	<b>539,455</b>	<b>478,018</b>	<b>491,841</b>	<b>400,584</b>	<b>306,619</b>

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company has reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

As at 31 December 2013, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 538 million (2012: Baht 763 million) (The Company only: Baht 90 million, 2012: 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.

### 32. Earnings per share

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

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Profit for the year (Thousand Baht)	6,478,400	5,681,824	4,958,421	4,279,972
Weighted average number of ordinary shares (Thousand shares)	10,025,922	10,025,922	10,025,922	10,025,922
Earnings per share (Baht/share)	0.65	0.57	0.49	0.43

### 33. 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 and its subsidiaries' operating segments for the year ended 31 December 2013 and 2012, respectively.

(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	23,166	2,136	25,302	-	25,302
Inter-segment revenue	62	2	64	(64)	-
Interest revenue	110	2	112	(94)	18
Interest expense	(390)	(272)	(662)	92	(570)
Depreciation and amortisation	(162)	(347)	(509)	-	(509)
Loss on diminution in value of project	(43)	-	(43)	-	(43)
Loss on diminution in value of land held for development	(37)	-	(37)	-	(37)
Loss on disposal of property, plant and equipment	(1)	(1)	(2)	-	(2)
<b>Segment profit</b>	<b>5,055</b>	<b>252</b>	<b>5,307</b>	<b>(66)</b>	<b>5,241</b>
<b>Unallocated revenue and expenses:</b>					
Other income					422
Share of profit from investments in associates					2,109
Other expenses					(83)
Income tax expenses					(1,102)
Non-controlling interests of the subsidiaries					(109)
<b>Profit for the year</b>					<b>6,478</b>

(Unit: Million Baht)

	For the year ended 31 December 2012				
	Real estate business	Rental and service business	Total reportable segments	Adjustments and eliminations	Consolidated Financial Statements
Revenue from external customers	22,493	1,797	24,290	-	24,290
Inter-segment revenue	-	2	2	(2)	-
Interest revenue	77	2	79	(53)	26
Interest expense	(268)	(273)	(541)	53	(488)
Depreciation and amortisation	(125)	(369)	(494)	-	(494)
Loss on diminution in value of project	(54)	-	(54)	-	(54)
Loss on diminution in value of land held for development	(27)	-	(27)	-	(27)
Loss on exchange of land	(2)	-	(2)	-	(2)
<b>Segment profit</b>	<b>4,347</b>	<b>90</b>	<b>4,437</b>	<b>(2)</b>	<b>4,435</b>
<b>Unallocated revenue and expenses:</b>					
Other income					116
Share of profit from investments in associates					2,285
Income tax expenses					(1,119)
Non-controlling interests of the subsidiaries					(35)
<b>Profit for the year</b>					<b>5,682</b>

The following table present assets information regarding the Company and its subsidiaries' operating segments for the year ended 31 December 2013 and 2012, respectively.

(Unit: Million Baht)

	Real estate business	Rental and service business	Total segments	Unallocated assets	Consolidated financial statements
Segment assets					
At 31 December 2013	43,194	10,083	53,277	22,092	75,369
At 31 December 2012	37,147	6,940	44,087	20,953	65,040

### Geographic information

The Company and its subsidiaries principally operated in Thailand. As a result, all of the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

### Major customers

For the year 2013 and 2012, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

## 34. Dividend

Dividends	Approved by	Approved dividend per share (Baht)	Interim dividend per share (Baht)	Additional dividend paid per share (Baht)	Total additional dividend paid (Million Baht)	Portion belonging to shareholders not entitled to dividend (Million Baht)	Net dividend paid (Million Baht)
Final dividend for 2011	Annual General Meeting of the shareholders on 26 April 2012	0.40	0.17	0.23	2,306	20	2,286
Interim dividend for 2012	Board of Director's meeting on 14 August 2012	0.20	-	0.20	2,005	18	1,987
Interim dividend for 2012	Board of Director's meeting on 13 November 2012	0.10	-	0.10	1,002	9	993
							5,266
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
							3,976

### 35. Commitments and contingent liabilities

#### 35.1 Commitments

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Commitments under construction contracts	4,316	2,904	4,206	2,772

35.1.2 As at 31 December 2013 and 2012, L&H Property Company Limited has the following commitments under, land and construction lease agreement and land lease agreement as follows:

