FINEST
QUALITY
FINEST LIFE

Q House

Quality Houses Public Company Limited

Annual Report 2013

Q House

Finest Quality, Finest Life

Vision

" To be the top-of-mind real estate development company for customers in all segments for its leadership in product quality and services."

Mission

Product and service quality

- Always improve and develop the quality of products and services to satisfy the consumers.

Work life quality and creativity

- Create work environment and culture, as well as improve the employee benefits to achieve maximum performance.

Personnel

- Operate legally with a transparency which can be checked at every stage;
- Encourage and support employees to develop their potential in various fields in accordance with their responsibilities.

Social quality

- Promote accountability to the communities and the surroundings of areas where Quality Houses Plc. and its subsidiaries operate, as well as the general society;
- Seek for new and better ways to create and to build sustainability for products, environment, organization, and society.

Investment quality

- Improve operational efficiency in order to achieve growth in profitability;
- Find new ways to generate sustainable long-term profitability.

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Excellent CG Scoring

SET AWARDS 2013
Outstanding Investor Relations Awards

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Note: Investors can get more information from 56-1 form by downloading from www.sec.or.th or www.qh.co.th

Our Projects

Q Twelve

Q.House Avenue Phraram 5

Q.House Villa
Nakorn Ping (Chiangmai)

Prukpirom
Ratchapruk Rattanathibet

Prukpirom Regent
Ratchapruk Rattanathibet

Laddarom Elegance
Outer Ring Road-Sathorn

Laddarom Elegance
Ratchapruk Rattanathibet

Laddarom
Watcharapol-Rattanakosin

Laddarom
Ratchapruk Rattanathibet 2

Laddarom
Chaiyapruk-Chaengwattana

Laddarom Elegance
Middle Ring Road - Mahidol
Junction (Chiangmai)

Vararom Premium
Watcharapol-Chatu Chot

Vararom Kaewnawarat
(Chiangmai)

Vararom Charoen Muang
(Chiangmai)

Casa Grand
Outer Ring Road-On Nuch

Casa Grand
Petchkasem-Sai 1

Casa Gand Taksin-Phraram 2

Casa Grand
Chaiyapruk-Chaengwattana

Casa Grand
Rattanathibet-Ratchapruk

Casa Legend
Kaset-Nawamintr

Casa Legend
Ratchapruk-Pinklao

Casa Premium
Ratchapruk-Pharam 5

Casa Premium
Ratchapruk-Chaengwattana

Casa Presto Phraram 2

Casa Presto
Ratchaphruk-Chaengwattana

Casa Ville
Ratchapruk Phraram 5

Casa Ville
Ramkamhaeng-Outer Ring Road

Casa Ville
Ramintra-Outer Ring Road

Casa Ville Rangsit Khong 2

Casa Ville
Ratchapruk-Chaengwattana

Casa Ville
Watcharapol-Sukhaphiban 5

Casa Ville
Ramintra-Hathairat

Casa Ville Bangna-Teparak

Casa Legend Sriracha

Casa Ville Sriracha

Casa Seaside Rayong

THE TRUST

The Trust Ville
Kanchanapisek-Hathairat

The Trust Ville
Srinakarin-Praksa

The Trust Town
Ngamwongwan25

The Trust Town
Srinakarin-Praksa

The Trust City
Kaset-Nawamintr

Gusto

Gusto Grand Ramkamheang

Gusto Ramkhamhang

Gusto Pinklao /
Thanam-nont

Gusto Suksawat / Sathorn

Gusto Phraram 2

Gusto
Phahon Yothin-Ramintra

Q

CONDOMINIUN

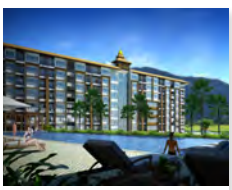
Q Asoke

Q.House Sukhumvit 79

CASA

Casa Condo
Ratchada-Ratchapruk

Casa Condo Asoke Dindang



Casa Condo Chang Puak
(Chiangmai)

THE TRUST

The Trust Residence
Ratchada-Phraram3

The Trust Residence
Pinklao

The Trust Condo
Ngamwongwan

The Trust Residence
Hua Hin

The Trust Condo
Central Pattaya

The Trust Condo
South Pattaya

The Trust Condo
Amata Nakorn

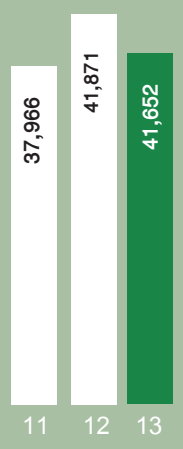
The Trust Condo
Nakhon Prathom

Financial Highlights for the year 2011 - 2013

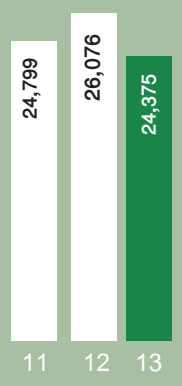
(Unit : Million Baht)

Summary of Financial Statements Information	2011	2012	2013
Total Assets	37,966	41,871	41,652
Total Liabilities	24,799	26,076	24,375
Shareholders' Equity	13,167	15,795	17,277
Net Sales	9,849	13,077	19,699
Total Revenues	10,032	14,409	19,999
Gross Profit	2,868	4,049	6,387
Net Profit	853	2,450	3,307
Financial Ratio			
Net Profit Margin (%)	8.5	17.0	16.5
Return on Equity (%)	6.4	16.9	20.0
Return on Assets (%)	2.5	6.1	7.9
Basic Earning per Share (Baht)	0.09	0.27	0.36
Dividend per Share (Baht)	0.09	0.12	n.a
Debt to Equity Ratio (Time)	1.9	1.7	1.4
Time Interest Earned Ratio (Time)	(9.7)	0.0	5.6
Book Value per Share (Baht)	1.55	1.72	1.88

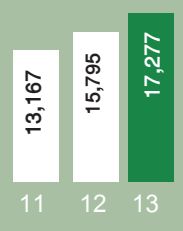
Note : The company and subsidiaries have restated 2012 financial statement, presented as comparative information, as though the company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. Because in 2013, the company any its subsidiaries have changed accounting policy about income taxes under TAS 12. However, 2011 financial statement that was presented above, the company haven't restated as comparative information.



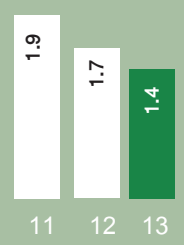
Total Assets
(Million Baht)



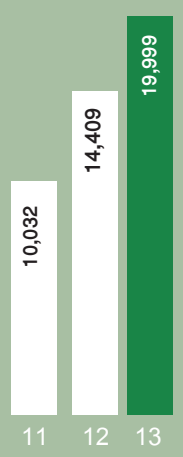
Total Liabilities
(Million Baht)



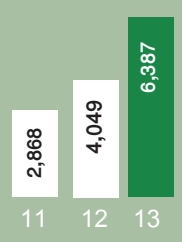
Shareholders' Equity
(Million Baht)



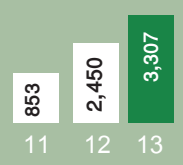
Debt to Equity Ratio
(Time)



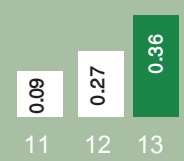
Total Revenues
(Million Baht)



Gross Profit
(Million Baht)



Net Profit
(Million Baht)



Basic Earning per Share
(Baht)

Message from the Board of Directors

Dear shareholders,

In 2013, the Thai economy's growth rate was lower comparing to the previous year due to deceleration in household consumption and private investment. Consumers' lack of confidence and economic instabilities were the results of the underlying political unrest. Despite these negative factors, the export volume received a favorable boost from the global economic recovery. Yet, the market prices of most products have been maintained, the export value in baht is still declined. Tourism Industry had gained expansion in 2013, but in the fourth quarter, as a result of Thailand's political demonstration and China's new Tourism Law, the arrival numbers were then lowered.

Although the overall real-estate market's expansion rate in 2013 was higher than of last year's, the housing consumption in the fourth quarter decreased especially for condominiums. The unsolved political crisis, economic instability, and strict loan granting policies of the financial institutions were the major factors causing this sluggish demand. However, the demand for condominium projects located along BTS stations is still growing. On the supply side, most real-estate developers continued to proceed with their announced housing projects. Nevertheless, some new projects have been postponed.

From a performance perspective, we are pleased to report that the Company and its subsidiaries have achieved a historic high of a financial record since establishments. As at December 2013, the Company and its subsidiaries reached a THB 20,942 million in consolidated sales with net profit of THB 3,307 million, equivalent to 38% and 35% growth over 2012 respectively.

In 2013, the Company and its subsidiaries continued to operate the businesses with vigilance, prudence, and agility in anticipation of any uncertainties. We maintained our solid financial position and sustainable growth by effectively managing of cash flow, lowering and reducing unnecessary costs, maintaining products and services' quality level. The Company and its subsidiaries have continuously emphasized on enhancing capabilities and productivities of their human resources and IT. In addition, the Company and its subsidiaries have always been and remain deeply conscious of the social responsibilities as shown in "Social Responsibility" section of the Annual Report. Over the years, the Company and its subsidiaries have been strictly followed the principles of corporate governance so as to benefit the investors, shareholders, and other related parties.

In closing, on behalf of the Board of Directors, we wish to express our sincere appreciation to all stakeholders for their firm support and trust, which have enabled the Company and its subsidiaries in achieving such successes.

(Mr. Apisak Tantivorawong)
Chairman and Independent Director

Report of the Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for Quality Houses Public Company Limited's financial statements and its subsidiaries' consolidated financial statements, including financial information provided in this Annual Report. These financial statements are prepared in accordance with generally accepted accounting standards, using careful and judgmental estimation that reflects an actual performance of the Company.

Emphasizing the quality of these financial reports, the Board of Directors established the financial information review systems. A sufficient disclosure of the related information is also ensured for shareholders and investors' best interests.

In this regard, the Board of Directors has appointed an Audit Committee, comprising qualified independent directors, to be directly responsible for overseeing and reviewing the quality of financial reports.

The Board of Directors considers the Company's overall internal control system, including an audited result from the external auditor satisfactory, and that the financial statements of Quality Houses Public Company Limited as of December 31, 2013 reflects the financial state, performance and cash flow of the Company in accordance with generally accepted accounting principles and related regulations.

(Mr. Apisak Tantivorawong)
Chairman and Independent Director

Report from the Audit Committee

To Shareholders,

Quality Houses Public Company Limited's Audit Committee consists of 3 independent directors , In 2013 held 6 meetings to discuss and to independently consider the Company's operations within the scope of duties of the Audit Committee. The details of the Audit Committee's members and their meetings in year 2013 were as follows:

Audit Committee	Position in the Audit Committee	Attendance /Total Meetings (Times)
1. Mr. Adul Vinaiphat	Chairman of the Audit Committee	6/6
2. Mr. Rachai Wattanakasaem	Audit Committee	6/6
3. Mr. Krit Phanratanamala	Audit Committee	6/6

The Audit Committee is guided by the duties as delegated by the Company's Board of Directors and governed by SET would like to report the Audit Committee's operation as follows:

1. **Review the Company's Quarterly and Year ended financial statement** with the internal auditor & the management, the Audit Committee has an opinion that the Company's financial statement presents fairly in accordance with the generally accepted accounting principles and has adequately disclosed accurate information.

   The external auditor did not provide any specific auditor's opinion on the financial statement.

   In year 2013, the Audit Committee has 4 private meetings with the external auditors without the presence of the management team in order to exchange opinions , acknowledge the significant comments and suggestions and pursue timely preparedness for adoption of the accounting standard changes. All of which are for the accuracy of the financial statement for the financial statement' users.

2. **Review internal audit's operations** considered annual audit plan which based on the determination of the Company operation system's risk, approved the annual audit plan, gave opinions on internal control systems in the internal auditor's report with the aim to prevent possible risks, gave suggestions for developing the internal audit's operations including valued the importance of the audited result monitoring to ensure that the Company has a suitable and efficient internal audit system. For the year 2013, no significant flaws were found in the Company's internal control system.

3. **Consider the Company's compliance with the applicable regulations and laws** by assigned to the Secretary of the Audit Committee to report regularly to the Audit Committee about changes to the applicable regulations and laws. In year 2013, there is no incident indicating significant violation of these rules , related laws and regulation were found.

4. **Consider the appointment of the Company's external auditors and their remuneration** base on their expertise, independence , past performance and service including the appropriate remuneration. In the year 2013, the Audit Committee proposed the external auditors from EY Office Limited (Formerly known as Ernst & Young Office Limited) for proposal for approved by the Board of Directors and which was subsequently approved by shareholders at the Annual General Meeting in 2013.

5. **Review the connected transactions** and set the guidelines for these transactions in order to make certain that the conditions for these transactions have been treated according to the rules of an arm's length basis for maximizing the Company's profits and for preventing any conflicts of interest. And review any connected transactions are fully disclosed by the rules. The Company has acted thoroughly, reasonably, fairly and complying with the regulations.

6. **Emphasize the company's corporate governance** to ensure that the company complies with The Stock Exchange of Thailand's and Securities and Exchange Commission's principles of good corporate governance. The Company has set up the Whistle Blowing system and encouraged staffs to comply with rules, regulations and Code of Conduct including pursue reservation for the environments which enhance recognition of good corporate governance and rise reliance among shareholders, investors and other stakeholders.

7. **The Audit Committee has performed the duties** as conducted by "The Charter of the Audit Committee" with be cautious and independently.

8. **Established the self assessment** for the group of the Audit Committee by considering the topics of :
   - Membership
   - Training and resources
   - Meetings
   - Activities
   - The relationship with internal auditor, external auditor and management

The evaluation result revealed that the Audit Committee's performance completely fulfilled according to the Charter of the Audit Committee and complied with the good principles, enhancing the good corporate governance effectively.

The Audit Committee has considered and concluded that the Company was actively committed to the Corporate Governance Policy. This in turn resulted of no significant weakness in management system and the Company's operation performed for the best interest of the Company as assigned by the Board of Directors.

(Mr. Adul Vinaiphat)
Chairman of the Audit Committee

The Board of Directors and Executives

The Board of Directors

Mr. Apisak	Tantivorawong	Chairman and Independent Director
Mr. Rutt	Phanijphand	Director and Chairman of Risk management Committee
Mr. Adul	Vinaiphat	Independent Director , Chairman of Audit Committee and Nominating and Remuneration Committee
Mr. Anant	Asavabhokhin	Director
Mr. Adisorn	Thananan-narapool	Director
Miss Kanokvalee	Viriyaprapaikit	Director and Nominating and Remuneration Committee
Mr. Rachai	Wattanakasaem	Independent Director, Chairman of Nominating and Remuneration Committee and Audit Committee
Mr. Suri	Buakhom	Independent Director and Chairman of Corporate Governance Committee
Mr. Krit	Phanratanamala	Independent Director and Audit Committee
Mrs.Suwanna	Bhuddhaprasart	Director, Risk management Committee and Corporate Governance Committee
Mr.Pravit	Choatewattanaphun	Director
Mr.Pornthep	Pipattangsakul	Director

The Executives

Mr. Rutt	Phanijphand	President and Chief Executive Officer
Mrs. Suwanna	Bhuddhaprasart	Senior Executive Vice President
Mr. Pravit	Choatewattanaphun	First Executive Vice President
Mr. Pornthep	Pipattangsakul	Executive Vice President
Mr. Pairoj	Wattanavarodom	Executive Vice President
Mr.Ravee	Mongkoltavee	Executive Vice President
Mr.Somchai	Warunpantulak	Senior Vice President, Financial and Accounting Department
Mr.Somsak	Jirarungruangvong	Senior Vice President,Treasury and Customer Transaction Serviced Department

1. Mr. Apisak Tantivorawong
2. Mr. Rutt Phanijphand
3. Mr. Adul Vinaiphat
4. Mr. Anant Asavabhokhin
5. Mr. Adisorn Thananan-narapool
6. Miss Kanokvalee Viriyaprapaikit
7. Mr. Rachai Wattanakasaem
8. Mr. Suri Buakhom
9. Mr. Krit Phanratanamala
10 Mrs.Suwanna Bhuddhaprasart
11. Mr.Pravit Choatewattanaphun
12. Mr.Pornthep Pipattangsakul

The Profile of Directors and Executives

1 Mr. Apisak Tantivorawong [60 years]

Chairman and Independent Director

Education

- MBA., Industrial Management, University of Tennessee, U.S.A
- B. Eng. in Chemical Engineering, Chulalongkorn University, Thailand
- Diploma, National Defence College, The Joint State-Private Sectors Course, Class 16/2003
- Directors Certification Program (DCP 18/2002), Thai Institute of Directors Association

Experiences

Present	■ Vice-Chairman, Investment Committee Charoen Pokphand Group Co., Ltd.
	■ Independent Director/Audit Committee/Chairman of Risk Management Committee, Bangkok Glass Public Co., Ltd.
	■ Independent Director, Synnex (Thailand) Public Company Limited.
	■ Independent Director, Indorama Ventures Public Company Limited.
	■ Advisor to the Board of Directors, The Siam Commercial Bank Public Company Limited.
May 2013 - Present	■ Chairman of Risk Management Committee, Thai Oil Public Company Limited.
2007 - Present	■ Independent Director, Thai Oil Public Company Limited.
2012 - Feb 2013	■ Independent Director, CP All Public Company Limited.
Nov 2004 - Nov 2012	■ President Krungthai Bank Public Co., Ltd.

Shareholding status (Closing the share register on September 5, 2013)

-None-

2 Mr. Rutt Phanijphand [66 years]

Director

President and Chief Executive Officer

Chairman of Risk Management Committee

Education

- B.S., Kasetsart University
- M.S. in Business Ad., Fort Hays Kansas State University, Hays, Kansas, USA
- National Defense College Class 388
- Director Accreditation Program : Governance training for listed company director (DAP) , IOD
- Director Certification Program : Program for Professional Director (DCP),IOD
- Financial Institutions Governance Program (FGP) , IOD

Experiences

2013 - Present	■ Director, CIMB Securities International (Thailand) Plc.
2010 - Present	■ Chairman of Director, Land and Houses Fund Management Co.,Ltd.
	■ Director, Land and Houses Fund Management Co.,Ltd.
2009 - Present	■ Chairman of Executive Director, LH Financial Group Plc.
	■ Director, LH Financial Group Plc.
2007 - Present	■ Executive Director, Home Product Center Plc.
	■ Chairman of The Remuneration and Compensation Committee, Home Product Center Plc.
2005 - Present	■ Director, Banpu Plc.
	■ Chairman of The Compensation Committee, Banpu Plc.
	■ Director, Land and Houses Bank Plc.
	■ Chairman of Executive Director, Land and Houses Bank Plc.
2001 - Present	■ Director, Home Product Center Plc.
2006 -2009	■ Audit Committee's Director, IRPC Plc.
	■ Independent Director, IRPC Plc.

Shareholding status (Closing the share register on September 5, 2013)

1,140,057 Shares representing 0.01241% (Including shares held by spouse, children and close relatives)

3 Mr. Adul Vinaiphat [67 years]

Independent Director

Chairman of Audit Committee

Nominating and Remuneration Committee

Education

- B.A. in Economics Thammasat University
- MA (ECON) University of Texas at Austin. Texas, USA
- Senior Administrator Course, the Office of Civil Service Commission
- National Defense College Class 388
- Capital Market Academy (CMA 14)
- Director Certification Program : Program for Professional Director (DCP) ,IOD
- Audit Committee Program (ACP),IOD
- Role of The Compensation Committee (RCC), IOD
- Financial Institutions Governance Program (FGP), IOD

Experiences

2010 - Present	■ Chairman of the Executive Committee Thai Packaging and Printing Plc.
	■ Director, Thai Packaging and Printing Plc.
2009 - Present	■ Director , Audit Committee and Chairman of nominating and Remuneration Committee, LH Financial Group Plc.
	■ Chairman of Corporate Governance Committee, LH Financial Group Plc.
	■ Chairman of Executive Director, Evergreen Plus Plc.
2008 - Present	■ Director, Tapioca Development Institute (Huay Bong)
2007 - Present	■ Director, I.G.S Plc.
2005 - Present	■ Director and Audit Committee, Land and Houses Bank Plc.
	■ Chairman of Nominating and Remuneration Committee, Land and Houses Bank Plc.
	■ Corporate Governance Committee, Land and Houses Bank Plc.
2002 - Present	■ Director and Vice President, Thai Tapioca Development Institute (TTDI)

Shareholding status (Closing the share register on September 5, 2013)

400,000 Shares representing 0.00436%

4 Mr. Anant Asavabhokhin [63 years]

Director

Education

- B.S. Engineering (Civil work) Chulalongkorn University
- M.S.Industrial Engineering Illinois Institute of Technology Chicago ,USA
- MBA Thammasat University
- Director Certification Program : Program for Professional Director (DCP),IOD

Experiences

2009 - Present	■ Chairman, LH Financial Group Plc.
2005 - Present	■ Chairman, Land and Houses Bank Plc.
1995 - Present	■ Director, Q.H. International Company Limited.
	■ Chairman, Home Product Center Plc.
1992 - Present	■ Director ,Siam Thani Property Company Limited.
1988 - Present	■ President and Chief Executive Officer, Land & Houses Plc.
1994 - 2010	■ Director, Quality Construction Products Plc.

Shareholding status (Closing the share register on September 5, 2013)

88,156,825 Shares representing 0.95992% (Including shares held by mother and children)

5 Mr. Adisorn Thananan-narapool [59 years]

Director

Education

- Bachelor of Accounting, Thammasat University
- MBA Thammasat University
- Capital Market Academy (CMA 2)
- Stanford Executive Program (SEP) Graduate School of Business , Stanford University
- Director Certification Program : Program for Professional Director (DCP), IOD
- Director Accreditation Program : Governance training for listed company director (DAP), IOD

Experiences

Apr 2013-Present	Managing Director, Land & Houses Plc.
2013 - Present	Director, Starmalls Inc., Philippines.
2010 - Present	Director, and Audit Committee LH Fund
2001 - Present	Director, L&H Property Co.,Ltd.
	Director, Land and Houses Property Fund I
	Director, Land and Houses Property Fund II
2002 - 2013	Director and Senior Executive Vice President, Land & Houses Plc.
2004 - 2010	Director and Chairman of Audit Committee, MFC Asset Management Plc.

Shareholding status (Closing the share register on September 5, 2013)

944 Shares representing 0.00001%

6 Miss Kanokvalee Viriyaprapaikit [48 years]

Director

Nominating and Remuneration Committee

Education

- Bachelor of Finance, Chulalongkorn University
- Master Degree, Investment Banking, University of Wisconsin - Madison
- Director Certification Program : Program for Professional Director (DCP), IOD
- Role of The Compensation Committee (RCC), IOD

Experiences

2003 - Present	Director, Asia Asset Advisory Co., Ltd.
1998 - 2003	Vice President, GIC Real Estate Pte Ltd.

Shareholding status (Closing the share register on September 5, 2013)

-None-

7 Mr. Rachai Wattanakasaem [66 years]

Independent Director

Chairman of Nominating and Remuneration Committee

Audit Committee

Education

- Honors Degree
- MBA Industrial Management II class, Pacific States University, California,USA
- Director Certification Program : Program for Professional Director (DCP), IOD
- Role of the Compensation Committee (RCC), IOD

Experiences

2012	■ Advisor, Thai Rubber Latex Corporation (Thailand)
	■ Public Company Limited
2011	■ Advisor, Krungthai Bank Company Limited
2009	■ Chairman, KT Zmico Securities Co., Ltd.
	Director, Krung Thai Computer Services Co., Ltd.

Shareholding status (Closing the share register on September 5, 2013)

-None-

8 Mr.Suri Buakhom [69 years]

Independent Director

Chairman of Corporate Governance Committee

Education

- B.S. in Economics , Kasetsart University
- MBA, Thammasat University
- Diploma of Information Technology ,Harvard University
- National Defense College Class 4010
- Director Certification Program : Program for Professional Director (DCP), Chair Person Certificate, IOD

Experiences

2010 - Present	■ Chairman and Chairman of Audit Committee, Thaiwire Products Plc.
2009 - Present	■ Director, Zhengxin Bank Co., Ltd
2005 - Present	■ Advisor of Computer Online systems, The Comptroller General's Department
2013	■ Data Center Development Subcommittee, National Broadcasting and Telecommunication Commission (NBTC)
2004 - 2012	■ Advisor of Computer Online systems, The Revenue Department
2007 - 2009	■ Chairman, Krungthai Computer Services Plc.
2005 - 2009	■ Vice Chairman, Krungthai Panich Insurance Company Limited.
	■ Director , Krungthai Bank Plc.

Shareholding status (Closing the share register on September 5, 2013)

100,000 Shares representing 0.00109%

9 Mr. Krit Phanratanamala [45 years]

Independent Director
Audit Committee

Education

- B.S. Engineering Chulalongkorn University
- MBA, University of Florida
- Master of Engineering, Imperial College London
- CFA Institute, Chartered Financial Analyst
- Director Certification Program : Program for Professional Director (DCP), IOD
- Certificate of Completion : Advanced Audit Committee Program, IOD

Experiences

2011 - Present	Director, Diamond Building Products Plc.
	Director, Biodegradable Packaging for Environment Co.,Ltd
	Independent Director and Audit Committee, Group Lease Public Company Limited
2006 - Present	Independent Director and Audit Committee, Union Mosaic Industry Plc.
2005 - Present	Director, Thai Prosperity Advisory Co., Ltd.

Shareholding status (Closing the share register on September 5, 2013)

-None-

10 Mrs. Suwanna Bhuddhaprasart [58 years]

Director
Risk management Committee
Corporate Governance Committee
Senior Executive Vice President

Education

- Bachelor of Accounting, Chulalongkorn University
- MBA, Chulalongkorn University
- Director Accreditation Program : Governance training for listed company director (DAP) , IOD
- Director Certification Program : Program for Professional Director (DCP) , IOD
- Financial Institutions Governance Program (FGP), IOD

Experiences

2013 -Present	Director, Casa Ville (Cholburi 2554) Co.,Ltd.
	Director, Property Host Co.,Ltd.
	Director, Casa Ville (Phetchaburi 2553) Co.,Ltd.
	Director, Casa Ville (Rayong 2553) Co.,Ltd.
	Director, Casa Ville (Prajuabkirikhan 2554) Co.,Ltd.
2012 - Present	Director, Land & Houses Hotel Management.
2011 - Present	Director, LH Financial Group Plc.
	Director, Centre Point Hospitality Co.,Ltd.
2010 - Present	Director, Idea Fitting Co.,Ltd.
2008 - Present	Director, L&H Management Co.,Ltd.
2003 - Present	Director, Home Product Center Plc.
	Director, Q.H. Management Co., Ltd.
	Director, Casa Ville Co., Ltd.
2000 - Present	Director, Q.H. International Co., Ltd.
	Director, The Confidence Co.,Ltd.
2013	Director , Land & Houses Bank Plc.
2011 - 2012	Nominating and Remuneration Committee, LH Financial Group Plc.
2005 -. 2012	Director, Land & Houses Bank Plc.
	Director and Nominating and Remuneration Committee, Land & Houses Bank Plc.

Shareholding status (Closing the share register on September 5, 2013)

6,141,790 Shares representing 0.06688% (Including shares held by children and close relatives)

11 Mr. Pravit Choatewattanaphun [56 years]

Director

First Executive Vice President

Education

- B.S. in Engineering, Chiang Mai University
- MBA ,Thammasart University
- Director Certification Program : Program for Professional Director (DCP), IOD

Experiences

2011 - Present	Director, Casa Ville (Cholburi 2554) Co., Ltd.
	Director, Casa Ville (Prajuabkirikhan 2554) Co., Ltd
2010 - Present	Director, Idea Fitting Co.,Ltd.
	Director, Casa Ville (Rayong 2553) Co., Ltd.
	Director, Casa Ville (Phetchaburi 2553) Co.,Ltd
	Director, Q.H.International Co.,Ltd
2005 - Present	Director, Casa Ville Co.,Ltd
2003 - Present	Director, Q.H.Management Co.,Ltd
2009 - 2012	Director, The Confidence Co.,Ltd
2001 -2007	Executive Vice President, Quality Houses Plc.

Shareholding status (Closing the share register on September 5, 2013)

1,083,369 Shares representing 0.00180%

12. Mr.Pornthep Pipattangsakul [48 years]

Director

Executive Vice President

Education

- B.S. in Engineering, Chiang Mai University
- MBA, Chulalongkorn University
- Director Certification Program : Program for Professional Director (DCP), IOD

Experiences

2013 - Present	Director, Property Host Co.,Ltd
	Director, Casa Ville (Cholburi 2554) Co., Ltd.
	Director, Casa Ville (Prajuabkirikhan 2554) Co.,Ltd.
	Director, Q.H. Management Co., Ltd.
	Director, Casa Ville (Rayong 2553) Co., Ltd.
	Director, Casa Ville (Phetchaburi 2553) Co., Ltd.
	Director, Q.H.International Co., Ltd.
	Director, The Confidence Co.,Ltd.
	Director, Gusto Co., Ltd.
2011 - Present	Director, Idea Fitting
2005 - Present	Director, Casa Ville Co., Ltd.

Shareholding status (Closing the share register on September 5, 2013)

100,004 Shares representing 0.00109%

Nature of Business

Quality Houses Public Company Limited has operated the real estate business for sales and for rent with its head office located on the 6th and 7th Floor of Q. House Lumpini Building, No 1 South Sathorn Road, Thungmahamek, Sathorn, Bangkok 10120, under Public Company Limited Registration No. 131, Telephone Number 0-2677-7000, Fax Number 0-2677-7011 - 2, Website "www.qh.co.th". As of 31 December 2013, the Company has issued capital of 9,183,784,692 Baht, and paid-up capital of 9,183,767,553 Baht, divided into 9,183,767,553 common shares at the par value of 1 Baht per share.

1. Background and significant changes and developments

The background and significant changes and developments of Quality Houses Public Company Limited can be summarized in chronological order as follows:

Year 1983
- The Company was incorporate with an initial registered capital of 1.0 million Baht on 21 October 1983, with its primary objective to provide integrated construction services of building houses on customers' land;

Year 1990
- The Company started its business of property development for rent comprising 2 sections, service apartments and office buildings for rent;

Year 1991
- The Company was approved as a listed company to trade its common shares in the Stock Exchange of Thailand on 11 September 1991;

Year 1992
- The Company started its business of land and houses for sales;

Year 1993
- The Company was registered as a public company limited on 28 June 1993;

Year 1997
- The Company encountered business problems during the country's financial crisis;

Year 1999
- The Company entered into debt restructuring agreements with banks and financial institutions and was able to comply well with the conditions set forth under the restructuring agreements, and in 2005, the Company repaid all the aggregated amount of loans under the original restructuring terms to the banks and financial institutions;

Year 2001
- The Company increased its capital and offered to sell 20% of its total shares to the Government of Singapore Investment Corporation Pte Ltd. (GIC), at the total value of 812.0 million Baht;

Year 2006 ■ The Company and its subsidiaries sold the properties together with related equipment and component parts and / or gave the leasehold right and / or transferred the property leasehold rights for 2 office building projects, namely Q. House Ploenjit and Q. House Lumpini to the Quality Houses Leasehold Property Fund, of which the Securities and Exchange Commission (SEC) granted its approval on 7 December 2006. Besides, the Company also invested the total of 204.5 million units in the Property Fund, equal to 25.66% of its total investment units at the value of 2,045.1 million Baht.

Furthermore, the Fund Manager appointed Q. H. International Co., Ltd., a subsidiary of the Company to be the property manager of all properties that the Property Fund invested in with 5 years contract and with the condition that contractual parties may renew the contract for not exceeding 5 years at a time;

Year 2012 ■ The Company and its subsidiaries sold the properties together with related equipment and component parts and 2 or gave the leasehold right and/ or transferred the property leasehold right for 3 hotel projects, namely the Centre Point Hotel Pratunam (formerly known as “Centre Point Hotel and Residence Petchburi”), the Centre Point Hotel Sukhumvit 10 (formerly known as “the Centre Point Hotel and Residence Sukhumvit”) and the Centre Point Hotel Chidlom (formerly known as “the Centre Point Hotel and Residence Langsuan”) to the Quality Houses Hotel and Residences Leasehold Property Fund (QHHR) ("The Fund"), of which the Securities and Exchange Commission (SEC) granted its approval on 2 July 2012. Besides, the Company also invested the total of 105.28 million units in the Property Fund, equal to 31.33% of its total investment units at the value of 1,050.28 million Baht.

After having invested in those properties, QHHR will offer the properties of which the rights and leasehold rights have been granted for rent or for lease to Centre Point Hospitality Co., Ltd., a subsidiary in which Quality Houses Plc. holds 100% of shares.

In this regards, Centre Point Hospitality Co., Ltd. will hire Q.H. International Co., Ltd., a subsidiary in which Quality Houses Plc. holds 100% of shares, to manage the hotels and service apartments.

2. Shareholding structure of the Company

2.1 Overview of business operations of the Company, Subsidiaries and Associated Companies

Quality Houses Public Company Limited, its subsidiaries and associated companies have operated the business of real estate development for sales and for rent and have jointly invested with other companies which can be classified as follows:

1. Business of land and houses for sales;
2. Business of condominium units for sales;
3. Hotel business;
4. Business of office buildings for rent;
5. Business of providing management services for properties for rent, including hotels, apartments, office buildings for rent and houses for rent;
6. Investment business;
7. Other businesses

(Details as per Marketing and Competition Section 1,1 Nature of Products and Services, Sub-section 2.2.1 a) to d))

2.2 Structure of shareholding

The Company has policies in dividing the operations of the Companies, subsidiaries and associated companies as follows:

2.2.1 Subsidiaries

The Company has invested in the following 13 companies:

1. **The Confidence Co.,Ltd**.: 100% of its shares is held by Casa Ville Co., Ltd. (which is a subsidiary that the Company holds 100% of shares.) It is currently conducting the business of property development for sales, including land and houses for sales and residential condominium units for sales;
2. **Q.H. Management Co., Ltd**.: The Company holds 80.58% of its shares, while the other 19.42% of its shares is held by the Confidence Co., Ltd. It is currently conducting the business of managing utilities of housing projects of the Company and its subsidiaries;
3. **Casa Ville Co., Ltd.**: The Company holds 100% of its shares. It is currently conducting the business of property development for sales, including land and houses for sales, with a focus on detached houses, townhomes, and residential condominium units for sales;
4. **Q.H. International Co., Ltd**.: The Company holds 100% of its shares. This subsidiary operates business of residential building units for rent, building management, and making investments in various companies;
5. **Q.H. International (BVI) Co., Ltd**.: 100% of its shares is held by Q.H. International Co., Ltd. Currently, this subsidiary conducts the business of investment in Harbour View Joint Stock Company, which comprises the hotel and office building for rent businesses in Haiphong City, Vietnam, with a share ownership of 14.15%;
6. **Casa Ville (Rayong 2553) Co., Ltd**.: The Company holds 100% of its shares via Casa Ville Co., Ltd. At present, this subsidiary operates the business of property development for sales, including detached houses and condominiums in Rayong Province;
7. **Casa Ville (Petchburi 2553) Co., Ltd**.: The Company holds 100% of its shares via Casa Ville Co., Ltd. At present, this subsidiary operates the business of property development for sales, including detached houses and condominiums in Petchburi Province;

8. **Idea Fitting Co., Ltd.**: The Company holds 100% of its shares via Casa Ville Co., Ltd. with the objective to operate the business of interior decorating, furnishing and installing of related electrical household appliance for the Company's and its subsidiaries' housing projects and condominium projects;
9. **Gusto Village Co., Ltd.**: The Company holds 100% of its shares via Casa Ville Co., Ltd. in order to operate the business of property development for sales, including townhomes and detached houses in Bangkok and suburban areas;
10. **Casa Ville (Chonburi 2554) Co., Ltd.**: The Company holds 100% of its shares via Casa Ville Co., Ltd. in order to operate the business of property development for sales, including detached houses and condominiums in Chonburi Province;
11. **Property Host Co., Ltd.**: The Company holds 100% of its shares with the objective to operate the business of property for rent;
12. **Casa Ville (Prachuabkhirikhan 2554) Co., Ltd**.: The Company holds 100% of its shares via Casa Ville Co., Ltd. At present, this subsidiary operates the business of property development for sales, including detached houses and condominiums in Prachuabkhirikhan Province;
13. **Centre Point Hospitality Co., Ltd.** The Company holds 100% of its share to operate the business of hotels and service apartments.

2.2.2 Associated companies

The Company has invested in 2 associated companies and 2 property fund as follows:

1. **Home Product Center Plc.**: The Company had the policy of long-term investment and, as of 31 December 2013, the Company held 19.77% of the shares. This associated company operates the business as a retailer of home improvement, decoration and construction products and services with the service of One Stop Shopping to achieve ultimate customer satisfaction, as well as provides rental space for stores. At present, this associated company has a total of 64 operating branches all over the country, offering its buyers a full selection of over 60,000 items. Besides, it also established a Training center to enhance knowledge and skills for staff at all levels to ensure better service delivery. Moreover, a Distribution Center was established to increase efficiency of the logistic system;

2. **L.H. Financial Group Plc**.: The Company holds 21.60% of its shares (as of 31 April 2013). This associated company was established as a holding company with an objective of long-term investment by holding 100% shares in Land and Houses Bank, Plc., which operates the business of commercial banking that provides services of deposits, mortgages, corporate loans and personal loans;

3. **Quality Houses Leasehold Property Fund**: This is a long-term investment in which the Company holds 25.66% of shares. It operates a business of property for rent and has registered as a closed-end Property Fund, with the total capital of 7,970 million Baht. Properties invested by the Quality Houses Leasehold Property Fund include Q. House Lumpini, Q. House Ploenjit and Wave Place projects;

4. **Quality House Hotels and Residence Leasehold Property Fund**: This long-term investment in which the Company holds 31.33% of shares was established in July 2012. It operates a business of property for rent and has registered as a closed-end Property Fund, with the total capital of 3,360 million Baht. Properties invested by the Quality House Hotels and Residence Leasehold Property Fund include Centre Point Hotel Pratunam (formerly known as "Centre Point Hotel and Residence Petchburi"), Centre Point Hotel Sukhumvit 10 (formerly known as "Centre Point Hotel and Residence Sukhumvit") and Centre Point Hotel Chidlom (formerly known as "Centre Point Hotel and Residence Langsuan").

2.2.3 Other Companies

Harbour View Joint Stock Company operates hotel and office buildings for rent in Haiphong City, Vietnam. Previously, Q.H. International (BVI) Co., Ltd., a subsidiary company, held 21% shares. However, the current proportion of share ownership has been reduced to 14.15% since the Company did not subscribe for additional shares when Harbour View Joint Stock Company offered additional proportionate shares to existing shareholders due to the fact that this company has continuously operated at loss.

2.3 Goals of business operation

Currently, the Company and its subsidiaries focus the operation in 3 core businesses: the business of land and houses and residential condominium units for sales; the hotel business, and; the business of office buildings for rent. The Company's policy of main business operation during the next 3 years period (2014-2016) is to focus the investment in the business of land and houses for sales and residential condominium units for sales because the business is highly profitable and able to generate cash within a shorter period, which increases the Company's liquidity and allows faster amortization of financial burdens. Additionally, the Company also has a policy for its subsidiaries to expand investments in the business of land and houses for sales and residential condominium units for sales in the price range of 1.0-2.5 million Baht, both in Bangkok and other provinces, in order to increase business opportunities and revenues of the Company and its subsidiaries.

The Company's Investments

1. The investments of Quality Houses Plc.

Company	Type of Business	Paid-up Capital (Million Baht)	Shareholding %
1) Subsidiary companies			
1.1 Q.H. International Co., Ltd.	Residential building units for rent , building management and making investments in various companies	76.8	100.00
1.2. Casa Ville Co., Ltd.	Property development for sales	3,000.0	100.00
1.3 Q.H. Management Co., Ltd.	Managing utilities of housing projects of the Company and its subsidiaries	380.0	80.58
1.4 Property Host Co., Ltd.	Property for rent	5.0	100.00
1.5 Centre Point Hospitality Co., Ltd.	Hotels and service apartments	5.0	100.00
2) Associated companies			
2.1 Home Products Center Plc.	Supplier of construction materials and home decorations	9,589.6	19.77
2.2 LH Financial Group Plc.	Holding Business	12,719.8	21.60
2.3 Quality Houses Leasehold Property Fund [1/]	Investing in office building for rent	7,863.1	25.66
2.4 Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	Investing in hotel and serviced apartments	3,360.0	31.33

Note [1/] *On November 8, 2011, the Quality Houses Property Fund had received an approval from the SEC to amend the fund's name to "Quality Houses Leasehold Property Fund (QHPF)".*

2. The investments of Q.H. International Co., Ltd. (Subsidiary)

Company	Type of Business	Paid-up Capital (Million Baht)	Shareholding %
Q.H. International (BVI) Co., Ltd.	Investing in foreign companies	30.8	100.00

3. The investment of The Confidence Co., Ltd. (Subsidiary)

Company	Type of Business	Paid-up Capital (Million Baht)	Shareholding %
Q.H. Management Co., Ltd.	Managing utilities of housing projects of the Company and its subsidiaries	380.0	19.42

4. The investment of Casa Ville Co.,Ltd. (Subsidiary)

Company	Type of Business	Paid-up Capital (Million Baht)	Shareholding %
1) The Confidence Co., Ltd .	Developing properties for sale	1,000.0	100.00
2) Casa Ville (Rayong 2553) Co.,Ltd.	Developing properties for sale	5.0	100.00
3) Casa Ville (Petchburi 2553) Co.,Ltd.	Developing properties for sale	5.0	100.00
4) Idea Fitting Co.,Ltd.	Distribution and installation of furniture	5.0	100.00
5) Gusto Village Co.,Ltd.	Developing properties for sale	5.0	100.00
6) Casa Ville (Prachuabkhirikhan 2554) Co.,Ltd.	Developing properties for sale	5.0	100.00
7) Casa Ville (Chonburi 2554) Co.,Ltd.	Developing properties for sale	5.0	100.00

5. The investment of Q.H. International (BVI) Co., Ltd.

Company	Type of Business	Paid-up Capital (Million USD)	Shareholding %
Harbour View Joint Stock Company	Hotels and office buildings for rent in rental in Haiphong City, Vietnam	6.8	14.15

Marketing and Competition

1. Marketing and Competition

1.1 Nature of products or services

Classification of products or services: The Company and its subsidiaries classify its products according to the nature of each business by using different marketing strategies to accommodate each business. The Company's approaches can be summarized as follows:

A) Business of Real Estate for Sales

Business of land and houses for sales

The Company and its subsidiaries have developed the land and houses for sales by considering the raw lands which are in potential locations, subdividing the estate into plots, building houses on those land plots and constructing related infrastructures in the project. At present, the Company and its subsidiaries focus on developing projects in the locations nearby main roads that people use to commute into the cities in Bangkok and suburb, as well as in other provinces such as Chonburi, Petchburi, Chiangmai, Patumthani and Nakorn-pathom.

The Company and its subsidiaries have policies to expand the target markets by offering a wider range of products from high-end, middle-end and low-end as shown below:

High-end products (Unit price)

Company name	Detached house project				
	Q Twelve	Q House Avenue	Prukpirom / Prukpirom Regent	Laddarom / Laddarom Elegance	Vararom/ Vararom Premium
	> 100 million Baht	24-80 million Baht	30-85 million Baht	7-30 million Baht	4-12 million Baht
1. Quality Houses Plc.		✓	✓	✓	✓
2. Casa Ville Co., Ltd.	✓			✓	✓

Middle-end products

(Unit price)

Company name	Detached house projects				Townhouse projects
	Casa Grand/ Legend	Casa Premium	Casa Ville/ Presto	Casa Seaside	Casa City
	7-12 million Baht	5-7 million Baht	4-6 million Baht	3-6 million Baht	2-5 million Baht
1.Quality Houses Plc.	✓		✓		
2.Casa Ville Co., Ltd.	✓	✓	✓		✓
3. Casa Ville Co., Ltd. (Petchburi 2010)				✓	
4. Casa Ville Co., Ltd. (Rayong 2010)				✓	

Low-end products

(Unit price)

Company name	Detached house project	Townhouse projects	
	The Trust	Gusto	The Trust
	3-5 million Baht	2-3 million Baht	3-4 million Baht
1. The Confidence Co., Ltd.	✓		✓
2. Gusto Village Co., Ltd.		✓	

Residential condominium units for sales

The Company and its subsidiaries have a policy to expand the business of residential condominium units for sales by considering projects with favorable yields and by focusing on locations in the heart of the city or near the sky-train lines (BTS) and subway lines (MRT), for both existing routes and their future expansions, as well as the areas in residential communities which are easy to commute. Furthermore, our subsidiaries also expands their projects to other provincial areas with high potential, such as Chonburi, Petchburi, Chiangmai and Nakornpathom.

This policy allows us to satisfy the needs of customers who look for convenience in both commuting to work and enjoying their lifestyles. The target customers include entrepreneurs, middle management and above, as well as company employees or younger generation who want convenience in commuting to work and who spend most of their time in the city. The brand name is classified by product types as follows:

(Unit price)

Company name	High-end products		Middle-end products	Low-end products
	Q Condo	Q House Condo	Casa Condo	The Trust Residence
	14-140 million Baht	3-7 million Baht	2-5 million Baht	1.5-4 million Baht
1. Quality Houses Plc.	✓		✓	
2. Casa Ville Co., Ltd.		✓	✓	
3 .The Confidence Co., Ltd.				✓

B) **Business of Real Estate for rent, including :**

Hotel business

The Company and its subsidiaries have built and rented out residential buildings under the brand "Centre Point" in order to provide residential services to expatriates who come to work or travel in Thailand both short term and long term rental with services and facilities. Therefore, the Company and its subsidiaries select the project locations near various facilities or at the city centers or business centers. Moreover, the Companies and its subsidiaries have also emphasized on other services, such as by providing meeting rooms, business centers and restaurants, etc. Moreover, the Company and its subsidiaries have a policy to provide high quality services, efficient security system, as well as state of the art communication devices.

The assets used in operating the business of residential buildings for rent are divided into 2 types as follows :

1. Assets owned by the Company
2. Assets leased for business operation under the terms of agreement between 1-3 years.

Business of office buildings for rent

The Company has constructed high-rise buildings on its own land and on long-term leased land which are located in Central Business District (CBD) and fully equipped with public utilities and telecommunication facilities in order to provide office space rental services to customers. In addition, the Company also emphasizes on the standard quality of the buildings, the quality services and the proper lay-out within the buildings to ensure more effective business operations.

C) **Business of providing management service for real estate for rent**

The Company and its subsidiaries provide management service for real estate for rent, including hotels, apartments, office buildings and houses for rent as follows:

- Management of office buildings for: Wave Place Building, Q. House Lumpini Building, and Q. House Ploenjit Building for the Quality House Leasehold Property Fund;
- Management of residential buildings for rent: Centre Point Residence Prompong Project and Centre Point Sukhumvit-Thonglor, as well as management of houses for rent in LH Villa Sathorn Project for Land and Houses Freehold and Leasehold Property Fund;
- Management of residential buildings for rent: Grand Centre Point Hotel Ratchadamri (previously "Grand Centre Point Hotel and Residence Ratchadamri") and Grand Centre Point Hotel Terminal 21 (previously "Grand Centre Point Hotel and Residence Sukhumvit-Terminal 21") for L&H Property Co., Ltd;

- Management of Centre Point Hotel Pratunam (previously "Centre Point Hotel and Residence Petchburi"), Centre Point Hotel Sukhumvit 10 (previously "Centre Point Hotel and Residence Sukhumvit") and Centre Point Chidlom (previously "Centre Point Hotel and Residence Langsuan") for Quality Houses Hotel and Residence Freehold and Leasehold Property Fund.
- Management of Mandarin Hotel for The Mandarin Hotel Public Company Limited.

D) Investment business

The Company has invested directly and indirectly through its subsidiaries and property funds as follows:

- Harbour View Joint Stock Company ("HVC"): The Company has invested indirectly in HVC by holding 100% shares in Q.H. International Co.,Ltd. (QHI), while QHI holds 100% shares in Q. H. International (BVI) Co., Ltd. ("QHI (BVI)") and QHI (BVI) holds 14.15% shares in HVC, which operates a hotel and office building rental business in Haiphong, Vietnam.
- Home Product Center Plc., of which the Company has 19.77% shares;
- L.H. Financial Group Plc., which is a holding company for long-term investment in the Land and Houses Bank Plc. with 100% of the shares, and the Company holds 21.60% of its shares.
- Quality Houses Leasehold Property Fund ("QHPF")

The Company and its subsidiaries sold the property with components and relevant equipment and/ or transferred the office building leasehold rights of 2 projects, Q House Ploenjit and Q. House Lumpini, to Quality Houses Leasehold Property Fund (previously "Quality Houses Property Fund"). The Company invested in QHPF for 204.5 million unit, or 25.66% of QHPF's total investment unit, which amounted to 2,045.1 million Baht.

Additionally, the management company appointed the Company and/ or Q.H. International Co., Ltd., which was the Company's subsidiary, to be the Property Manager for all properties that QHPF would invest for the period of 5 years. The parties of agreement are able to extend each period of agreement for no more than 5 years (under the same condition, except the fees) depending upon the result of operation of the Property Manager. The annual fee is calculated with reference to the result of business operation of each project.

In the 4th quarter of 2011, the Company and its subsidiary, Q.H. International Co., Ltd., extended the agreement as the Property Manager for another 5 years. The parties of agreement are able to extend the period of agreement for no more than 5 years each under the same condition as previous agreement.

1.2 Pricing policy

The Company and its subsidiaries have pricing policy in accordance with types and segment of products, as well as cost of production. The price shall be established appropriately and competitively.

1.3 Distribution and distribution channels

The Company and its subsidiaries divide their channels of distribution in accordance with types of business as follows:

1) **Business of land and houses for sales and residential building units for sales**

The Company and its subsidiaries utilize their sales office located in each project, as well as through exhibition booths as appropriate.

2) **Hotel business**

There are several channels of distribution for the Company and its subsidiaries as follows:

- **The Company's sales officers** : Customers are able to contact the central sales office or our sales officer may meet the customers at their office. Our sale officers can provide details of every project in order to focus on keeping good relationship with the customers and building customer satisfaction.
- **Sale agents :** The Company provides opportunities to all agents to seek customers to rent rooms both in the short terms and long terms because this channel helps increase the number of customers.
- **The Company's website:** The Company has facilitated foreign customers who are interested in our residential units to make their reservations through the Company's website. This channel has gradually become a higher potential channel of selling every year.
- **Sale agents' website :** Since there is an increasing trend of foreign customers using internet for room reservation, the Company therefore provide another distribution channel through sale agents' website.

3) **Office buildings for rent**

The Company's and its subsidiaries' main channel for sales is through corporate agents since they have a network with extensive numbers of customers and products to enable the customers to choose before making decision. In addition, the Company's customers can also directly contact the Company's sales officers.

1.4 Target customers and their characteristics

The Company and its subsidiaries cater to retail customers which many differ according to the business types as follows:

1) **Business of land and houses for sales and residential condominium units for sales**

The target customers include top executives, business owners, government officials, state enterprise and private company employees, etc.

2) **Business of real estate for rent, including:**

- **Office building for rent:** The target customers include Thai and foreign companies with medium to large in size who require office space in the prime area of the city.
- **Hotel business:** The main target customers include foreign business people visiting or working with private companies or organizations, as well as foreign tourists who plan for short term and long term stay.

1.5 Environmental impact

The Company and its subsidiaries may have impact on the environment through each business type as follows:

1) **Business of real estate for sales**

With regard to the implementation of all the Company's and its subsidiaries' projects, for any project requiring permission from the Environmental Board, the Company and its subsidiaries shall duly comply with the prescribed criteria and completely licensed. As for the projects that do not require any permission from the Environmental Board, the Company and its subsidiaries have also controlled the following factors which may affect the environment. For example, the Company and its subsidiaries control the construction process by adopting noise control measure to control and prevent noise pollution which might affect the communities during the project development. Besides, tools and equipment are stored in safe places. Construction sites are controlled to ensure safety, dust prevention and orderly work site. Construction zones are divided in order to minimize the impact on finished houses and their residents.

2) **Business of real estate for rent**

The Company and its subsidiaries have preventive and control measures to minimize impacts of public utility problems, such as measures to inspect and replace equipment to reduce energy consumption, as well as garbage management and sewage testing, etc.

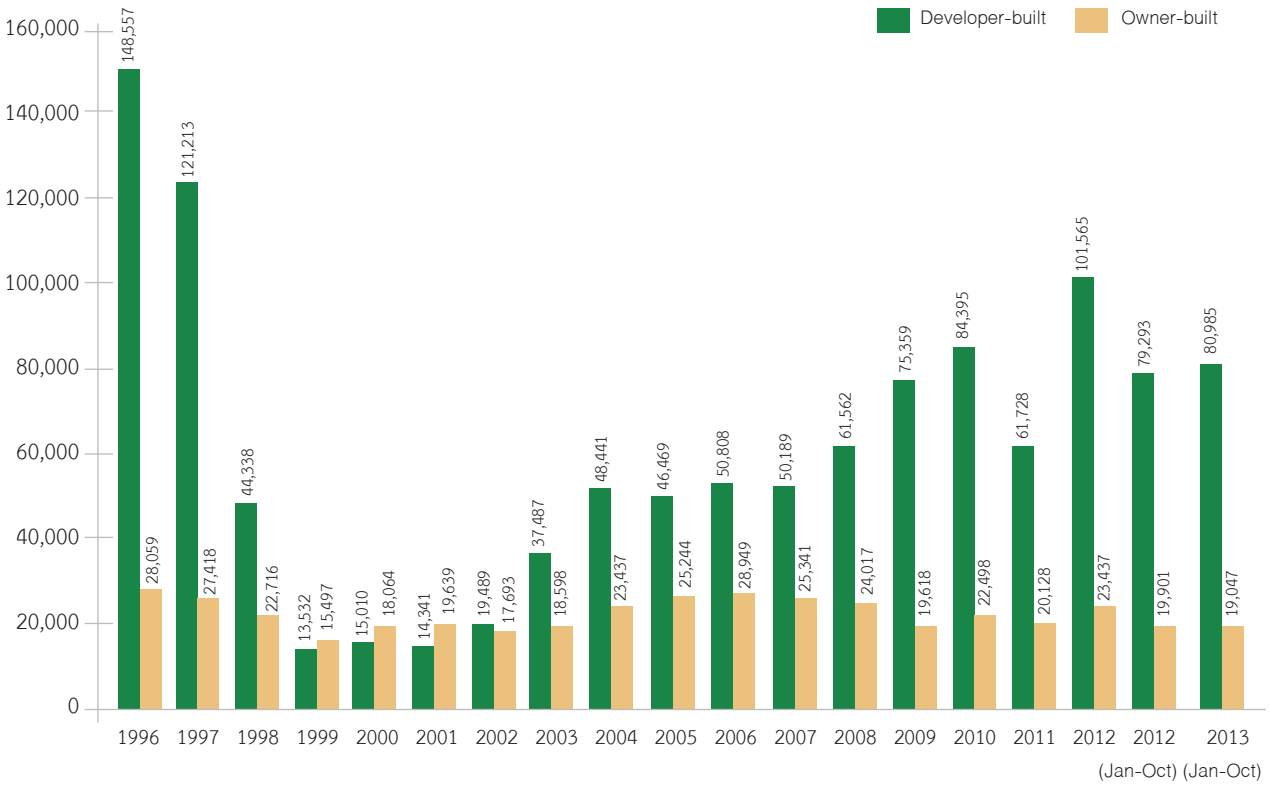
Therefore, none of the projects operated by the Company and its subsidiaries creates any negative environmental impact.

2. Industrial situation and competition

The Company and its subsidiaries classified its competition in the industry according to nature of businesses as follows:

1) Business of real estate for sales

During January to October 2013, the total number of house registration was 100,032 units, or 1% increase in comparison with 99,194 units during the same period of 2012. Among these houses, the number of developer-built houses was 80,985 units, increasing by 2%, while the number of owner-built houses was 19,047 units, decreasing by 4% in comparison with the same period of 2012.



Source: Information Center, Government Housing Bank

Additional developer-built house registrations classified by types of housing between 2007 - Jan-Oct 2013

Additional developer-built house registrations classified by types of housing	2007	2008	2009	2010	2011	2012	2012 (Jan-Oct)	2013 (Jan-Oct)	% changes of 2012 / 2011	% changes of 2013 / 2012 (Jan-Oct)
Detached houses	16,390	13,437	10,863	11,403	13,999	10,887	8,811	11,129	-22%	+26%
Duplexes	1,436	2,133	1,000	1,366	1,381	1,069	914	1,237	-23%	+35%
Townhouses and commercial buildings	14,931	11,943	9,771	11,707	11,614	11,218	9,532	16,409	-3%	+72%
Condominium	17,432	34,049	53,725	59,919	34,734	78,391	60,036	52,210	+126%	-13%
Total additional developer-built house registration	50,189	61,562	75,359	84,395	61,728	101,565	79,293	80,985	+65%	+2%

Source: Information Center, Government Housing Bank

From the above figures of additional developer-built house registration during the period of first 10 months in 2013 in comparison with the same period of 2012, it was found that the markets of detached houses, duplexes, townhouses and commercial buildings were increasing, while condominiums were decreasing.

As for the trend of general housing market in 2014, it is expected that the expansion rate will not be significant in comparison with the year 2013 due to various negative factors, such as fragile recovery of global economy, increasing household debt which may affect the purchasing power in real estate sector. Besides, insufficient labors and sub-contractors are problems affecting the growth of real estate market, as well as problems from political conflicts and stability in the country which cannot be solved and unpredictable about its ending. Meanwhile, positive factors are only low interest rate which is expected to remain stable and the expansion of foreign investment. The year 2014 is like the rehearsal for the beginning of ASEAN Economic Community at the end of 2015, which may encourage more concrete foreign investment.

2) Business of Office building for rent

As for the office building for rent market in Bangkok, at the end of the 3rd quarter of 2013, no new supply was found in the market. Therefore, the overall space of office building for rent did not change when compared to the previous year. The total rental office building space was 8.093 million square meters. It is expected that 3 new office buildings will be launched to the market during the 4th quarter of 2013, comprising rental office space of 0.058 million square meters. One of the rental office buildings has the total occupied office space of 0.023 million square meters, while the other 2 buildings comprise the office space of 0.035 million square meters which was utilized by owner of the project. In conclusion, at the end of 2013, the total rental office building space was 8.151 million square meters.

At the end of the third quarter of 2013, the occupied office space was approximately 7.268 million square meters, or 0.158 square meters increase from the previous year. The business of office space rental was improved from the second quarter of 2013. Most of the space occupation was from foreign companies which expanded from their existing rental space or moved to other office buildings located along the sky train or subway lines in Central Business District ("CBD") areas and non-CBD areas. The rate of occupation in office building space is expected to increase after completion of construction of the new office building.

By the end of the third quarter of 2013, the average rental rate was increased in every location in comparison to the end 2012. That is, the average rental rate for "A" Grade office buildings in CBD area increased from 741 Baht to 810 Baht per square meter per month, and the "A" Grade office building in non-CBD area increased from 570 Baht to 602 Baht per square meter per month. As for "B" Grade office buildings in CBD area, the average rental rate increased from 512 Baht to 568 Baht per square meter per month, and the average rental rate of "B" Grade office buildings in non-CBD area increased from 474 Baht to 531 Baht per square meter per month. As for the trend of the 4th quarter, rental rate is expected to be slightly increased, particularly the office buildings located in limited CBD areas, in which the more than 95% of the office buildings are occupied, and most of the office buildings are located along the sky train and subway lines.

As for the trend of rental office building market in 2014, it is forecasted that the available rental space will increase by approximately 0.198 million square meters, comprising the majority part of 0.151 million square meters in non-CBD area, and only 0.047 in CBD area. It is also expected that additional rental office space of approximately 0.181 million square meters will be launched in 2015, resulting in higher market competition in such period.

CBD : Central Business District - Silon, Sathorn, Surawongse, Rama IV, Ploenchit, Wireless, Down Town Sukhumvit, and Asoke Roads, etc

Non CBD : Sukhumvit, Petchburi, Rachadapisek, Paholyothin, Vibhavadee-rangsit, Rama III and Bangna-Trad Roads, etc

3) Residential building for rent / Hotel Business

In 2013, the total market of residential building for rent comprises 20,080 units available, or an increase of 2 units or 0.01% from the total of 20,078 units in 2012. This is because in 2013, a few additional projects were launched, and some projects were changed from residential buildings for rent to hotels and were closed during renovation for future operation as hotels. During January to October 2013, the number of foreigners who received working permits to work in promoted investment type of firms and temporary type in Bangkok area was 77,052 persons, showing an increase of 6,168 persons or 9% in comparison with 70,884 persons in the same period of 2012. It is notable that the increasing percentage of foreigners who received work permit in Bangkok is higher than the increasing percentage of the available residential units. Therefore, the trend of market competition for residential buildings for rent or service apartments will be less intensified. However, the number of condominium for rents is increasing and begins to play more roles in the market competition.

The main target group of residential units for rent is still the Japanese and other Asian nationalities. As the biggest group of foreign investors in Thailand, in October 2013, the number of Japanese who received work permit in Thailand was the highest among other foreigners, representing 24% of total foreigners working in Thailand. Meanwhile, the Philippines who received the work permit in Thailand had the highest increasing rate to 18%, followed by Chinese to the rate of 17%.

As for hotel market, in 2012, the total number of rooms available was 34,971, while in 2013, the total number of rooms available was 38,687, representing an increase of 3,716 rooms or 10.63% from 2012. The middle-range hotels had the highest rates of rooms available in the market.

During the first to the 3rd quarter of 2013, there was no political problem in Thailand, resulting in an increasing number of foreign investors and tourists. However, in the 4th quarter, Chinese government enforced the law prohibiting tour operators against selling additional tour programs to Chinese tourists. As a result, tour operators in Thailand had to adjust their package tour programs to full-coverage package, which includes all travelling expenses, thus tourists

do not have to pay extra money during their travel. Such law had an impact to decrease the number of the Chinese tourist. Besides, in the 4th quarter of 2013, political problems arose in Thailand, hence impact on the number of tourists planning to come to Thailand during such period. The total number of inbound tourists to Thailand in 2013 was 26.7 million persons, which increased by 4.4 million persons or 19.73% in comparison with 22.3 million persons in the same period of 2012.

It is expected that the existing political conflicts and stability in Thailand, as well as the enforcement of Emergency Decree to control the political protest, will affect tourism and the number of foreigners entering Thailand in the year 2014.

As for the overall investment in Thailand, according to the information from the Board of Investment of Thailand, during January - November 2013, foreign investors submit the request for investment promotion of 1,015 projects, at the total investment value of 386,671 million Baht, in comparison with the same period of the year 2012, in which there were the request for investment promotion of 1,289 projects at the total investment value of 495,645 million Baht. That is, there was a decrease of 274 projects, or 21%, and the total investment value in 2012 decreased by 108,974 million Baht, or 22%. Therefore, the trend for investment growth in 2014 is expected to slow down.

Source: *Alien Section, Work Provision Department;*
The Office of Board of Investment;
The Tourism Department;
Information gathered by Quality Houses Plc.

Revenue Structure

Revenue structure of Quality Houses Public Company Limited and its Subsidiaries

(Unit : Million Baht)

Revenue by Business [1/]	Operate by	Revenues					
		2011	%	2012	%	2013	%
1) Real Estate Business							
1.1 Business of Real Estate for Sales	Quality Houses Plc. and its Subsidiaries [2/]	7,637	72	8,639	57	11,926	57
1.2 Residential Condominium for Sale Business	Quality Houses Plc. And Casa Ville Co.,Ltd.	1,177	11	3,345	22	6,552	31
1.3 Serviced Apartment Business	Quality Houses Plc., The Confidence Co.,Ltd. and Q.H. International Co.,Ltd.	704	6	746	5	863	4
1.4 Office Building for Rent Business	Quality Houses Plc., and The Confidence Co.,Ltd.	331	3	347	2	359	2
Total revenue from real estate businesses		**9,849**	**92**	**13,077**	**86**	**19,700**	**94**
2) Other income							
2.1 Gain on sales of properties and transfer of leasehold rights to building	Quality Houses Plc. and its subsidiaries	-	-	1,183	8	140	1
2.2 Share of profit from investments in associates	Quality Houses Plc.	638	6	802	5	943	4
2.3 Other	Quality Houses Plc. and its subsidiaries	184	2	149	1	159	1
Total of other Income		**822**	**8**	**2,134**	**14**	**1,242**	**6**
Total		**10,671**	**100**	**15,211**	**100**	**20,942**	**100**

Note : *1/ The Company's revenue is entirely from domestic sales.*

2/ Subsidiaries are Casa Ville Co.,Ltd., The Confidence Co.,Ltd., Casa Ville (Petchburi 2553) Co.,Ltd., Casa Ville (Rayong 2553) Co.,Ltd.

The structure of Share of profit from investments in associates

(Unit : Million Baht)

Project	Operated by	% Owned by the Company as at Dec. 31,2013	Share of profit from investments in associates					
			2011	%	2012	%	2013	%
1. Business of building for rent								
- Q. House Lumpini Building, Q.House Ploenjit Building and Wave Place Building	Quality Houses Leasehold Property Fund	25.66	119	18	122	15	122	13
Sub-total			**119**	**18**	**122**	**15**	**122**	**13**
2. Business of hotel								
- Centre Point Hotel Pratunam, Centre Point Hotel Sukhumvit 10, Centre Point Hotel Chidlom	Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	31.33	-	-	5	1	32	3
Sub-total			**-**	**-**	**5**	**1**	**32**	**3**
3. Business of construction material	Home Product Center Plc.	19.77	400	63	528	66	606	64
Sub-total			**400**	**63**	**528**	**66**	**606**	**64**
4. Business of investment	LH Financial Group Plc.	21.60	119	19	147	18	183	20
Sub-total			**119**	**19**	**147**	**18**	**183**	**20**
Total			**638**	**100**	**802**	**100**	**943**	**100**

Risk Factors

1. Financial risk

Risk from investments, lending, and guarantees made to the related companies, namely Harbour View Joint Stock Company

Harbour View Joint Stock Company ("HBV") is a related company since Q.H. International (BVI) ("QHI(BVI)"), is a subsidiary company (in which the Company holds 100% shares through its subsidiary company, Q.H. International Co., Ltd.), having 14.15% shares in HBV (previously, it held 21% of shares).

As of 31 December 2013, the net investment after the allowance for impairment of investment in HBV was zero, comparison to the investment cost of 32.6 million Baht. The Company reserved an allowance for loss impairment of that investment for the full amount since HBV, which operated hotel businesses and rental office buildings in Haiphong, Vietnam, had continually operated at loss.

At the end of 2012 and 2013, the subsidiary company, QHI(BVI), lent HBV the amount of 8.6 million Baht and 36.8 million Baht respectively (details in Section: Connected Party Transaction, Item (25) Harbour View Joint Stock Company). As a result, the subsidiary company is vulnerable to lose pertaining to these loans because HBV has continually operated at loss. Besides, the Company has guaranteed the loans for HBV since 1997 because each shareholder is obligated to provide financial support to HBV in proportion to the shareholder's accumulation. Consequently, QHI(BVI) and one of the shareholders are committed to a loan of 2.6 million USD from a financial institution and jointly guarantee the loan in the proportion of 50% each, or equivalent to 1.3 million USD. However, the liabilities that the Company and its subsidiaries had to provide financial support to HBV was equivalent to the percentage of ownership of QHI (BVI), which was equivalent to 21%. Later on, there was a capital increase to the existing shareholders in the proportion of percentage of shareholding, but the subsidiary (QHI(BVI)) did not invest in this right issuing because of the operation loss, therefore, the percentage of shares held at the end of 2007 was reduced to 14.15%. In 2002 and 2008, the Company reserved the allowance for contingent liability from the loan guarantee at the amount of 35.0 million Baht and 26.0 million Baht respectively, totaling to the amount of 61.0 million Baht, resulting in the Company's record of the burden of that contingent liability at full amount. In the case that the Company has to pay for the loans on behalf of HBV, it would be in the amount of 42.8 million Baht as of 31 December 2013 (1.3 million USD as of 31 December 2012). Additionally, HBV restructured its debt with a financial institution by extending the repayment period to the year 2017. As a result, the Company's risk from the guarantee to this loan has been reduced. Furthermore, the Company also closely monitors the financial status, performance and implementation of the debt-restructuring plan of HBV.

Risk of liabilities of the issuance of the Company's bond

As of 31 December 2013, the Company had loans from financial institutions and debentures with the total amount of 20,320.4 million Baht, comprising 323.4 million Baht short-term loans, 3,985.0 million Baht long term loan due within one year, and 16,012.0 million Baht debentures net of current portion due within one year. The debt to equity ratio was 1.41, which means that if the Company cannot achieve its sales target, there may be an impact on repayment of debenture. However, the Company expects to achieve the revenue goals as planned. As of 31 December 2013, the Company and its subsidiaries operated the total of 52 projects of land and houses for sales with the total value of 73,162 million Baht, with the remaining sales value of 40,092 million Baht, as well as the total of 12 projects of residential condominium units for sales with the total value of 21,048 million Baht and with the remaining sales value of 5,524 million Baht. These are sources of future revenue of the company. Moreover, The company also generates the recuring income hotels and office building for rent, which will enhance cash flow of the Company. Besides, the Company and its subsidiaries have long-term credit under the loan agreement which has not been drawn from the bank at the total amount of 3,322 million Baht (as of 31 December 2013), which can be used as a source of funding for the Company.

The issuance of the Company's bond is in accordance with the policy in finding sources of funding with lower financial cost than financial institutions' loans and lower risk from fluctuating interest rate. In the past, the Company was able to pay the interest and redeem its debentures as scheduled. Besides, it was able to maintain the debt to equity ratio at no more than 2:1 as prescribed in the requirement of the debenture.

Risks of interest rate fluctuation and access to capital

The Company and its subsidiaries need to use a large amount of fund in property development, parts of this funding are loans from banks or financial institutions and debenture issuances. Therefore, the market interest rates have an important impact on the Company's cost of funds used in operations and project development.

Due to the interest rate fluctuations, the Company and its subsidiaries have adopted several preventive measures depending on the trend of interest rates at that particular period. Those measures include the issuance of debentures with fixed interest rates in order to repay the loans that bear floating rate and higher interest costs and the issuance of short-term bill of exchange with lower interest rates to be sold to institutional investors. This measure helps reduce the cost of interest and is suitable for the business of land and houses for sales that needs short-term fund for project development. Another measure is to improve the efficiency of project planning and construction to shorten the project development period and to reduce the burden of interest bearing loans. Moreover, The company also manages loan allocation, with both fixed interest rate and floating interest rate, to be used in the business in accordance with the business type and asset type of the company and its subsidiaries by monitoring the interest rate trend both at present and in the future, and consider the use of appropriate financial tools in order to manage the risk from interest rate fluctuation.

Furthermore, the Company also increased its potential and access to capital for project development by building good relationship with several commercial banks to compare deals and to achieve the most appropriate cost.

2. Business Risk

Risk incurred from pre-built home construction

The Company and its subsidiaries operate a business of property development with the main revenue generated from the sales of land and houses. In 2012 and 2013, the Company's and its subsidiaries' revenue from sales of land and houses contributed 66.1% and 60.5% of total revenue from their property business respectively. The Company and its subsidiaries have the operating policies to complete housing constructions before selling the houses at the medium-price range upward, as opposed to building a house after receiving deposit payments from customers (or tailor-made houses). Due to such policy, the Company and its subsidiaries require more working capital during the construction period. Therefore, this could affect the liquidity and profitability of the Company and its subsidiaries due to the high initial investment and interest expenses incurred from loans made for such projects.

However, the Company and its subsidiaries put measures in place to prevent or reduce the above mentioned risk as follows:

- The Company and its subsidiaries have conducted consumer behavior study by surveying the customers who visited the projects with regards to their budget, price, design, specification, plot size, quality of materials, environment and security, etc. In addition, the information obtained from the previous projects has also been analyzed to find more details of customer needs. This enables the Company and its subsidiaries to develop pre-built houses which can meet the customer needs and are well accepted among the customers who are assured that they will receive the transfer of housing right as stated in the agreement and who have seen the quality of the product before making purchase decision;
- The Company and its subsidiaries are major long term property developers which are widely recognized and well accepted among target customers;
- The Company and its subsidiaries have evaluated the demand for houses, the national economic situation and other related factors before reviewing and planning for construction of houses or investing in new projects with important consideration placed on optimizing stock level of the Company and its subsidiaries at that period of time to reduce the risk of high working capital utilization. Besides, planning of construction has been made by phases in respond to the market demands.

Risk incurred from pre-sale home construction (Pre-Sale)

In 2010, the Company had a policy to have its subsidiaries sell the houses and condominiums before completion of construction (Pre-Sale) for the lower to medium priced ranges under the following project names: "Case Ville", "Casa City", "The Trust Ville", "The Trust Town", "The Trust City", "Casa Seaside" and "Gusto', as well as condominium buildings. The Pre-Sale approach was aimed at increasing sales opportunity and liquidity of the Company's subsidiaries. However, there is a risk in controlling construction cost since the presale house is priced at the beginning of the project prior to construction. Therefore, the Company and its subsidiaries adopt measures to mitigate such risk by entering into a turnkey construction contract with the contractor and making a deal for construction material cost in advance for a

period of 6-12 months. Furthermore, since the presale houses are not large in size, construction time is shorter than the high-priced projects, which enables the Company to control its cost to a certain extent.

In addition, the Company has also used the methods of Pre-caste, Prefabrication and Tunnel to build the houses with price lower than 3 million Baht and 2-3-storey townhouses to reduce construction time and to ensure the best cost control.

Risk incurred from high competition

At present, there is high competition in the real estate developing industry due to the increasing number of new developers and the new launching projects by major developers, resulting in rapidly increasing supplies in the market. Besides, various marketing strategies have been introduced into the market continuously in order to boost sales, hence intensify the market competition. Fortunately, the Company and its subsidiaries have been the major long term developer in the market and have had a reputation for top-level and medium-high housing projects, resulting in the competitive advantage in terms of reputation, trustworthiness, quality and standards. Moreover, the Company and its subsidiaries have been studying the feasibility of each project before making an investment, including location of the project, transportation, population growth, market situation, competitors and targeted customers, etc,, in order to provide better response to the consumer needs.

Additionally, in order to reach for larger customer base, the Company and its subsidiaries also expanded their investment in the business of land and houses, as well as residential condominium units in the price range of 1.0 - 2.5 million Baht. As a result, the Company and its subsidiaries are still able to maintain the growth of sales and are able to reduce the risk from highly competitive market situation

3. Risk incurred from production

Risk from cost of construction materials and project development

The increase in minimum wage in the year 2012 resulted in the higher housing development and construction cost. However, the Company and its subsidiaries might be unable to increase the sale price of land and houses, which might affect the Company's and its subsidiaries' profitability in the future.

However, the pre-built housing sales policy allows the Company and its subsidiaries to plan for construction and to purchase construction materials in advance to control the costs of products and the quantities of inventories more effectively in a certain period of time. Moreover, the Company and its subsidiaries also make future contracts and prepay the construction materials cost which are expected to increase in the future. In addition, since the Company and its subsidiaries use a lot of construction materials, they have significant bargaining power over the suppliers, resulting in the lower cost of materials. The Company and its subsidiaries believe that all the above mentioned measures can

help reduce costs and expenses for project development. Furthermore, the use of pre-casted, prefabrication and tunnel methods of construction for the houses with prices of lower than 3 million Baht helps reduce construction, hence lower financial cost and more control of construction cost. As a result, the Company and its subsidiaries are able to maintain their profit margins to a certain extent.

Risk from shortage of contractors and skilled labor

Housing construction and development projects significantly depends on contractors and skilled labors, in particular, for the products of the Company and its subsidiaries which are mid-level to high end products focusing on quality. The number of qualified contractors and skilled labor for construction of the houses or public infrastructure of the projects in the market are considerably limited and might not be sufficient for the need of the Company and its subsidiaries, especially when the real estate industry is growing.

The shortage of contractors and skilled labor may become a drawback for production, for the growth of sales and for quality control of the products. However, the Company and its subsidiaries have a policy to recruit new contractors who are qualified to work for the Company and its subsidiaries, as well as to provide knowledge and skill development for both existing and new contractors regularly.

Additionally, the Company and its subsidiaries also provide financial supports to the contractors to ensure their liquidity as appropriate and in accordance with the situation. The Company and its subsidiaries also use the construction methods, namely Pre-casted, Prefabrication and Tunnel, to construct the houses with price lower than 3 million Baht and 2-storey townhouses in order to reduce the dependency on human labor and construction time.

4. Risk from prolonged political conflict

The prolonged political conflict of which clear solutions still cannot be found will result in lower economic expansion or GDP in the year 2014 when compared to 2013. Such impact will lower the consumer confidence in their spending and investment in real estates, and will result in the decreasing number of foreigners visiting Thailand, hence affecting tourism and hotel businesses.

The above mentioned potential impact may result in lower liquidity of the Company and its subsidiaries in the future since they may not be able to achieve the targeted revenue in selling the houses and hotel business. However, the Company and its subsidiaries have policies to increase their financial liquidity as follows:

1. Focus on or accelerate the construction of housing and condominium projects with good sale performance;
2. Decrease/ delay/ postpone the buying of new plots of land and any investment in large assets;
3. Reduce selling and administrative expenses which are not urgent or necessary;
4. Manage cash flow to enable each project to be more self-dependent by accelerating the sale of existing inventories to acquire money for use in construction of houses in the project to be in line with its demand.

Shareholders and Dividend Payment Policy

1. Major shareholders

List of the top 10 shareholders at the closing date of Shareholder Registration on September 5th, 2013:

Name of shareholders	Number of shares	% of the paid-up capital
1. Land and Houses Plc.	2,293,667,658	24.98
2. GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION PTE LTD	989,504,100	10.77
3. Thai NVDR Co., Ltd.	554,704,837	6.04
4. Bangkok Bank Plc.	256,750,732	2.80
5. STATE STREET BANK EUROPE LIMITED	236,694,633	2.58
6. PICTET & CIE	111,400,650	1.21
7. Krungsri Dividend Stock LTF	91,657,400	1.00
8. Ms. Piengchai Harnpanich	88,139,763	0.96
9. THE BANK OF NEW YORK MELLON-CGT TAXABLE	61,035,700	0.66
10. K Equity LTF (KEQLTF)	54,477,700	0.59
Total of the top 10 shareholders	4,738,033,173	51.59
Total of the shareholders	9,183,767,553	100.00

2. Dividend payment policy

The Company has the policy to pay dividend for not exceeding 50% of earnings in the consolidated financial statement after deduction of all kinds of reserves as prescribed by the Company and according to the law.

Regarding to the dividend payment policy of subsidiaries, the Company's subsidiaries shall pay dividend to the Company from the earnings of subsidiaries, whereas the Board of Directors of the Company and/ or subsidiaries shall consider the dividend payment policy as suitable to the management of capital structure and overall financial management.

Management Structure

1. The Board of Directors

As of 31 December 2013, the Company's Board of Directors consisted of 12 members including:

Executive Directors: 4 persons;

Non-executive Directors: 3 persons;

Independent Directors: 5 persons, equivalent to 5 in 12 of the total directors.

The list of directors and number of meeting attendances of each director are as follows:

Name		Position	Meeting attendance / Total number of attendance (Time)	
			2012	2013
1. Pol. Gen Pow	Sarasin *	Chairman	7/8	0/3
2. Mr. Apisak	Tantivorawong*	Chairman and Independent Director	-	5/5
3. Mr. Rutt	Phanijphand	Director	7/8	8/8
4. Mr. Adul	Vinaiphat	Independent Director	8/8	8/8
5. Mr. Anant	Asavabhokhin	Director	8/8	5/8
6. Mr. Adisorn	Thananan-narapool	Director	8/8	8/8
7. Miss Kanokvalee	Viriyaprapaikit	Director	8/8	8/8
8. Mr. Rachai	Wattanakasaem	Independent Director	8/8	8/8
9. Mr. Suri	Buakhom	Independent Director	7/8	8/8
10. Mr. Krit	Phanratanamala	Independent Director	8/8	8/8
11. Mr. Suang	Chaisurote **	Director	7/8	8/8
12. Mrs. Suwanna	Bhuddhaprasart	Director	8/8	8/8
13. Mr. Pravit	Choatewattanaphun	Director	8/8	8/8
14. Mr. Pornthep	Pipattangsakul **	Director	-	7/7

Remarks * *Mr. Apisak Tantivorawong was approved and appointed as Chairman and Independent Director of the Board by the resolution of the Company's Board of Directors meeting No. 3/2013 held on May 28, 2013, to replace Pol. Gen. Pow Sarasin, Chairman of the Board of Directors, who passed away on March 7, 2013.*

** *Mr. Pornthep Pipattangsakul was approved and appointed Director of the Board by the resolution of the Company's Board of Directors meeting No. 1/2013 held on February 26, 2013, to replace Mr. Suang Chaisurote, who resigned from the position of the Director as of January 15, 2013.*

The Company's Board of Directors shall consist of not less than 5 directors but not exceeding 15 directors and at least half of the directors must have their domiciles in the Kingdom.