##### a) Land and construction lease agreement

Agreement date	Agreement period	Maturity date	Rental rate
7 June 2005	30 years*	31 May 2038	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 (2013: already paid Baht 33.15 million in total (2012: already paid Baht 30.12 million)) 6th - 10th year, total rental payment of Baht 42.31 million (2013: already paid Baht 4.47 million) 11th - 15th year, total rental payment of Baht 54.00 million 16th - 20th year, total rental payment of Baht 68.92 million 21th - 25th year, total rental payment of Baht 87.97 million 26th - 30th year, total rental payment of Baht 112.27 million

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

In addition, as at 31 December 2013 and 2012 L&H Property Company Limited is committed to pay security expenses at the rate of Baht 11,160 per month throughout the period of construction and the period of the lease.

##### b) Land lease agreement

Agreement date	Agreement period	Rental rate
10 March 2006	30 years*	Land leasing fee is to be monthly paid as follows: 1st - 5th year, total rental of Baht 20.16 million (2013: already paid Baht 13.44 million in total (2012: already paid Baht 9.41 million)) 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.

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

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

35.1.4 As at 31 December 2013, L&H Property Company Limited are committed to pay Asia Asset Advisory Company Limited, which is an associate of the Company, totaling Baht 57.4 million (2012: Baht 66.8 million).

35.1.5 As at 31 December 2013, L&H Property Company Limited had no outstanding commitment consultant fee to Quality House Public Company Limited, which is an associate company of the Company (2012: Baht 1 million).

35.1.6 As 31 December 2013 and 2012, L&H Property Company Limited is committed to pay project management fees to the following associates.

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

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

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

(Unit: Million Baht)

	Consolidated and Separate financial statements	
	2013	2012
Commitment to purchase of land	2,836	2,490

35.1.9 Obligation and commitment to complete projects on hand

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Number of projects on hand at beginning of year	54	53	46	46
Number of closed projects during year	(16)	(13)	(13)	(12)
Number of new projects during year	17	14	13	12
Number of projects on hand at end of year	55	54	46	46
Accumulative value of sales already contracted (Million Baht)	91,684	88,773	81,231	75,955
As percentage of total sales of projects on hand	66	66	65	63
Value of sales already contracted during year (Million Baht)	22,857	22,225	21,327	20,874
As percentage of total sales of projects on hand	17	16	17	17
Commitments in respect of the installation of central utilities of projects on hand (Million Baht)	1,268	1,393	1,195	1,309

35.1.10 As at 31 December 2013, the subsidiaries have servitude over land of approximately 88 rai (2012: 85 rai) of which the cost is included in the cost of projects.

35.1.11 Operating lease commitments

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

As at 31 December 2013 and 2012, 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	
	2013	2012	2013	2012
Payable:				
In up to 1 year	35	31	35	33
In over 1 and up to 3 years	10	29	10	32

35.1.12 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 (2012: None).

## 35.2 Bank guarantees

As at 31 December 2013 and 2012, there were the following outstanding bank guarantees issued by the banks in respect of certain performance bonds required in the normal course of business by the Company and its subsidiaries.

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Letter of guarantees for arrangement and maintenance of public utilities	2,261	2,014	2,054	1,871
Letter of guarantees for electricity usage	42	51	33	41
Other letter of guarantees	30	30	22	22
	<u>2,333</u>	<u>2,095</u>	<u>2,109</u>	<u>1,934</u>

## 35.3 Guarantees

35.3.1 As at 31 December 2013 and 2012, the Company and its subsidiaries have the following obligations in respect of guarantees.

(Unit: Million Baht)			
Guarantor	Guarantee	2013	2012
Land and Houses Plc.	Customers	<u>7</u>	<u>7</u>



35.3.2 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 2013, the subsidiary has outstanding loans related to guarantee portion of the Company as specified in the letter of comfort amounting to Baht 1,832 million (2012: Baht 2,021 million).

#### 35.4 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 2 lawsuits which are under the claims amounting to Baht 310 million and Baht 102 million, in accordance with the Land Allocation Act and Customer Protect Act. The Company has set aside a provision of Baht 25 million (2012: Baht 25 million) for liabilities arising as a result of these cases.