Directors shall vacate the office upon:

(1) Death;

(2) Resignation;

(3) Disqualification or having any characteristics as prohibited by law;

(4) Termination by the shareholders' meeting resolution;

(5) Termination by the Court's order.

The selection of the Company's Directors shall be done through the nomination process defined by the Nominating and Remuneration Committee which includes the nomination from all shareholders. The Nominating and Remuneration Committee will consider the candidate's qualifications and finally propose to the shareholders' meeting to get final approval before the formal appointment.

All of the directors received training from the Thai Institute of Directors (IOD) as shown in the section "Brief Details of Committees and Executives". In 2013, Mr. Pornthep Pipattangsakul, the new Director being appointed on February 26, 2013, attended a training program called "Director Certification Program : Program for Professional Director (DCP), IOD, in order to increase his knowledge for continual operation.

In general practice, each director will be in the position for the term of 3 years. According to the Company's regulation, one-third of the total directors on the Board shall be retired at every Annual General Meeting. If the number of directors is not a multiple of three, the number of director closest to one-third shall be retired. The Company does not determine the number of times that a director is in office or the number of other companies in which a director holds a position with. The Company believes that each director has discretion to allocate adequate time to be devoted to the Company in the said position of director. The Company is also confident that each director has the required capabilities, knowledge and experience in areas that can benefit the determination of business direction and company policies and can provide counseling to resolve problems of business operations according to the standard expected by the Company.

Authorities, duties and responsibilities of the Board of Directors

- Possess authorities and duties as stated in the Company's regulations, including supervising and managing the Company in accordance with the laws, the Company's objectives and regulations, as well as resolutions of the shareholders' meetings;
- Determine vision, missions, goals, strategies and policies of the Company;
- Approve strategies, important policies, objectives and goals of assets management, financial management and the Company's business plans, as well as, overseeing to ensure the effective implementation of such plans;
- Scope of operational authorities such as application for permissions relating to property development as well as submission and receipt of tax documents from the Revenue Department, reporting of complaints to the police officers or inquiry officials, revocation of complaints, compromise, making a statement, as well as sending and receiving of documents relating to legal cases, etc.;

- Scrutinizes the transactions required to be submitted for shareholders' approvals in the shareholders' meetings, with main session in the Annual General Meeting as follows:

  (1) Consider the Board of Director's reports showing the Company's performances which will be proposed to the meeting
  (2) Consider and approve the financial statements
  (3) Consider profit appropriation
  (4) Nominate new directors to replace the retiring directors
  (5) Nominate the auditor and determine the auditor's remunerations
  (6) Consider the transaction with possible conflicts of interest which must be approved by shareholders
  (7) Other matters.

The Company has convened the Board of Directors' meeting to approve the vision, strategies, goals, policies, business plans, and budgets of the Company, as well as, to follow up the management's work to ensure that the Company's goals and business plans are achieved. In 2012 and 2013, the Board of Directors convened 8 meetings annually. The procedure for these meetings is that the corporate secretary would send out an invitation to the meeting together with meeting agendas and relevant documents to the directors in advance so that the directors shall have enough time to study the data before participating in the meeting; whereby, all directors are able to express their opinions freely and are not subject to any person or a group of persons. Minute of the meetings, including directors' opinions, are recorded clearly in writing.

Internal meetings among non-executive directors

Non-executive directors convened the internal meetings to discuss on interesting issues without the management's attendance on September 24, 2012 and November 18, 2013.

Vision and missions of the Company

The Company's Board of Directors has prescribed the vision and missions of the Company as the goals and guidelines to determine business strategies and plans with the following details:

Vision

"To be the top-of-mind real estate development company for customers in all segments for its leadership in product quality and services."

Mission

Product and service quality

- Always improve and develop the quality of products and services to satisfy the consumers.

Work life quality and creativity

- Create work environment and culture, as well as improve the employee benefits to achieve maximum performance.

Personnel

- Operate legally with a transparency which can be checked at every stage;
- Encourage and support employees to develop their potential in various fields in accordance with their responsibilities.

Social quality

- Promote accountability to the communities and the surroundings of areas where Quality Houses Plc. and its subsidiaries operate, as well as the general society;
- Seek for new and better ways to create and to build sustainability for products, environment, organization, and society.

Investment quality

- Improve operational efficiency in order to achieve growth in profitability;
- Find new ways to generate sustainable long-term profitability.

Executive and authorized directors

The authorized directors of the Company are Mr. Rutt Phanijphand, or Mrs. Suwanna Bhuddhaprasart, or Mr.Pravit Choatewattanaphun, or Mr. Pornthep Pipattangsakul. To validate the document, two out of the four authorized to sign on behalf of the company must sign together and affix the Company seal.

2 . The executives

The Company's Executive as of December 31, 2013, are as follows:

Name		Title
1. Mr. Rutt	Phanijphand	President and Chief Executive Officer
2. Mrs. Suwanna	Bhuddhaprasart	Senior Executive Vice President
3. Mr. Pravit	Choatewattanaphun	First Executive Vice President
4. Mr. Pornthep	Pipattangsakul	Executive Vice President
5. Mr. Pairoj	Wattanavarodom	Executive Vice President
6. Mr. Ravee	Mongkoltavee	Executive Vice President
7. Mr. Somchai	Warunpantulak	Senior Vice President, Financial and Accounting Department
8. Mr. Somsak	Jirarungruangvong	Senior Vice President Treasury and Customer Transaction Service Department

3. The Corporate Secretary

The Company's Board of Directors meeting No. 3/2008 held on March 21, 2008, had a resolution to appoint Mrs. Suwanna Bhuddhaprasart, as the corporate secretary effective as of 22 March 2008. The Corporate Secretary has responsibilities to ensure that activities of the Board of Directors comply with relevant legislations, regulations and orders relating to the new Securities and Exchange Act. The Company determines the roles and major responsibilities of the Corporate Secretary as follows:

1) To give primary advices to directors relating to the laws, rules and regulations of the Company, including significant changes of requirements so that the Board of Directors shall be able to work smoothly and have sufficient information to consider and make decisions to perform their duties and responsibilities with care and honesty;

2) To prepare and keep the following documents:
   - List of Directors Registration;
   - The Board of Directors' Meeting: Invitation for Meeting, Minutes of the Board of Directors Meeting and Annual Reports of the Company
   - Shareholders' Meeting: Invitation for Meeting and Minutes of the Shareholders' meeting;
3) To supervise the disclosure of information and reports under the responsibilities of the supervising units adhering to corporate governance in order to comply with rules and regulations of the government;
4) To keep the reports on the interest of Directors or executives and to submit copies of reports to the Chairman and the Chairman of the Audit Committee within 7 days from the date the Company received such report;
5) To provide a system for storing documents and related evidences in an accurate and complete manner and can be reexamined;
6) To contact and communicate with general shareholders so that they can be informed of their rights and the Company's information.

4. Remunerations for Directors and Executives

(A) Monetary compensation

Remuneration for Directors

The annual general meeting of shareholders No.1/2013 held on April 19, 2013, approved the monthly remuneration and meeting remuneration of directors as from May 2013 onward with the following details:

1. Monthly remuneration: The Company's directors will receive monthly remuneration whether or not there is a meeting in such month. Details are as follows:
   1. The president's remuneration is 50,000 Baht/ month
   2. The directors' remuneration is 40,000 Baht/ month

2. Meeting remuneration: The directors who attend the Company's Committee Meetings: the Board of Directors; the Audit Committee; the Nominating and Remuneration Committee, and; the Corporate Governance Committee will receive meeting remuneration as follows:
   1. The Chairman's remuneration is Baht 35,000 per each meeting. The Chairman means the chairman of each board/ committee, namely: the Chairman of the Board of Directors; the Chairman of the Audit Committee; the Chairman of the Nominating and Remuneration Committee, the Chairman of the Corporate Governance Committee and the Chairman of the Executive Committee.
   2. The directors' remuneration for each meeting is 28,000 Baht.
      For the director who is also an executive director will not receive any meeting remuneration. The directors' meeting remuneration will be paid to the member of each committee for not more than 12 times per year. In case that such committee has arranged more than 12 meetings in a year, the meeting remuneration will be paid for maximum of 12 months only.

      In the year 2012 and 2013, the Company paid remuneration to the total of 12 directors, at the total amount of 14.7 million Baht and 19.1 million Baht respectively. Details of remuneration are as follows:

(Unit : Thousand Baht)

Name	Title	2012			2013		
		Monthly Allowance	Meeting Allowance	Bonus	Monthly Allowance	Meeting Allowance	Bonus
1. Pol. Gen. Pow Sarasin *	Chairman	540.0	210.0	960.0	90.0	-	1,320.0
2. Mr. Apisak Tantivorawong *	Chairman and Independent Director	-	-	-	356.7	175.0	-
3. Mr. Rutt Phanijphand	Director and Chairman of Risk Management Committee	360.0	-	640.0	440.0	-	880.0
4. Mr. Adul Vinaiphat	Independent Director, Chairman of Audit Committee and Nominating and Remuneration Committee	360.0	450.0	640.0	440.0	557.0	880.0
5. Mr. Anant Asavabhokhin	Director	360.0	160.0	640.0	440.0	160.0	880.0
6. Mr. Adisorn Thananan-narapool	Director	360.0	160.0	640.0	440.0	228.0	880.0
7. Miss Kanokvalee Viriyaprapaikit	Director and Nominating and Remuneration Committee	360.0	240.0	640.0	440.0	352.0	880.0
8. Mr. Rachai Wattanakasaem	Independent Director and Chairman of Nominating and Remuneration Committee and Audit Committee	360.0	420.0	640.0	440.0	553.0	880.0
9. Mr. Suri Buakhom	Independent Director and Chairman of Corporate Governance Committee	360.0	230.0	640.0	440.0	393.0	880.0
10. Mr. Krit Phanratanamala	Independent Director and Audit Committee	360.0	300.0	640.0	440.0	388.0	880.0
11. Mr. Suang Chaisurote **	Director	360.0	-	640.0	14.0	-	880.0
12. Mrs. Suwanna Bhuddhaprasart	Director, Corporate Governance Committee and Risk Management Committee	360.0	-	640.0	440.0	-	880.0
13. Mr. Pravit Choatewattanaphun	Director	360.0	-	640.0	440.0	-	880.0
14. Mr. Pornthep Pipattangsakul **	Director	-	-	-	380.0	-	-
	Total	**4,500.0**	**2,170.0**	**8,000.0**	**5,240.7**	**2,806.0**	**11,000.0**

Remarks * *Mr. Apisak Tantivorawong was approved and appointed as an independent director and Chairman of the Company by the resolution of the Annual General Meeting of the Board of Directors No. 3/2013 convened on May 28, 2013 to replace Pol. Gen. Pow Sarasin, the Company's Chairman, who passed away on March 7, 2013.*

** *Mr. Pornthep Pipattangsakul was approved and appointed Director of the Board by the resolution of the Company's Board of Directors meeting No. 1/2013 held on February 26, 2013, to replace Mr. Suang Chaisurote, who resigned from the position of the Director as of January 15, 2013.*

Remuneration for Executives

In 2012 and 2013, the total remunerations for the top 4 executives from the Managing Director and below, and any person holding equivalent position as the fourth executives, including those at the level of Deputy Managing Director upward, totaling 8 persons, were amounted to 54.8 million Baht and 51.4 million Baht respectively. The details of such remunerations can be summarized as follows:

(Unit: Million Baht)

Type of remuneration	2012	2013
Salary	38.6	34.3
Bonus	14.1	15.3
Provident Fund	2.2	1.8
Total	**54.8**	**51.4**

(B) Other remuneration

The Company and its subsidiaries set up a Provident Fund for employees where each employee voluntarily contributes 3-6% of his/ her salary to the Provident Fund. The Company and its subsidiaries will match the same amount to the Provident Fund. The Provident Fund is registered to be managed by a licensed fund management company that is in compliance with the Provident Fund Act B.E. 2542.

5. Personnel

(A) At the end of 2012 and 2013, the Company and its subsidiaries had the total of 1,151 and 1,215 employees respectively. They can be grouped by the Company's business lines as follows:

(Unit: Persons)

Business lines	31 Dec 2012	31 Dec 2013
1. Line of the Managing Director	71	91
2. Line of housing projects	686	704
3. Line of office buildings for rent and residential condominium units for rent	303	323
4. Line of operation support	91	97
Total	**1,151**	**1,215**

(B) Labor dispute in the past 3 years (1 Jan 2011 — 31 Dec 2013)

- None -

(C) Total compensation and types of compensation to employees

The Company and its subsidiaries provide compensation to employees according to their duties, responsibilities and performance by comparing their performance with the set target in each year. The compensation includes salary, annual bonus, and provident fund. The details of total compensation for employees in 2012 and 2013 are shown below:

(Unit: Million Baht)

Type of compensation	2012	2013
1. Salary	447.9	421.6
2. Bonus	138.4	191.9
3. Provident Fund	17.1	17.8
4. Others[1/]	56.9	51.0
Total	**660.3**	**682.3**

Remark [1/] *Other compensations include training expenses, medical expenses, health & life insurance premiums and other benefits*

(D) Policy on human resource development

The Company and its subsidiaries have a policy to train and develop its human resources continually in order to enhance their knowledge and capabilities. There are training programs available for employees at every level. Information of some of these programs are provided in Section : Corporate Governance , Item 3 Roles of Stakeholders, sub-clause "Employees Group".

Corporate Governance

1. Corporate Governance Policy

The Company always aims to develop its business for further growth based on the principles of good corporate governance, ethics and morals. It is aware of the roles and importance of directors, executives and employees on the management of the Company. Therefore, the Company is not only committed to created sustainable value added to its shareholders, but also focuses on fair treatment to all stakeholders.

The Company established the guidelines for business operation based on the principles of good corporate governance, ethics and morals in the forms of Good Corporate Governance Policy and Ethical Code of Conducts and has adhered to them strictly. In addition, the Company has also improved and added the Code of Conducts in order to cover various operational guidelines to be on par with international standards in a timely manner. As a result, the conduct of directors, executives, and employees of Quality Houses Plc. will be in compliance with generally accepted standards and based on appropriate ethics and values. The Company's director approved the latest policy on corporate governance at the Company's meeting No. 8/2011 held on 26 December 2011

The said policy emphasizes on the following issues: the Board of Directors; the right and equality of shareholders; treatment to stakeholders; transparent business operation and good ethical conducts; internal control and risk management; supervision and prevention against conflicts of interest, and; disclosure of information for all stakeholders. The Company stipulated that all directors, executives and employees must be informed of, understand and strictly adhere to the prescribed policy and Code of Conducts. The policy on corporate governance and business ethics will be presented on the Company's website, "www.qh.co.th", to allow all executives and employees to know about the operational directions and implement them efficiently in order to achieve business goal for the benefits of all stakeholders.

The details of corporate governance policy are as follows

1 **Shareholders' rights and;**

2 **Equitable treatment to shareholders**

The Company has a policy to treat all shareholders with equal rights in all matters including rights to obtain share certificates, to transfer shares, to receive the Company's information and to attend and vote in shareholders' meeting, etc.

In addition, the Company considers each shareholder as equal. Therefore, in order to promote good corporate governance and to show that the Company treats every shareholder equally, the Company has a policy to confer participation rights to shareholders in the Shareholder's Annual General Meeting of 2013 as follows:

- Propose additional agendas to the Shareholders' Annual General Meeting of 2013 according to the Company's rules;
- Nominate qualified candidates to be elected as the Companny's directors in the Shareholders' Annual General Meeting of 2013 according to the Company's rules.

In 2013, the Company arranged the Shareholders' Annual General Meeting on 19 April 2013. The Company assigned Thailand Securities Depository Co., Ltd. to send shareholders the invitation for the Shareholders' Meeting on 4 April 2013, and disseminated this invitation and supporting details of each meeting agenda (both in Thai and in English languages) through the Company's website, www.qh.co.th, on the same date). In addition, the Company also facilitated the shareholders to attend the Annual General Meeting by selecting convenient venue for shareholders to commute, which was the Grand Centre Point Hotel Terminal 21, which was linked to Sukhumvit MRT Station and Asoke BTS Station.

In the Annual General Meeting of 2013, there were 11 directors attending the meetings from the total of 12, including 4 independent directors, 4 executive directors and 3 non-executive director. Moreover, the licensed auditor of the Company was also invited to attend the Annual General Meeting as an observer. All shareholders attending such meetings had equal rights in all aspects.

At the meeting, the time given for each point in the agenda was allotted appropriately. There was no additional agenda besides the agenda sent to the shareholders in the invitation letter. The Company also encouraged shareholders to express opinions and ask questions extensively. Depending on their shareholdings, the shareholders had one vote per share at the meeting. Vote counting was conducted through bar code system. The summary of the vote count was made with transparency and accuracy, and the result was displayed on a monitor. In addition, when voting was carried out for the director appointment agenda, the voting was done for one candidate at a time.

The Company prepared the memorandum of the Shareholders' Annual General Meeting within 14 days. The Company recorded accurate and concise details of the meeting and the resolution made. Shareholders can review the meeting notes at www.qh.co.th

3. Roles of stakeholders

The Company has a detailed policy regarding treatment and responsibility for each group of stakeholders under the Company's policy of good corporate governance. The treatments toward each group of stakeholders are as follows:

Employees

The Company has realized that employees are one of the Key factors that drive the Company's successes and growth. Therefore, the Company had its policy to promote and support the development of all personnel of the Company to obtain proper knowledge and abilities; to have the equitable treatment of its employees and to respect the human rights. The Company also aims to create good and safe working environment and to give fair and reasonable remuneration and welfare to its employees according to the positions, duties and responsibilities; for example:

Employee welfare

- The Company has provided uniforms for receptionists or sales reprensentatives at the housing projects, office building for rental projects, hotels and serviced apartment projects;
- The Company has provided welfare of medical expense reimbursement in the case of outpatients;
- The Company has provided life insurances, group accident insurances and group health insurances (in case of in-patients);
- The Company has provided welfare of flower basket to visit employees in cases of work-related illness and child delivery;
- The Company has established a provident fund as morale in return for the employees' dedication to their works;
- The Company has established the employees' welfare committee to take care of welfare and health issues of employees. Examples include providing nursing rooms stationed with professional nurses to give advice, recommendations and first-aids to employees, and to provide welfare of annual health checkups of employees;
- The Company has provided the system of other welfares covering the employees' family members such as welfare of funeral allowances, in case of death, for employees and family members (spouses and children); welfare of scholarships for employees' children, etc.

Furthermore, the Company provides communication channels to provide information about these benefits to employees, the Company's rules and regulations by publishing all these information on the Company's intranet. The Company provides E-mail addresses to each employee so that it becomes another channel for both internal and external communication.

Moreover, in order to learn more about challenges and problems that the staff facing in day-to-day operations, the Company sets up a suggestion box to receive communication from employees regarding their opinions or any complaint relating to their work. All the information and suggestions received are seriously considered by the management committee in determining ways to correct and improve things that are of best interest of all parties.

Training and employee development

For sustainable and continuous development and growth of the Company, the Company has its policy of personnel development by assigning the Human Resource Department to organize proper training courses and guideline for development of knowledge, abilities and skills to each level of employees to ensure that the Company's personnel shall have adequate work knowledge and abilities and shall be able to compete with other entrepreneurs in the markets efficiently and effectively.

The Company has set up Core Courses for employees in different levels including:

- Orientation of new employees : All new employees shall receive the orientation in order to know the policies, rules, regulations, business structure of the Company and the data relating to the line operations of such employees, including welfare and benefits that the employees shall receive from the Company;
- Customer complain management course : To provide operational employees whose work requires direct contact with customers from all lines of business with sufficient skills to manage and correct the customers' complaints. In this course, employees are allowed to participate by contributing ideas and opinions on how to satisfy customers in

order to maximize benefits to customers and the Company, as well as to be adapted to real operations effectively and efficiently. Furthermore, there are courses in Emotional Quotient Development for basic operation and basic quality services;

- Basic and advanced team building courses: To allow employees to develop capabilities to work as a team effectively. This includes development of Emotional Quotient for work;
- Basic and intermediate management skills course : To develop leadership in employees so that they can work at their full potential. The programs include specific skills for employees in supervisor levels; basic supervisory skills, personal development, coordination skill, coaching skill, delegation skill, how to follow-up work progress and to control work quality control, Development of Emotional Quotient for Effective Management and Arts of Problem Solving and Decision Making. These programs aim to enhance the employees in supervisor role the abilities to manage their team effectively and efficiently.

Training and education relating to environment and effective use of resources

The Company has continuously supported the implementation of "5S Activity" to enhance sanitation and healthy habits in workplaces, which will also increase work efficiency, higher productivity and better customer services, and help promoting good environment in workplaces and effective use of resources. Employees shall receive training before starting the implementation of such activity. The Company has arranged at least twice monitoring and evaluation per year. Examples of activities to improve working environment and to reduce wastes include reusing empty pages of used paper, reusing of binders, launching a campaign to switch-off the light during the lunch break or after use during the day and a campaign to maintain all equipment in good conditions. These activities have helped promoting the better and safer environment in workplaces and have developed better work quality and more efficiency among employees throughout the organization.

In addition, the Company has also given souvenir rings to employees who have been working with the Company for 10 years and 20 years in recognition of their long-time physical and mental devotions to the Company.

Customers

The Company has prescribed its guidelines for treatment of customers in the company's Code of Conduct, which is available at "www.qh.co.th" ; and the Company has strictly complied with those guidelines and its responsibilities to customers by producing quality products and services under the policy "5-Quality Houses" (including modern design, quality materials, good neighborhood, high security and sincere and honest services), provided that the quality of products shall be subject to the level of prices of products sold. The Company has strictly adhered to this policy.

In addition, the Companies has also carried out various activities with customers as per the details in Clause: "Social Responsibility", Sub-clause: "Responsibility towards consumers".

The customers of housing projects and condominium projects who have any compliant may make a telephone contact to number 1388 during the working hour, or email to info@qh.co.th.

For the office building project or the residential building project for rent, customers can directly contact the building manager or responsible person in such building.

Business partners

The Company and its subsidiaries have adhered to the value of business practices that uphold honesty, transparency and equality on the basis of fair competition for the highest collective benefits, whereas business partners must not impair the Company's reputations and must not breach the laws, good morals and traditions. The purchase of products and operational procedures must be transparent and can be audited, and the business partner agreements must strictly be complied. The Company has used the Supply Chain system when ordering products to reduce steps, time and documents in the transaction allowing partners time to prepare and deliver products within agreed time frame.

Moreover, the Company also provided proper and reasonable assistances to its partners. For instance, if the material prices increase higher than those specified in the contract, the Company will make price adjustment or provide financial assistance to the contractors. In the past year, the Company never made a late payment except when its partners did not act according to the contract or breached the conditions agreed upon. The Company also arranged a Thank you party to show our appreciation of the contractors who have supported the Company. Such action helped building good relationships The Company is well aware that its partners are key factors of the success and support in order to produce good products and provide attractive services with good quality and fair prices.

Banks, financial institutions, holders of debentures and loan creditors

The Company adheres to the value of acting toward banks, financial institutions, holders of debentures and loan creditors with honesty, and it always repays principal and interest on a timely basis. The Company also strictly follows the conditions and rules that are specified in the lending contract and in other agreements. Whenever the problems arise which may affect the banks, financial institutions and lenders, or whenever the Company is not able to comply with the conditions stated in the loan agreement, the Company will issue a written document to clarify the situation to the banks, the financial institutions and the lenders in advance. Then it will be followed by a meeting to get consensus about the solutions. In addition, the Company also adheres to the rules of good corporate governance, for example:

- Follow the agreements with business partners and lenders. In the case that such agreement cannot be followed, the Company will consult with the contract partners and lenders at the earliest possible timeline in order to find solutions and damage prevention strategies;
- Provide accurate and complete financial information;
- Not demand, accept, or offer any dishonest advantages when contracting with the lenders;
- Ensure that the money lent from the lenders will not be used against the loan objectives.

In the past 3 years, the Company has never made any late payment.

In order to protect and to assume responsibilities for all groups of stakeholders, the Company welcomes complaints or opinions of all groups of stakeholders through the following channels:

1. E-mail: info@qh.co.th;
2. The Company's website: "www.qh.co.th" (for recommendations/ complaints);
3. Submission of matters directly by hand or by post to the Corporate Secretary at the address below:

   Quality Houses Plc.
   No. 1, Q. House Lumpini Building, 7th Floor,
   Thungmahamek Sub-district, Sathorn District, Bangkok 10120

4. Disclosure of information and transparency

The Company has disclosed information that affect stakeholders' decision making with regards to various issues of the Company. The information is disclosed under various topics in the annual report Form 56-1 and on the Company's website "www.qh.co.th". These include the name and backgrounds of the Board of Directors, remunerations for directors, shareholding structure of top 10 shareholders, corporate governance, financial statement, risk factors, nature of business, management and financial position, and operating results. The information about the Company can be downloaded from "www.sec.or.th" and " www.set.or.th".

Remuneration for directors and executives

The remuneration for directors and Sub-committees are comparable to the general practice within the same industry. The Audit committee has received remuneration according to their duties and responsibilities, which has been approved by the Nominating and Remuneration Committee prior to being submitted for approval by the shareholders in the Shareholders' Annual General Meeting. As for the executives of the Company, they receive remuneration linked to their performance and the performance of the Company. The Company has fully disclosed the remuneration for the directors, sub-committees and top management of the Company in the Annual Reports, under Clause 4 Remuneration for directors and executives.

Connected transactions and conflicts of interests

The Company has its major policy that its operation must be in compliance with the highest standard of operation based on relevant laws and regulations, as well as business ethics.

The Audit Committee has regularly reviewed the connected transactions or the related transactions and has ensured that the conditions for the transactions serve the best interest of the Company by treating them as transactions with outsiders on an "arm's length basis." The Audit Committee also supervises the Company to proceed and disclose relevant information of these related transactions completely and in compliance with official regulations.

In addition, the Company has ensured that the shareholding structures among the Company, subsidiaries, associated and related companies will not pose any conflicts of interests. The Company has made an announcement of the acquisition / disposal of assets and of related transactions for all employees in order for these employees to be aware of the guidelines for compliance with the official regulations. The details of connected transactions are shown in Section Connected Party Transactions.

Report on stakeholding of directors

At the Board of Directors' Meeting No.6/2009 convened on 25 June 2009, the Board of Directors has approved the criteria and procedures of reporting of the stake holding of directors and executives and the disclosure of data relating to the stake holding of directors and related parties to the Company, according to the criteria and procedures of reporting, as follows:

1) Directors and executives must report their stake holding and/or the stake holding of related parties to the Company according to the form of reporting as prescribed by the Company;
2) Directors and executives must report under 1) as follows:
   - Within 30 days after the date of assuming the office;
   - Within 30 days upon changes of data in the latest report ;
3) The person who reported under 1) must send a written report to the Corporate Secretary within 3 working days as from the date of preparing the report;
4) The Corporate Secretary shall send a copy of the report of stake holding under 3) to the Chairman of the Board of Directors and the Chairman of the Audit Committee within 7 working days as from the date when the Company has received such report.

Relationship with investors

The Company has given its importance on the disclosure of transparent and thorough data, including the Company's operating results as well as significant data affecting the prices of the Corporate securities by disseminating data and information through Set Community Portal or SCP system of the Stock Exchange of Thailand and through the media so that investors, analysts and related parties can receive complete data. Moreover, the Company has also disseminated the Company's business data through websites ""www.qh.co.th" to provide interested persons with an access to general information and the information concerning the Company's products. Another channel for further inquiry to the Company is Telephone Number 0-2677-7000.

In 2013, the Company presented the following information:

- Presentation of information to investors through 7 road shows in foreign countries;
- Annual QH openhouse for funds and analysts;
- Organizing 55 site visits and company visits for investors and analysts who requested information on the status of the Company's business operation;
- Organizing 4 Analyst Meetings to clarify the annual and quarterly operating results to investors and analysts;
- Participating in several conference activities with the business sectors, including:
  - Property Day with Tisco, organized by TISCO Securities Co., Ltd;
  - Thailand Focus 2013, organized by Phatra Securities Plc.;
  - Nomura Conference, organized by Nomura Pattanasilp Securities Plc.;
  - JP Morgan Conference, organized by JP Morgan Securities (Thailand) Ltd.;
  - Thanachart Assets-to-Funds Day, organized by Thanachart Securities Plc.

Moreover, the Company has also assigned the Investor Relations Office to assume responsibilities for dissemination of significant data affecting the prices of the Company's securities as well as other important data; whereas, the Investor Relations Office is under the supervision of Mrs. Suwanna Buddhaprasart, Director and Senior Executive Vice President. Investors may contact the Investor Relations Office at:

- "www.qh.co.th" in Section "Company's Data", and in Section "Inquiry of Investors' Data" in the topic of "Contact the Investor Relations Officer", or by;
- E-mail: arpaporn.e@qh.co.th and supaphan@qh.co.th

5. Responsibilities of the Board of Directors

Corporate governance policy

The Company has prescribed its corporate governance policy in writing and the Board of Directors has approved the latest revised corporate governance policy in the Board of Directors' Meeting No.8/2011 convened on 26 December 2011. The Company has disseminated its corporate governance policy in the Company's website: " www.qh.co.th".

The said policy has emphasized the roles of the Board of Directors, rights and equality of shareholders, treatment to stakeholders, transparent business transactions and code of conduct, internal control and risk management, as well as prevention against conflicts of interest and disclosure of data to enable acknowledgement among all related parties.

Business ethics

The Company prescribed the requirements on ethics and the code of conduct since 2002. Afterward, it has also revised the business ethics. The Board of Directors approved the latest revised business ethics in the Board of Directors' Meeting No.1/2014 convened on 26 February 2014. In this regards, the Company has disseminated the ethics and the code of conduct in the Company's website "www.qh.co.th".

The said business ethics were prepared for all employees to uphold as guidelines for their performance of duties according to the Company's missions with honest and justice, as well as equitable treatment to the Company, all stakeholders, the general public and the society. This is to prevent possible conflicts of interest, and to promote transparent business operations among the employees. The Company has followed up the result of compliance with the said business ethics regularly and on a yearly basis.

Leadership and vision

Members of the Board of Directors of the Company have possessed work knowledge, abilities, skills and experiences from different fields of study. The roles, duties and responsibilities between the Board of Directors and the Management have clearly been divided. The Board of Directors' meetings have been convened regularly to approve the Company's visions, strategies, goals, policies, business plans and budgets and to follow up the administration of work of the Management to be in accordance with the Company's goals. Details of missions and visions of directors can be found in Section: Structure of Management ; Item 1 The Company's Board of Directors ; Subject: Visions and Missions of the Company.

Balance of power of non-executive directors

As of 31 December 2013, the Company comprised the following 12 directors:

Executive Directors	4 persons
Non-executive Directors representatives of shareholders	4 persons
Independent Directors, equivalent to five-twelfth of the total directors	5 persons

Aggregation or segregation of positions

The Chairman of the Board of Directors is not the same person as the Managing Director in order to segregate clearly the monitoring from daily management. The Chairman will ensure that important matters are raised for consideration at the meeting. The Board of Directors sets the right emphasis on reviewing and approving strategies presented by management and monitors that the strategies are implemented. The Managing Director is to lead his management team to implement the approved strategies under the framework determined by the Board of Directors.

Board of Directors' Meetings

The Board of Directors has its independence in giving approvals of the Company's visions, missions, strategies, goals, business plans and budgets, and has provided the mechanism to supervise and follow up short-term and long-term operations of the management to be in accordance with the Company's goals and business plans for the highest benefits of shareholders and in consideration of interests of all stakeholders. The details of meeting attendances of the Board of Directors and subcommittees are shown in Section: Structure of Management ; Item 1: The Board of Directors and Section : Corporate Governance ; Item 2: Sub-committees

Internal meeting of Non-executive directors

Non-executive directors have convened internal meeting to discuss on interesting issues without the management's attendance. In 2012, an internal meeting of non-executive directors was held on 24 September 2012, and in 2013, an internal meeting of non-executive directors was held on 19 November 2013.

Self-evaluation of annual performance

The Board of Directors has arranged self-evaluation of the whole Board of Directors. In the Board of Directors' Meeting No.1/2014 convened on 26 February 2014, the Board of Directors evaluated the performances of work of the whole Board of Directors for the year 2013 by considering 6 main areas as follows:

- Structure and qualifications of Directors;
- Roles, duties and responsibilities of the Board of Directors;
- Meetings of the Board of Directors;
- Performance of duties of the Board of Directors;
- Relationship with the Management;
- Self-development of directors and development of executives.

2. Sub-committees

As of 31 December 2013, the Company's structure comprised 5 Committees, namely: the Company's Board of Directors; the Audit Committee; the Nominating and Remuneration Committee; the Corporate Governance Committee, and; the Risk Management Committee. Names and titles of directors in the Board of Directors and Committees can be summarized as follows:

Name		Company's Board of Directors	Executive and Authorized Director	Audit Committee	Independent Director	Nominating and Remuneration Committee	Corporate Governance Committee	Risk Management Committee
1. Mr. Apisak	Tantivorawong	✓			✓			
2. Mr. Rutt	Phanijphand	✓	✓					✓
3. Mr. Adul	Vinaiphat	✓		✓	✓	✓		
4. Mr. Anant	Asavabhokhin	✓						
5. Mr.Adisorn	Thananan-narapool	✓						
6. Ms. Kanokvalee	Viriyaprapaikit	✓				✓		
7. Mr. Rachai	Wattanakasaem	✓		✓	✓	✓		
8. Mr. Suri	Buakhom	✓			✓		✓	
9. Mr. Krit	Phanratanamala	✓		✓	✓			
10. Mrs. Suwanna	Bhuddhaprasart	✓	✓				✓	✓
11. Mr. Pravit	Choatewattanaphun	✓	✓					
12. Mr. Pornthep	Pipattangsakul	✓	✓					

As of 31 December 2013, the Company had 4 sub-committees to consider related matters, including:

1) The Audit Committee;
2) The Nominating and Remuneration Committee;
3) The Corporate Governance Committee;
4) The Risk Management Committee.

Scope of powers, duties, responsibilities and details of meetings of the above-mentioned sub-committees are as follows:

2.1 The Audit Committee

The Audit Committee comprised 3 independent directors as of 31 December 2013. The name list and number of meeting attendance of each member are as follows:

Name		Title	Meeting attendance/ Total attendance (Times)	
			2012	2013
Mr. Adul	Vinaiphat	Chairman of the Audit Committee	7/7	6/6
Mr. Rachai	Wattanakasaem	Audit Committee	7/7	6/6
Mr. Krit	Phanratanamala	Audit Committee	7/7	6/6

Remarks : - Mr. Rachai Wattanakasaem is a director who has the knowledge and experience in accounting or finance;
- Secretary of the Audit Committee is Mr. Korasuit Piyambuit

The Audit Committee has convened 4 meetings in 2012 and 4 meetings in 2013 with the Company's auditors without the presence of the Company's management team.

Authorities and duties of the Audit Committee

The Company's Audit Committee has authorities, duties, and responsibilities to report to the Board of Directors as follows:

1. To review and ensure that the Company's financial reports have been prepared accurately and adequately;
2. To review and ensure that the Company has proper and effective internal controls and internal audit systems; and to review independency of the internal audit unit; and to give approval of appointment, transfer and termination of the chief of the internal audit unit or any other units responsible for internal audit;
3. To review and ensure that the Company has complied with the Securities and Exchange Act, the Stock Exchange's regulations and related laws of the Company's businesses;
4. To consider, select and nominate independent person to act as the Company's auditor; and to propose the remuneration for such person; and to attend meetings with the auditor for at least twice a year without the management's attendance;
5. To consider the compliance with laws and with the Stock Exchange of Thailand's regulations, in the case of related transactions or transactions which may have a conflict of interest to ensure that such transactions are reasonable and giving highest benefits to the Company;
6. Prepare and disclose reports of the Audit Committee in the Company's annual reports. The Chairman of the Audit Committee shall sign in such reports, which are required to include the following information:
   - (A) Comments about the accuracy, completeness and reliability of the Company's financial statements;
   - (B) Comments about the adequacy of the internal control system in the Company;
   - (C) Comments about the Company's compliance with the applicable law and regulations i.e.: the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand and other laws that relate to the Company's business;
   - (D) Comments about the suitability of the Company's auditors;
   - (E) Comments on transactions which might be conflicts of interest;
   - (F) Number of the Audit Committee meetings and the attendances of each committee member;
   - (G) Comments or observations in general that the Audit Committee derived during their performing of duties under "The Charter of the Audit Committee";

(H) Other transactions which the committee considered that the Company's shareholders and public investors should be acknowledged within the boundaries of their duties and responsibilities assigned by the Board of Directors.

7. To perform other duties assigned by the Board of Directors with the consent of the Audit Committee.

2.2 Nominating and Remuneration Committee

The name and number of meeting attendances of the 3 members of Nominating and Remuneration Committee as of 31 December 2013 are as follows:

Name		Title	Meeting attendance/ Total attendance (Times)	
			2012	2013
Mr. Rachai	Wattanakasaem	Chairman of the Nominating and Remuneration Committee	4/4	5/5
Mr. Adul	Vinaiphat	Nominating and Remuneration Committee	4/4	5/5
Ms. Kanokvalee	Viriyaprapaikit	Nominating and Remuneration Committee	4/4	5/5

Authorities, duties and responsibilities of the Nominating and Remuneration Committee as prescribed in the Charter

1. To determine procedures and criteria in nominating the Company's directors or senior management, from the Managing Director position and above, in alignment with the Good Corporate Governance policy;
2. To select persons appropriate to be nominated as new directors or search for senior management, from the Managing Director position and above, to propose for consideration by the Board of Directors;
3. To determine procedures and criteria for fair and reasonable payments of remunerations and other fringe benefits to the Board of Directors and other committees as appointed by the Board of Directors and to propose such pay package for approval in the Shareholders' meeting;
4. To consider, recommend and determine the remunerations and other fringe benefits by taking account of duties and responsibilities of the senior management (from the position of Managing Director and above) and to consider the criteria for performance appraisal in order to determine appropriate annual compensation;
5. To consider and review the structure and criteria relating to compensation under No. 3) and No. 4) to ensure that they are appropriate for the responsibilities required and the operating results of the Company, thus, in accordance with the market condition;
6. To consider budgets for wage increases, annual bonuses, and other benefits for the Company's employees;
7. To prepare the operational reports for the consideration of the Board of Directors at least once a year;
8. To perform any other duties as assigned by the Board of Directors.

In addition, the Nominating and Remuneration Committee has required that the Company shall prepare the Company's summary for orientation of new directors with the supporting documents, as follows:

1. Public Limited Companies Act;
2. Securities and Exchange Act;
3. Certificates, Objectives and Regulations of the Company;
4. Good Corporate Governance Policy;
5. Director's Handbook;
6. Organization Structure;
7. The Company's businesses

In addition, the Company has also prepared the succession plan of the President and Chief Executive Officer.

2.3 Corporate Governance Committee

Corporate Governance Committee comprised 4 members as of 31 December 2013. The name and number of meeting attendance of each member of Committee are as follows:

Name		Title	Meeting attendance/ Total attendance (Times)	
			2012	2013
Mr. Suri	Buakhom	Chairman of the Corporate Governance Committee	4/4	4/4
Mrs. Suwanna	Bhuddhaprasart	Corporate Governance Committee	4/4	4/4
Mr. Somchai	Warunpantulak	Corporate Governance Committee and Secretary of the Corporate Governance Committee	4/4	4/4
Mr. Korasuit	Piyambuit	Corporate Governance Committee	4/4	4/4

Authorities and Duties of the Corporate Governance Committee

1. To determine and review the policies, requirements and work procedures to be in accordance with the principle of good governance;
2. To determine policies and plans relating to the Corporate Social responsibilities activities of the Company;
3. To monitor the progress of the corporate governance and the social responsibilities work plans; and to give recommendations and necessary supports to related work teams in order to achieve the set objectives of each plan;
4. To carry out the internal evaluation under the corporate governance criteria in order to determine areas for improvement;
5. To represent the Company in communication and execution of corporate governance activities with the executives, employees and external units;
6. To perform any other duties as assigned by the Board of Directors with consent from the Corporate Governance Committee.

2.4 Risk Management Committee

As of 31 December 2013, the Risk Management Committee comprised 3 members as follows:

Name		Title
Mr. Rutt	Phanijphand	Chairman of Risk Management Committee
Mrs.Suwanna	Bhuddhaprasart	Risk Management Committee
Mr. Somsak	Jirarungruangvong	Risk Management Committee

Authorities and Duties of the Risk Management Committee

1. To determine criteria, policies and processes of evaluation and management of risks which have impacts on the Company;
2. To evaluate, analyze and prioritize the risks and to determine guidelines and strategies for risk management so that the risks shall be at an acceptable level under proper costs;
3. To follow up and evaluate the risk management and to report the result of risk evaluation to the Audit Committee;
4. To make decisions and to give advice on major problems occurred in the risk management process.

3. Nomination and appointment of directors and top executives

The Nomination and Remuneration Committee shall prescribe the qualification of those who will be appointed directors or top executives of the Company from Chief Executive Officer onward to be in compliance with the good governance policy and within the scope of power and duties of the Nomination and Remuneration Committee as stipulated in the Charter. The details are presented in Section 2) Nomination and Remuneration Committee. Besides, the Company gives an opportunity to shareholders to propose the name of appropriate committees through the Nomination and Remuneration Committee to consider different kinds of qualifications before proposing for resolution in the shareholder meeting.

3.1 Independent directors

The independent directors have important roles in enhancing investors' confidence, imposing a balance on major shareholders' power and promoting the corporate governance under the principle of international standard. The Company therefore defined the following requirements for its "independent directors", which is in accordance with the minimum regulations prescribed by the Security and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). These requirements are:

(A) An independent director must hold no more than 1% of shares with voting rights in the Company, parent company, subsidiaries, associated companies or parties with possible conflicts of interest including the shareholding of related individuals of that independent director.

(B) An independent director must not be or had not been the Company's executive directors, nor serve as temporary employees, permanent employees, advisors on regular payroll, and authorized persons of the Company, parent company, subsidiaries, associated companies and same level subsidiaries of the parent company except when the previous association has been terminated at least for more than two years prior to the submission to request for permission from SEC.

(C) Independent directors must not be a blood relative or by legal registration in the nature of father, mother, husband, wife, sibling, child, son or daughter in law of the management, major shareholders, authorized persons, or individuals who are about to be nominated as the management or authorized persons who have control over the Company or its subsidiaries.

(D) Independent directors must not or have not had business relationship with the Company, parent company, subsidiaries, associated companies or parties with possible conflicts of interest in a way that will prevent independent judgment. Furthermore, independent directors must not be or had been major shareholders, directors that were not independent directors, or the management of any party who has a business relationship with the Company, parent company, subsidiaries, associated companies or parties with possible conflicts of interest except when the previous association has been terminated at least for more than two years prior to the submission to request for permission from SEC.

The business relationship mentioned earlier includes transactions of normal trading business of rental or real estate for rent, transactions relating to asset or service or giving or receiving financial assistance from loans, guarantees, using assets as loan collateral including other similar practices that can result in permit seeker or contractual partner having to take liability that must be repaid to the other party of more than 3% of net tangible asset of the permit seeker or more than Baht 20 million, whichever amount is lower. For the calculation of that loan, it is granted to use the method of calculating value of related transactions according to the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transaction. But for summing up the liability, it must take in all liabilities that occurred during one year prior to the starting date of the business relationship with the same individual.

(E) Independent directors must not be or had not been auditors of the Company, parent company, subsidiaries, associated companies or parties with possible conflicts of interest. Independent directors must not be or had not been major shareholders, directors that are not independent directors, the management, or managing partners of auditors' company in which auditors of the Company, parent company, subsidiaries, associated companies or parties with possible conflicts of interest, belong to, except when the previous association has been terminated for at least for more than two years prior to submission to request for permission from SEC.

(F) Independent directors must not be or have been servicing professionals including legal advisors and financial advisors, receiving more than Baht 2 million per annum in remuneration for the service from the Company, parent company, subsidiaries, associated companies or parties with possible conflicts of interest. If the servicing professional is a legal entity, it must include major shareholders, directors that are not independent directors, the management, or managing partners of those servicing professionals, except when the previous association was terminated for at least for more than two years prior to submission to request for permission from SEC.

(G) Independent directors must not be directors who are representative of directors of the Company, major shareholders, or shareholders that are related to major shareholders of the Company.

(H) Independent directors must not have other characteristics prohibiting independent judgement on the Company's operation.

After being appointed independent directors that have any characteristics mentioned in the (A) through (H) clauses, independent directors will be assigned by the Board of Directors to make collective decisions together on business operation of the Company, parent company, subsidiaries, associated companies or same level subsidiary of the parent company or parties with possible conflicts of interest.

3.2 Directors and top executives

The appointment of the Company's directors or top executives, from Chief Executive Officer onward, shall be done through the Nominating and Remuneration Committee, which will consider the candidates' qualifications in terms of knowledge, experience, expertise from varieties of professions, as well as the qualifications specified by the laws. In this regards, the appointment of the Company's directors must receive the vote of no less than half of the total number of shareholders who attend the meeting and have the rights to vote.

4. Supervision of the subsidiaries' and associated companies' operation

The Company's directors shall approve the establishment of vision, strategies, policies, business plan and budget of the Company to be used as frameworks or goals of the management for operation to achieve the result prescribed by the Company's Board of Directors. All the approvals of the Company's Board of Directors include the subsidiaries and associated companies as appropriate in management. Details are as follows:

4.1 Subsidiaries

The Companies hold 100% shares in its subsidiaries both directly and indirectly. The Company has a policy to supervise the operation of its subsidiaries in the same manner as it does for the Company. The Company's management team shall be the authorized directors and executives of the subsidiaries so that the establishment of vision, strategies, policies, business plans and budget will be in compliance with the approval of the Company's Board of Directors. The Company shall convene regular meetings among the executives of the subsidiaries in order to control and supervise the subsidiaries to operate in compliance with the Company's goals. Besides, the Company's Audit Committee also allows the Company's Internal Control Department to audit the internal control system of the subsidiaries and report the result of such audits in all subsidiaries as planned to the Audit Committee.

4.2 Associated companies

The Company sends its executives or management team to be directors in its associated companies in accordance with the proportion of shareholding in order to be representatives of the Company and to participate in establishing major policies in business operation. In this regards, the Company has not established the regulation or requirement of the Company that needs approval from the meeting of the Company's Board of Directors in appointing its representatives to a position in the associated companies, but such appointment requires an approval from the Company's management.

5. Supervision of the use of inside information

The Company had the policy to control the use of the Company's internal data for personal benefits by prohibiting the executives to use the Company's data for personal benefits and prohibiting the trading of the Company's securities during 1 month before the announcement of financial statements to the public. In addition to the above-mentioned prohibition, the Company had no policy to prohibit the executives' trading of the Company's securities. However, directors and/or executives of the Company shall be obliged to prepare report of holding of the Company's securities by spouses and minor children and the related parties of directors and/or executives under Section 59 of the Securities and Exchange Act B.E.2535 within 3 working days as from the date of changes of holding of the Company's securities. Directors and/or executives must always report such changes of holding of the Company's securities. The Company had no measures of punishment, in case, it was found that any executive has violated the Company's policies. However, in case directors and/or executives has breached the law and caused damage to the Company and the third parties, the Company shall cooperate and coordinate with the regulatory authorities to take legal actions.

Corporate Social Responsibility

The Company always provides appropriate supports to the activities that are beneficial to the society, community and environment. Besides, the Company also had the policy to promote and implant the employees' awareness on responsibilities to the society, community and environment as follows:

- The Company had its policy not to take any action which may destroy the country's reputation, natural resources and the environment;
- The Company shall not give its cooperation or support to any person who operates illegal businesses or who is a threat to the society or the national security;
- The Company has continuously implanted the awareness of responsibilities to communities and the society as a whole, within the Company and among employees at all levels;
- The Company has supervised or controlled the strict compliance with the related laws.

1. Fair business operation

- The Company selects subcontractors based on equality and fairness. There is no discrimination in terms of physical or mental conditions, nationality, religion, gender, age, education or other issues, hence more opportunity for fair competition without prejudice;
- The Company provide appropriate assistance to its trading partners. For instance, if the material prices increase higher than those specified in the contract, the Company will make price adjustment or provide financial assistance to the contractors;
- The Company adheres to the value of acting toward banks, financial institutions, debentures holders and loan creditors with honesty, and it always repays capital and interest on a timely basis. The Company also strictly follows the conditions and rules that are specified in the lending contract and in other agreements. Whenever the problems arise which may affect the banks, financial institutions and lenders, or whenever the Company is not able to comply with the conditions stated in the loan agreement, the Company will issue a written document to clarify the situation to the banks, the financial institutions and the lenders in advance. Then it will be followed by a meeting to get the solutions;
- The Company had its policy, which was clearly documented, not to support its employees to infringe the intellectual property or copyrights of other persons such as by means of reproduction, modification, dissemination of computer programs to the general public, release of original or copy of such works for rent without permission from the copyright owners, and the Company has not allowed its employees to use any software which infringed the copyrights.

2. Attempts against corruption

The Company has a code of conduct for ethical business operation with regards to the employees' abuse of power. Such code of conduct will help prevent corruption in the organization. Besides, the Company neither promotes nor supports of corruption as follows:

- Employees must not use their position and authority improperly by using the Company's inside information or the customers' information for their own benefits or for benefits of others;
- Employees must not exploit their position through the following actions:
  - Request or receive benefits from customers, parties of agreement, agents, or other service providers in return for the work in their position;
  - Request or receive benefits from customers in exchange of specific benefits to the customers which contradicts to the condition prescribed by the Company.
- Employees must not abuse their positions and duties in the following manners:
  - To request any position in the customer's company, except when such employee is appointed by the Company to take a position in the customer's company as a representative or to take care of the Company's benefits;
  - Borrowing money from customers or being indebted and having to repay to certain customers.
- Employees must clearly inform their customers, parties of contract, and brokers that such persons must not provide any special gift, benefit, or service to the employees;
- The Company and its subsidiaries do not promote or support the obtainment of anything that is at risk or illegal in various matters regarding the business operation.

3. Respect for human rights

Nowadays, the problems of human rights become more severe and have impacts on the society and on the freedom of occupation and of business operations. The Company has had the policy to counter any violations of human rights in conformity with the legal state society. That is, people shall have rights and freedom under the provisions of law. The Company's guidelines in this regard are as follows:

1. The Company shall not neglect the human rights, but shall respect the dignity of individual human. The Company shall not discriminate people due to differences of genders, races, religions, personal statuses, economic or social status. Besides, the Company shall apply the said criteria to its employment, job assignments, promotion, giving of work-related rewards, including the employment conditions;
2. The Company shall fight against human trafficking, the use of child labor aged lower than the criteria prescribed by the labor law, and shall not do any business with the producers of products or services who get involved in such conducts;
3. The Company shall support, respect and protect human rights by auditing and preventing the Company's business operation with the third parties from any violation of human rights and from any action which may violate employees' rights as protected by the law.

4. Fair treatment towards employees

The Company has the guideline of fair treatment towards employees in accordance with the international standards as follows:

- Provide appropriate compensation in accordance with each employee's knowledge, ability, responsibility and performance;
- Encourage, develop and enhance knowledge and ability of employees so that they can achieve job advancement and security in their career;

- Promote participation of the employees in determining the directions in working and problem solving in the Company;
- Maintain work environment so that it is safe for the life, health, and properties of the employees;
- The reward and punishment for employees must be based on righteousness and fairness, and must be made honestly;
- Adhere to the laws and other regulations regarding legal laws and employees' welfare;
- Manage the employees by avoiding any unfair and wrong acts, which may affect the job advancement and career security of the employees;
- Treat the employees based on the dignity of human beings, and respect their personal rights and duties.

5. Responsibility towards the consumers

Hotel business

- There are campaigns to discourage stores in the hotels from selling all kinds of alcohol beverage for the purpose of health and safety of the customers;
- Insect repellent spray used in the hotels was distilled from herbs in order to avoid dangers for hotel guests and employees and to reduce the process in moving customers or employees out of the area since this herbal insect repellent does not have any negative impact on customers and employees;
- There are facilities for the disabled guests, including rooms, car park, toilets and wheelchair ramp;
- Invite external speakers to provide fire extinguisher training, as well as knowledge about fire escape and first aids to employees and customers;
- New employees are sent to advance fire extinguisher training course every year, and monthly fire drill is held in the building to boost customers' confidence in the fire prevention system of the building.

Business of real estate for sales

- After the customers move into the new home for 1-3 months, the Maintenance Service team will be sent to meet with the customers and explain the instruction for home equipment maintenance at home, as well as to check the overall conditions of their home;
- Organize the "Thank you Party" for the customers, providing snacks and drink, as well as souvenirs, and allow the customers to invite their friends to the party in order to build good relationship between the Company and its customer;
- As for high-priced home projects, the design will focus on maximum privacy for customers, such as by using the Double Security System which prevents outsider from entering the residential area without permission;
- Use Home Automation design, by which the light will be turned on and off automatically for more convenience, safety, and energy saving, as well as environmental friendly. This system can be controlled through other types of controller;
- Strict security system at the entrance of the projects. Outsiders will be checked thoroughly, and must exchange card for entering the project. The card must be stamped every time before exiting the project. This will increase the customers' confidence in the project's security;

- The building designs for condominium projects are in compliance with environmental standards and laws. Both the designs and reports on environmental impacts of the projects are submitted in order to obtain permissions. Besides, the Environmental Impact Analysis reports are prepared as specified by the law. Other rules and regulations are also strictly adhered to;
- Organize training on the roles and responsibilities of the after-sale service officers to enable them to understand their roles and responsibilities towards customers and to enhance quality in all aspects of service to be provided to the customers;
- For the housing projects located in the major flooding areas in the year 2011, the new designs and flood prevention system are arranged. Those projects include: the Casa Grand Ratanathibet-Rachapruk, Laddarom Elegant Rachapruk-Rattanathibet, Prukpirom Rachapruk-Rattanathibet, etc;
- The project layouts are based on tropical architectural principle, considering the direction of light, ventilation, rain, and seasonal conditions. The house's positioning on the north-south direction will allow the building to receive natural sunlight and better air-flow, hence less mechanical energy. Besides, perennial plants and landscape provide shading in the projects, as well as reduce dust and noise. Additionally, the Company also focuses on energy-saving design, taking into account the direction of light and ventilation, in order to enhance convenience and energy saving for customers at the same time;
- Tropical architectural principle is used in the building design, such as by using eaves to reduce heat inflow, or the use of heat absorbing glass, under-roof insulator, appropriate air-inlet size, heat reduction light-weight brick wall, in order to reduce the use of energy from air-conditioners or fans;
- Energy-saving and environmental friendly building equipment are used, including water-saving sanitary ware, LED lights instead of incandescent lights, Number 5- air conditioners and water pump, solar-cell, etc. to reduce the use of energy.

6. Conservation of environment

The Company always supports activities that are beneficial for society, community and environment as appropriate. Besides, the Company also has policies to promote and implant the employees' awareness and encourage them to participate in being responsible for their society, community and environment:

- Office buildings for rent, hotels and serviced apartment projects have cooperated in conservation of energy by installing new air-conditioners replacing the old air-conditioners when it was detected that the use of energy exceeded the standard of energy consumption and the quality of the used water in buildings was tested before draining the public wastewater pipes, etc.;
- Office buildings for rent, hotels and serviced apartment projects have waste water treatment system to treat waste water before releasing it to public pipes. The Company has sent treated wastewater to have quality test with Environment and Laboratory Co., Ltd. in order to ensure that the waste water treatment has been conducted in accordance with the established criteria;
- Encourage employees to classify garbage before disposal;
- Provide training for employees whose works is related to room cleaning on various topics including features of floor cleaning products that are suitable for each types of surface or materials, as well as appropriate amount for use to reduce the residue and the amount of water used in cleaning. As a result, the amount of waste water affecting the environment is also reduced;

- Choose materials of which manufacturers care about environment and use natural resources efficiently and effectively in order to reduce impact on environment. This can be done by examining the manufacturers' environmental standard;
- Casa Ville Rachapruek-Chaengwattana Project reuses the waste water that have been treated to reach the quality standard by the wastewater treatment system in the project's green area. Besides, it also install screen sieve to prevent trash from falling into canals or obstruct the waterway and causes wastewater.

7. Participation in community or social development

- Donate life vests to the Office of Bangkok-noi District for safety-related use in Bangkok area;
- Build the roof and repaint the pedestrian bridge in front of the Trust Condo Ngarmwongwan Project to maintain public facilities to be in good condition and to increase convenience for the pedestrians;
- Be a representative in receiving money donation, clothes, dried food and other daily necessities from employees and pack them in life-saving bags before giving them to flood victims in Prajeenburi Province;
- Install the light around Prukpirom Rachapruk-Rattanathibet Project for safety of the customers and surrounding community;
- Install the traffic lights on the intersections between the project's and public's roads for safety of the customers and surrounding community of Prukpirom Rachapruk-Rattanathibet Project;
- Install traffic signs on the intersections between the project's and public's roads for safety of the customers and neighboring community of Casa Ville Rachapruk-Chaengwattana Project;
- Improve landscape by growing more trees and flowers along the road entering Casa Presto Rachapruk-Chaengwattana Project to give shade and pleasant surrounding for the community;
- Casa Premium Rachapruk-Phraram 5 Project built the public walkway to increase convenience for people in the neighboring community;
- Donate old calendars to the Foundation for the Blind in Thailand under the Royal Patronage of the Queen to be used as teaching media (for Braille letter printing) for blind students;
- Provide 10 scholarships of 5,000 Baht each, amounted to 50,000 Baht, to poor students with good educational performance and good behavior at the primary school level in Mae-taeng District, Chiangmai Province, on 15 July 2013, in order to promote and support those who lack opportunity so that they can become good personnel resource of the country;
- Provided lunch and other necessities to children at Rangsit Foster Home for Young Children, Klong 5, Thanyaburi District, Pathumthani Province, to help marginal children to be happy and to have necessary goods to a certain extent;
- Collected clothes from various departments in the Company and its subsidiaries and donated them to the Mirror Foundation for further donation to 13 foster homes all over the country;
- Provided financial assistance to the Office of Rural Road for installation of wastewater pipes on the shoulder of Rachapruk road near Casa Ville Legend Rachapruk-Pinkloa Project. Therefore, people in the nearby community are beneficial in terms of wastewater draining.

8. Availability of innovation and dissemination of innovation obtained from operation that is responsible for the society, environment and stakeholders

Hotel business:

- Changed the chlorine-based swimming pools to salt-based swimming pools to reduce the use of chemical products and to enhance health of the customers;
- Changed halogen lights to LED lights in order to reduce the use of energy in rooms and customers service areas.

Business of real estate development for sales:

- Q. House Avenue Phraram 5 Project has contributed to the reduction of global warming by installing biogas release pipes at all treatment tanks of all houses in the Project in order to reduce the volume of Methane gas which was released to the atmosphere. In addition, the aerosol interception system was installed at the central wastewater treatment system to intercept aerosol from emission in the aeration pond by circulating air from the aeration tank to the aerosol interception tank to reduce air contaminants;
- Used precast concrete system to reduce construction time and to minimize impacts from construction work on surrounding community, as well as to reduce garbage or waste from construction;
- Use alternative materials in construction instead of natural materials in order to reduce impacts on environment and to safe installation time. Examples include the use of artificial wood or wooden-designed tiles instead of real wood, or the use of instant stairs instead of wooden stairs, and the use of vinyl doors and windows instead of wood in order to reduce the use of natural materials;
- Installation of more central wastewater treatment tanks than the number specified by laws, and provision of minor wastewater treatment tank in all houses and buildings to treat wastewater before releasing it to public pipes, ditches or canals.

Internal Control and Risk Manangement

Board of Directors'resolution of the internal control system

In the Board of Directors' Meeting No.1/2014 convened on 26 February 2014, and attended by all 12 directors. The Board of Directors evaluated the internal control system using "The assessment of the adequacy of the internal control system form" established by the Securities and Exchange Commission (SEC), and inquiring different issues from the Management in order to evaluate 5 aspects of the internal control system of the Company, which are:

1. Control Environment ;
2. Risk Assesment ;
3. Control Activities ;
4. Information and Communication ;
5. Monitoring Activities

According to the Board of Directors' evaluation, the Company had its sufficient and proper internal control. The Company had sufficient personnel to operate efficiently according to the system. Besides, it also had sufficient internal control system to monitor its subsidiaries' operation and to prevent the directors and executives from utilizing the Company's and its subsidiaries' assets improperly or without authorization and from making business transaction with persons who may have conflicts and other relation. As for internal control in other subjects, the Board of Directors also had the opinion that there was sufficient control.

The independent directors and members of the Audit Committee had the same opinion with the Board of Directors.

The details of the internal control of the five areas are as follows:

1. Control Environment

The Management and employees had positive attitudes in favor of the internal control. The Management has given the importance on business ethics and integrity as may be suitable for circumstances and according to the audit report on each particular incident. In case that there is any employee of the Company breaching the code of conduct or performing his/her duty which may affect the business ethics and integrity, the Management will treat such case fairly and transparently.

In general, the Company had proper and favorable environment which promoted the sufficient and effective internal control, for examples:

- The Company has clearly defined its goals of business operations, which can be assessed and used as guidelines for performance appraisal in different aspects;
- The Company has reviewed its operational goals to ensure that they are properly prescribed; and are achievable. The Company has also considered the patterns of motivations or compensations which are suitable for the set goals, not offering excessive benefits for employees, which might lead to employee's fraud or misconduct;
- The Company has provided the organizational structure which supports the Management to operate efficiently and

effectively;

- The Company has defined the Code of Conduct and written regulations prohibiting the Management and employees to behave themselves in the manner which may cause conflicts of interest with the Company's businesses, including punishments in case of violation;
- The Company has provided the policy and written procedures for work relating to high risk transactions such as finance, purchasing and management, etc., in order to prevent any fraud attempts and any potential damage;
- The Company has clearly provided the operation control and monitoring system operated by the responsible units, including the Internal Audit Department which has the autonomy in auditing and reporting directly to the Audit Committee. Meanwhile, the Audit Committee has its duty to make the audit plan according to the importance of risk levels, covering critical work processes in the Company and its subsidiaries.

The Audit Committee has supervised the internal audit work by giving approvals of the annual audit plans, acknowledging the audit results, giving opinions on the concise internal control in order to prevent or reduce potential risks, and giving guidelines for reporting and following up the result of improvement so that the internal audit work shall be proceeded properly and effectively. In 2013, no significant errors relating to the internal control have been found.

2. Risk Assesment

The Company has given the importance on the risk management and has set up "the Risk Management Committee" to evaluate and follow up both the overviews and the details of risk management plans of each unit in the Company on regular basis. The Company has provided proper and timely system of risk management report for ; provided that the Company's executives to evaluat the situations and risks and analyze the events which may have impacts on, and cause damage to, the Company. The Company has prescribed the preventive and corrective measures and has followed up events which are the causes of risk factors, as well as measures to mitigate those risks. Moreover, the Company has notified all units to comply with the risk management plan as prescribed, by taking account of risks on the said matters as proposed in the Section "Risk Factors".

3. Control Activities

The management control of operation is the important factor to ensure the Company and shareholders that the guidelines provided by the Management have been responded and followed by all employees of the Company, including:

The Company has prescribed the scope of powers and duties, as well as financial allowance and limit of approval powers of the Management at each level clearly and in written in the form of regulations on payment approval authority;

- The Company has divided duties and job responsibilities into 3 functions as follows:
  (1) Approval;
  (2) Recording of accounting transactions and information
  (3) Checking and taking responsibilities of assets.

The objective of such division is to separate authority and provide verification processes.

- In case of having its business transactions with the related parties, the Company shall have the concise measures to monitor and ensure that such business transactions are done in accordance with the processes prescribed by the authorities and shall be considered on the arm's length basis for the highest benefits of the Company;
- In case of the approved business transactions with the related parties that shall be binding the Company in the long

term, the Company has regularly audited and followed up the compliance with the agreed conditions;

- In case of the Company's investments in subsidiaries or associated companies, the Company shall regularly analyze and evaluate the operating results of the subsidiaries and associated companies;
- The Company had measures to control its business operations to comply with the related laws, thus, to reduce risks in business operations and to preserve the Company's reputations.

4. Information and Communication

The Company has continuously developed and improved the information system to support business operation and expansion in order to facilitate the work of employees, to reduce manual tasks, to increase work efficiency, and to comply with the government's regulations.

There is also a system to support the work of multi-company through the computer-system control of payment, which includes budget and approval authority control for each position. All the systems, both the receipt and payment systems, will be connected to each other as well as the accounting and financial systems. This will reduce the work redundancy and increase accuracy, speed and efficiency. Besides, the Company also increase convenience in working by submitting automatic reports to the executives and store outlets, as well as sending SMS to the customers.

With regards to security control, the automatic password request was added by sending SMS to the telephone number submitted to Employee Affairs Department. The automatic disable account system would also be effective with the resignation of employees.

The Company also conducted the backup of data into a tape format to be kept outside the organization on a daily basis. Besides, crucial data was sent to the Data Backup Center every 30 minutes. The latest data sent to the Data Backup Center was checked by sending automatic e-mail to the responsible person 9 times a day. In addition, there were also the test of Disaster Recovery and the Data Backup Center twice a year. According to the latest test, the Data Backup Center can be operated within 1 hour.

Work systems can be classified by business segments as follows:

1) Business of land and houses for sales and condominium units for sales

The information system cover: the land purchasing system; supply-chain employment system; supporting construction work system, including QCon and Precast system, as well as the construction quality control and checking system; selling and ownership transfer system; and the marketing activities system, such as "Friend Gets Friend" and "Electronic Direct Mail", as well as the automatic SMS sent to thank the customers. Payment will be controlled by the budget and approval authorization systems. All information system are linked to the relevant parts of the accounting and financial system to increase accuracy and reduce redundancy. The system can also operate automation work, including sending automatic report via e-mail, submitting purchase order and payment automatically to stores, as well as sending e-mail alert to various agencies.

Besides, Microsoft Project is also utilized in managing construction projects so that the operation can be as planned.

Each unit shall update the progress of its work and inform other units on the progress of the projects.

Moreover, the Company has developed the project information system to store varieties of important information in each step of construction and selling. This system includes the Executive Information System (EIS) to support its executives. The data from EIS system are processed on daily basis so that the executives shall have the data ready for consideration and use in business decision making. The EIS system also enables the Company to keep track of the progress in project layouts.

In the previous year, the system was improved in the following aspects:

1.1 Development of the land broker registration system to enhance transparency in land purchasing;

1.2 Development of construction work request for construction planning in order to control inventories to respond more appropriately with sales;

1.3 Development of a system to support the quality checking of Precast construction houses;

1.4 Development of the customer complaint database system in order to provide timely problem solving;

1.5 Development of LG management system for more efficiency in construction work. This system includes various kinds of alert when LG is expired or after completion of the projects; ,

1.6 Addition of automatic thank you message to customer via SMS after each installment payment.

2) Business of residential buildings for rent (service apartment/ hotel businesses)

The information system comprehensively supports the hotel management and residential buildings for rent. For the sales management, the system can manage the sales of all buildings from one point, regardless of sales channels, such as direct contacts and internet. The system can support various Points of Sale, such as restaurants and spa, etc. The system is linked to various smart devices, such as the use of keycards for breakfast services and for the control of elevator service for safety of the residents. The system is also linked to PABX to retrieve the data of telephone use to the automatic system, and to retrieve credit card data to the automatic payment system in order to accelerate the service provision. Meanwhile, the data are also linked to the Company's accounting and financial system. Moreover, data from the Executive Information System (EIS) are processed daily to provide the executives with data promptly for consideration. Reports are also automatically submitted to the executives every morning.

In the previous year, the system was improved so that it would be more able to support the hotel systems, including the Room Allotment system. There is also an addition on Online Questionnaires system to obtain the information for hotel development. Besides, automatic report submission was also initiated to support the BCP plan.

3) Business of office building for rent

The information system supports the management of all office buildings, including contract execution, receipt of payments from contracts and other receipt, as well as debt-pressing. The system is linked to the accounting and financial system. Presently, the Company is implementing the Preventive Maintenance system to support the reporting and planning of machine and equipment maintenance.

4) Back Office operation

The information system supports the operation of all units in the organization, including the budget system, the purchasing

system, fixed asset system, durable articles requisition control system, control of petty cash withdrawal and payments, and payment and receipt system. The budget shall be controlled as approved by the Board of Directors, and audit of hierarchical approval powers as prescribed in the Company's Regulations to ensure that the control system, the audit and prevention of potential damage are available. The information will be linked to automatic financial management system and accounting system. Retailers can examine the details of their payment for products and services through the Supply Chain systems.

In the previous year, the asset registration system was enhanced so that there would be more convenience in inventory counting of the asset through QR Code scanning. Besides, various document systems were adjusted to be in compliance with the announcement of the Revenue Department. There was also the organizations' telephone registration to control the utilization and payment in personnel management. In addition, the Company also developed the Employee Affairs System to enable self-serviced operation, such as checking work attendance time, recording their own sick leave, and printing their own pay-slip. Security control was enabled by the use of one time password.

5. Monitoring Activities

The Company has followed up and evaluated the internal control and evaluation of the operation quality and has prescribed the work procedures and continuously followed up the result of compliance with the internal control system, which is part of the normal operation of the management, work supervisors and related personnel. The Company has also evaluated the result of internal audit performed by an independent unit and has reported the audit results to the Audit Committee directly.

In 2013, the Audit Committee has convened 6 meetings to consider and follow up the financial status and operating results regularly, to give significant recommendations which have impacts on the executive organization periodically, and to follow up the operation of work according to the prescribed goals. The internal control system shall continuously be reviewed and improved promptly to be in line with the changing situations.

Moreover, the Company's auditor, EY Office Limited (Formerly known as Ernst & Young Office Limited), represented by Ms. Pimjai Manitkajornkit, the auditor of financial statements of 2013, has not given its opinions in the Auditor's Report that the Company had any defects relating to the internal control system.

The Audit Committees' opinion about the internal control system

The Audit Committees' has no different opinion from the Board of Directors' resolution of the internal control system.

The Head of Internal Auditor

1) In year 2000, The Company has set up the internal audit department which independently and directly report to The Audit Committee. The Company has appointed Mr.Korasuit Piyambuit as the Vice President of Internal Audit department , since 1 November 2011.

2) The Audit Committees' had an opinion that the current head of Internal Auditor is qualified by the educational background, proper experiences and well trained for this position.

3) The Company has a policy for the appointment or removal of the head of the head of Internal auditor by getting the approval from the Audit Committee and the Management.

Connected Party Transactions

1 Connected party transaction with persons with any potential conflict

In the previous year, the Company and its subsidiaries had connected party transactions with persons who had potential conflicts (please see the remark in the additional financial statement). The Company and its subsidiaries can summarize their connected party transaction as follows:

Relationship (31 Dec 2013)	Nature of transaction	Value (Million Baht)		Opinions of the Audit Committee
		31 Dec 2013	31 Dec 2012	
1) Land and Houses Property and Loan Fund - II ("LHPF II")				
1.. Major shareholders include: - Land and Houses Plc. ("LH") and its subsidiaries hold 50% of investment units of LHPF II, meanwhile LH is the major shareholder of QH, holding 24.98% of its shares. - Reco Group, with Government of Singapore Investment Corporation Pte Ltd. (GIC) as an indirect major shareholders with 100% shares. The Reco Group holds 50% of investment units in LHPF II, while GIC is a major shareholder of QH holding 10.77% of its' shares. Besides, GIC is also a major shareholder of LH holding 16.12% of it's shares. 2. There are joint directors, namely Mr. Anant Asavabhokhin and Mr. Adisorn Thananan-narapool	Q.H. International Co., Ltd., ("QHI") (QH holding 100% shares) made lease agreement, provided building management services and other services as per the following details: **1. Taking on lease of the hotel** buildings or service apartments, including fixtures, furniture, systemwork and equipment in the following projects: 1.1. Centre Point Hotel Ploenchit (previously : "Centre Point Hotel & Residence Wireless Road") Terms of lease agreement: 3 years (1 Jan 11- 31 Dec 13) - Property rental fee - Accrued expenses Summary of property leasing agreement: The subsidiaries shall pay the property rental fee to the Fund for the period of 3 years which total up to, but not exceeding 340.0 million Baht with the following details : - Year 2011 (Jan 1 - Dec 31): 94.5% of profit from monthly operation or not lower than 4.0 million Baht deducted by the add-back costs in each month. Total rental fee for the whole year shall be approximately 95.0 million Baht; - Year 2012 (Jan 1 - Dec 31): 94.5% of profit from monthly operation or not lower than 4.2 million Baht deducted by the add-back costs in each month. Total rental fee for the whole year shall be approximately 114.0 million Baht; - Year 2013 (Jan 1 - Dec 31): 94.5% of profit from monthly operation or not lower than 4.41 million Baht deducted by the add-back costs in each month. Total rental fee for the whole year shall be approximately 131.0 million Baht The add-back costs include property tax, signboard tax, depreciation, building insurance premium and other expenses, which adding up to 2% of total revenues	75.30 1.89	73.03 7.23	The Audit Committee has considered and agreed that the entering into such related transactions was reasonable and beneficial to the business of residential buildings for rent of the Company and its subsidiaries, which is the normal business operation of the Company and its subsidiaries. The Company and its subsidiaries shall receive benefits of incomes from rentals and service charges obtained from customers of the property for rent business and service charges from the hotel business. Additionally, all these activities will increase awareness among the target customers of the brand "Centre Point Hotel Ploenchit" and "Centre Point Sukhumvit - Thonglor".

Relationship (31 Dec 2013)	Nature of transaction	Value (Million Baht)		Opinions of the Audit Committee
		31 Dec 2013	31 Dec 2012	
	1.2. Centre Point Sukhumvit-Thonglor Terms of agreement: 1 year (1 Dec 11 - 31 Dec 12) LHPF II terminated the lease agreement as of 22 Mar 12 since it sold the project to Land and Houses Freehold and Leasehold Property Fund ("LHPF")			
	- Property rental fee	-	15.96	
	- Accrued expenses	-	6.47	
	Summary of property leasing agreement: The subsidiaries shall pay rental fee to the properties to LHPF II totaling to the amount of not exceeding 92 million Baht with the following details : The Subsidiary shall pay, as the rental fee, 94.5% of profit from monthly operation or not lower than 3 million Baht deducted by the add-back costs in each month. Total rental fee for the whole year shall be approximately 92 million Baht. The add-back costs include property tax, signboard tax, depreciation, building insurance premium and other expenses, which adding up to 2% of total revenues			
	2. Providing building management service and other services LHPF II terminated the lease agreement as of 22 Mar 12 since it sold the project to LHPF.Details of the service are as follows: 2.1. The Centre Point Residence Phromphong (Apartment for rent)			The Audit Committee was of the opinion that it would be rational to enter into the agreement, since the transaction would yield reasonable rates of return to the Company
	Terms of agreement: 1 year (1 Jan 13 - 31 Dec13)			
	- Building management revenue (Jan -21 Jun)	-	0.80	
	- Commission fees(Jan -21 Jun)	-	0.13	
	- Other receivables	0.30	0.30	
	- Other payables	0.29	0.29	
	2.2. Centre Point Sukhumvit - Thonglor			
	Terms of agreement: 1 year (1 Dec 11 - 31 Dec 12)			
	- Tricycle rental revenue (Jan -21 Jun)	-	0.07	
2) M & A Guard Service Co., Ltd.				
- Mr. Kanit Sarasin and his wife; Mr. Kalin Sarasin and Pol. Maj. Gen. Chinnapat Sarasin hold 40.0%, 0.0025% and 15.0% of the total shares in M&A Guard Service Co., Ltd. respectively (as of 30 Apr 12).	Providing security service for office buildings. Terms of hiring agreement and rate of service fees: 1st hiring agreement : 1 year (1 Jan 11 - 31 Mar 12) service fee is 410 Baht/ person/ day multiply by number of security guards.			The Audit Committee was of the opinion that it would be rational to enter into the transaction since the prices are competitive with other service providers as well as the other company that the Company is also hiring i.e. Ranger Investigation Co., Ltd.

Relationship (31 Dec 2013)	Nature of transaction	Value (Million Baht)		Opinions of the Audit Committee
		31 Dec 2013	31 Dec 2012	
These three persons are sons of Pol.Gen. Pow Sarasin, Chairman of QH (whose terms as the Company's Chairman ended on 7 Mar 13 when he passed away).	2nd hiring agreement : 1 year (1 Apr 12 - 31 Mar 13) service fee is 600 Baht/ person/ day multiply by number of security guards. 3rd hiring agreement : 1 year (1 Apr 3 - 31 Mar 14) service fee is 620 Baht/ person/ day multiply by number of security guards.			
- Mrs. Amara Sarasin, wife of Mr. Kanit Sarasin, is a director of M&A Guard Service Co., Ltd.	- Total service fee paid - Service payables / Accrued expenses	- -	3.12 0.60	
3) M & A Business Center Co. Ltd.				
- Pol. Gen. Pow Sarasin vacated the position of Chairman of QH due to his death on 7 Mar 13. His son and daughter in law hold the total of 45.49% shares in M&A Business Center Co. Ltd. (as of 15 Mar 12).	Renting the space in Q. House Convent Building for the location of its office. Summary of the details in renting/ service agreement 1st Agreement : 3 years (16 Aug 10 - 15 Aug 13) the total rental space was 917 square meters at the rental and service fees of 450/ square meter/month;			The Audit Committee was of opinion that the rental and service fees of the office building's rental space were reasonable for entering the transaction. The prices were competitive and comparable to other operators with similar size of space and they were the fair market prices.
- Mrs. Amara Sarasin (wife of Mr. Kanit Sarasin, son of Pol.Gen. Pow Sarasin) is a director of M&A Business Center Co., Ltd.	2nd Agreement : 3 years (16 Aug 13 - 15 Aug 14) the total rental space was 917 square meters at the rental and service fees of 500/ square meter/month. - Rental and service revenues - Deposit for rental and service fees	- -	5.60 0.41	
4) M & A Advisory Co., Ltd				
- Pol. Gen. Pow Sarasin vacated the position of Chairman of QH due to his death on 7 Mar 13. His son and daughter-in-law hold the total of 45.29% shares in M&A Advisory Co. Ltd. (as of 15 Mar 12).	Renting the space in Q. House Convent Building for the location of its office. Summary of the details in renting/ service agreement 1st Agreement : 3 years (1 Jul 09 - 30 Jun 12) the total rental space was 322 square meters at the rental and service fees of 420/ square meter/month;			The Audit Committee was of opinion that the rental and service fees of the office building's rental space were reasonable for entering the transaction. The prices were competitive and comparable to other operators with similar size of space and they were the fair market prices.
- Mr. Kanit Sarasin and his wife (Mrs. Amara Sarasin) are directors M&A Advisory Co., Ltd.	2nd Agreement : 3 years (1 Jul 12 - 30 Jun 15) the total rental space was 322 square meters at the rental and service fees of 470/ square meter/month. - Rental and service revenues - Deposit for rental and service fees	- 0.15	1.99 0.15	
5) M & A Accounting and Tax Co., Ltd.				
- Pol. Gen. Pow Sarasin vacated the position of Chairman of QH due to his death on 7 Mar 13. His son holds the total of 29.33% shares in M & A Accounting and Tax Co., Ltd. (as of 18 Jun 12).	Renting the space in Q. House Convent Building for the location of its office. **Summary of the details in renting/ service agreement** Terms of agreement: 3 years (1 Apr 11 - 31 Mar 14),the total rental space of 474 square meters, rental and service fees 470 Baht/ square meter/ month.			The Audit Committee was of opinion that the rental and service fees of the office building's rental space were reasonable for entering the transaction. The prices were competitive and comparable to other operators with similar size of space and they were the fair market prices.
- Mrs. Amara Sarasin (wife of Mr. Kanit Sarasin, son of Pol.Gen. Pow Sarasin) is a director of this company.	- Rental and service revenues - Deposit for rental and service fees	- -	2.97 0.67	

Relationship (31 Dec 2013)	Nature of transaction	Value (Million Baht) 31 Dec 2013	31 Dec 2012	Opinions of the Audit Committee
6) Land and Houses Fund Management Co., Ltd.				
- QH and LH are the shareholders of LH Financial Group Plc. ("LHFG"), holding 21.60% and 34.39% of the total shares respectively (as of 30 Apr13). Meanwhile, LHFG is the shareholder of Land and Houses Bank Plc., holding 100% of the total shares; and the LH Bank is holding 100% shares of Land and Houses Fund Management Co.,Ltd. - Mr. Rutt Phanijphand and Mr.Adisorn Thananan-narapool are joint directors of this company.	Renting the space in Q. House Sathorn Building for the location of its office. Summary of the details in renting/ service agreement 1st Agreement : 3 years (28 Oct 10 - 27 Oct 13) the total rental space was 240 square meters at the rental and service fees of 450 Baht / square meter/month. 2nd Agreement : 3 years (1 Sep 12 - 31 Aug 15) the total rental space was 219 square meters at the rental and service fees of 450 Baht/ square meter/month.			The Audit Committee was of opinion that the rental and service fees of the office building's rental space were reasonable for entering the transaction. The prices were competitive and comparable to other operators with similar size of space and they were the fair market prices.
	- Rental and service revenues	3.40	2.53	
	- Account receivables for rental and service fees	0.05	0.05	
	- Deposit for rental and service fees	0.64	0.64	
7) Land and Houses Bank Plc.				
- QH and LH are shareholders in LHFG, holding 21.60% and 34.39% respectively (as of 30 Apr. 2013). Meanwhile, LHFG is the shareholder of LHBank, holding 100% of the total shares). - Mr. Anant Asavabhokhin, Mr. Rutt Phanijphand, Mrs. Suwanna Bhuddhaprasart and Mr. Adul Vinaiphat are joint directors of this company. - Mr. Rutt Phanijphand and/ or Mrs. Suwanna Bhuddhaprasart are joint directors with the subsidiaries of QH. *Remarks : The subsidiaries, with both direct and indirect shareholdings, are QH Management Co. Ltd., QH International Co. Ltd., the Confidence Co. Ltd., Casa Ville Co. Ltd., Idea Fitting Co. Ltd., Casa Ville (Petchburi 2553) Co. Ltd., Casa Ville (Rayong 2553) Co. Ltd., Casa Ville (Chonburi 2554) Co. Ltd., Casa Ville (Prachuabkhirikkhan 2554) Co. Ltd., Property Host Co. Ltd., and Centre Point Hotel and Residence Co. Ltd.*	**(A) Bank transaction:**			Banking transaction The Audit Committee has considered the opening of each type of bank accounts, rates of interest income and normal bank charges as normal and in the same practice as other individuals or companies which were generally announced. Rental of spaces in office buildings The Audit Committee has considered the rates of rentals and service fees of spaces for rent to were reasonable for entering into transaction. Those prices were comparable to other operators with similar size of spaces and are fair market prices Service Fees for Maintenance and Gardening of Landscape The Audit Committee has considered the contract rates of service fees and found that they were in accordance with the ordinary course of business and were reasonable and under the fair market prices when compared to those of the same business.
	- Bank deposits	1,071.92	937.42	
	- Interest incomes	12.31	13.27	
	- Bank charges	1.24	0.40	
	(B) Lease of space in Q House Asoke Building 1st Agreement : 3 years (1 Oct 09 - 30 Sep 12) total rental space was 71 square meters; rate of rental and service fees was 500 Baht/square meter/month ; 2nd Agreement : 3 years (1 Oct 12 - 30 Sep 15) total rental space was 71 square meters; rate of rental and service fees was 550 Baht/square meter/month.			
	- Rental and service revenues	0.62	0.58	
	- Account receivables for rental and service fees	-	0.12	
	- Deposit for rental and service fees	0.12	0.11	
	(C) Service fees for landscape maintenance and gardening Q.H. Management Co.,Ltd., a subsidiary that the Company holds 100% of the total shares both directly and indirectly, has provided maintenance and gardening of landscape service to Land and Houses Retail Bank Plc. 1st Agreement :1st Floor, Terms of agreement: 1 year (June 12 - May 13) at service fee of 15,000 Baht/ month , and the renewal of agreement was made with the terms of agreement of 1 year (June 13 - May 14) at service fee of 15,000 Baht/ month. 2nd Agreement : 5th and 24th Floors, Terms of agreement: 1 year(June 12 - May 13) at service fee of 1,000 Baht/ month, and the renewal of agreement was made with the terms of agreement of 1 year (June 13 - May 14) at service fee of 1,000 Baht/month.			