Subsequently, on 10 August 2012, the Court of First Instance issued a verdict on a civil case with the amount in dispute of Baht 102 million between the Company, and two housing estate juristic persons together with co-defendant. The Court ordered the Company to pay for damages of Baht 104 million plus interest at a rate of 7.5 percent per annum, commencing from 8 December 2008 until the full amount is paid. The Company has set aside a provision including interest of Baht 144 million (2012: Baht 136 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 2013, the Company and its subsidiaries have been sued for a total of approximately Baht 534 million (2012: Baht 524 million). To date, the Court of First Instance and the Appeal Court have ordered the Company and its subsidiaries to pay compensation plus interest totaling Baht 52 million (2012: Baht 50 million). The Company has set aside a provision of Baht 52 million (2012: Baht 50 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.

### **36. Financial instruments**

#### **36.1 Financial risk management**

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

##### **Credit risk**

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

##### **Interest rate risk**

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

As at 31 December 2013 and 2012 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 2013								
	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				
<u>Financial assets</u>								
Cash and cash equivalents	200	-	-	-	582	383	1,165	0.50 - 2.25
Trade and other receivables	-	-	-	-	-	136	136	-
<u>Financial liabilities</u>								
Bank overdrafts and short-term								
loans from financial institutions	-	-	-	-	422	-	422	Note 21
Trade and other payables	-	-	-	-	-	2,806	2,806	-
Short-term loans from related parties	376	-	-	-	-	-	376	MLR - 1.5, 5.50
Short-term loans	-	2,360	-	-	-	-	2,360	Note 21
Long-term loans	-	3,815	2,000	-	7,559	-	13,374	Note 23
Debentures	-	3,400	14,600	-	-	-	18,000	Note 24

(Unit: Million Baht)

Separate financial statements								
As at 31 December 2013								
	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				
<u>Financial assets</u>								
Cash and cash equivalents	200	-	-	-	343	285	828	0.50 - 2.25
Trade and other receivables	-	-	-	-	-	29	29	-
Short-term loans to related parties	955	-	3,131	-	-	-	4,086	4.00 - 5.50
<u>Financial liabilities</u>								
Bank overdrafts and short-term loans								
from financial institutions	-	-	-	-	300	-	300	Note 21
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 21
Long-term loans	-	3,815	2,000	-	3,692	-	9,507	Note 23
Debentures	-	3,400	14,600	-	-	-	18,000	Note 24

(Unit: Million Baht)

Consolidated financial statements								
As at 31 December 2012								
	Fixed interest rates				Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	At call	Within 1 year	1 - 5 years	Over 5 years				
<u>Financial assets</u>								
Cash and cash equivalents	300	150	-	-	664	348	1,462	0.625 - 3.00
Trade and other receivables	-	-	-	-	-	120	120	-
<u>Financial liabilities</u>								
Bank overdrafts and short-term loans								
from financial institutions	-	300	-	-	25	-	325	Note 21
Trade and other payables	-	-	-	-	-	2,146	2,146	-
Short-term loans from related parties	40	-	-	-	436	-	476	MLR-1.5, 7.00-7.50
Short-term loans	-	900	-	-	-	-	900	Note 21
Long-term loans	-	1,391	4,815	-	4,501	-	10,707	Note 23
Debentures	-	4,000	11,000	-	-	-	15,000	Note 24

(Unit: Million Baht)

Separate financial statements								
As at 31 December 2012								
	Fixed interest rates				Floating Interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	At call	Within 1 year	1 - 5 years	Over 5 years				
<u>Financial assets</u>								
Cash and cash equivalents	280	150	-	-	473	278	1,181	0.625 - 3.00
Trade and other receivables	-	-	-	-	-	28	28	-
Short-term loans to related parties	158	-	-	-	654	-	812	MLR-1.5, 5.00-7.50
<u>Financial liabilities</u>								
Bank overdrafts and short-term loans								
from financial institutions	-	300	-	-	-	-	300	Note 21
Trade and other payables	-	-	-	-	-	1,764	1,764	-
Short-term loans from related parties	74	-	-	-	-	-	74	3.00
Short-term loans	-	900	-	-	-	-	900	Note 21
Long-term loans	-	1,391	4,815	-	346	-	6,552	Note 23
Debentures	-	4,000	11,000	-	-	-	15,000	Note 24

### 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 2013 and 2012 are summarised below:

Foreign currency	Financial assets		Average exchange rate as at 31 December	
	2013	2012	2013	2012
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Philippines Peso	2,926	2,926	0.73975	0.74525
US Dollar	20	11	32.8136	30.6316

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 23. The details of the cross currency and interest rate swap agreements outstanding as at 31 December 2013 and 2012 is as follows:

As at 31 December 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

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

As at 31 December 2013, the Company would have unrealised losses of approximately Baht 271.6 million, if it recorded the above contracts at fair value (2012: Baht 16.9 million).