Relationship (31 Dec 2013)	Nature of transaction	Value (Million Baht)		Opinions of the Audit Committee
		31 Dec 2013	31 Dec 2012	
	- Service revenues	0.19	0.20	Sales promotion expenses to customers who bought properties The Audit Committee has considered the transactions of sales promotion expenses to customers who bought properties for the repaid principal and interest expenses, which were in accordance with the ordinary course of business when compared to the value of other sales promotion campaigns given to other customers who bought real property. Therefore, such transactions were proper and reasonable.
	- Account receivables	0.02	0.12	
	D) Sales promotion expenses for customers who bought properties of QH and its subsidiaries			
	- Sales promotion expenses(principal and interest expenses)	18.80	3.47	
	- Other payables	-	0.89	
8) Home Products Center Plc. ("HMPRO")				
- LH is the major shareholders of QH and HMPRO, holding 24.98% (as of 5 Sep13) and 30.23% (as of 11 Sep 13) respectively. - QH is the major shareholder of HMPRO, holding 19.77% (as of 11 Sep 13). - Joint directors are Mr. Anant Asavabhokhin, Mr. Rutt Phanijphand and Mrs. Suwanna Bhuddhaprasart	Purchased products and services.			The Audit Committee has given its opinions that such transaction was reasonable and based on the fair market price. QH and its subsidiaries are able to select and purchase products and other construction materials from other companies if such products are cheaper than the price offered by HMPRO.
	- Value of purchased products and services	29.39	10.29	
	- Account payables from the purchase of products and services	6.78	1.37	
9) Quality Construction Products Plc. ("Q-CON")				
Major joint shareholder is LH, holding shares of QH and Q-CON at the ratio of 24.98% (as of 5 Sep 13) and 21.16% (as of 2 Apr 13) respectively.	Purchasing products			The Audit Committee has given its opinions that there was a proper reason to enter into the said transactions since it was in accordance with the condition in the Sale of Q-CON Share Agreement. That is, both parties have freedom in transaction. Both QH and its subsidiaries are beneficial from the profit obtained from selling the shares of Q-CON. Meanwhile, both QH and its subsidiaries are still utilizing the light-weight bricks in construction of the houses with higher quantity than the minimum quantity prescribed in the product sale agreement. Besides, the price of the products was not different from the fair market price at that time. However, at the end of the terms of agreement, or if QH and its subsidiaries did not violate the product sale agreement, QH and its subsidiaries would be able to purchase the same type of products or to find any replacement from other companies if prices of the said products were cheaper than the price offered by Q-CON.
	- Value of purchased products and services	62.33	70.10	
	- Account payables from the purchase of products and services	13.77	10.34	
	- Account receivables from the purchase of products and services (advanced payment)	0.27	0.20	
	Remarks : QH and its subsidiary (Q.H. International Co., Ltd.) held 25.78% and 1.45% of the total shares in Q-CON (as of 31 Dec 09) respectively. On 23 Feb 10, QH and its subsidiary signed the Sale of Q-CON Share Agreement with SCG Construction Products Co., Ltd., which Siam Cement Plc., has held 100% of the shares. The whole payment was made and all shares were transferred on 24 Feb 10. Moreover, on 2 Mar 10, QH signed the Product Sale Agreement with Q-CON, with the term of Agreement of 3 years. QH agreed to purchase light-weight bricks at the minimum quantity and prices as prescribed in the Product Sale Agreement incorporated as part of the conditions of the Sale of Q-CON Share Agreement.			

Relationship (31 Dec 2013)	Nature of transaction	Value (Million Baht) 31 Dec 2013	31 Dec 2012	Opinions of the Audit Committee
10) Siam Retails Development Co., Ltd.				
Mr. Suang Chaisurote, joint director, resigned from the position of director and Vice President of QH as of 15 Jan 13	Managing retail space in Q.House Lumpini Building Summary of service agreement: 1st Agreement : 3 years, rate of service was 219,840 Baht/ month (15 May 09 - 14 May 12) 2nd Agreement : 1 years, rate of service was 297,000 Baht/ month (15 May 12-14 May 13)			The Audit Committee has given its opinions that there was a proper reason to enter into the said transactions at the market prices freely agreed by both parties.
	- Space management fee	-	3.22	
	- Account payables from Service fee	-	0.32	
11) L & H Property Co., Ltd. ("LHP")				
1. Joint major shareholders are: - LH, holding shares of LHP and QH at 60% and 24.98% respectively (as of 5 Sep 13); - Reco Resort Pte Ltd., a subsidiary of GIC, holding 40% shares of LHP and 10.77% shares of GIC (as of 5 Sep 13).	**(A) Agreement to provide accounting service**			The Audit Committee has given its opinions that the entering into such related transactions was reasonable and beneficial to the business of hotel/residential buildings for rent, which is the normal business operation of QH. QH shall receive benefits from service revenues and project management fee; as a result, the target groups of customers have increasingly recognized the product brand under the name of "Grande Centre Point". The service fees collected by the Company were freely agreed upon by both parties in accordance with the market prices.
	- Service revenue	-	0.98	
	(B) Service fees for location and document collection			
	- Service revenue	-	0.21	
	- Service receivables	-	0.22	
	(C) Grand Centre Point Hotel Terminal 21			
	1. Hiring contract for hotel management			
	Hotel management fee is calculated from the rate of 2% of total income plus 4% of gross profit from operation.			
2. Joint directors include Mr. Anant Asavabhokhin and Mr. Adisorn Thananan-narapool	- Service revenue	24.38	23.62	
	- Advance payment	0.36	8.85	
	- Service receivables	6.29	2.47	
	2. Personnel fee for Grand Centre Point Hotel Terminal 21			
	- Service revenue	-	0.39	
	3. Hiring contract for implementation of the computer system at the Grand Centre Point Hotel Terminal 21			
	- Service revenue	-	1.13	
	4. Hiring contract for project infrastructure inspecting and testing			
	- Service revenue	-	0.09	
	5. Hiring contract for operation system work and computer system consultancy			
	- Service revenue	-	0.90	
	6. Program development and computer system management fees			
	- Service revenue	-	0.71	
	7. Broker fees			
	- Revenue from broker fee	0.48	-	
	- Receivables from broker fee	0.51	-	

Relationship (31 Dec 2013)	Nature of transaction	Value (Million Baht) 31 Dec 2013	31 Dec 2012	Opinions of the Audit Committee
	(D) Grand Centre Point Hotel Ratchadamri			
	1. Hiring contract for hotel management			
	Project management fee is calculated from the rate of 2% of total income plus 4% of gross profit from operation.			
	- Service revenue	20.80	24.12	
	- Service receivables	8.73	10.49	
	2. Personnel fee for Grand Centre Point Hotel Ratchadamri			
	- Service revenue	-	4.55	
	3. Hiring contract for computer software			
	- Service revenue	-	1.20	
	4. Broker fees			
	- Revenue from broker fee	4.43	-	
	- Receivables from broker fee	4.74	-	
	5. Other expenses			
	- Advance payment receivables	0.25	0.35	
12) L & H Sathorn Co., Ltd. ("LHS")				
1. Joint major shareholders are LH, holding 60% shares of LHP, and LHP hold 100% shares of LHS, and LH, hold 24.98% shares of QH (as of 5 Sep 13). 2. Joint directors in all companies are Mr. Anant Asavabhokhin and Mr. Adisorn Thananan-narapool.	Provide project management service for L&H Villa Sathorn. Q. H. International Co., Ltd. ("QHI") (QH holding 100% shares) provided management service for such project. Summary of the hiring contract Terms of agreement: 2 years (1 Jan 11 — 31 Dec 12). LHS terminated the hiring contract for such project management as from 22 Mar 12 since it sold the project to the Land and Houses Freehold and Leasehold Property Fund ("LHPF"). - Revenue from building management fees	-	0.56	The Audit Committee has given its opinions that there was a proper reason to enter into the said transactions at the fair market prices.
13) L & H Management Co., Ltd. ("LHM")				
1. Joint major shareholders are LH and GIC, holding 40% of Asia Asset Advisory Co., Ltd. ("AAA") equally. Meanwhile, AAA holds 100% shares of LHM. 2. Miss Kanokvalee Viriyaprapaikit holds 20% shares of AAA, while AAA holds 100% shares of LHM. 3. Mr. Anant Asavabhokhin is a joint director in LH, LHM and QH, while Miss Kanokvalee Viriyaprapaikit is a joint director in QH and AAA.	**A) Outsourced and supporting in preparation of accounts** Summary of hiring contract: Terms of agreement: 1year (1 Oct 11 -30 Sep 12), at the service fee of 56,075 Baht/month. - Service revenue **(B) Personnel recruitment and management fee** QHI. has hired LHM to recruit personnel for Centre Point Hotel Ploenchit and Centre Point Sukhumvit-Thonglor Project (It terminated the personnel service of Centre Point Hotel Ploenchit on 1 March 2012, and terminated the personnel service at the Center Point Hotel Sukhumvit-Thonglor Project as of 22 Mar 12). This is because QHI rented 2 hotel buildings/ service apartments, including fixture, furniture, system work and equipment as mentioned in 12.1 Transaction with other persons with potential conflicts, sub-article 1). - Personnel management fee - Other payables	- - -	0.50 3.11 0.03	The Audit Committee has given its opinions that there was a proper reason to enter into the said transactions at the fair market prices.

Relationship (31 Dec 2013)	Nature of transaction	Value (Million Baht) 31 Dec 2013	31 Dec 2012	Opinions of the Audit Committee
	(C) Personnel recruitment fee			
	QHI has hired LHM for personnel recruitment and central administration for the period of 2 years (1 Jan 13 - 31 Dec 14)			
	- Personnel management fee	1.97	-	
	- Other payables	0.27	-	
	(D) Location service fee			
	Summary of service contract details			
	Terms of agreement: 2 years (1 Jan 13 - 31 Dec 14) Calculated by the number of employees utilizing the space at the rate of 5,500 Baht per person per month and document collection space at the rate of 5,400 Baht per month (excluding VAT).			
	- Service revenue	0.19	-	

14) Quality House Leasehold Property Fund ("QHPF")

Relationship (31 Dec 2013)	Nature of transaction	Value (Million Baht) 31 Dec 2013	31 Dec 2012	Opinions of the Audit Committee
QH is the major shareholder of QHPF, holding 25.66% of total shares.	**(A) Long-term leasehold right**			The Audit Committee has given its opinions that the distribution and/or giving of leasehold right in land, building and the related equipment of the 2 projects, namely Q. House Ploenchit and Q. House Lumpini, to QHPF was operated in accordance with the resolutions of the Board of Directors' Meeting No.10/2006 convened on 19 October 2006. The price in this transaction was considered the fair market price because the Company has compared the price with each prospective buyer and has selected the bidder who has offered the best proposals and conditions, including the highest returns to the Company
	QH gives the leasehold right for land and building, as well as other relevant equipment of Q. House Ploenchit Project for 30 years (8 Dec 06 - 7 Dec 36). QH received the rental fee of 819 Million Baht (full amount).			
	- Unearned revenue from rental fee	623.08	650.25	
	- Rental revenue	27.17	27.17	
	(B) QH and QHI (QH holding 100% shares) were hired to manage 3 office buildings for rent, including Q. House Lumpini, Q. House Ploenjit and Wave Place.			
	- Building management revenue	25.94	25.25	
	- Other service revenues	-	0.02	
	- Other receivables	2.29	2.10	
	(C) QH rented its office spaces in Q.House Lumpini Building			
	- Space rental fee			
	- Outstanding expenses	32.74	34.42	
	- Deposit for rental and service fees	0.22	0.26	
		6.01	6.93	

Notes : The estimated prices of the Q.House Ploenjit ("PJ") and the Q.House Lumpini ("LU") from 2 independent valuers are as follows:

(Unit: million Baht)

	PJ	LU	รวม
CBRE	838	5,566	6,404
BKKAP	800	5,240	6,040

CB Richard Ellis (Thailand) Co., Ltd. ("CBRE")
Bangkok Property Appraisal Co.,Ltd. ("BKKAP")

The Audit Committee has also considered the report of 2 independent valuers at that time. Therefore, The Audit Committee has given its opinions that there was a proper reason to enter into the said transactions at the fair prices; and the rates of rentals and service fees collected by the QHPF from QH were at the fair market prices.

Relationship (31 Dec 2013)	Nature of transaction	Value (Million Baht) 31 Dec 2013	31 Dec 2012	Opinions of the Audit Committee
15) Kasikorn Bank Plc				
Joint director was Pol.Gen. Pow Sarasin, the authorized director and the Vice Chairman of Kasikorn Bank Plc. and was the Chairman of the Company. His position was terminated due to his death as of 7 March 2013.	(A) Banking related transaction			**(A) Banking related transaction**
	- Bank deposit	-	53.76	The Auditing Committee was of opinion that the transactions were usual business practices, which was the same for individuals or other companies that Kasisorn Bank Plc. had announced to the general public. Such transactions were reasonable and were made with fair market prices.
	- Bank fees	-	0.41	
	(B) Lease of space for ATM installation and other services in Q. House Asoke Building			
	Summary of leasing and service agreements 1st Agreement : 1 year (1 Jan 12 - 31 Dec12) 2nd Agreement : 1 year (1 Jan 13 - 31 Dec13)			
	1. Rate of rental for advertising space: 3,000 Baht/month 2. Rate of rental for ATM installation space: 5,000 Baht/month 3. Other services as per actual usage			**(B) Lease of space and other services** The Audit Committee was of opinion that such transactions were reasonable and were normal practices made with fair market prices.
	- Rental and service revenues	-	0.12	
	- Deposit for rental and service fees	-	0.06	
16) Ms. Napatara Phanijphand				
Daughter of Mr. Rutt Phanijphand, directors, Chief Executive Officer and Executive Director of the Company	Purchased and transferred condominium units in Q.Langsuan Project	18.5	-	The Audit Committee was of opinion that such transactions were reasonable, were usual business practices with general trading condition and were made at fair market prices.
17) Mrs. Dusadeeporn Phanijphand				
Wife of Mr. Rutt Phanijphand, directors, Chief Executive Officer and Executive Director of the Company	Making purchase reservation of 2 condominium units in Q. Condo Asoke Project at the amount of 13.6 Million Baht - Reservation fee and down payment	1.10	-	The Audit Committee was of opinion that such transactions were reasonable, were usual business practices with general trading condition and were made at fair market prices.
18) Ms. Napatara Phanijphand and her spouse				
Daughter of Mr. Rutt Phanijphand, directors, Chief Executive Officer and Executive Director of the Company	Making purchase reservation of 2 condominium units in Q. Condo Asoke Project at the amount of 17.4 Million Baht - Reservation fee and down payment	1.43	-	The Audit Committee was of opinion that such transactions were reasonable, were usual business practices with general trading condition and were made at fair market prices
19) Ms. Natinee Phanijphand				
Daughter of Mr. Rutt Phanijphand, directors, Chief Executive Officer and Executive Director of the Company	Making purchase reservation of 1 condominium unit in Q. Condo Asoke Project at the amount of 10.1 Million Baht - Reservation fee and down payment	0.82	-	The Audit Committee was of opinion that such transactions were reasonable, were usual business practices with general trading condition and were made at fair market prices.

Relationship (31 Dec 2013)	Nature of transaction	Value (Million Baht) 31 Dec 2013	31 Dec 2012	Opinions of the Audit Committee
20) Mrs. Suvimol Chotewattanaphan				
Wife of Mr. Pravit Chotewattanaphan, Director and Executive Vice President	Making purchase reservation of 1 condominium unit in Q. Condo Asoke Project at the amount of 9.6 Million Baht - Reservation fee and down payment	0.77	-	The Audit Committee was of opinion that such transactions were reasonable and were usual business practices without general trading condition since discount for employees was used in accordance with the regulations for employees' welfare.
21) Land and Houses Plc. ("LH")				
- LH is a major shareholder of QH, holder 24.98% shares (as of 5 Sep13). - Joint directors include Mr. Anant Asavabhokhin and Mr. Adisorn Thananan-narapool	Rental and service fees - Revenues from rental and service fees - Other revenues - Trading receivables	1.52 0.16 0.54	1.48 0.19 0.52	The Audit Committee was of opinion that such transactions were reasonable, were usual business practices with general trading condition and were made at fair market prices.
22) L & H Hotel Management ("LHH")				
- Joint major shareholders are LH and GIC which hold 24.98% and 10.77% shares in QH respectively (as of 5 Sept 2013). LH and the Government of Singapore Investment Corporation (Realty) Pte Ltd. ("GICR") (GICR and GIC have the same major shareholder) hold the shares indirectly through LHP at the ratio of 59.98% and 39.998% respectively, while LHP holds 99.97% shares of LHH. - Joint directors include Mrs. Suwanna Bhuddhaprasart and Ms. Kanokvalee Viriyaprapaikit	**(A) Hiring contract for personnel management** Q. H. International Co., Ltd. ("QH holds 100% shares") hired LHH to recruit personnel for the Centre Point Hotel Ploenchit. Summary of hiring contract 1st Phase 1 year (1 Mar12 - 28 Feb 13) 2nd Phase 1 year (1 Mar 13 - 28 Feb 14) - Personnel management fee - Other receivables **(B) Space rental and document collection fees** Calculated from the number of employees utilizing the space at the rate of 5,500 Baht per person per month, and the space for document collection at 5,400 Baht per month (excluding VAT). - Service revenue - Service receivables	 22.32 1.99 0.52 -	 12.08 2.22 - -	The Audit Committee was of opinion that such transactions were reasonable, were usual business practices and were made at fair market prices.
23) Quality House Hotel and Residence Freehold and Leasehold Property Fund ("QHHR")				
- QH sold the assets used in the operation of the Centre Point Hotel Pratunam, Sukhumvit 10 and Chidlom ("assets"), and proceeded to enable QHHR to enter into the property lease agreement of Centre Point Hotel Chidlom. In this regard, the QH received the total of 3,342 million Baht in return	**(A) Lease of hotel** CPH has taken a lease and sublease of properties for hotel business operation from QHHR, including the Centre Point Hotel Pratunam, Sukhumvit 10 and Chidlom. - Rental fees - Advance payment - Accrued rental fees	 206.00 - 49.41	 76.07 1.85 42.00	The Audit Committee was of opinion that the distribution of properties together with fixture and related equipment and/ or giving of leasehold right and/ or transferring of leasehold right over properties to QHHR was operated in accordance with the resolutions of the Board of Directors' Meeting No. 4/2012 convened on 19 June 2012,

Relationship (31 Dec 2013)	Nature of transaction	Value (Million Baht) 31 Dec 2013	Value (Million Baht) 31 Dec 2012	Opinions of the Audit Committee
In addition, on 18 July 2012, the Company also invested in 31.33%, or 105.28 million unit of QHHR at the unit price of 10 Baht, amounted to 1,053 million Baht, and as of 11 September 2013, the Company still invested in 31.33% shares of QHHR. - The Centre Point Hospitality Co., Ltd. ("CPH") (QH holds 99.99% shares) has taken a lease of property from QHHR for hotel business operation.	**(B) QH guaranteed the minimum rental** income for QHHR from selling the assets to enable QHHR and CPH to make lease agreement for such assets for the period of 3 years from the date on which QHHR invested in the asset at the amount not exceeding 837 Million Baht. - Paid minimum guarantee for rental fees - Accrued minimum guarantee for rental fees Notes : The estimated prices of the Centre Point Hotel Pratunam ("CP1"), the Centre Point Hotel Sukhumvit 10 ("CP2") and the Centre Point Hotel Chidlom ("CP3") from 2 independent valuers are as follows: (Unit: million Baht) CP1 / CP2 / CP3 / รวม GAA 1,144 / 1,549 / 725 / 3,418 TAP 1,204 / 1,700 / 724 / 3,628 Grand Asset Advisory CO., Ltd. ("GAA") TAP Valuation Co., Ltd. ("TAP")	60.10 33.77	62.33 62.33	approving the Company and its subsidiary to distribute real property and fixture and the related equipment and/ or to give the leasehold right and/ or to transfer the leasehold right of real property for the three hotel and service apartment projects operated by the Company, including Centre Point Hotel Pratunam, Centre Point Hotel Sukhumvit 10 and Centre Point Hotel Chidlom. The transactions were also made at fair prices since QH compared the price with each prospective buyer and selected the bidder who has offered the best proposals and conditions, including the highest returns to the Company. Besides, QH also considered the reports of 2 independent valuers at that time. The Audit Committee was of opinion that, at that time, the transactions were reasonable and were made at fair prices.

24) Land and Houses Freehold and Leasehold Property Fund ("LHPF")

Joint major shareholders are LH and GIC, holding 24.98% and 10.77% shares of QH respectively (as of 5 Sep13). They also invested in the investment units of LHPF at the ratio of 15.0% equally (as of 14 Aug 13).	**(A) Centre Point Sukhumvit-Thonglor Service Apartment Project**			The Audit Committee has given its opinions that the entering into such related transactions was reasonable and beneficial to the business of residential buildings for rent of QH or its subsidiaries. Such transactions are the normal business operation of QH and its subsidiaries. Therefore, QH and its subsidiaries shall receive benefits from revenues of project management and agent fees from all of the above mentioned projects.
	1. Contract for appointment of property management Service rate at 2% of total income plus 5.5% of profit obtained from the project operation.			
	- Building management revenue	7.90	6.02	
	- Service receivables	1.25	1.71	
	- Other receivables	0.02	0.67	
	- Other payables	-	6.34	
	2. Personnel fees			
	- Service revenue	1.44	1.22	
	3. Project management and administration contract			
	- Service revenue	4.20	3.26	
	- Other receivables	0.59	3.49	
	- Advanced payment	0.16	0.27	

Relationship (31 Dec 2013)	Nature of transaction	Value (Million Baht)		Opinions of the Audit Committee
		31 Dec 2013	31 Dec 2012	
	(B) Centre Point Residence Promphong Residential Building for rent QH and its subsidiaries are hired to manage the building, to provide accounting service and to be an agent to find residents, as well as to allow LHPF to use the trademark "Centre Point Resident".			
	- Building management revenue	2.05	1.64	
	- Personnel service revenue	0.94	1.05	
	- Other service revenues (agent fee)	0.97	0.54	
	- Service receivables	1.24	1.90	
	- Other receivables	1.62	0.54	
	(C) L & H Villa Sathorn House for Rent Project QH and its subsidiaries are hired to manage the building, to provide accounting service and to be an agent to find residents, as well as to allow LHPF to use the trademark "Centre Point Resident".			
	- Building management revenue	1.87	1.47	
	- Personnel service revenue	0.39	0.44	
	- Other service revenue (agent fee)	2.31	0.44	
	- Service receivables	0.69	0.85	
	- Other receivables	2.95	0.44	
25) Harbour View Joint Stock Company ("HBV")				
- Q.H. International Co., Ltd. ("QHI") (QH holds 100% shares) holds 99% shares of Q. H. International (BVI) Co. Ltd. ("QHI(BVI)"), while QHI (BVI) holds 14.15% shares of HBV.	**(A) Loan provision**			The Audit Committee has given its opinions that there was a proper reason relating to the provision and guarantee of loans to Harbour View Joint Stock Company and it was made according to the proportion of shareholding.
	- Loans	33.84	7.50	
	- Interest incomes	0.91	0.09	
	- Accrued interest	2.09	1.06	
- Mrs. Suwanna Bhuddhaprasart is a joint director of QH, QHI and HBV.	**(B) Loan guarantee** QH is the loan guarantor of HBV according to the proportion of shareholding in QHI(BVI) (21%) amounted to US$ 1.3 from the year 1997-present time. However, since HBV has increased the capital to existing shareholders, and QHI(BVI) has not subscribed for the said right issue, the proportion of shareholding is now decreased to 14.15%, but the burden of guarantee remains unchanged. That is, it depends on the amount of such loan, and can be increased or decreased in accordance with the capacity of HBV in paying back the capital and incurred interests. (Details are as per Risk Factor , Clause 3.1 Financial risk: Subject: Risk from investment, loan provision, and guarantee of related company, HBV).			

Relationship (31 Dec 2013)	Nature of transaction	Value (Million Baht)		Opinions of the Audit Committee
		31 Dec 2013	31 Dec 2012	
26) The Mandarin Hotel Plc.				
- Miss Piengchai Harnpanich is the major shareholder of The Mandarin Hotel Plc, holding 49.78% shares as a position of chairman of the Board, Chairman of the managements and Managing Director - Miss Piengchai Harnpanich is the mother of Mr.Anant Asavabhokhin , director of QH	Q.H.International Co.,Ltd. (QHI) (QH holding 100% shares) made lease agreement provided hotel management services. Term of lease agreement : 2 years (1Oct 13 - 30 Sep 15) Service fee is 2% of total revenue and 4% of gross operating Profit - Hotel management fee - Other receivables	0.55 0.59	- -	The Audit Committee has considered and agreed that the entering into such related transactions was reasonable and beneficial to the normal business operation . The Company and its subsidiaries shall receive benefits of incomes from service charges obtained from customers of the property for service charges from the hotel business. Additionally, all these activities will increase awareness among the target customers of the brand " Mandarin Hotel "

Opinions of the Audit Committee on Parties with Co-benefits and Connected Transactions

The Audit Committee has considered that the structure of shareholding between the Company, its subsidiaries, associated companies and related companies did not cause any conflict of interest between the Company, directors and executives of the Company and did not have any nominee in the structure of shareholding or management of the group companies

The Audit Committee has considered and approved that the related transactions currently occurred between the Company and related parties with potential conflicts as defined by the Announcement of the Securities and Exchange Commission No.Gor.Jor.17/2008 on the Definition in the Announcement of the Issuance and Proposal of Securities dated December 15, 2008, were made with fair market value. Moreover, the Audit Committee and the Company shall jointly supervise such related transactions which may occur in the future to be made with fair market value and shall disclose the types and value of related transactions of the Company and the related parties with potential conflicts under the announcements and regulations of the Securities and Exchange Commission.

2. Measures or Procedures for Approving Transactions among Connected Parties

Before the connected transactions shall be made, they must be proposed to the Audit Committee to consider whether they are suitable and in compliance with the law governing securities and stock exchange, regulations, announcements, orders or requirements of the Stock Exchange of Thailand. The Audit Committee shall then attend and give its opinions in the Board of Directors' meeting or the shareholders' meeting for consideration and approval, provided that parties with potential conflicts of interest or stakeholders of such connected transactions shall not be entitled to cast their votes in order to pass the resolution for such transactions.

3. Policies and trends incurring connected transactions in the future

The Company and its subsidiaries still have the policy of incurring connected transactions currently and in the future depending on the suitability and necessities of the business and shall prescribe conditions according to the nature of normal business operation which can be compared with the market prices; or in case the reference prices are not available, the Company and its subsidiaries shall use the cost prices plus the gross profits. Each and every connected transactions shall be proposed to the Audit Committee for consideration and approval to ensure that they are in accordance with the law governing securities and stock exchange, regulations, announcements, orders or requirements of the Stock Exchange of Thailand and the Office of Securities and Exchange Commission, as well as in compliance with the requirements on the disclosure of data of related transactions and acquisition or disposal of major assets of the Company or its subsidiaries.

Moreover, in case there are connected transactions of the Company or its subsidiaries with parties with conflicts of interest or potential conflicts of interest, the Company and its subsidiaries shall propose such transactions to the Audit Committee to give its opinions on the reasons, necessities and suitability of such transactions. In the event that the Audit Committee has no expertise to consider such potential transactions, the Company and its subsidiaries shall provide an independent expert or auditor of the Company and its subsidiaries to give opinions and to propose the related data and information to the Audit Committee for consideration and submission to the Board of Directors' meeting or the shareholders' meeting for consideration and decision making. The Company and its subsidiaries shall disclose the connected transaction in the Annual Report and Notes to the Financial Statements audited by the auditor of the Company and its subsidiaries.

4 . Reasons why parties with potential conflicts of interest have held more than 10% of the total shares in the subsidiaries or the associated companies and why the Company had the major shareholders who might do businesses in competition with the Company

Quality Houses Plc., has organized the structure of shareholding between the Company, its subsidiaries, associated companies and related companies to prevent any conflicts of interest between the Company, directors and executives of the Company. The Company shall not have any nominee in the structure of shareholding or management of the group companies. However, a party which might have conflicts of interest is Land and Houses Plc., the major shareholder of the Company holding 24.98% of the total shares (as of 5 September 2013) due to the following reasons:

- Land and Houses Plc. operates the businesses of real estate development for sale and rent which are in the same type of business as the Company;
- Mr. Anant Asavabhokhin is a major shareholder of Land and Houses Plc., holding 23.76% of the total shares (as of 29 August 2013) and is the Chairman and the President of Land and Houses Plc., while Mr. Adisorn Thananan-narapool is a director and an executive director of Land and Houses Plc. As the representatives of Land and Houses Plc., the major shareholder of the Company, both Mr.Anant Asavabhokhin and Mr. Adisorn Thananan-narapool are also joint directors

of Quality Houses Plc., overseeing the Company businesses among the total of 12 directors.

- Land and Houses Plc. and the Company are holding more than 10% shares in Home Products Center Plc.; each company holding 30.23% (as of 11 September 2013) and 19.77% (as of 11 September 2013) of the total shares of Home Products Center Plc. respectively. The reason of this shareholding is due to the fact that Home Products Center Plc. was the joint investment between the Company and other parties since the date of its incorporation in year 1996. During the initial stage, Q.H. International Co., Ltd. (the subsidiary which the Company holding 100% of the total shares) held 30% of the total shares of Home Products Center Plc. Later in 2001, the Company bought all the shares, equaling to 27% of the total shares of this associated company from Q.H. International Co., Ltd. in order to support the Company's businesses for the construction materials and interior decoration equipment, as well as to make long-term investment.

In order to prevent or minimize the conflicts of interest which might incur from the fact that Land and Houses Plc. is the major shareholder of the Company and that the executive director and directors of Land and Houses Plc. are also joint directors of the Company, the following guidelines have been set:

1. The structure of shareholders of the Company includes the group of shareholders who are institutes or funds which holding total number of shares more than the number of shares held by Land and Houses Plc. Therefore, In case there are any conflicts of interest or potential conflicts of interest which might cause any damages to the interest of shareholders, this group of institutional investors or the funds shall be able to cast their votes against such transactions in the General Shareholders' Meeting;

2. The Company's executive committee/management team is independent and liberated to manage the Company's businesses and to make decision in all aspects. There is no director, executive director, executive or employee of Land and Houses Plc. in the Company's executive committee so the business operations of both companies are totally separated;

3. In case there are any connected transactions of the Company or its subsidiaries with parties with conflicts of interest or potential conflicts of interest, the Company and its subsidiaries shall propose such transactions to the Audit Committee which consists of independent directors to examine and give its opinions on the reasons, necessities and suitability of such transactions. In the event that the Audit Committee has no expertise to consider such potential transactions, the Company and its subsidiaries shall provide an independent expert or auditor of the Company and its subsidiaries to give opinions and to propose the related data and information to the Audit Committee for consideration. This practice will also include any transactions that are critical or have high impact to the Company's businesses.

Explanation and Analysis of Financial Position and Operation Results

Analysis of operation result

(A) Overview of the past performance

In 2013, the growth of Thai economy significantly reduced when compared to the year 2012 due to the decrease in household expenses, especially the expenses in passenger cars, as well as the deceleration of income and reduction in investment of private sector. This was because of the problems from the protest against the government and the lack of political stability in Thailand. Meanwhile, the export was improved in accordance with the recovery of global economy, although the export value continued to decrease due to the downturn of product prices in the global market. Additionally, government expenditure and investment also slowed down, but overall tourism among foreigners in Thailand was improved, resulting in an expansion of hotel and restaurant businesses. In the fourth quarter of 2013, tourism began to slow down as an impact from the enforcement of a new tourism law of China in October and from the protest against the government in December 2013.

In 2013, the Company's and its subsidiaries' total revenues from major businesses were 19,699 million Baht, increasing by 6,622 million Baht or 51% from the year 2012. Meanwhile, the total cost of sale was 13,312 million Baht, increasing by 4,284 million Baht or 47% increase from the year 2012. The net profits for the year 2013 and 2012 were 3,307 million Baht and 2,450 million Baht respectively, while the gross profit margins in 2013 and 2012 were 32% and 31% respectively.

(B) Operation result by the business group

The Company's and its subsidiaries' results of operation are based on the country's economic situation and can be categorized by types of businesses as follows:

(1) Revenue from sales and services

- **Business of real estate for sales**

The Company and its subsidiaries recorded the sales of real estate as revenue in the statement of comprehensive income statement once the construction was completed under the contract and the ownership was transferred to the buyer after the full payment was received from the buyer (Completion method).

In 2013, the Company's and its subsidiaries' revenues from sales of real estate was 18,477 million Baht, or increased by 6,493 million Baht, or 54% in comparison to 2012. Such increase included an increase of 3,286

million baht, or 38% increase in comparison to 2012, from sales of land and houses, due to the launces of new housing project. Besides, the sale of condominium units increased by 3,207 million Baht, or 96% increase from 2012. Because in 2013, the Company started to recognize revenues from sale and transfer of ownership of residential building units in 4 projects, namely the Trust Residence Rachada-Rama 3, Casa Codo Asoke-Dindang, Casa Condo Chang Puek and The Trust Condo Central Pattaya.

In 2013, the Company launched 12 new housing projects worth 11,523 million Baht and 3 condominium projects worth 6,369 million Baht, while 4 housing projects and 2 condominium projects were sold out respectively.

- **Business of real estate for rent**

In 2013, the Company's and its subsidiaries' total revenues from rental and service fees amounted to 1,222 million Baht, an increase of 130 million Baht or12% increase in comparison to the year 2012. The reasons for such increase are as follows:

A. Business of hotels/ serviced apartments for rent

Due to the fact that most residential tenants of hotels or residential condominium units are foreigners working or travelling in Thailand, the hotel/ serviced apartment businesses rely on the growth of global economy and expansion of domestic economy, particularly foreign investment and the number of tourists in Thailand.

In 2013, the Company's and its subsidiaries' revenues from hotel business was 863 million Baht, increasing by 117 million Baht, or 16% increase when compared to the year 2012, due to tourism promotion by the Government sector and the increasing number of tourists in Thailand. As a result, the rate of occupancy and room rental rate of the Company's and its subsidiaries' hotel and residential building businesses were positively adjusted when compared to the year 2012. However, the enforcement of China's new tourism law in October and the political unrest in Thailand in December 2013 led to the decrease in rental and service revenues at the end of the fourth quarter of 2013.

B. Business of office building for rent

In 2013, the office building for rent market in Bangkok was improved when compared to the previous year, mainly because most foreign companies expanded space in the existing buildings or moved to other office building located along the sky train or subway areas in the Central Business District ("CBD").

In 2013, the Company's revenues from office building for rent business was 359 million Baht, increasing by 13 million Baht or 4% increase when compared to the year 2012 due to an increase in prices of rental space.

(2) Gain on sales of properties and transfer of leasehold right to building

In 2013, the Company's gain on the sales of Centre Point Saladaeng Project, which comprised land and building, infrastructure system, fixed assets, furniture, tools and related facilities, amounted to 140 million Baht, while in

2012, the Company's gain on the sales of properties and the transfer of leasehold right of hotel buildings was 1,184 million Baht from the sales of land and building, fixed asset and movable property of Centre Point Hotel Pratunam and Centre Point Hotel Sukhumvit 10, together with the transfer of leasehold rights and the sales of movable property of Centre Point Hotle Chidlom to Quality Houses Hotel and Residence Freehold and Leasehold Property Fund ("QHHR").

(3) Other revenues

In 2013, other revenues of the Company and its subsidiaries amounted to 160 million baht, increasing by 11 million Baht, or 7% increase, in comparison to the year 2012 since the Company cleared the outstanding expenses of 6 million Baht for renovation of the Centre Point Hotel Pratunam and the Centre Point Hotel Sukhumvit 10. In this case, the actual spending by the Company was lower than the estimation of renovation prescribed in the contract and the revenues from public service provision in housing projects increased by 4 million Baht and other revenues increased by 1million Baht

(4) Sharing of profit from investment in Associated companies

The Company's sharing of profit from investment in Associated companies increased by 141 million Baht, or 18% increase when compared to the year 2012. The details are as follows:

(Unit : million Baht)

Company/ Fund	2012	2013	Increase (Decrease)
Home Product Center Plc.	528	606	78
Quality Houses Leasehold Property Fund	122	122	-
LH Financial Group Plc.	147	183	36
Quality House Hotel and Residence Freehold and Leasehold Property Fund	5	32	27
Total	802	943	141

(5) Cost of sales, expenses and minimum rental assurance

A. Cost of sale

In 2013 and 2012, the Company's and its subsidiaries' cost of real estate sale for property amounted to 12,489 million Baht and 8,310 million Baht respectively, or accounted for 94% and 92% of total cost of sales respectively. The rest was the cost of sale from the business of real estate for rent which totaled to 823 million Baht and 718 million Baht, or accounted for 6% and 8% of total cost of sale respectively.

B. Selling expenses

In 2013, total selling expenses for the Company and its subsidiaries was 1,760 million Baht, increasing by 648 million Baht, or 58% in comparison to 2012 because the specific business tax and housing ownership transfer fees increased by 259 million Baht and sales promotion expenses increased by 154 million Baht, which varied by the increasing sales amount of real estate. Meanwhile, the expenses for advertising and

public relations increased by 195 million Baht from the new launches of housing and condominium projects and additional brand awareness raising advertisement and public relations though TV media. Other selling expenses increased by 40 million Baht.

C. Administrative expenses

In 2013, total administrative expenses of the Company and its subsidiaries was 1,634 million baht, increasing by 108 million Baht or 7% increase in comparison to the year 2012 due to the increase in employee compensation and welfare by 30 million Baht, while the project maintenance expenses, project security expenses and public utility expenses, including electric and water, increased from the new launche projects by 33 million Baht, 35 million Baht and 23 million Baht respectively. Additionally, other operation expenses decreased by 13 million Baht.

D. Provision for less arising from gurantee of minimum rental income of the projects.

In 2013, the Company reviewed a provision from an agreement for guarantee of minimum rental for the period of 3 years (20 July 2012 - 19 July 2015) from the sales of immovable property, movable property and the transfer of leasehold right of 3 Centre Point Hotel projects to QHHR as mentioned in "2) Profit from sales of property and transfer of the building leasehold right". The Company estimated that the provision would not be sufficient, so it was necessary to record the additional provision by the amount of 95 million Baht and to record as the expenses in the statement of comprehensive income at the amount of 65 million Baht, or 31.33% of the Company's net investment in QHHR.

(6) Gross profit margin

The details of the gross profit margin from real estate for sales and real estate for rent are as follows:

(Unit : %)

Gross profit	2012	2013
Real estate for sale	30.7	32.4
Real estate for rent	34.2	32.7

Real estate for sale

In 2013, the Company's and its subsidiaries' gross profit margin from real estate for sales increased to 32.4% when compared to the year 2012, which was 30.7%. This was because the Company and its subsidiaries increased the selling price of condominium units in compliance with the market price.

Business of real estate for rent

In 2013, the Company's and its subsidiaries' gross profit margin from the business of real estate for rent decreased to 32.7% when compared to the year 2012, which was 34.2%. This was because the Company sold the three Centre Point Hotel projects to QHHR in 2012, and the Company and its subsidiaries leased the three projects back for operation, hence increasing its rental cost for the hotels.

(7) Financial cost

In 2013, the financial cost, which comprised interest expenses, fees and financial advisor fees, decreased by 67 million Baht, or 23% when compared to the year 2012, Because they could book more interest capitalization as project development cost as a result of developing vacant land for construction of housing and condominium projects.

(8) Operating results

In 2013, the Company's and its subsidiaries' total revenue from the business of real estate for sale and real estate for rent was 19,699 million Baht, increasing by 6,623 million Baht, or 51% increase, resulting in the net profit of 3,307 million Baht in 2013, increasing by 857 million Baht or 35% increase in comparison with the year 2012. The major factors for such result include: gross profit from the business of real estate for sale and the business of real estate for rent increased by 2,314 million Baht and 25 million Baht respectively; share of profit from investment in the associates increased by 141 million Baht; financial expense decreased by 67 million Baht; other revenues increased by 11 million Baht; Provision for loss arising from gurantee minimum rental income of projects decreased by 12 million Baht; income tax expenses decreased by 87 million Baht; the gain on sales of properties and transfer of the leasehold right of the buildings decreased by 1,044 million Baht, and; sale and administrative expenses increased by 756 million Baht.

(9) Return on equity

The Annual General Meeting of shareholders of the Company No. 1/2013 held on 19 April 2013 approved the distribution of dividend payment to shareholders for the operations in 2012 in cash at the rate of 0.12 Baht per share, totaling to not exceeding 1,102 million Baht. In September 2013, the Company also paid the interim dividend at the amount of 643 million Baht from the operation result of 6 months ending as of 30 June 2013 in accordance with the resolution of the meeting of the Company's Board of Director held on 20 August 2013.

Financial status

(1) Assets

The total assets of the Company and its subsidiaries as of 31 December 2012 and 2013 were 41,871 million Baht and 41,652 million Baht respectively. At the end of the year 2013, the total assets of the Company and its subsidiaries decreased by 219 million Baht, or 0.5% decrease from the year 2012. Details of major assets are as follows:

- *Cash and cash equivalent*

  The Company and its subsidiaries have a policy to hold cash as required. The cash at the end of the year 2012 and 2013 was 1,650 million Baht and 1,630 million Baht respectively. The cash at the end of the year 2013 decreased by 20 million Baht, or 1% decrease from the year 2012. The reason for the high amount of cash on hand at the end of the year was that the Company and its subsidiaries accelerated the transfer of ownership of houses and condominium units sold during the year-end period.

- *Trade account receivables and other receivables*

At the end of the year 2012 and 2013, the Company's and its subsidiaries' trade account receivables and other receivables were 88 million Baht and 91 million Baht respectively, increasing by 3 million Baht or 3% from the year 2012 because the Company had other receivables from the sale of equipment and tools of precast concrete factories to subcontractors.

The Company and its subsidiaries had a policy to provide 30-day credit terms to their customers, and they had a unit to monitor customers' payment pattern so that the receivables are not overdue for more than one month. Most account receivables are in the group of payment overdue for not more than three months.

- *Land and construction in progress/ land and cost of project development*

Land and construction in progress/ land and cost of project development at the end of the years 2012 and 2013 were 29,613 million Baht and 29,139 million Baht respectively, decreasing by 474 million Baht or 2%when compared to the year 2012.Because in 2013, the Company and its subsidiaries had an increase in revenues from sales of real estate, thus more cost was cut cost of from the land and construction in progress account than the investment in buying land and project development, which were 71% and 70% of the total assets of the Company and its subsidiaries respectively.

In 2012 and 2013, the Company and its subsidiaries had "Land and Construction in Progress", which were current assets, at the amount of 21,697 million Baht and 22,558 million Baht respectively. The "Land and Construction in Progress are able to generate income for the Company and its subsidiaries within 1-3 years depending upon type and size of the projects. When compared to the current assets of the Company and its subsidiaries, the proportion was 89% and 91% respectively. As for "Land and Cost of Project Development", which was non-current assets, at the end of the year 2012 and 2013, it amounted to 7,915 million Baht and 6,581 million Baht respectively. Most of the assets were during the process of development for sales and were empty land awaiting parts of development. Therefore, these assets did not generate income while they were presented under this name. Such assets may require approximately 1-2 years for project development before generating income, depending upon the duration for obtainment of permission in land allocation and construction, as well as the size and type of the projects.

- *Investment in associated companies*

Investment in associated companies under the cost method at the end of the year 2012 and 2013 were 6,392 million Baht and 6,480 million Baht respectively, while under the equity method, the investments were 7,024 million Baht and 7,638 million Baht respectively. The details of investments in associated companies are as follows:

(Unit : million Baht)

Investment in associated companies	31 Dec. 2012		31 Dec. 2013		Increase (Decrease)	
	Cost Method	Equity Method	Cost Method	Equity Method	Cost Method	Equity Method
Quality Houses Leasehold Property Fund	2,017	1,328	2,017	1,301	-	(27)
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	1,053	492	1,053	479	-	(13)
Home Product Center Plc.	651	2,087	651	2,638	-	551
L.H. Financial Group Plc.	2,671	3,117	2,759	3,220	88	103
Total	**6,392**	**7,024**	**6,480**	**7,638**	**88**	**614**

- *Investments in subsidiaries*

  The investments in subsidiaries for the financial statement of the Company under the cost method at the end of the year 2012 and 2013 were unchanged at the amount of 3,393 million Baht.

- *Other long term investment*

  Q. H. International (BVI) Co., Ltd., a subsidiary of the Company, invested in Harbour View Joint Stock Company at the proportion of 14.15% (details as per Part 1.3 Risk Factor: Section 3.1 Financial risk, risk from investment, lending and guarantee of the Company related to Harbour View Joint Stock Company).

- *Real estate for investment*

  The Company recorded real estate for investment at cost deducted any accumulated depreciation and allowance for lesson impairment. At the end of the year 2012 and 2013, the amount of real estate for investment were 529 million Baht and 514 million Baht respectively, decreasing by 15 million Baht or 3% by the deduction of depreciation during the year.

  At the end of the years 2012 and 2013, the Company's real estate for investment was a building called Q. House Ploenjit Project, which was owned by the Company. In 2006, the Company granted the leasehold rights of Q. House Ploenjit Project to Quality Houses Leasehold Property Fund for the term of 30 years with the right to extend the contract for another term of 30 years. The contract started on 8 December 2006.

- *Lands, building and equipment/ leasehold right*

  Lands, buildings and equipment/ leasehold rights at the end of the year 2012 and 2013 were valued at 1,434million Baht and 1,188 million Baht respectively, decreasing by 246 million Baht, or 17% decrease when compared to the year 2012. This was because in the first quarter of 2013, the Company transferred and sold the land, building, building fixtures and movable property of the Centre Point Saladaeng and also because of the deduction of depreciation during the year.

  The total value of lands and construction in progress/ lands and project development cost/ real estate for investment/ lands, buildings and equipment/ leasehold rights at the end of the year 2012 and 2013 were 31,576 million Baht and 30,841 million Baht, or 75% and 74% of total assets respectively. These assets shall be used to generate both

short-term and long-term income to the Company and its subsidiaries, and are presented according to the net cost after being deducted by the provision for loss on diminution in value of the project, which is 357 million Baht.

In order to set the provision for loss on diminution in value of the project, the Company and its subsidiaries used the book value to compare with the appraised value by independent assessors. In the case that the book value was higher than the appraised value, a higher difference would be recorded as an expense provision for loss on diminution of the project value in the financial statement under the account "administrative expenses".

(2) Providing financial assistance for associated and related companies

At the end of the years 2012 and 2013, subsidiaries provided Harbour View Joint Stock Company, as a related company, with loans of 8 million Baht and 34 million Baht respectively. On 31 December 2013, the related company had an outstanding loan of US$ 2.0 million with a bank based on the financial statement which was prepared by their management and was not reviewed by an auditor. The Company recorded a provision for liabilities from loan guarantees at the end of the year 2009 at the total amount of 61.0 million Baht (details as per Part: Risk factors: Section 3.1 Financial risk, risk from investment, lending and guarantee of the related company, Harbour View Joint Stock Company).

(3) Liquidity

Cash flows from financial activities in the past are as follows:

(Unit : million Baht)

Cash flows	2012	2013
Cash flows from (used in) operating activities	(1,682)	3,284
Cash flows from (used in) investment activities	2,340	501
Cash flows from (used in) financial assistance activities	(121)	(3,805)

In 2013, the Company's and its subsidiaries' net cash flow used in operating activities was 3,284 million Baht since the Company's and its subsidiaries' revenue from sales of real estate increased by 6,493 million Baht, or 54% increase from the year 2012. The Company and its subsidiaries were able to acknowledge the revenue and transfer the ownership right of the units in 4 new condominium projects namely the Trust Residence Rachada-Rama III, Casa Condo Asoke-Dindaeng, Casa Condo Changpuek and The Trust Condo Central Pattaya in this year. As a result, the cash flows from net operation of investment in land and real estate project development cost and other operating expenses increased when compared to the year 2012. In 2012, the Company's and its subsidiaries' had net negative cash flows from the operating activities amounted to 1,682 million Baht because the Company and its subsidiaries used their cash flows for land purchase and investment in housing and condominium development in order to accelerate the sale of new projects to support the future growth of sale revenues.

In 2013, the Company's and its subsidiaries' net cash flows from investment activities was 501 million Baht because the Company received dividend from its associated companies at the amount of 367 million Baht, as well as cash received from the sale of asset in Centre Point Saladaeng Project at the amount of 327 million Baht. Meanwhile, the

Company's and its subsidiaries' investment in buildings and equipment, and leasehold rights increased by 94 million Baht. The Company spent 88 million Baht to buy additional shares in L.H. Financial Group Plc. and 11 million Baht for other investments. In 2012, the Company's and its subsidiaries' cash flow from investment activities was 2,340 million Baht since the Company transferred and sold the land, buildings, building fixture and movable properties of Centre Point Hotels Pratunam and Sukhumvit 10, and transferred the leasehold right and sold movable properties of Centre Point Hotel Chidlom to Quality Houses Hotel and Residence Freehold and Leasehold Property Fund at the total amount of 3,342 million Baht and received the dividend from investment in associated companies at the amount of 362 million Baht. Meanwhile, the Company invested in Quality Houses Hotel and Residence Freehold and Leasehold Property Fund at the amount of 1,053 million Baht and made other investments at the amount of 311 million Baht.

In 2013, the Company's and its subsidiaries' net cash flow used in financial assistance activities was 3,805 million Baht. The Company paid the short-term loans of 4,965 million Baht and repaid the long-terms loans of 80 million Baht. In May, 2013, the Company paid the dividend of 1,745 million Baht, while received the cash from issuance of debentures at the amount of 2,985 million Baht. In 2012, the Company's and its subsidiaries' net cash flow used in financial assistance activities was 121million Baht. This was from redeeming debenture of 688 million Baht and repaying long-term loans of 937 million Baht. In May 2012, the Company paid dividends of 78 million Baht and received a short-term loan from financial institutions of 1,582 million Baht.

(4) Source of fund

Optimal capital structure

Since the Company and its subsidiaries operate the business of real estate for sale and rent, the appropriateness of the capital structure must take into account the source of funding, the proportion of funds from loans and shareholders' equity, as well as the management of the level of assets, liabilities and shareholders' equity.

Total assets of the Company and its subsidiaries mainly generated short-and-medium-term profits for 1-3 years. Therefore, the Company and its subsidiaries managed cash flows of the business by sourcing long-term financing sources to invest in long-term projects and sourcing short-term financing sources to invest in short-term projects to ensure the appropriateness of funding.

The Company and its subsidiaries had a policy to utilize more long-term loan sources by issuing debentures to offer to financial institutions and individuals with a maturity date of 3-5 years. At the end of the year 2012 and 2013, the ratio of debentures to total loans equaled 76% and 98% respectively. Other sources of funding included long-term loans from banks or financial institutions and short-term promissory notes with low interest rates in order to manage the interest cost to be at an average low rate. At the end of 2012 and 2013, the ratio of these loans to total loans was equal to 24% and 2% respectively. The details of loans are described in Section (5) Liabilities.

At the end of the years 2012 and 2013, the Company and its subsidiaries had the ratio of short-term and long-term loans and short-term and long-term liabilities as follows:

(Unit: %)

Loans	31 December 2012	31 December 2013
Short-term loans	33	21
Long-term loans	67	79
Total	100	100

(Unit: %)

Liabilities	31 December 2012	31 December 2013
Short-term liabilities	39	30
Long-term liabilities	61	70
Total	100	100

To ensure the appropriate capital structure, the Company and its subsidiaries increased the ratio of non-current liabilities to total liabilities to be more than the ratio of current liabilities to total liabilities. At the end of 2013, the Company and its subsidiaries prepared the source of fund from long-term debenture to repay short-term loans from financial institutions, as well as long-terms loans that were due within a year and unsecured short-term debentures which were due within one year and short-terms loans at the total amount of 5,000 million Baht.

In addition, at the end of the years 2012 and 2013, the Company's and its subsidiaries' ratio of total liabilities to shareholders' equity were 1.65 times and 1.41 times respectively, indicating a continuous decreasing ratio. This was because, in 2013, the Company and its subsidiaries had a revenue growth from sales of real estate, therefore, the Company and its subsidiaries had excess liquidity after investment and operating expenses to repay the above mentioned loans.

According to the requirements of the rights and duties of debenture issuers, the Company must maintain the ratio of liabilities to shareholder equity in the overall financial statement of the Company at no more than 2:1 as of the end of accounting period in each quarter. In this regard, liabilities do not include the advanced receipt and the advanced rental payment, deposit from customers, and liabilities from the guarantees that issuers of debentures have towards external parties and subsidiaries, of which the liabilities are presented in their financial statement. Therefore, at the end of the years 2012 and 2013, the Company and its subsidiaries had total liabilities to shareholders' equity in accordance with the requirement of rights and duties of debenture issuers at 1.50 times (financial statement before amendment) and 1.23 times respectively.

(5) Liabilities

At the end of 2013, most of the Company's and its subsidiaries' liabilities comprised short-terms loans from financial institutions/ banks and debentures, which amounted to 22,364 million Baht, accounting for 86% of total liabilities. The details are as follows:

(Unit : million Baht)

Loans	31 Dec 2012	Additional lending	Repayment	31 Dec 2013
Short-term loans from financial institutions/ short-term loans	5,272	8,825	10,887	323
Long-term loans	80		80	-
Unsecured debentures	17,012	5,000	2,015	19,997
Total	22,364	11,825	12,902	20,320

The Company and its subsidiaries mortgaged lands, leasehold rights with buildings, and part of leasehold rights as collateral to secure the loan agreements.

At the end of the years 2012 and 2013, the Company's and its subsidiaries' total liabilities were 26,076 million Baht and 24,375 million Baht respectively. At the end of 2013, total liabilities comprised 7,481 million Baht of current liabilities and 16,894 million Baht of long-term liabilities.

(6) Shareholders' equity

At the end of 2012 and 2013, the Company's and its subsidiaries' shareholder equity amounted to 15,795 million Baht and 17,277 million Baht respectively. At the end of 2013, shareholders' equity increased by 1,482 million Baht or 9% due to the following reasons:

- The Company and its subsidiaries had annual profit of 3,307 million Baht;
- Other components of the shareholders' equity decreased due to 80 million Baht loss from valuation of investment in securities for sale in associated companies;
- In May 2013, the Company paid dividends of 1,102 million Baht in accordance with the resolution of the 2012 Annual General Meeting of Shareholders held on 19 April 2013. Besides, in September 2013, the Company paid interim dividends of 643 million Baht for the operation result during 6 month period ending as of 30 June 2013 in accordance with the resolution of the meeting of the Company's Board of Directors held on 20 August 2013.

(7) Commitments

As of 31 December 2012 and 31 December 2013, the Company and its subsidiaries had the following outstanding commitments and contingent liabilities as follows:

- The Company and its subsidiaries had outstanding commitments with respect to contracts to purchase lands and to develop future projects as follows:

(Unit : million Baht)

Item	2012	2013
Contracts for construction projects	6,033	5,320
Contracts to purchase land for future projects	144	720

- The Company and its subsidiaries entered into several lease agreements to lease land and buildings for approximate terms of 30 years and to lease motor vehicles and equipment for the terms ranging between 1-3 years.

As of 31 December 2012 and 2013, the Company and its subsidiaries had the future minimum lease payment required under those operating lease contracts as follows:

(Unit : million Baht)

Payable within	2012	2013
Less than 1 year	19	23
1-5 years	62	61
More than 5 years	65	51

- A subsidiary entered into lease agreements to lease buildings and related assets from the Land and Houses Property and Loan Fund- II (related company) with a term of 1-3 years. The subsidiary was entitled to renew the lease contract by giving the Fund a written notice of its intention at least 90 days before the expiration of the lease contracts.

As of 31 December 2012 and 2013, the subsidiary had the future minimum lease payments required under the lease contracts as follows:

(Unit : million Baht)

Payable within	2012	2013
Within 1 year	53	53

If either party wishes to terminate the contract prematurely, the party shall provide a written notice to the other party at least 30 days in advance, which will be effective only if the other party agrees. Besides, both parties of contract agreed that no monthly rental fees would be made during the period starting from the day the project closed for renovation to the day of the project's reopening.

- A subsidiary company entered into lease and sublease agreements on assets of Quality Houses Hotel and Residence Freehold and Leasehold Property Fund (an associated company) for the lease term of 3 years and was committed to lease for another three years, including the right to renew the contracts for 3 years each from the end of each of the lease and sublease term under the same terms and conditions specified in the contracts.

As of 31 December 2012 and 2013, the subsidiary had the minimum amount require to pay for the fixed leased as follows:

(Unit : million Baht)

Payable within	2012	2013
Within 1 year	168	168
1 - 3 years	260	92

- At the end of the years 2012 and 2013, the Company and its subsidiaries had committed to various service contracts amounted to 17 million Baht and 13 million Baht respectively;
- At the end of the years 2012 and 2013, the Company had commitments in respect of an uncalled portion of investment in a subsidiary at the amount of 19 million Baht equally;
- The Company had contingent liabilities with respect to loan guarantees provided on behalf of Harbour View Joint Stock Company at the amount of 50% of that company's obligation to a bank (as of 31 December 2012 and 2013, such company had outstanding liabilities of US$ 2 million to the bank based on the unaudited financial statements). However, as of 31 December 2013, the Company set aside a provision of 61 million Baht for losses arising from such guarantees in its accounts, that's equal to the amount at the end of the year 2012
- The Company had contingent liabilities in relation to the financial support provided for a subsidiary company for loans obtained for development of the subsidiary's projects. As of 31 December 2012 and 2013, the subsidiary had outstanding loans of 80 million Baht and zero outstanding loans respectively.
- As of 31 December 2012 and 2013, the Company and its subsidiaries had servitude over land of approximately 34 rai and 35 rai respectively. The value of the land was included in the project costs.

Major factors and influences on future financial position or business operation

Factors that might affect the real estate business in the future include:

(1) Lack of political stability and the protest against the government of which the ending is still unknown. Besides, the election has not been completed since there are still some legal issues which require clearer conclusion. As a result, it is impossible for Thailand to form the new government to replace the caretaker government. The above mentioned situation will affect the economy of Thailand since the caretaker government is not able to exercise power in governing the country or to use the government's budget to stimulate the economy or to solve problems as it does in normal situations. Additionally, the violence occurring during the protests may decelerate the economy of Thailand. Consumers lack confidence in spending and investment in real estate. There may also be a deceleration in the business sector, as well as the decreasing number of foreigners who come to work or to travel in Thailand, hence the impacts on tourism and hotel businesses.

The above mentioned factor may have an impact on the hotels located near the protest areas and result in the decreasing rate of occupancy. Therefore, in 2014, the Company and its subsidiaries still use the policy to operate with caution and vigilance by controlling investment and unnecessary expenses based on the economic conditions and liquidity of the Company and its subsidiaries. In this regards, revenues from hotel business of the Company and its subsidiaries account for 4% of the revenues from major businesses of the Company and its subsidiaries.

(2) The rise in construction material prices and other project development costs due to a minimum daily wage rate of 300 Baht and a minimum 15,000 Baht for the salary of a new graduate could lead to higher construction and project development costs. Meanwhile, the Company and its subsidiaries may not be able to increase their product prices to cover the higher cost of construction due to increasingly fierce competition in the real estate business.

Nevertheless, the Company and its subsidiaries will continue the policy of operating its business with caution and vigilance by reducing unnecessary expenses and by focusing on the quality of products and services provided for the customers, as well as by controlling the production costs by improving the construction method from traditional one to the precast method for houses at the lower to medium levels in order to shorten production period.

Furthermore, the Company and its subsidiaries will continue to study and research the needs of different customer groups in order to have more access to their target group. Additionally, the Company will expand the house and condominium market to the middle-end and low-end consumers. The Company also has a policy to adjust the financial structure of the Company and its subsidiaries to use more medium-term and long-term capital, which is compatible with the nature of their business which requires medium-term and long-term sources of funding.

Financial Statements

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Independent Auditor's Report

To the Shareholders of Quality Houses Public Company Limited

I have audited the accompanying consolidated financial statements of Quality Houses Public Company Limited and its subsidiaries, which comprise the consolidated statements of financial position as at 31 December 2013, and the related consolidated statements of 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 Quality 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 Quality Houses Public Company Limited and its subsidiaries and of Quality 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 adjustment 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.

Pimjai Manitkajohnkit
Certified Public Accountant (Thailand) No. 4521
EY Office Limited (Formerly known as Ernst & Young Office Limited)
Bangkok: 26 February 2014

Quality Houses Public Company Limited and its subsidiaries
Statement of financial position
As at 31 December 2013

(Unit: Baht)

		Consolidated financial statements			Separate financial statements		
	Note	31 December 2013	31 December 2012 (Restated)	1 January 2012	31 December 2013	31 December 2012 (Restated)	1 January 2012
Assets							
Current assets							
Cash and cash equivalents	*7, 8*	1,630,327,013	1,649,810,180	1,113,322,277	478,376,890	763,124,593	573,439,807
Trade and other receivables	*7, 9*	91,177,925	87,774,810	67,321,657	51,176,671	68,305,703	58,020,845
Land and construction in progress	*10*	22,557,805,114	21,697,163,358	16,426,938,092	9,222,109,469	8,783,894,231	6,840,172,302
Advance for construction work		520,885,342	809,655,336	292,147,056	168,581,009	152,888,744	19,839,529
Advance for construction material		65,115,481	57,355,994	59,600,472	50,106,861	13,689,197	30,612,638
Other current assets		36,180,538	194,717,365	216,745,572	18,304,064	127,355,077	140,607,983
Total current assets		24,901,491,413	24,496,477,043	18,176,075,126	9,988,654,964	9,909,257,545	7,662,693,104
Non-current assets							
Restricted bank deposits	*11*	30,695,883	30,306,964	22,528,123	26,710,407	26,426,249	22,208,123
Investments in subsidiaries	*12*	-	-	-	3,393,027,000	3,393,027,000	3,388,027,500
Investments in associates	*13*	7,638,221,250	7,024,403,040	6,073,702,654	6,480,264,230	6,392,345,749	5,339,545,750
Other long-term investments	*14*	1,998	1,998	1,998	1,998	1,998	1,998
Long-term loans to and interest receivables - related parties	*7*	35,930,676	8,581,029	3,532,458	14,040,195,357	14,747,483,722	11,429,822,585
Investment properties	*15*	514,436,919	529,364,416	544,291,914	514,436,919	529,364,416	544,291,914
Property, plant and equipment	*16*	339,123,312	505,678,786	1,433,913,818	250,023,733	440,750,668	1,375,494,714
Leasehold rights	*17*	848,411,187	928,100,879	1,512,365,076	848,411,187	928,100,879	1,512,365,076
Land and project development costs	*18*	6,580,693,616	7,915,453,326	10,031,519,389	935,341,495	2,081,449,906	3,888,842,155
Deposits for lease of land and building		85,471,019	90,430,386	95,389,753	85,471,019	90,430,386	95,389,753
Deposits for purchase of land		317,259,000	9,922,500	56,130,824	-	-	4,720,000
Deferred tax assets	*4, 27*	321,245,335	297,335,109	227,909,321	191,139,487	177,736,182	123,467,159
Other non-current assets	*7*	38,795,134	35,272,356	31,097,121	20,117,713	20,361,888	20,898,824
Total non-current assets		16,750,285,329	17,374,850,789	20,032,382,449	26,785,140,545	28,827,479,043	27,745,075,551
Total assets		41,651,776,742	41,871,327,832	38,208,457,575	36,773,795,509	38,736,736,588	35,407,768,655

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

Quality Houses Public Company Limited and its subsidiaries
Statement of financial position (continued)
As at 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 December 2013	31 December 2012 (Restated)	1 January 2012	31 December 2013	31 December 2012 (Restated)	1 January 2012
Liabilities and shareholders' equity							
Current liabilities							
Short-term loans from financial institutions	*19*	-	700,000,000	-	-	700,000,000	-
Trade and other payables	*7, 20*	882,391,863	804,827,547	545,918,396	360,259,199	442,536,801	307,001,234
Current portion of long-term loans	*21*	-	80,001,000	294,353,000	-	-	-
Current portion of unsecured debentures	*22*	3,985,000,000	2,000,000,000	5,700,000,000	3,985,000,000	2,000,000,000	5,700,000,000
Short-term loans	*19*	323,358,012	4,571,860,851	3,683,131,730	323,358,012	4,571,860,851	3,683,131,730
Short-term loan from and accrued interest							
- related party	*7*	-	-	-	156,350,701	145,310,561	142,793,342
Income tax payable		303,182,697	528,234,919	11,286,815	28,737,971	412,945,927	-
Short-term provisions	*24*	232,170,577	182,041,020	201,276,575	105,135,806	93,295,547	115,095,687
Advance received from customers	*7*	677,820,518	493,089,059	226,135,389	559,384,859	200,035,859	55,973,599
Deposits for rental and service	*7*	101,713,100	100,789,292	114,611,022	75,867,569	73,668,253	89,238,780
Retention guarantees		450,432,537	352,857,953	264,468,942	172,578,400	128,927,432	130,176,593
Current portion of rental income received in advance	*7*	27,224,000	27,224,000	27,224,000	27,224,000	27,224,000	27,224,000
Other current liabilities	*7*	497,566,644	345,303,617	201,017,573	202,476,252	145,085,302	104,528,220
Total current liabilities		7,480,859,948	10,186,229,258	11,269,423,442	5,996,372,769	8,940,890,533	10,355,163,185
Non-current liabilities							
Long-term loans, net of current portion	*21*	-	-	722,648,000	-	-	-
Unsecured debentures, net of current portion	*22*	16,012,000,000	15,012,000,000	12,000,000,000	16,012,000,000	15,012,000,000	12,000,000,000
Long-term loan from and accrued interest							
- related parties	*7*	-	-	-	272,814,985	246,190,824	252,297,595
Provision for long-term employee benefits	*23*	110,830,925	108,476,747	77,171,843	81,227,362	84,383,947	70,262,516
Long-term provisions	*7, 24*	174,569,709	146,144,595	80,046,253	174,569,709	146,144,595	80,046,253
Rental income received in advance, net of current portion	*7*	595,856,645	623,023,312	649,266,935	595,856,645	623,023,312	649,266,935
Deferred tax liabilities	*4, 27*	363,282	288,391	230,809	-	-	-
Total non-current liabilities		16,893,620,561	15,889,933,045	13,529,363,840	17,136,468,701	16,111,742,678	13,051,873,299
Total liabilities		24,374,480,509	26,076,162,303	24,798,787,282	23,132,841,470	25,052,633,211	23,407,036,484

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

Quality Houses Public Company Limited and its subsidiaries
Statement of financial position (continued)
As at 31 December 2013

(Unit: Baht)

		Consolidated financial statements			Separate financial statements		
		31 December	31 December	1 January	31 December	31 December	1 January
	Note	2013	2012	2012	2013	2012	2012
			(Restated)			(Restated)	
Shareholders' equity							
Share capital	*25*						
Registered							
9,183,784,692 ordinary shares of Baht 1 each							
(1 January 2012: 8,883,558,370 ordinary shares							
of Baht 1 each)		9,183,784,692	9,183,784,692	8,883,558,370	9,183,784,692	9,183,784,692	8,883,558,370
Issued and fully paid-up							
9,183,767,553 ordinary shares of Baht 1 each							
(1 January 2012: 8,477,339,715 ordinary shares							
of Baht 1 each)		9,183,767,553	9,183,767,553	8,477,339,715	9,183,767,553	9,183,767,553	8,477,339,715
Share premium		379,246,114	379,246,114	379,246,114	379,246,114	379,246,114	379,246,114
Retained earnings							
Appropriated - statutory reserve	*26*	611,866,251	526,779,581	441,120,546	611,866,251	526,779,581	441,120,546
Unappropriated		7,117,006,693	5,639,646,936	4,070,320,615	3,466,072,827	3,594,308,835	2,703,024,502
Other components of shareholders' equity		(14,590,378)	65,725,345	41,643,303	1,294	1,294	1,294
Total shareholders' equity		17,277,296,233	15,795,165,529	13,409,670,293	13,640,954,039	13,684,103,377	12,000,732,171
Total liabilities and shareholders' equity		41,651,776,742	41,871,327,832	38,208,457,575	36,773,795,509	38,736,736,588	35,407,768,655

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

Quality Houses Public Company Limited and its subsidiaries
Statement of comprehensive income
For the year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012 (Restated)	2013	2012 (Restated)
Revenues					
Sales of real estate	7	18,477,407,811	11,984,369,166	5,274,431,732	3,841,539,415
Rental and service income	7	1,221,514,731	1,092,440,562	522,237,940	710,984,370
Other income					
Dividend income	7, 12, 13	-	-	1,266,610,427	361,986,743
Interest income	7	16,359,086	18,992,539	578,680,843	576,680,387
Income from forfeiture of booking and down payments		11,444,809	12,178,227	194,773	8,941,648
Gain on sales of properties and transfer of leasehold rights to building of residential projects	7, 16	139,879,477	1,183,613,564	139,879,477	1,784,339,542
Others	7	132,017,116	117,838,415	88,288,895	88,897,963
Total revenues		19,998,623,030	14,409,432,473	7,870,324,087	7,373,370,068
Expenses					
Cost of real estate sold	7	12,488,845,404	8,309,566,826	3,594,002,144	2,628,472,493
Cost of rental and services	7	822,839,170	717,933,888	301,115,923	422,537,974
Selling expenses		1,759,685,961	1,112,486,780	560,757,880	369,811,809
Administrative expenses	7	1,634,136,867	1,526,161,873	814,176,692	903,783,747
Provision for loss arising from guarantee of minimum rental income of projects	7, 16	65,033,513	76,562,647	94,709,000	111,499,000
Total expenses		16,770,540,915	11,742,712,014	5,364,761,639	4,436,105,023
Profit before share of profit from investments in associates, finance cost and income tax expenses		3,228,082,115	2,666,720,459	2,505,562,448	2,937,265,045
Share of profit from investments in associates	13	943,151,875	801,594,712	-	-
Profit before finance cost and income tax expenses		4,171,233,990	3,468,315,171	2,505,562,448	2,937,265,045
Finance cost	7	(228,061,815)	(294,807,114)	(663,215,214)	(726,087,495)
Profit before income tax expenses		3,943,172,175	3,173,508,057	1,842,347,234	2,211,177,550
Income tax expenses	27	(635,843,001)	(723,450,945)	(140,613,825)	(444,834,089)
Profit for the year		3,307,329,174	2,450,057,112	1,701,733,409	1,766,343,461
Other comprehensive income:					
Actuarial losses - net of income taxes	23, 27	-	(10,167,387)	-	(4,495,724)
Share of other comprehensive income (loss) of associates - net of income taxes	13, 27	(80,315,723)	24,082,042	-	-
Other comprehensive income for the year		(80,315,723)	13,914,655	-	(4,495,724)
Total comprehensive income for the year		3,227,013,451	2,463,971,767	1,701,733,409	1,761,847,737
Earnings per share	29				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.36	0.27	0.19	0.19

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

Quality Houses Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements							
					Other components of equity			
					Other comprehensive income			
	Issued and paid-up share capital	Share premium	Retained earnings: Appropriated - statutory reserve	Retained earnings: Unappropriated	Surplus on changes in value of available-for-sale investments	Share of other comprehensive income of associates	Total other components of shareholders' equity	Total
Balance as at 31 December 2011 - as previously reported	8,477,339,715	379,246,114	441,120,546	3,814,064,409	1,294	55,826,083	55,827,377	13,167,598,161
Cumulative effect of change in accounting policy for income taxes (Note 4)	-	-	-	256,256,206	-	(14,184,074)	(14,184,074)	242,072,132
Balance as at 31 December 2011 - as restated	8,477,339,715	379,246,114	441,120,546	4,070,320,615	1,294	41,642,009	41,643,303	13,409,670,293
Stock dividend (Note 32)	706,427,838	-	-	(706,427,838)	-	-	-	-
Dividend paid (Note 32)	-	-	-	(78,476,531)	-	-	-	(78,476,531)
Total comprehensive income for the year (Restated)	-	-	-	2,439,889,725	-	24,082,042	24,082,042	2,463,971,767
Unappropriated retained earnings transferred to statutory reserve	-	-	85,659,035	(85,659,035)	-	-	-	-
Balance as at 31 December 2012	9,183,767,553	379,246,114	526,779,581	5,639,646,936	1,294	65,724,051	65,725,345	15,795,165,529
Balance as at 31 December 2012 - as previously reported	9,183,767,553	379,246,114	526,779,581	5,316,478,185	1,294	82,616,001	82,617,295	15,488,888,728
Cumulative effect of change in accounting policy for income taxes (Note 4)	-	-	-	323,168,751	-	(16,891,950)	(16,891,950)	306,276,801
Balance as at 31 December 2012 - as restated	9,183,767,553	379,246,114	526,779,581	5,639,646,936	1,294	65,724,051	65,725,345	15,795,165,529
Dividend paid (Note 32)	-	-	-	(1,744,882,747)	-	-	-	(1,744,882,747)
Total comprehensive income for the year	-	-	-	3,307,329,174	-	(80,315,723)	(80,315,723)	3,227,013,451
Unappropriated retained earnings transferred to statutory reserve	-	-	85,086,670	(85,086,670)	-	-	-	-
Balance as at 31 December 2013	9,183,767,553	379,246,114	611,866,251	7,117,006,693	1,294	(14,591,672)	(14,590,378)	17,277,296,233

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

Quality Houses Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity (continued)
For the year ended 31 December 2013

(Unit: Baht)

	Separate financial statements					
					Other componentsof equity	
					Other comprehensive income	
					Surplus on changes	
	Issued and		Retained earnings		in value of	
	paid-up		Appropriated		available-for-sale	
	share capital	Share premium	- statutory reserve	Unappropriated	investments	Total
Balance as at 31 December 2011 - as previously reported	8,477,339,715	379,246,114	441,120,546	2,579,557,343	1,294	11,877,265,012
Cumulative effect of change in accounting policy for income taxes (Note 4)	-	-	-	123,467,159	-	123,467,159
Balance as at 31 December 2011 - as restated	8,477,339,715	379,246,114	441,120,546	2,703,024,502	1,294	12,000,732,171
Stock dividend (Note 32)	706,427,838	-	-	(706,427,838)	-	-
Dividend paid (Note 32)	-	-	-	(78,476,531)	-	(78,476,531)
Total comprehensive income for the year (Restated)	-	-	-	1,761,847,737	-	1,761,847,737
Unappropriated retained earnings transferred to statutory reserve	-	-	85,659,035	(85,659,035)	-	-
Balance as at 31 December 2012	9,183,767,553	379,246,114	526,779,581	3,594,308,835	1,294	13,684,103,377
Balance as at 31 December 2012 - as previously reported	9,183,767,553	379,246,114	526,779,581	3,416,572,653	1,294	13,506,367,195
Cumulative effect of change in accounting policy for income taxes (Note 4)	-	-	-	177,736,182	-	177,736,182
Balance as at 31 December 2012 - as restated	9,183,767,553	379,246,114	526,779,581	3,594,308,835	1,294	13,684,103,377
Dividend paid (Note 32)	-	-	-	(1,744,882,747)	-	(1,744,882,747)
Total comprehensive income for the year	-	-	-	1,701,733,409	-	1,701,733,409
Unappropriated retained earnings transferred to statutory reserve	-	-	85,086,670	(85,086,670)	-	-
Balance as at 31 December 2013	9,183,767,553	379,246,114	611,866,251	3,466,072,827	1,294	13,640,954,039

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

Quality Houses Public Company Limited and its subsidiaries
Statement of cash flows
For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012
Cash flows from operating activities				
Profit before tax	3,943,172,175	3,173,508,057	1,842,347,234	2,211,177,550
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Decrease in land and construction in progress as a result of transfer to cost of sales	12,488,845,404	8,309,566,826	3,594,002,144	2,628,472,493
Depreciation	76,258,872	104,537,029	51,835,012	90,465,002
Amortisation of leasehold rights	94,590,985	111,744,629	94,590,985	111,744,629
Amortisation - others	4,959,367	4,959,367	4,959,367	4,959,367
Unrealised exchange gain	(1,864,925)	(607,589)	(267,157)	(497,825)
Share of profit from investments in associates	(943,151,875)	(801,594,712)	-	-
Income from forfeiture of booking and down payments	(11,444,809)	(12,178,227)	(194,773)	(8,941,648)
Interest income	(16,359,086)	(18,992,539)	(578,680,843)	(576,680,387)
Dividend income	-	-	(1,266,610,427)	(361,986,743)
Loss (gain) on sales of equipment	(2,012,435)	3,960,446	(2,047,602)	4,054,135
Gain on sales of properties and transfer of leasehold rights to building of residential projects	(139,879,477)	(1,183,613,564)	(139,879,477)	(1,784,339,542)
Provision for loss arising from litigation	-	19,145,249	-	19,145,249
Provision for loss arising from guarantee of minimum rental income of projects	65,033,513	76,562,647	94,709,000	111,499,000
Provision for loss on diminution in value of projects	-	64,308,059	-	59,934,995
Reversal of provision for loss on diminution in value of projects	(39,983,296)	(30,882,983)	(39,983,296)	(22,326,444)
Provision for long-term employee benefits	15,542,678	19,084,437	10,031,915	8,990,542
Interest expenses	186,337,933	253,674,462	633,252,580	698,871,984
Income from operating activities before changes in operating assets and liabilities	15,720,045,024	10,093,181,594	4,298,064,662	3,194,542,357
Decrease (increase) in operating assets				
Trade and other receivables	(3,403,115)	(20,453,153)	17,129,033	(10,284,858)
Land and construction in progress	(7,652,711,742)	(6,548,928,399)	(2,398,792,603)	(1,892,338,693)
Advance for construction work	288,769,994	(517,508,280)	(15,692,265)	(133,049,215)
Advance for construction material	(7,759,488)	2,244,478	(36,417,665)	16,923,441
Other current assets	160,175,902	22,612,249	109,049,559	13,252,906
Land and project development costs	(3,644,385,700)	(4,140,085,274)	(209,587,836)	(589,085,766)
Deposits for purchase of land	(317,259,000)	10,143,500	-	-
Other non-current assets	(3,522,679)	(4,175,235)	244,175	536,936