### 36.2 Fair values of financial instruments

The estimated fair values of financial instruments as at 31 December 2013 and 2012, 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	
	2013	2012	2013	2012	2013	2012	2013	2012
<u>Financial assets</u>								
Cash and cash equivalents	1,165	1,462	1,165	1,462	828	1,181	828	1,181
Trade and other receivables	136	120	136	120	29	28	29	28
Loans to related parties	-	-	-	-	4,086	812	4,086	812
<u>Financial liabilities</u>								
Bank overdrafts and short-term								
loans from financial institutions	422	325	422	325	300	300	300	300
Trade and other payables	2,806	2,146	2,806	2,146	2,412	1,764	2,412	1,764
Short-term loans from related parties	376	476	376	476	129	74	129	74
Short-term loans	2,360	900	2,360	900	2,360	900	2,360	900
Long-term loans	13,374	10,707	13,129	10,421	9,507	6,552	9,262	6,266
Debentures	18,000	15,000	16,919	14,244	18,000	15,000	16,919	14,244

The estimated fair value of the derivatives is as follows:

(Unit: Million Baht)

	As at	As at
	31 December 2013	31 December 2012
	Fair value	Fair value
	Gain (loss)	Gain (loss)
Cross currency interest rate swap contracts	(271.6)	(16.9)

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.

- b) 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.
- c) 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.
- d) 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.

### **37. 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 2013, the Group's debt-to-equity ratio was 1.16:1 (2012: 0.99:1) and the Company's was 1.28:1 (2012: 1.01:1).

### **38. Event after reporting period**

- 38.1 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.
- 38.2 On 7 February 2014, the Board of Directors' meeting of L&H Property Co., Ltd., the Company's subsidiary passed a resolution approving the dissolution of L&H Sathon Co., Ltd., the subsidiary of L&H Property Co., Ltd. Currently, the subsidiary is in the process of dissolution.
- 38.3 On 27 February 2014, the Company issued unsubordinated and unsecured debentures for private placement by issuing 500,000 units at Baht 1,000 each, a total of Baht 500 million. The debentures have fixed interest rate at 3.63% per annum, with a maturity of 3 years starting from date of issuance.
- 38.4 On 27 February 2014, the meeting of the Company's Board of Directors passed the following resolutions to propose to Annual General Meeting of the Company's shareholders for approval:

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

### **39. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2014.



## Other Reference

### Auditor

**Runghana Lertsuwankul**

EY Office Limited

Certified Public Accountant (Thailand) No. 3516

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Rajadapisek Road, Klongtoey, Bangkok 10110, Thailand

Tel. 66 (0) 2264 0777

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

**Bangkok Bank Public Company Limited**

333 Silom Road, Bangrak, Bangkok 10500, Thailand

Tel. 66 (0) 2230 1478

Fax 66 (0) 2231 4890

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

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

Debenture Registrar : Number of Unsecured Debentures No. 1/2012 (2) 3,100,000 units

Debenture Registrar : Number of Unsecured Debentures No. 2/2012 (1) 2,500,000 units

Debenture Registrar : Number of Unsecured Debentures No. 1/2013 (1) 3,500,000 units

Debenture Registrar : Number of Unsecured Debentures No. 2/2013 (1) 3,500,000 units

### Siam Commercial Bank Public Company Limited

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

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### Appraisal Company

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## Summary of items required under Form 56-2 in Land and Houses Plc.'s 2013 Annual Report

The items including in this Annual Report are in line with the Notification of the Capital Market Supervisory Board TorChor 44/2556 on the Rules, Conditions and Procedures for Disclosure regarding Financial Information and Operating Results of Securities Issuers, effective January 1, 2014. They are as follows:

Items	Page
1. Policies and Overall Business	16-18
2. Business Overview	6-9
3. Risk Factors	13-15
4. General and Significant Information	1-5, 10-12, 19-23, 50-57, 156
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6. Dividend Payment Policy	24
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11. Connected Transactions	59-65
12. Significant Financial Information	76-78
13. Analysis and Explanations of Management	66-75, 79-154

Investors can find additional securities issuer information in the Company's Form 56-1 disclosed at [www.sec.or.th](http://www.sec.or.th) or the Company's website at [www.lh.co.th](http://www.lh.co.th).



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