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

Quality Houses Public Company Limited and its subsidiaries
Statement of cash flows (continued)
For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012
Increase (decrease) in operating liabilities				
Trade and other payables	104,871,961	171,468,937	(55,015,984)	47,918,012
Advance from customers	169,009,602	252,888,274	332,377,107	126,760,284
Deposits for rental and service	923,809	(13,821,730)	2,199,316	(15,570,527)
Retention guarantees	97,574,585	88,389,011	43,650,968	(1,249,161)
Other current liabilities	202,393,965	123,768,289	62,918,039	18,756,942
Paid for loss arising from guarantee of minimum rental income of projects	(88,663,699)	-	(88,663,699)	-
Paid for litigation compensation	(10,500,000)	(2,212,573)	(10,500,000)	(2,212,573)
Paid for long-term employee benefits	(13,188,500)	(471,100)	(6,875,330)	(471,100)
Cash flows from (used in) operating activities	5,002,370,919	(482,959,412)	2,044,087,477	774,428,985
Cash paid for interest expenses	(831,992,819)	(926,270,578)	(850,617,635)	(909,982,657)
Cash paid for income tax	(886,369,631)	(272,648,711)	(538,223,633)	(85,050,921)
Net cash flows from (used in) operating activities	3,284,008,469	(1,681,878,701)	655,246,209	(220,604,593)
Cash flows from investing activities				
Increase in restricted bank deposits	(388,918)	(7,778,841)	(284,159)	(4,218,126)
Cash paid for purchase of additional shares of subsidiary	-	-	-	(4,999,500)
Dividend received from subsidiary	-	-	900,000,000	-
Dividend received from associates	366,610,427	361,986,743	366,610,427	361,986,743
Cash paid for purchase of additional shares of associates	(87,918,480)	(1,052,800,000)	(87,918,480)	(1,052,800,000)
Decrease (increase) in long-term loans to related parties	(25,484,722)	(4,388,177)	707,554,254	(3,311,102,175)
Interest income	16,359,086	18,939,735	578,682,111	570,619,250
Cash received from sales of properties and transfer of leasehold rights to building of residential projects	326,595,977	3,159,671,030	326,595,977	3,159,671,030
Increase in leasehold rights	(14,901,293)	(50,891,215)	(14,901,293)	(50,891,215)
Increase in property, plant and equipment (net of disposals)	(79,479,966)	(84,896,141)	(30,849,477)	(64,408,788)
Net cash flows from (used in) investing activities	501,392,111	2,339,843,134	2,745,489,360	(396,142,781)
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	(700,000,000)	-	(700,000,000)	-
Increase (decrease) in short-term loans	(4,265,000,000)	1,582,000,000	(4,265,000,000)	1,582,000,000
Increase (decrease) in short-term loan from related company	-	-	19,128,703	(3,000,000)
Cash received from long-term loans	-	1,257,593,669	-	864,500,000
Repayment of long-term loans	(80,001,000)	(2,194,593,669)	-	(864,500,000)
Increase (decrease) in long-term loan from related parties	-	-	20,270,772	(6,091,310)
Cash received from issuance of debentures	5,000,000,000	5,012,000,000	5,000,000,000	5,012,000,000
Cash paid for redemption of debentures	(2,015,000,000)	(5,700,000,000)	(2,015,000,000)	(5,700,000,000)
Dividend paid	(1,744,882,747)	(78,476,530)	(1,744,882,747)	(78,476,530)
Net cash flows from (used in) financing activities	(3,804,883,747)	(121,476,530)	(3,685,483,272)	806,432,160
Net increase (decrease) in cash and cash equivalents	(19,483,167)	536,487,903	(284,747,703)	189,684,786
Cash and cash equivalents at beginning of year	1,649,810,180	1,113,322,277	763,124,593	573,439,807
Cash and cash equivalents at end of year	1,630,327,013	1,649,810,180	478,376,890	763,124,593

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

Quality Houses Public Company Limited and its subsidiaries
Statement of cash flows (continued)
For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012
Supplemental cash flows information				
Non-cash transactions				
Stock dividends	-	706,427,838	-	706,427,838
Transfer of land and project development costs to land and construction in progress	5,029,476,365	6,430,216,537	1,358,893,501	2,475,909,551
Transfer of property, plant and equipment to land and project development costs	-	88,640,490	-	88,640,490
Transfer of project development costs to property, plant and equipment	-	21,000,000	-	21,000,000
Transfer of deposit for purchase of land to land and project development costs	9,922,500	36,064,824	-	4,720,000
Actuarial losses - net of income taxes	-	(10,167,387)	-	(4,495,724)
Increase (decrease) in share of other comprehensive income of associates - net of income taxes	(80,315,723)	24,082,042	-	-

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

Quality Houses Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2013

1. General information

Quality Houses Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the property development. The registered office of the Company is at 7th Floor, Q. House Lumpini Building, No. 1 South Sathorn Road, Tungmahamek, Sathorn, Bangkok.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession 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 Quality Houses Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):

Subsidiary companies	Nature of business	Country of incorporation	Percentage of shareholding	
			2013	2012
			%	%
Casa Ville Co., Ltd.	Real estate development	Thailand	100	100
Q.H. International Co., Ltd.	Lease of residential building and managing of service apartment	Thailand	100	100
Property Host Co., Ltd.	Lease of land	Thailand	100	100
Centre Point Hospitality Co., Ltd.	Lease of residential building	Thailand	100	100
The Confidence Co., Ltd.*	Real estate development	Thailand	-	-
Q.H. Management Co., Ltd. (19% held through The Confidence Co., Ltd.)	Managing of public utilities of real estate business and land owner	Thailand	81	81
Q.H. International (BVI) Co., Ltd.**	Holding company	British Virgin Island	-	-
Casa Ville (Rayong 2553) Co., Ltd.*	Real estate development	Thailand	-	-
Casa Ville (Petchburi 2553) Co., Ltd.*	Real estate development	Thailand	-	-
Idea Fitting Co., Ltd.*	Distribution and installation of furniture	Thailand	-	-
Gusto Village Co., Ltd.*	Real estate development	Thailand	-	-
Casa Ville (Chonburi 2554) Co., Ltd.*	Real estate development	Thailand	-	-
Casa Ville (Prachuapkhirikhan 2554) Co., Ltd.*	Real estate development	Thailand	-	-

* 100% held through Casa Ville Co., Ltd.

** 100% held through Q.H. International Co., Ltd.

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) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

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:

TFRS 8	Operating Segments

Accounting Standard Interpretations:

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

Accounting Treatment Guidance for Transfers of Financial Assets

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

TAS 12 *Income Taxes*

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its subsidiaries have changed this accounting policy in this current year 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

		Effective date
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:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
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 *Financial Reporting in Hyperinflationary Economies*	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 the change in accounting policies 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 its significant accounting policies, as a result of the adoption of Thai Accounting Standard 12 *Income Taxes*. The cumulative effect of the change in the accounting policies 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 comprehensive income are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012
Statements of financial position						
Increase in investments in associates	42,118	9,230	14,394	-	-	-
Increase in deferred tax assets	321,245	297,335	227,909	191,139	177,736	123,467
Increase in deferred tax liabilities	363	288	231	-	-	-
Increase in unappropriated retained earnings	365,307	323,169	256,256	191,139	177,736	123,467
Decrease in other components of shareholders' equity - share of other comprehensive income of associates	(2,307)	(16,892)	(14,184)	-	-	-

(Unit: Thousand Baht)

	For the year ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Statements of comprehensive income				
Profit or loss:				
Decrease in income tax expenses	23,835	66,844	13,403	53,163
Increase (decrease) in share of profit from investments in associates	18,303	(2,456)	-	-
Increase in profit for the year	42,138	64,388	13,403	53,163
Increase in basic earnings per share (Baht)	0.00459	0.00701	0.00146	0.00579
Other comprehensive income:				
Decrease in actuarial losses	-	2,524	-	1,106
Increase (decrease) in share of other comprehensive income of associates	14,585	(2,708)	-	-

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 significant risks and rewards of ownership of the goods have passed to the buyer, whereby construction works are completed and the ownerships have been transferred to buyers after all payments received from the buyers.

(b) Rental and services income

Rental of units in office buildings and residential buildings and related services income are recognised on an accrual basis over the period of contracts.

(c) Interest income

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

(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

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 on the basis of the salable area and to residential condominium units sold on the basis of the salable area weighted to the selling price of the unit, and then recognised as costs in profit or loss concurrently with revenue from sales.

Development costs are stated at cost, consisting of cost of land, design fees, utilities, construction and related interest.

5.3 Cash and cash equivalents

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

5.4 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.

5.5 Land and construction in progress

Land and construction in progress are stated at cost less provision for loss on diminution in value of projects. 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 interest capitalised to cost of projects by records cost of construction and public utilities based on the actual cost incurred.

5.6 Investments

a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in comprehensive income, and will be recorded in profit or loss when the securities are sold.

b) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).

c) Investments in associates are accounted for in consolidated financial statements using the equity method.

d) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method, net of allowance for impairment loss (if any).

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 unit trusts is determined from their net asset value.

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

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

5.7 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 15 - 60 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.

5.8 Property, plant and equipment/Depreciation

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

Depreciation of buildings and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

Land improvement	-	10 years
Leasehold improvement	-	5 - 20 years
Buildings and building improvement	-	5 - 60 years
Equipment and operating equipment	-	1 - 5 years
Motor vehicles -	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under development.

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.

5.9 Leasehold rights and amortisation

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

The amortisation is included in determining income.

5.10 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.

Capitalisation rates are calculated based on the weighted average of the interest expenses incurring during the year on loans for development of projects.

5.11 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.

5.12 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The property, plant or equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

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 Foreign currencies

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

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

5.14 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the investment properties, property, plant and equipment, land and project development costs and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. 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 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.

5.15 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

The Company and its subsidiaries and their 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 they 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.

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognised past service cost and unrecognised actuarial gains or losses.

5.16 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.

5.17 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.

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:

Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

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 exercise 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/Depreciation

In determining depreciation of plant and equipment, the management has to make estimates of the useful lives and salvage values of the Company’s plant and equipment and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review property, plant and equipment 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 cost. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

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.

Project development costs estimation

In calculating cost of land and houses sold and cost of 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 revisits the estimations on a periodical basis or when the actual costs incurred significantly vary from the estimated costs.

Provision for loss arising from loan guarantees

In recording provision for loss arising from guarantees of loans to related companies, the management estimates the expenses expected to be incurred as a result of providing such guarantees based on the ability of those companies to make payment of their debts to the creditors, and records the provision according to the proportion of guarantee provided.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan 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.

Provision for public utilities maintenance

In estimating the Company's and subsidiaries' provision for public utilities maintenance, management considered historical data and/or currently available information about the costs of various types of repairment work.

Provision for guarantee of minimum rental income

In recording provision for guarantee of minimum rental income of projects, the management needs to estimate the operating results of projects based on historical data on rental income and related expenses, and other current available information, and record the amount that is expected to be paid to the Fund as provision.

Compensation for Housing Estate Juristic Persons

The Company and its subsidiaries estimate the 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.

Litigation

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

7. Related party transactions

7.1 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	
Transactions with subsidiaries					
(eliminated from the consolidated financial statements)					
Interest income	-	-	570	562	3.90% to 4.40%, MLR and MLR minus certain rates per annum
Rental and service income	-	-	1	2	Market price
Other service expenses	-	-	26	28	Market price
Building management income	-	-	2	10	Contract value
Other service income	-	-	2	-	Contract value
Dividend income	-	-	900	-	As declared
Interest expenses	-	-	19	18	3.90% to 4.40% and MLR minus certain rates per annum
Transactions with associates					
Material cost	29	10	12	5	Wholesale price charged by the related company to third parties
Rental expenses	243	111	33	34	Contract value
Bank charge	1	-	1	-	Market price
Rental and service income	28	28	28	28	Market price
gain on sales of properties and transfer of leasehold rights to building of residential projects	-	1,184	-	1,784	Contract value
Provision for loss arising from guarantee of minimum rental income of projects	65	76	95	111	Contract value
Building management income	26	25	8	8	1% of gross property operating revenue and 2.40% of net property profit
Interest income	12	13	7	10	0.88% to 2.50% per annum
Dividend income	-	-	367	362	As declared
Other service expenses	19	3	-	1	Contract value
Transactions with related companies					
Lease of land and building	75	89	-	-	Contract value which compared to the amounts as estimated by independent consultant
Material cost	62	116	19	26	Market price
Interest income	1	-	-	-	LIBOR+2.00%, LIBOR+3.00% and 8.00% per annum
Other service fee	24	22	-	3	Contract value
Rental and service income	5	14	5	13	Market price
Sales of real estate	19	-	19	-	Market price
Building management income	29	16	8	4	Contract value
Other service income	52	60	51	59	Contract value

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Deposits at financial institutions (shown under cash and cash equivalents)				
Associate				
Land and Houses Bank Plc.	1,071,916	937,421	313,033	469,612
Related company (Common directors)				
KASIKORNBANK Plc.*	-	53,759	-	6,903
Total	1,071,916	991,180	313,033	476,515

* In 2013, that company is not classified as related party due to no common director.

Trade and other receivable - related parties				
Trade accounts receivable - related parties				
Subsidiaries	-	-	61	131
Associates	74	546	3	393
Related companies (Common directors or common shareholders)	800	1,779	800	66
Total trade accounts receivable - related parties	874	2,325	864	590
Other receivables - related parties				
Other receivables:				
Subsidiaries	-	-	8,118	21,130
Associates	2,810	2,456	685	823
Related companies (Common directors or common shareholders)	29,812	30,585	25,824	27,138
	32,622	33,041	34,627	49,091
Advance:				
Subsidiary	-	-	1,448	1,388
Associates	375	1,699	375	1,699
Total other receivables - related parties	32,997	34,740	36,450	52,178
Total	33,871	37,065	37,314	52,768
Deposit for rental and service (shown under other non-current assets)				
Associate	6,012	6,926	6,012	6,926
Trade and other payable - related parties				
Trade accounts payable - related parties				
Subsidiary	-	-	3,903	24,216
Associates	6,808	1,373	1,885	1,066
Related companies (Common directors or common shareholders)	13,774	39,057	4,498	2,403
Total trade accounts payables - related parties	20,582	40,430	10,286	27,685
Other payables - related parties				
Subsidiary	-	-	69	9,373
Associate	29,453	63,218	29,453	63,218
Related companies (Common directors or common shareholders)	1,494	339	-	51
Total other payables - related parties	30,947	63,557	29,522	72,642
Total	51,529	103,987	39,808	100,327
Advance received from customers - related parties				
Related persons	4,123	-	4,123	-

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Deposit for rental and service - related parties				
Subsidiaries	-	-	805	801
Associate	755	107	755	107
Related companies (Common directors or common shareholders)	-	1,930	-	1,931
Total	755	2,037	1,560	2,839
Accrued expenses - related parties (shown under other current liabilities)				
Subsidiaries	-	-	1,461	1,306
Associates	54,307	42,892	371	264
Related companies (Common directors or common shareholders)	4,148	16,244	-	294
Total	58,455	59,136	1,832	1,864
Rental income received in advance - related party				
Associate (Note 7.3)				
Current portion	27,224	27,224	27,224	27,224
Non-current portion	595,857	623,023	595,857	623,023
Total	623,081	650,247	623,081	650,247
Provision for liabilities arising from guarantee of minimum rental income - related company (shown under long-term provision)				
Associate	88,091	49,166	88,091	49,166

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Interest policy
	2013	2012	2013	2012	(% p.a.)
Long-term loans to and interest receivables - related parties					
Subsidiaries					
Q.H. International (BVI) Co., Ltd.	-	-	1,486	1,425	MLR
Casa Ville Co., Ltd.	-	-	14,038,709	14,737,674	3.90%, 4.10% and 4.40%
Property Host Co., Ltd.	-	-	-	8,385	3.90%
Related party					
Harbour View Joint Stock Company (formerly known as "Harbour View Co., Ltd.") (Common directors)	35,931	8,581	-	-	LIBOR + 2.00%, LIBOR + 3.00% and 8.00%
Total	35,931	8,581	14,040,195	14,747,484	
Short-term loan from and accrued interest - related party					
Subsidiary					
Q.H. International Co., Ltd.	-	-	156,351	145,311	3.90%, 4.10% and 4.40%
Long-term loans from and accrued interest - related parties					
Subsidiaries					
Q.H. Management Co., Ltd.	-	-	256,802	229,101	3.90%, 4.40% and MLR - 1.00%
Centre Point Hospitality Co., Ltd.	-	-	16,013	17,090	4.10%
Total	-	-	272,815	246,191	

During the year 2013, the movements of loans to and interest receivables and loans from and accrued interest with related parties were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2012	Increase	Decrease	31 December 2013
Long-term loan to and interest receivables - related party				
Related party				
Harbour View Joint Stock Company (formerly known as "Harbour View Co., Ltd.")	8,581	27,350	-	35,931

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2012	Increase	Decrease	31 December 2013
Long-term loans to and interest receivables - related parties				
Subsidiaries				
Q.H. International (BVI) Co., Ltd.	1,425	61	-	1,486
Casa Ville Co., Ltd.	14,737,674	7,353,879	(8,052,844)	14,038,709
Centre Point Hospitality Co., Ltd.	-	51,938	(51,938)	-
Property Host Co., Ltd.	8,385	37	(8,422)	-
Total	14,747,484	7,405,915	(8,113,204)	14,040,195
Short-term loan from and accrued interest - related party				
Subsidiary				
Q.H. International Co., Ltd.	145,311	46,217	(35,177)	156,351
Long-term loans from and accrued interest - related parties				
Subsidiaries				
Q.H. Management Co., Ltd.	229,101	42,361	(14,660)	256,802
Centre Point Hospitality Co., Ltd.	17,090	154,619	(155,696)	16,013
Total	246,191	196,980	(170,356)	272,815

Directors and management's benefits

During the years ended 31 December 2013 and 2012, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Short-term employee benefits	53	54	53	54
Post-employment benefits	2	2	2	2
Total	55	56	55	56

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related party and provision of financial support to its subsidiaries, as described in Note 33.

7.2 The Company and its subsidiaries have the following long-term agreements with property funds in which it or its related companies hold investment units: -

(Unit: Million Baht)

	Counterparty	Contract amount 2013	Contract amount 2012
a) Agreement relating to the lease of building and assets - Centre Point Hotel and Residence Wireless Road	Land and Houses Property and Loan Fund-II	151*	151*
b) Agreement to lease immovable properties - Ploenchit Q. House Project	Quality Houses Leasehold Property Fund	819	819
c) Agreement to sale properties - Centre Point Hotel and Residence Petchburi	Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	-	1,142
d) Agreement to sale properties - Centre Point Hotel and Residence Sukhumvit	Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	-	1,470
e) Agreement to transfer leasehold rights to building, a procurement agreement with respect the Fund's acquisition of leasehold rights to building, and agreement to sell movable properties - Centre Point Hotel and Residence Langsuan	Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	-	730
f) Agreement relating to the lease and sublease of building and assets - Centre Point Hotel and Residence Petchburi, Sukhumvit and Langsuan	Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	504**	504**

* Contract amount is calculated based on minimum rental fee.

** Contract amount is not included variable rental fee.

7.3 On 21 November 2006, the Company entered into an agreement to lease immovable properties of Q. House Ploenchit project to Quality Houses Leasehold Property Fund, whereby the Company agreed to lease land, building and other related equipment to the Fund and in return received 30 years' rental for the land, building, public utilities and other related equipment of the project totaling Baht 819 million. The Company recorded this rental fees as "Rental income received in advance" in the statements of financial position, and it will be recognised as income over the period of the lease contract.

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements 2013	Consolidated financial statements 2012	Separate financial statements 2013	Separate financial statements 2012
Cash	12,340	13,644	7,183	8,794
Bank deposits	1,617,987	1,636,166	471,194	754,331
Total	1,630,327	1,649,810	478,377	763,125

As at 31 December 2013, bank deposits in current accounts, saving accounts and fixed deposits carried interests between 0.10% and 2.50% per annum (2012: between 0.10% and 2.85% per annum).

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade receivables - related parties (Note 7)				
Aged of receivables				
Up to 3 months	874	1,128	864	590
3 - 6 months	-	584	-	-
6 - 12 months	-	613	-	-
Total trade receivables - related parties	874	2,325	864	590
Trade receivables - unrelated parties				
Aged of receivables				
Up to 3 months	35,480	36,136	7,523	11,573
3 - 6 months	5,193	1,699	2,764	290
6 - 12 months	109	670	20	670
Over 12 months	505	934	2	361
Total	41,287	39,439	10,309	12,894
Less: Allowance for doubtful debts	(290)	(613)	-	(323)
Total trade receivables - unrelated parties, net	40,997	38,826	10,309	12,571
Total trade receivable - net	41,871	41,151	11,173	13,161
Other receivables				
Advance to related parties (Note 7)	375	1,699	1,823	3,087
Other receivables - related parties (Note 7)	32,622	33,041	34,627	49,091
Other receivable - unrelated parties	16,310	11,884	3,554	2,967
Total other receivables	49,307	46,624	40,004	55,145
Total trade and other receivables - net	91,178	87,775	51,177	68,306

10. Land and construction in progress

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Land	11,087,299	10,788,801	4,492,907	4,145,157
Interest cost	1,679,697	1,411,980	834,500	716,622
Construction under development	9,969,205	9,560,821	4,073,098	3,986,554
Total	22,736,201	21,761,602	9,400,505	8,848,333
Less: Provision for loss on diminution in value of projects	(178,396)	(64,439)	(178,396)	(64,439)
Land and construction in progress - net	22,557,805	21,697,163	9,222,109	8,783,894

During the current year, the Company and its subsidiaries included borrowing costs of Baht 627 million as cost of "Land and construction in progress" (the Company only: Baht 235 million) (2012: Baht 634 million, the Company only: Baht 242 million). These were determined by applying a capitalisation rate of 3.1% (the Company only: 1.1%) (2012: 3.1%, the Company only: 1.1%).

During the year 2012, the Company hired an independent valuer to appraise the fair value of the Company and its subsidiaries' land and construction in progress, using the market approach and/or the cost approach

and/or the hypothethical development method. The fair values of the land and construction in progress appraised by the independent appraiser exceeded their net project values.

Movements in the provision for loss on diminution in value of projects during the years ended 31 December 2013 and 2012 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Balance at the beginning of year	64,439	31,014	64,439	26,831
Additional provision during the year	-	64,308	-	59,934
Transfer of provision from land and project development costs	153,940	-	153,940	-
Provision reversal according to revenue recognition during the year	(39,983)	(30,883)	(39,983)	(22,326)
Balance at end of year	178,396	64,439	178,396	64,439

During the year 2012, the Company and subsidiaries recorded an additional Baht 64 million provision for loss on diminution in value of projects (the Company only: Baht 60 million) for their remaining land and houses of the old projects, based on a comparison of market value under current conditions and their net book value.

The Company and its subsidiaries have mortgaged certain plots of land and structures thereon with net book values as at 31 December 2013 amounting to Baht 4,294 million (2012: Baht 5,158 million) (The Company only: Baht 1,149 million, 2012: Baht 1,038 million) as collateral for credit facilities granted by banks.

Additional information of the Company and its subsidiaries' projects.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Total estimated sales value of projects on hand of which contracts have been signed	104,775	87,356	45,058	40,563
Total value of contracts signed according to the letters reserving plots of land and structures thereon	60,598	42,001	28,689	20,316
Percentage of total estimated sales value of projects	58%	48%	64%	50%
Total value of contracts signed according to the letters reserving plots of land and structures thereon not yet recognised as income	9,407	7,421	5,853	2,752

11. Restricted deposits at financial institutions

These represent fixed deposits pledged with the banks to secure credit facilities.

12. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Paid-up capital		Shareholdings percentage		Cost		Dividend received during the year	
	2013	2012	2013	2012	2013	2012	2013	2012
			(%)	(%)				
Casa Ville Co., Ltd.	3,000,000	3,000,000	100	100	2,999,999	2,999,999	900,000	-
Q.H. International Co., Ltd.	76,836	76,836	100	100	76,836	76,836	-	-
Property Host Co., Ltd.	5,000	5,000	100	100	5,000	5,000	-	-
Centre Point Hospitality Co., Ltd.	5,000	5,000	100	100	4,999	4,999	-	-
The Confidence Co., Ltd.*	1,000,000	1,000,000	-	-	-	-	-	-
Casa Ville (Rayong 2553) Co. Ltd.*	5,000	5,000	-	-	-	-	-	-
Casa Ville (Petchburi 2553) Co. Ltd.*	5,000	5,000	-	-	-	-	-	-
Idea Fitting Co., Ltd.*	5,000	5,000	-	-	-	-	-	-
Gusto Village Co., Ltd.*	5,000	5,000	-	-	-	-	-	-
Casa Ville (Chonburi 2554) Co., Ltd.'	5,000	5,000	-	-	-	-	-	-
Casa Ville (Prachuapkhirikhan 2554) Co., Ltd.*	5,000	5,000	-	-	-	-	-	-
Q.H. Management Co., Ltd. (and 19% held through The Confidence Co., Ltd.)	380,000	380,000	81	81	306,193	306,193	-	-
Q.H. International (BVI) Co., Ltd.**	30,796	30,796	-	-	-	-	-	-
					3,393,027	3,393,027	900,000	-

* 100% held through Casa Ville Co., Ltd.

** 100% held through Q.H. International Co., Ltd.

On 15 June 2012, the Company established Centre Point Hospitality Co., Ltd. with a registered share capital of Baht 5 million (consisting of 50,000 ordinary shares with a par value of Baht 100 each). The Company made payment for such shares on 6 August 2012.

13. Investments in associates

13.1 Details of associates:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements								
			Shareholdings percentage			Cost			Carrying amounts based on equity method		
			31 Decembe 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
			(%)	(%)	(%)					(Restated)	
Quality Houses Leasehold Property Fund [1]	Investment in immovable properties	Thailand	26	26	26	2,017,695	2,017,695	2,017,695	1,301,409	1,328,366	1,359,343
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund [2]	Investment in immovable properties	Thailand	31	31	-	1,052,800	1,052,800	-	479,383	491,704	-
Home Product Center Plc.	Trading	Thailand	20	20	20	650,819	650,819	650,819	2,637,759	2,087,424	1,754,977
LH Financial Group Plc. (held 100% in Land and Houses Bank Plc.)	Holding company	Thailand	21	22	22	2,758,950	2,671,032	2,671,032	3,219,670	3,116,909	2,959,382
Total						6,480,264	6,392,346	5,339,546	7,638,221	7,024,403	6,073,702

(1) Carrying amounts are based on equity method, and presented net of unrealised gains on sales of building and transfer of leasehold rights to land of Q. House Lumpini project to the Fund.

(2) Carrying amounts are based on equity method, and presented net of unrealised gain on sales of properties of Centre Point Hotel and Residence Petchburi and Centre Point Hotel and Residence Sukhumvit, and transfer of leasehold rights to building of Centre Point Hotel and Residence Langsuan, addition with unrealised expenses on providing guarantee of minimum rental income of the three Centre Point projects to the Fund.

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements					
			Shareholdings percentage			Cost		
			31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
			(%)	(%)	(%)			
Quality Houses Leasehold Property Fund	Investment in immovable properties	Thailand	26	26	26	2,017,695	2,017,695	2,017,695
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	Investment in immovable properties	Thailand	31	31	-	1,052,800	1,052,800	-
Home Product Center Plc.	Trading	Thailand	20	20	20	650,819	650,819	650,819
LH Financial Group Plc. (held 100% in Land and Houses Bank Plc.)	Holding company	Thailand	21	22	22	2,758,950	2,671,032	2,671,032
Total						6,480,264	6,392,346	5,339,546

13.2 Share of profit (loss) and dividend received

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

(Unit: Thousand Baht)

Company's name	For the year ended 31 December					
	Consolidated financial statements				Separate financial statements	
	Share of income from investments in associates		Share of other comprehensive income of associates		Dividend received	
	2013	2012 (Restated)	2013	2012 (Restated)	2013	2012
Quality Houses Leasehold Property Fund	121,929	121,650	-	-	73,759	152,628
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	31,762	4,694	-	-	148,885	-
Home Product Center Plc.	606,473	527,657	-	4,705	56,136	199,915
LH Financial Group Plc.	182,988	147,594	(80,316)	19,377	87,830	9,444
Total	943,152	801,595	(80,316)	24,082	366,610	361,987

13.3 Fair value of investments in listed associates

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

(Unit: Million Baht)

Company's name	Fair values as at 31 December	
	2013	2012
Quality Houses Leasehold Property Fund	1,830	2,331
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	969	1,105
Home Product Center Plc.	17,632	17,551
LH Financial Group Plc.	3,325	3,587
Total	23,756	24,574

13.4 Summarised financial information of associates

Financial information of the associates is recognised below:

(Unit: Million Baht)

Company's name	Paid-up capital as at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the year ended 31 December		Profit for the year ended 31 December	
	2013	2012	2013	2012 (Restated)	2013	2012 (Restated)	2013	2012	2013	2012 (Restated)
Quality Houses Leasehold Property Fund	7,863	7,863	8,907	8,882	316	296	1,004	959	584	524
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	3,360	3,360	3,740	3,483	3	4	268	140	494	119
Home Product Center Plc.	9,590	7,041	35,942	25,868	23,225	15,941	42,830	36,969	3,068	2,671
LH Financial Group Plc.	12,716	11,979	149,099	122,369	134,078	108,202	7,085	5,252	893	683

Quality Houses Leasehold Property Fund

On 18 February 2014, the meeting of the Investment Committee of Quality Houses Leasehold Property Fund approved the payment of a dividend of Baht 0.18 per share to its unitholders from the operating results for the period as from 1 October 2013 to 31 December 2013. The dividend is to be paid on 21 March 2014.

Quality Houses Hotel and Residence Freehold and Leasehold Property Fund

On 18 July 2012, the Company invested in 105.28 million units of Quality Houses Hotel and Residence Freehold and Leasehold Property Fund ("the Fund") at par value of Baht 10 each, amounting to Baht 1,053 million, representing 31.33% of the registered units of the Fund.

On 2 October 2013, the meeting of unitholders of the Fund approved the allotment of approximately 45 - 69 million of the additional investment units to be offered for sale to be offered to existing unitholders, proportionately to their unitholding (Rights Offering). At present, the Fund is in the process of offering the additional investment units.

On 18 February 2014, the meeting of the Investment Committee of Quality Houses Hotel and Residence Freehold and Leasehold Property Fund approved the payment of a dividend of Baht 0.373 per share to its unitholders from the operating results for the period as from 1 July 2013 to 31 December 2013. The dividend is to be paid on 21 March 2014.

Home Product Center Plc.

During the year 2012, the warrantholders of Home Product Center Plc. converted 10 million warrants to 32 million ordinary shares. The Company's shareholding in Home Product Center Plc. remained at approximately 20%.

On 5 October 2012, the Extraordinary General Meeting of the shareholders of Home Product Center Plc. passed a resolution to approve payment of dividend to its shareholders, comprising a stock dividend at a rate of 1 dividend shares for every 5 existing shares, or equivalent to Baht 0.20 per share, and payment of a cash dividend of Baht 0.022223 per share. The Company received 232 million shares of stock dividend and Baht 26 million of cash dividend in October 2012.

During the current year, the warrantholders of Home Product Center Plc. converted 1.2 million warrants to 4.6 million ordinary shares. The Company's shareholding in Home Product Center Plc. remained at approximately 20%.

On 5 April 2013, the Annual General Meeting of the shareholders of Home Product Center Plc. approved the payment of dividend to its shareholders. This comprised a stock dividend at a rate of 1 dividend share for every 6 existing shares, or equivalent to Baht 0.1667 per share, and a cash dividend of Baht 0.0186 per share. The Company received 232.1 million shares and Baht 25.9 million on 30 April 2013.

Subsequently, on 22 October 2013, the Extraordinary General Meeting of the shareholders of Home Product Center Plc. approved the payment of dividend to its shareholders. This comprised a stock dividend at a rate of 1 dividend share for every 6 existing shares, or equivalent to Baht 0.1667 per share, and cash dividend of Baht 0.0186 per share. The Company received 270.9 million shares and Baht 30.2 million on 15 November 2013.

LH Financial Group Plc.

On 23 April 2012, the Annual General Meeting of the shareholders of LH Financial Group Plc. approved the payment of dividend to its shareholders. This comprised a stock dividend at a rate of 1 dividend share for every 30 existing shares, or equivalent to Baht 0.0333 per share, and a cash dividend of Baht 0.0037 per share. The Company received stock dividend 85 million shares and cash dividend Baht 9 million on 17 May 2012.

During the year 2012, the warrantholders of LH Financial Group Plc. converted 120 million warrants to 124 million ordinary shares. The Company's shareholding in LH financial Group Plc. remained 22%.

During the current year, the warrantholders of LH Financial Group Plc. converted 318 million warrants to 330 million ordinary shares. The Company's shareholding in LH Financial Group Plc. decreased to 21%.

On 22 April 2013, the Annual General Meeting of the shareholders of LH Financial Group Plc. approved the allotment of new ordinary shares to be offered to its existing shareholders in a ratio of 1 new share for every 30 existing shares, at a price of Baht 1 per share. The Company received 88 new ordinary shares from this allotment, or a total Baht 88 million and made payment for such shares on 22 May 2013.

14. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Investments in marketable equity securities	2	2	2	2
Investment in other company				
(Held by Q.H. International (BVI) Co., Ltd.)				
Harbour View Joint Stock Company				
(formerly known as "Harbour View Co., Ltd.")				
(Registered in Vietnam)	32,599	32,599	-	-
Less: Allowance for impairment of investment	(32,599)	(32,599)	-	-
Investment in other company - net	-	-	-	-
Total other long-term investment	2	2	2	2

As discussed in Note 33.7, the Company has an outstanding obligation in respect of loan guarantees provided on behalf of Harbour View Joint Stock Company (formerly known as "Harbour View Co., Ltd."), equal to 50% of that company's obligations to its bank. For prudent reasons, the Company has set aside a provision of Baht 61 million for losses arising from the guarantees and believes that such provision should be appropriated under current situation.

15. Investment properties

The net book value of investment properties as at 31 December 2013 and 2012 is presented below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	2013	2012
Office building for rent		
Cost	888,957	888,957
Less: Accumulated depreciation	(280,294)	(259,287)
Less: Allowance for diminution in value	(94,226)	(100,305)
Net book value - net	514,437	529,365

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

(Unit: Thousand Baht)

	Consolidated and separate financial statements
Net book value at 1 January 2012	544,292
Depreciation charged	(14,927)
Net book value at 31 December 2012	529,365
Depreciation charged	(14,928)
Net book value at 31 December 2013	514,437

As at 31 December 2013, the net book value of rental income received in advance from lessee amounting to Baht 623 million (2012: Baht 650 million), and the fair value of investment properties as determined based on valuations performed by an accredited independent valuer was Baht 828 million (2012: Baht 839 million), which has been determined using the income approach. The main assumptions used in the valuation are yield rate, inflation rate, long-term vacancy rate and long-term growth in rental rates which has been determined based on rental information of tenants of building of Quality Houses Leasehold Property Fund that leased the building from the Company.

16. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Land and land improvement	Leasehold improvement	Buildings and building improvement	Equipment and operating equipment	Motor vehicles	Assets under development	Total
Cost							
1 January 2012	574,974	274,118	1,211,493	1,241,858	42,501	6,295	3,351,239
Transfer in (out)	-	-	4,576	1,419	-	(5,995)	-
Transfers from land and project development costs	27,053	-	-	-	-	-	27,053
Transfer to land and project development costs	(85,926)	-	-	-	-	(2,715)	(88,641)
Purchase	-	1,555	1,836	35,187	8,123	3,207	49,908
Disposal	(153,205)	(216,554)	(1,063,985)	(660,449)	(1,797)	(526)	(2,096,516)
31 December 2012	362,896	59,119	153,920	618,015	48,827	266	1,243,043
Purchase	1,364	1,087	589	35,050	45,563	-	83,653
Disposal	(107,168)	(45,049)	(137,458)	(153,948)	(9,455)	-	(453,078)
31 December 2013	257,092	15,157	17,051	499,117	84,935	266	873,618
Accumulated depreciation							
1 January 2012	3,079	123,807	675,216	987,384	30,019	-	1,819,505
Depreciation for the year	492	7,109	11,724	59,089	5,116	-	83,530
Depreciation for disposal	-	(95,935)	(610,287)	(561,923)	(1,399)	-	(1,269,544)
31 December 2012	3,571	34,981	76,653	484,550	33,736	-	633,491
Depreciation for the year	495	1,724	1,278	48,365	9,469	-	61,331
Depreciation for disposal	-	(27,474)	(72,189)	(134,172)	(8,365)	-	(242,200)
31 December 2013	4,066	9,231	5,742	398,743	34,840	-	452,622
Allowance for impairment							
1 January 2012	97,820	-	-	-	-	-	97,820
Transfer from land and project development costs	6,053	-	-	-	-	-	6,053
31 December 2012	103,873	-	-	-	-	-	103,873
Decrease during the year	(22,000)	-	-	-	-	-	(22,000)
31 December 2013	81,873	-	-	-	-	-	81,873
Net book value							
31 December 2012	255,452	24,138	77,267	133,465	15,091	266	505,679
31 December 2013	171,153	5,926	11,309	100,374	50,095	266	339,123

Depreciation for the year

2012 (Baht 49 million included in cost of rental and services, and the balance in administrative expenses)	83,530
2013 (Baht 21 million included in cost of rental and services, and the balance in administrative expenses)	61,331

(Unit: Thousand Baht)

	Separate financial statements						
	Land and land improvement	Leasehold improvement	Buildings and building improvement	Equipment and operating equipment	Motor vehicles	Assets under development	Total
Cost							
1 January 2012	574,910	271,185	1,209,961	1,174,446	22,866	4,559	3,257,927
Transfer in (out)	-	-	2,841	1,419	-	(4,260)	-
Transfers from land and project development costs	27,053	-	-	-	-	-	27,053
Transfer to land and project development costs	(85,926)	-	-	-	-	(2,715)	(88,641)
Purchase	-	1,554	1,836	17,231	3,530	3,207	27,358
Disposal	(153,205)	(216,553)	(1,063,985)	(656,620)	(1,627)	(526)	(2,092,516)
31 December 2012	362,832	56,186	150,653	536,476	24,769	265	1,131,181
Purchase	-	9	589	13,884	20,416	-	34,898
Disposal	(107,168)	(45,049)	(137,458)	(152,453)	(7,956)	-	(450,084)
31 December 2013	255,664	11,146	13,784	397,907	37,229	265	715,995
Accumulated depreciation							
1 January 2012	3,028	123,429	675,177	966,452	16,526	-	1,784,612
Depreciation for the year	485	6,962	11,562	47,725	2,722	-	69,456
Depreciation for disposal	-	(95,935)	(610,287)	(560,030)	(1,259)	-	(1,267,511)
31 December 2012	3,513	34,456	76,452	454,147	17,989	-	586,557
Depreciation for the year	486	1,544	1,114	29,446	4,318	-	36,908
Depreciation for disposal	-	(27,474)	(72,189)	(132,772)	(6,932)	-	(239,367)
31 December 2013	3,999	8,526	5,377	350,821	15,375	-	384,098
Allowance for impairment							
1 January 2012	97,820	-	-	-	-	-	97,820
Transfer from land and project development costs	6,053	-	-	-	-	-	6,053
31 December 2012	103,873	-	-	-	-	-	103,873
Decrease during the year	(22,000)	-	-	-	-	-	(22,000)
31 December 2013	81,873	-	-	-	-	-	81,873
Net book value							
31 December 2012	255,446	21,730	74,201	82,329	6,780	265	440,751
31 December 2013	169,792	2,620	8,407	47,086	21,854	265	250,024

Depreciation for the year

2012 (Baht 49 million included in cost of rental and services, and the balance in administrative expenses)	69,456
2013 (Baht 16 million included in cost of rental and services, and the balance in administrative expenses)	36,908

On 19 July 2012, the Company entered into agreements to purchase and to sell, whereby it agreed to sell the land, buildings, related systems, furniture and equipment of Centre Point Hotel and Residence Petchburi Project and Centre Point Hotel and Residence Sukhumvit Project to Quality Houses Hotel and Residence Freehold and Leasehold Property Fund ("the Fund"), for total considerations of Baht 1,142 million and Baht 1,470 million, respectively (including value added tax). The Company registered the transfer of the ownership of the properties to the Fund on 20 July 2012.

In addition, the Company entered into an agreement to transfer the leasehold rights to the building of Centre Point Hotel and Residence Langsuan Project to the Fund, a procurement agreement enabling the Fund's acquisition of leasehold rights to that building, and an agreement to sell movable properties of the project to

the Fund, whereby it is to receive a total consideration of Baht 730 million (including value added tax). On 20 July 2012, the Fund entered into a lease agreement for the building with the original lessor for a period of 3 years, 10 months and 12 days, and two further periods of 5 years each, based on rental rates and conditions for adjustment of rental rates in accordance with the agreement. The Company entered into an agreement to guarantee the performance of the Fund in accordance with the lease agreement throughout the lease period.

On 19 July 2012, Centre Point Hospitality Co., Ltd. (a subsidiary) entered into an agreement with the Fund to lease and sublease the assets of the three Centre Point Projects, for a period of three years as from the date on which the Fund assumes ownership and possession of the leased properties. The subsidiary provided assurance that if the Fund wishes and calls for the subsidiary to continue the lease and sublease of the properties after the expiration of the lease period, the subsidiary would continue leasing them for another 3 years. The agreements to lease and sublease can be extended for further periods of 3 years each time, counting from their expiry dates, with a fixed rental fee and variable rental fee in accordance with the conditions stipulated in the agreement.

The Company had gains on the sale of properties and transfer of the leasehold rights to the buildings of the three Centre Point Projects totaling Baht 1,784 million (net of related selling expenses). The Company recognised this transaction in profit or loss for the year 2012.

Furthermore, the Company entered into an agreement to guarantee the minimum rental income that the Fund will receive from Centre Point Hospitality Co., Ltd. with respect to the three Centre Point Projects, which over the period of 3 years totals Baht 836 million.

The Company has estimated provision for loss from the minimum rental income guarantee at the present value of the cash flows which it expects to pay to the Fund, a total of Baht 111 million, and recorded it as an expense in profit or loss for the year 2012.

As discussed in Note 13, the Company has acquired 31% of the registered units of the Fund. The Company treated Baht 601 million of its gains on sales of properties and transfers of leasehold rights to buildings to the Fund as unrealised gains, in proportion to its investment in the Fund. This was presented as a deduction item in the investments in associated company account in the consolidated statements of financial position. In addition, the Company treated Baht 35 million of the expense of providing a minimum rental income guarantee with respect to the projects as unrealised expenses, in proportion to its investment in the Fund. This was included in the investments in associated company account in the consolidated statements of financial position.

During the current year, the Company has reviewed the adequacy of the provision for loss from the minimum rental income guarantee based on the present value of future cash outflows, and recognised additional loss amounting to Baht 65 million (net of an amount of Baht 30 million, proportionate to the Company’s interest in the Fund) as an expense in consolidated profit or loss for the current year.

During the year 2012, the Company hired an independent valuer to appraise the fair value of all of the Company's office building and serviced apartment projects, using the income approach for its active projects and the market approach and/or cost approach for non-active projects and projects under development but

not yet generating income. The fair values of those assets as appraised by the independent appraiser exceeded their net book value.

On 21 February 2013, the Company entered into agreement to purchase and to sell, whereby it agreed to sell the land, building, related systems, furniture and equipment of Serviced Apartment Centre Point Saladaeng Project to third party, for total considerations of Baht 340 million (including value added tax). The Company registered the transfer of the ownership of the property to buyer on 28 March 2013. The Company had gains on the sale of property of that project amounting to Baht 140 million (net of related selling expenses). The Company recognised this transaction in profit or loss for the current year.

As at 31 December 2013, certain plant 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 amounted to approximately Baht 325 million (2012: Baht 337 million) (the Company only: Baht 297 million, 2012: Baht 317 million).

17. Leasehold rights

(Unit: Thousand Baht)

Projects	Consolidated and separate financial statements	
	2013	2012
Q. House Convent	349,776	348,395
Q. House Sathorn	502,270	502,063
Q. House Asoke	655,183	650,210
Centre Point Hotel Silom	1,026,680	1,018,340
Total	2,533,909	2,519,008
Less: Accumulated amortisation	(1,685,498)	(1,590,907)
Leasehold rights - net	848,411	928,101
Amortisation of leasehold rights for the year	94,591	111,745

Baht 95 million of the amortisation of leasehold rights for the year 2013 (2012: Baht 112 million) has been charged to cost of rental and related services.

In July 2012, the Company proceeded with the transfer of leasehold rights of Centre Point Hotel and Residence Langsuan Project to Quality Houses Hotel and Residence Freehold and Leasehold Property Fund, as detailed in Note 16.

The Company has mortgaged its leasehold rights with structures thereon with a total net book value as at 31 December 2013 of Baht 411 million (2012: Baht 445 million) as collateral credit facilities granted by the banks.

On 20 August 2013, the meeting of the Company's Board of Directors approved in principle the transfer of the sub-leasehold right of the building of Centre Point Hotel Silom Project to Quality Houses Hotel and Residence Freehold and Leasehold Property Fund (“the Fund”), for an estimated consideration of Baht 450 - 550 million. In addition, the Company may consider investing in up to 1/3 of the additional investment units of the Fund to be offered for sale and guaranteeing of the minimum rental revenue that the Fund should receive. The Company is in the process of execution of these proposals.

18. Land and project development costs

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Land	5,720,580	6,780,424	634,474	1,822,476
Interest cost	289,106	415,875	198,944	292,372
Construction under development	655,041	957,127	185,956	204,575
Total	6,664,727	8,153,426	1,019,374	2,319,423
Less: Provision for loss on diminution in value of projects	(84,033)	(237,973)	(84,033)	(237,973)
Land and project development costs - net	6,580,694	7,915,453	935,341	2,081,450

During the current year, the Company and its subsidiaries included borrowing costs of Baht 40 million (the Company only: Baht 3 million) (2012: Baht 70 million, the Company only: Baht 7 million) as cost of "Land and project development costs". These were determined by applying a capitalisation rate of 3.1% (the Company only: 1.1%) (2012: 3.1%, the Company only: 1.1%).

During the year 2012, the Company hired an independent valuer to appraise the fair value of the Company and its subsidiaries' land and project development costs, using the market approach and/or cost approach. The fair values of the land and project development costs appraised by the independent appraiser exceeded their net book values.

Movements in the provision for loss on diminution in value of projects during the years ended 31 December 2013 and 2012 are summarised below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	2013	2012
Balance at beginning of year	237,973	244,026
Less: Transfer of provision to land and construction in progress due to opening of projects for sale	(153,940)	-
Transfer of provision for loss on diminution in value of project to property, plant and equipment	-	(6,053)
Balance at end of year	84,033	237,973

During the year 2012, the Company has transferred a Baht 6 million provision for loss on diminution in value of projects to property, plant and equipment because it had its development plans for the project from a residential condominium units for sale project, to a residential condominium units for rent project.

The Company and its subsidiaries have mortgaged certain plots of land and structures thereon with net book values as at 31 December 2013 amounting to Baht 253 million (2012: Baht 2,462 million) (The Company only: Nil) (2012: Baht 993 million) as collateral for credit facilities granted by banks both short and long loans.

19. Short-term loans from financial institutions/Short-term loans

(Unit: Thousand Baht)

	Interest rate	Repayment condition	Consolidated and separate financial statements	
			2013	2012
	(% p.a.)			
Short-term loans from financial institutions				
Promissory notes	3.63 - 3.85	Repayment per schedule Within 1 year	-	700,000
Short-term loans				
Bills of exchange	2.82 - 3.92	Repayment per schedule Within 1 year	325,000	4,590,000
Less: Prepaid interest			(1,642)	(18,139)
Net			323,358	4,571,861

20. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade payables - related parties (Note 7)	20,582	40,430	10,286	27,685
Trade payables - unrelated parties	668,847	523,566	167,162	172,133
Other payable - related parties (Note 7)	30,947	63,557	29,522	72,642
Other payable - unrelated parties	13,969	34,800	5,242	27,648
Accrued interest	148,047	142,475	148,047	142,429
Total trade and other payables	882,392	804,828	360,259	442,537

21. Long-term loans

(Unit: Thousand Baht)

	Interest rate	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2013	2012	2013	2012
	(% p.a.)					
- The security is under development and will generate income	MLR minus certain rates	Repayment when there is the transfer of ownership of real estate to project customers	-	1	-	-
- The security has not been developed yet or is under development but not yet generating income	MLR minus certain rates	Repayment when there is the transfer of ownership of real estate to project customers	-	80,000	-	-
Total			-	80,001	-	-
Less: Current portion			-	(80,001)	-	-
Long-term loans - net of current portion			-	-	-	-

Movements in the long-term loans account during the years ended 31 December 2013 and 2012 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Balance at the beginning of year	80,001	1,017,001	-	-
Add: Additional borrowings during the year	-	1,257,594	-	864,500
Less: Repayment during the year	(80,001)	(2,194,594)	-	(864,500)
Balance at end of year	-	80,001	-	-

Most of the loan agreements include covenants and restrictions. These pertain to, among other things, dividend payment, increases and reductions of share capital, the provision of guarantees to loans or aval to promissory notes of any other persons or companies, conducting any merger or acquisition with other companies, and the maintenance of certain financial ratios. However, any actions performed by the Company and its subsidiaries which are not in compliance with these covenants and restrictions are to be reported to the lenders in writing to request the lenders consent.

In addition, the Company agreed to provide assurances to the lenders of subsidiaries, whereby there are certain covenants pertaining to, among other things, the maintenance of its level of shareholding in the subsidiaries, the provision of financial support to the subsidiaries if its lacks capital for development of its projects, the deferral of the application of any rights to demand payment of loans from the subsidiaries or the enforcement of rights over collateral, for as long as the subsidiaries has not made full repayment of credit facilities to the banks.

The Company and its subsidiaries have mortgaged certain plots of land, leasehold rights, and related buildings thereon, to secure these loans, in accordance with the loan agreements.
As at 31 December 2013, the long-term loan facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 3,322 million (2012: Baht 7,514 million).

22. Unsecured debentures

				Consolidated and separate financial statements			
				Number of debentures (Units)		Amount (Thousand Baht)	
Type of debenture	Interest rate	Age	Maturity date	2013	2012	2013	2012
Unsubordinated and unsecured debentures							
- No. 1/2010							
- Tranche I	Fixed rate of 3.45% p.a.	3 years	17 May 2013	-	1,000,000	-	1,000,000
- Tranche II	Fixed rate of 3.45% p.a.	3 years	3 June 2013	-	1,000,000	-	1,000,000
- No. 2/2010	Fixed rate of 3.65% p.a.	5 years	9 July 2015	2,500,000	2,500,000	2,500,000	2,500,000
- No. 3/2010	Fixed rate of 3.65% p.a.	5 years	9 July 2015	500,000	500,000	500,000	500,000
- No. 4/2010	Fixed rate of 3.36% p.a.	3 years 6 months	11 April 2014	1,985,000	2,000,000	1,985,000	2,000,000
- No. 1/2011	Fixed rate of 3.90% p.a.	3 years	10 March 2014	2,000,000	2,000,000	2,000,000	2,000,000
- No. 2/2011							
- Tranche I	Years 1-2: Fixed rate of 4.70% p.a. Remaining 1.5 years: Fixed rate of 5.00% p.a.	3 years 6 months	25 February 2015	1,600,000	1,600,000	1,600,000	1,600,000
- Tranche II	Years 1-3: Fixed rate of 5.00% p.a. Years 4-5: Fixed rate of 5.30% p.a.	5 years	25 August 2016	1,400,000	1,400,000	1,400,000	1,400,000
- No. 1/2012	Fixed rate of 4.59% p.a.	4 years	27 April 2016	2,212,000	2,212,000	2,212,000	2,212,000
- No. 2/2012							
- Tranche I	Fixed rate of 4.16% p.a.	3 years 6 months	23 February 2016	800,000	800,000	800,000	800,000
- Tranche II	Fixed rate of 4.55% p.a.	5 years	23 August 2017	2,000,000	2,000,000	2,000,000	2,000,000
- No. 1/2013							
- Tranche I	Fixed rate of 3.63% p.a.	3 years	9 May 2016	500,000	-	500,000	-
- Tranche II	Fixed rate of 4.16% p.a.	5 years	9 May 2018	2,500,000	-	2,500,000	-
- No 2/2013	Fixed rate of 4.25% p.a.	3 years	22 November 2016	2,000,000	-	2,000,000	-
Total				19,997,000	17,012,000	19,997,000	17,012,000
Less: Current portion of debentures						(3,985,000)	(2,000,000)
Unsecured debentures - net of current portion						16,012,000	15,012,000

Movements in debentures accounts during the years ended 31 December 2013 and 2012 are summarised below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	2013	2012
Balance at beginning of year	17,012,000	17,700,000
Add: Issuance of debentures during the year	5,000,000	5,012,000
Less: Redemption of debentures during the year	(2,015,000)	(5,700,000)
Balance at end of year	19,997,000	17,012,000

All of unsecured debentures include covenants and restrictions. These pertain to, among other things, dividend payment and the maintenance of certain financial ratios.

On 20 April 2012, the Annual General Meeting of the Company's shareholders approved the issuance and offer of debentures in an amount of Baht 10,000 million or the equivalent in any other currency, with a maximum term of 10 years, further to the previous debentures of Baht 10,000 million which was approved by the Annual General Meeting of Shareholders No. 1/2011. The total issue is thus not exceed Baht 20,000 million. The debentures may be issued in one or several tranches and/or offered for sales as a program, from time to time or as revolving issue, by way of public offering and/or private placement and/or institutional investors/major investors.

23. 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	108,477	77,172	84,384	70,263
Current service cost	11,529	15,457	6,910	5,687
Interest cost	4,014	3,627	3,122	3,303
Benefits paid during the year	(13,189)	(471)	(13,189)	(471)
Actuarial losses	-	12,692	-	5,602
Defined benefit obligation at end of year	110,831	108,477	81,227	84,384

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Current service cost	11,529	15,457	6,910	5,687
Interest cost	4,014	3,627	3,122	3,303
Total expense recognised in profit or loss	15,543	19,084	10,032	8,990
Line items under which such expenses are included in profit or loss				
Selling and administrative expenses	15,543	19,084	10,032	8,990

The cumulative amount of actuarial losses recognised in the other comprehensive income as taken as part of retained earnings of the Company and its subsidiaries as at 31 December 2013 and 2012 amounted to Baht 10 million (The Company only: Baht 4 million).

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated and separate financial statements	
	2013	2012
	(% per annum)	(% per annum)
Discount rate	3.7	3.7
Future salary increase rate	6.0 - 10.0	6.0 - 10.0
Staff turnover rate (depending on age)	0 - 12.5	0 - 12.5

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

(Unit: Thousand Baht)

	Defined benefit obligation		Experience adjustments on the obligation	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2013	110,831	81,227	-	-
Year 2012	108,477	84,384	5,304	8,413
Year 2011	77,172	70,262	-	-
Year 2010	68,289	62,575	-	-
Year 2009	59,558	54,928	-	-

24. Provisions

(Unit: Thousand Baht)

	Consolidated financial statements							
	Short-term provisions				Long-term provisions			
	Provision for public utility maintenance	Compensation for Housing Estate Juristic Persons	Provision for repairment of houses after floods	Total	Loan guarantee	Guarantee of minimum rental income (Note 16)	Litigation	Total
As at 1 January 2012	104,214	67,587	29,476	201,277	61,000	-	19,046	80,046
Increase during the year	30,486	19,084	-	49,570	-	49,166	19,145	68,311
Utilised	(26,362)	(12,968)	(29,476)	(68,806)	-	-	(2,212)	(2,212)
At 31 December 2012	108,338	73,703	-	182,041	61,000	49,166	35,979	146,145
Increase during the year	38,219	26,213	-	64,432	-	94,709	-	94,709
Utilised	(6,281)	(8,021)	-	(14,302)	-	(55,784)	(10,500)	(66,284)
At 31 December 2013	140,276	91,895	-	232,171	61,000	88,091	25,479	174,570

(Unit: Thousand Baht)

	Separate financial statements							
	Short-term provisions				Long-term provisions			
	Provision for public utility maintenance	Compensation for Housing Estate Juristic Persons	Provision for repairment of houses after floods	Total	Loan guarantee	Guarantee of minimum rental income (Note 16)	Litigation	Total
As at 1 January 2012	62,579	38,824	13,693	115,096	61,000	-	19,046	80,046
Increase during the year	9,433	5,619	-	15,052	-	49,166	19,145	68,311
Utilised	(17,158)	(6,001)	(13,693)	(36,852)	-	-	(2,212)	(2,212)
At 31 December 2012	54,854	38,442	-	93,296	61,000	49,166	35,979	146,145
Increase during the year	13,711	8,677	-	22,388	-	94,709	-	94,709
Utilised	(3,603)	(6,945)	-	(10,548)	-	(55,784)	(10,500)	(66,284)
At 31 December 2013	64,962	40,174	-	105,136	61,000	88,091	25,479	174,570

25. Share capital

On 20 April 2012, the Annual General Meeting of the Company's shareholders passed the resolutions with respect to the Company's share capital, as follows:

1) Dividend payment

Approved the payment of a stock dividend of not more than 706,444,977 ordinary shares at a par value of Baht 1 each, a total value of Baht 706.5 million, to the Company's shareholders, at a rate of 1 dividend share for every 12 existing shares, or equivalent to Baht 0.08333 per share; and approved the payment of a cash dividend of Baht 0.00926 per share, or a total of not more than Baht 78.5 million. The total dividend is thus Baht 0.09259 per share, or a total of not more than Baht 785 million, and it is to be paid within 18 May 2012.

2) Decrease of registered capital

Approved the decrease of the registered capital of the Company from Baht 8,883 million to Baht 8,477 million by cancelling the 406 million registered ordinary shares with a par value of Baht 1 each remaining from the exercise of warrants to purchase ordinary shares of the Company.

3) Increase of registered capital

Approved the increase of the registered capital of the Company from Baht 8,477 million to Baht 9,184 million by issuing an additional 707 million ordinary shares with a par value of Baht 1 each, to support the payment of a stock dividend.

The Company registered the change of its share capital with the Ministry of Commerce on 18 May 2012. Reconciliation of number of ordinary shares during the years ended 31 December 2013 and 2012 are summarised below.

(Unit: Shares)

	For the year ended 31 December	
	2013	2012
Registered share capital		
Number of ordinary shares as at 1 January	9,183,784,692	8,883,558,370
Decrease in share capital during the year	-	(406,218,655)
Increase in share capital during the year	-	706,444,977
Number of ordinary shares as at 31 December	9,183,784,692	9,183,784,692
Issued and paid-up share capital		
Number of ordinary shares as at 1 January	9,183,767,553	8,477,339,715
Increase in share capital during the year	-	706,427,838
Number of ordinary shares as at 31 December	9,183,767,553	9,183,767,553

26. Statutory reserve

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

27. 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 statements	
	2013	2012 (Restated)	2013	2012 (Restated)
Current income tax:				
Current income tax charge	659,678	790,295	154,017	497,997
Deferred tax:				
Relating to origination and reversal of temporary differences	(23,835)	(82,242)	(13,403)	(62,530)
Effects of changes in the applicable tax rates	-	15,398	-	9,367
Income tax expense reported in the statement of comprehensive income	635,843	723,451	140,614	444,834

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 actuarial losses	-	2,524	-	1,106
Deferred tax relating to share of other comprehensive income of associates	14,585	(2,708)	-	-
	14,585	(184)	-	1,106

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	3,943,172	3,173,508	1,842,347	2,211,178
Applicable tax rate	0 - 20%	0 - 23%	20%	23%
Accounting profit before tax multiplied by applicable tax rates	788,699	732,589	368,469	508,571
Effects of changes in the applicable tax rates	-	15,398	-	9,367
Effects of: Change in value of investments accounted for the equity method	177,010	27,906	-	-
Exempt income	(373,322)	(83,257)	(253,322)	(83,257)
Non-deductible expenses	41,492	25,446	17,515	11,226
Additional expenses deduction allowed	(85)	(147)	(84)	(147)
Others	2,049	5,516	8,036	(926)
Total	(152,856)	(24,536)	(227,855)	(73,104)
Income tax expenses reported in the statement of comprehensive income	635,843	723,451	140,614	444,834

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

(Unit: Thousand Baht)

	Consolidated statements of financial position			Separate statements of financial position		
	As at 31 December 2013	As at 31 December 2012 (Restated)	As at 1 January 2012	As at 31 December 2013	As at 31 December 2012 (Restated)	As at 1 January 2012
Deferred tax assets:						
Provision for loss on diminution in value of projects	63,043	71,452	66,987	52,486	60,482	54,841
Allowance for diminution in value of investment properties	18,845	20,060	21,459	18,845	20,060	21,459
Allowance for impairment of property, plant and equipment	16,374	20,775	19,564	16,374	20,775	19,564
Provision for long-term employee benefits	22,166	21,695	15,448	16,245	16,877	14,067
Provision for public utility maintenance	28,055	21,668	21,634	12,992	10,971	13,030
Provision for contingent liabilities arising from litigation	5,096	7,196	3,876	5,096	7,196	3,876
Guarantee of minimum rental income	23,509	22,300	-	23,509	22,300	-
Borrowing cost of projects	70,383	63,623	49,996	-	-	-
Recognition of installment income	72,637	49,594	25,991	53,515	22,309	2,626
Accumulated depreciation of investment property and amortisation of leasehold	(7,923)	(3,299)	(9,223)	(7,923)	(3,299)	(9,223)
Others	9,060	2,271	12,177	-	65	3,227
Total	321,245	297,335	227,909	191,139	177,736	123,467
Deferred tax liabilities:						
Income from rental of land	363	288	231	-	-	-

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30% to 23% in 2012, and then to 20% 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 and its subsidiaries reflected the changes in tax rates in its deferred tax calculation, as presented above.

28. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Purchase of land and payment of construction during the year	12,014,727	11,461,281	2,886,109	2,764,802
Changes in land and construction in progress	(860,642)	(5,098,393)	(438,215)	(1,943,722)
Changes in land and project development costs	1,334,760	1,946,679	1,146,108	1,807,392
Salary and wages and other employee benefits	714,118	676,240	394,929	431,190
Depreciation	76,259	104,537	51,835	90,465
Amortisation expenses	94,591	111,745	94,591	111,745
Rental expenses from operating lease agreements	365,431	251,542	54,801	64,797
Expenses of pre-flood protection and post-flood repairment of houses	-	25,884	-	12,158

29. 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. The number of ordinary shares of the prior year used for the calculation, as presented for comparative purposes, has been adjusted in proportion to the change in the number of shares as a result of the distribution of the stock dividends of 706 million shares on 18 May 2012, as if the shares comprising such stock dividends had been issued at the beginning of the earliest year reported.

	For the year ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Profit for the year (Thousand Baht)	3,307,329	2,450,057	1,701,733	1,766,343
Weighted average number of ordinary shares (Thousand shares)	9,183,768	9,183,768	9,183,768	9,183,768
Earnings per share (Baht/share)	0.36	0.27	0.19	0.19

30. Segment information

Operating segment information is reported in a manner consistent with the internal reporting the chief operating decision maker has received and regularly reviewed to make decisions about resources to be allocated to the segment and assess its performance.

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

- Real estate business segment which consists of sales of land and houses and condominium units.
- Rental and service business segment which consists of rental of office buildings and residential buildings.
- Others segment which consists of providing management services for buildings.

Chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements. However, the Company and its subsidiaries 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 tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2013 and 2012, respectively.

(Unit: Million Baht)

	For the year ended 31 December 2013							
	Real estate business		Rental and service business					
	Sales of land and houses	Sales of condominium units	Office buildings	Residential buildings	Other business	Total reportable segments	Other transactions and eliminations	Consolidated
External customers	11,926	6,551	359	863	102	19,801	-	19,801
Inter-segment	3	-	-	-	73	76	(76)	-
Interest revenue	5	1	-	1	-	7	-	7
Gain on sale in properties and transfer of leasehold right to building of residential projects	-	-	-	140	-	140	-	140
Interest expenses	(140)	(46)	-	-	-	(186)	-	(186)
Depreciation and amortisation	(28)	(3)	(68)	(64)	-	(163)	-	(163)
Reversal of provision for loss on diminution in value of projects	40	-	-	-	-	40	-	40
Provision for loss arising from guarantee of minimum rental income of projects	-	-	-	(65)	-	(65)	-	(65)
Segment profit	**1,452**	**1,533**	**62**	**140**	**102**	**3,289**	**-**	**3,289**
Other income								14
Selling expenses								(65)
Administrative expenses								(219)
Share of profit from investments in associates								943
Finance cost								(19)
Income tax expense								(636)
Profit for the year								3,307
Segment total assets								
Additions to non-current assets other than financial instruments and deferred tax assets	3,267	792	14	20	-	4,093	-	4,093

(Unit: Million Baht)

	For the year ended 31 December 2012							
	Real estate business		Rental and service business					
	Sales of land and houses	Sales of condominium units	Office buildings	Residential buildings	Other business	Total reportable segments	Other transactions and eliminations	Consolidated
External customers	8,639	3,345	346	746	105	13,181	-	13,181
Inter-segment	-	-	-	-	67	67	(67)	-
Interest revenue	7	1	-	2	-	10	-	10
Gain on sale in properties and transfer of leasehold right to building of residential projects	-	-	-	1,184	-	1,184	-	1,184
Interest expenses	(188)	(66)	-	-	-	(254)	-	(254)
Depreciation and amortisation	(23)	(1)	(73)	(112)	-	(209)	-	(209)
Provision for loss on diminution in value of projects	(64)	-	-	-	-	(64)	-	(64)
Reversal of provision for loss on diminution in value of projects	31	-	-	-	-	31	-	31
Provision for loss arising from guarantee of minimum rental income of projects	-	-	-	(76)	-	(76)	-	(76)
Segment profit	**706**	**545**	**128**	**1,116**	**105**	**2,600**	**-**	**2,600**
Other income								9
Selling expenses								(10)
Administrative expenses								(212)
Share of profit from investments in associates								801
Finance cost								(15)
Income tax expense								(723)
Profit for the year								2,450
Segment total assets								
Additions to non-current assets other than financial instruments and deferred tax assets	2,616	1,743	14	78	-	4,451	-	4,451

The following table presents segment assets of the Company and its subsidiaries' operating segments as at 31 December 2013 and 2012.

(Unit: Million Baht)

	Real estate business		Rental and service business					
	Sales of land and houses	Sales of condominium units	Office buildings	Residential buildings	Other business	Total reportable segments	Unallocated assets	Consolidated
Segment assets								
As at 31 December 2013	20,742	11,002	1,088	565	-	33,397	8,255	41,652
As at 31 December 2012	23,995	8,226	1,157	805	-	34,183	7,688	41,871

Geographic information

The Company and its subsidiaries operate in Thailand only. 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.

31. Provident fund

The Company and its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees, and the Company and subsidiaries contributed to the fund monthly at the rates of 3 - 6% of basic salary. The fund, which is managed by Land and House Fund Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During the year 2013, the Company and its subsidiaries contributed Baht 17 million to the fund (the Company only: Baht 10 million) (2012: Baht 17 million, the Company only: Baht 12 million).

32. Dividends

Dividends declared in 2013 and 2012 consist of the following:

	Approved by	Total dividends	Dividend per share	Paid on
		(Thousand Baht)	(Baht)	
Stock dividend from the operating results of the year 2011	Annual General Meeting of the shareholders on 20 April 2012	706,428	0.08333	18 May 2012
Dividend from the operating results of the year 2011	Annual General Meeting of the shareholders on 20 April 2012	78,476	0.00926	18 May 2012
Dividend from the operating results of the year 2012	Annual General Meeting of the shareholders on 19 April 2013	1,102,033	0.12000	13 May 2013
Interim dividend for the operating results of six-month period ended 30 June 2013 and/or retained earnings	Meeting of the Board of Directors on 20 August 2013	642,850	0.07000	17 September 2013
Total		1,744,883	0.19000	

33. Commitments and contingent liabilities

The Company and its subsidiaries have the following outstanding commitments and contingent liabilities:

33.1 The Company and its subsidiaries have the following outstanding commitments in respect of agreements to purchase of land and construction of projects:

(Unit: Million Baht)

	As at 31 December	
	2013	2012
Construction contracts	5,320	6,033
Agreements to purchase land for development of future projects	726	114

33.2 The Company and its subsidiaries have entered into several lease agreements to lease land and buildings, for terms of approximately 30 years, and to lease motor vehicles and equipment, with terms of generally between 1 and 3 years.

The Company and its subsidiaries have the following future minimum lease payments required under those operating leases contracts were as follows:

(Unit: Million Baht)

	As at 31 December	
	2013	2012
Payable:		
in up to 1 year	23	19
in over 1 and up to 5 years	61	62
in over 5 years	51	65

33.3 A subsidiary has entered into lease agreements to lease buildings and related assets from Land and Houses Property and Loan Fund-II (related company), with terms of 1 year. The subsidiary is entitled to renew the leases by giving the Fund notice of its intention to renew in writing at least 90 days before the expiration of the lease.

The subsidiary has the following future minimum lease payments required under the lease agreements.

(Unit: Million Baht)

	As at 31 December	
	2013	2012
Payable:		
in up to 1 year	53	53

However, written notice of at least 30 days is required if either party wishes to terminate the agreement prior to the expiration, with termination considered effective when the counter party consents. In addition, both counterparties agreed that no rental fee would be paid during the building renovation period.

33.4 A subsidiary has entered into lease and sublease agreements to lease buildings and related assets from Quality Houses Hotel and Residence Freehold and Leasehold Property Fund (associated company), with terms of 3 years, and provided assurance that it would continue leasing them for another 3 years. The agreements to lease and sublease can be extended for further periods of 3 years each time, counting from their expiry dates, with a fixed rental fee and variable rental fee in accordance with the conditions stipulated in the agreements.

The subsidiary has the following future minimum lease payments required under the lease agreements.

(Unit: Million Baht)

	As at 31 December	
	2013	2012
Payable:		
in up to 1 year	168	168
in over 1 and up to 3 years	92	260

33.5 As at 31 December 2013, the Company and its subsidiaries have commitments totaling Baht 13 million in respect of various service commitments (2012: Baht 17 million).

33.6 As at 31 December 2013, the Company has commitment in respect of uncalled portion of investment in a subsidiary of approximately Baht 19 million (2012: Baht 19 million).

33.7 The Company has contingent liabilities in respect of loan guarantees provided on behalf of Harbour View Joint Stock Company (formerly known as "Harbour View Company Limited") at an amount equal to 50% of that company's obligations to its bank. (As at 31 December 2013, that company has outstanding liabilities to the bank, based on the unaudited financial statements prepared by its management, of USD 2 million). However, as at 31 December 2013, the Company had set aside provision of Baht 61 million for losses arising from such guarantees in its accounts (2012: Baht 61 million).

33.8 The Company has contingent liabilities to banks in relation to the financial support it provided to subsidiaries for loans obtained for development of the subsidiary's projects. As at 31 December 2013, the subsidiaries had no outstanding loan with those banks (31 December 2012: outstanding loan of Baht 80 million).

33.9 As at 31 December 2013, the Company and its subsidiaries have servitude over land of approximately 34 rai (2012: 35 rai) of which the cost is included in the cost of projects.

34. Bank guarantees

There were the following outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business of the Company and its subsidiaries.

(Unit: Million Baht)

	As at 31 December	
	2013	2012
Letters of guarantee for arrangement and maintenance of public utilities	1,896	2,341
Letters of guarantee for electricity usage	17	20
Other letters of guarantee	49	49
Total	1,962	2,410

35. Litigations

35.1 During the years 1998 to 2013, the customers sued the Company and subsidiaries for compensatory damages from purchase of land and houses of the projects, as at 31 December 2013, totaling Baht 73 million (2012: Baht 10 million). The lawsuits are currently in the judicial process. For reasons of prudence, the Company and its subsidiaries have set aside provisions totaling Baht 1 million (2012: Baht 1 million), which the Company and its subsidiaries deem appropriate, for the loss arising from these litigations.

35.2 During the year 2009, a tenant of an office building sued the Company for compensatory damage from breach of rental and service agreements, as at 31 December 2013, totaling Baht 2 million (2012: Baht 2 million). In February 2014, the Appeal Court dismissed the lawsuit.

35.3 During the year 2010, Housing Estate Juristic Person sued the Company for Housing Estate Subsidy and Public Utility Maintenance, as at 31 December 2013, totaling Baht 32 million and Baht 102 million, respectively (2012: Baht 32 million and Baht 102 million, respectively). The lawsuits are currently in the judicial process. For reasons of prudence, the Company has set aside provisions totaling Baht 24 million (2012: Baht 24 million) which the Company deems appropriate, for the loss arising from these litigations.

35.4 During the year 2012, individuals sued the Company and its subsidiaries as defendant and/or co-defendant for compensatory damages, as at 31 December 2013, totaling Baht 79 million with respect to tort and/or way of necessity (2012: Baht 85 million). The Civil Court dismissed the lawsuits on 20 November 2013 and the cases are currently in the process of being appealed by the plaintiff. However, the management believes that no material losses will be incurred by the Company and its subsidiaries.

35.5 During the year 2011, the customers sued the Company for compensatory damages and requested for the return of land and houses, with aggregated claim, as at 31 December 2013, amounting to Baht 15 million (2012: Baht 30 million). The lawsuits are currently being heard by the Civil Court. However, the management believes that there will be no material impact to the Company.

35.6 During current year, individuals sued a subsidiary as defendant for compensatory damages, as at 31 December 2013, totaling Baht 5 million. The lawsuit is currently conciliating with plaintiffs. However, the management believes that there will be no material impact to the subsidiary.

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, accounts receivable, loans to, investments, accounts payable, short-term loans, long-term loans and debentures. The financial risks associated with these financial instruments and how they are managed in described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, loans, and other receivables. The management manages the risk by adopting

appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans and other receivables as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries exposure to interest rate risk relates primarily to their cash at financial institutions, short-term loans, debentures and long-term borrowings. Most of these financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

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)

	As at 31 December 2013					
	Fixed interest rates					
	Within 1 year	1-5 years	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
Financial assets						
Cash and cash equivalents	-	-	1,204	426	1,630	0.10 - 2.50
Trade and other receivables	-	-	-	91	91	Note 9
Restricted deposits at financial institutions	-	-	31	-	31	0.50 - 1.70
Long-term loans to and interest receivables - related party	-	-	34	2	36	LIBOR+2, LIBOR+3 and 8.00
Financial liabilities						
Short-term loans	323	-	-	-	323	Note 19
Trade and other payables	-	-	-	882	882	Note 20
Unsecured debentures	3,985	16,012	-	-	19,997	Note 22

(Unit: Million Baht)

	As at 31 December 2012					
	Fixed interest rates					
	Fixed interest rates					
	Within 1 year	1-5 years	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
Financial assets						
Cash and cash equivalents	-	-	1,062	588	1,650	0.10 - 2.85
Trade and other receivables	-	-	-	88	88	Note 9
Restricted deposits at financial institutions	-	-	30	-	30	0.63 - 1.75
Long-term loans to and interest receivables - related party	-	-	8	1	9	LIBOR + 2 and 8.00
Financial liabilities						
Short-term loans from financial institutions	700	-	-	-	700	Note 19
Short-term loans	4,572	-	-	-	4,572	Note 19
Trade and other payables	-	-	-	805	805	Note 20
Long-term loans	-	-	80	-	80	Note 21
Unsecured debentures	2,000	15,012	-	-	17,012	Note 22

Foreign currency risk

As at 31 December 2013 and 2012, the Company and its subsidiaries have no material financial instruments which denominated in foreign currency.

36.2 Fair values of financial instruments

The estimated fair value of financial instruments in comparison with the related amounts carried in the statements of financial position, is as follows:

(Unit: Million Baht)

	As at 31 December 2013		As at 31 December 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	1,630	1,630	1,650	1,650
Trade and other receivables	91	91	88	88
Restricted deposits at financial institutions	31	31	30	30
Long-term loans to and interest receivables - related party	36	36	9	9
Financial liabilities				
Short-term loans from financial institutions	-	-	700	700
Short-term loans	323	323	4,572	4,572
Trade and other payables	882	882	805	805
Long-term loans	-	-	80	80
Unsecured debentures	19,997	20,166	17,012	17,096

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

a) For financial assets and liabilities which have short-term maturity, including cash and cash at financial institutions, accounts receivable, accounts payable and short-term loans, their carrying amounts in the statement of financial position approximate their fair value.

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 debentures and long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.

37. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial capital structure in order to support its business and maximise shareholder value.

The Company manages its capital position with reference to its debt-to-equity ratio in order to comply with a condition in long-term loan agreements and a covenant of debentures, which requires the Company to maintain a debt-to-equity ratio of not more than 3:1 and 2:1, respectively (2012: 3:1 and 2:1, respectively).

No changes was made in the objectives, policies or processes during the years end 31 December 2013 and 2012.

38. Events after reporting period

On 26 February 2014, the meeting of the Company's Board of Directors passed the following resolutions.

a) To approve a dividend payment for the year 2013 of Baht 0.16 per share to the Company's shareholders, or a total of Baht 1,469 million. The Company paid an interim dividend of Baht 0.07 per share or Baht 643 million on 17 September 2013 and will pay a final dividend of Baht 0.09 per share or Baht 826 million within May 2014.

b) To approve the issuance and offer of debentures in an amount of Baht 10,000 million or the equivalent in any other currency, with a maximum term of 10 years, further to the previous debentures of Baht 20,000 million which was approved by the Annual General Meeting of Shareholders No. 1/2012. The total issue is thus not exceed Baht 30,000 million.

The above matter is to be proposed to the Annual General Meeting of the Company's shareholders for approval.

39. Approval of financial statements

These financial statements were authorised for issue by the Company’s Board of Directors on 26 February 2014.

Remuneration for the Auditor

1. Audit Fee

The Company and its subsidiaries paid an audit fee to the auditor of Baht 5,236,000 in 2012 and Baht 5,750,000 in 2013 respectively. The Company has not other expenses relating to the reviewing of financial statements in 2012 and 2013.

2. Non-Audit Fee

In 2012 and 2013, there were no other fees paid since the company had not used any other services from the auditor.

Appendixs

- Other References
- Head Office and Projects Location

Other References

1. The Securities Registrar

Thailand Securities Depository Company Limited

Head Office No. 62, 4th and 7th Floor, Stock Exchange of Thailand Building ,
Klong Toey Sub-District, Klong Toey District , Bangkok 10110
Tel: 0-2359-1200-49 Fax: 0-2359-1259

Branch

2nd Floor, Capital Market Academy Building, 2/7 Moo 4 (North Park Project),
Vibhavadee-Rangsit Road, Tungsonghong Sub-District , Laksi District , Bangkok 10210
Tel: 0-2596-9000 Fax: 0-2832-4994-6

2. The Auditor

2.1 Mr. Sopon Permsirivallop	Licensed auditor registration no. 3182 and/or
2.2 Miss. Rungnapa Lertsuwankul	Licensed auditor registration no. 3516 and/or
2.3 Mr. Chayapol Suppasedtanon	Licensed auditor registration no. 3972 and/or
2.4 Mrs. Gingkarn Atsawarangsalit	Licensed auditor registration no. 4496 and/or
2.5 Miss. Pimjai Manitkajohnkit	Licensed auditor registration no. 4521

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

No. 193/136-137, 33rd Floor, Lake Rajada Office Complex ,
New Rajadapisek Road, Bangkok 10110
Tel: 0-2264-0777 Fax: 0-2264-0789-90

3. Debenture Registrar

3.1 Unsubordinated and Unsecured Debentures of Quality Houses Public Company Limited

No. 2/2010 ,Tranche 1 (QH157A)
No. 2/2011 ,Tranche 1 (QH152A) and Tranche 2 (QH168A)
No. 3/2011 ,Tranche 1 (QH12DA)

Siam Commercial Bank Company Limited

3rd Floor,Building 2,1060 New Pechaburi Road, Makhasan, Rachathevi, Bangkok 10400
Tel : 0-2256-2323-7, Fax 0-2256-2406

3.2 Unsubordinated and Unsecured Debentures of Quality Houses Public Company Limited

No.1/2012, Tranche 1 (QH164A)
Kasikornbank Public Company Limited
1 , Ratburana Road, Bangkok 10140
Tel : 0-2888-8888 Fax : 0-2888-8882

3.3 Unsubordinated and Unsecured Debentures of Quality Houses Public Company Limited

No. 2/2010 , Tranche 1 (QH157B)

No. 4/2010 (QH144A)

No. 1/2011 (QH143A)

CIMB Thai Bank Public Company Limited

Langsuan Building 44 Langsuan Road, Lumpini, Patumwan, Bangkok 10330

Tel : 0-2626-7503 Fax : 0-2626-7543

3.4 Unsubordinated and Unsecured Debentures of Quality Houses Public Company Limited

No. 2/2012, Tranche 1 (QH162A) and Tranche 2 (QH178A)

No. 2/2013, Tranche 1 (QH165A) and Tranche 2 (QH185A)

No. 2/2013 (QH16NA)

Bank of Ayudhya Public Company Limited

1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120

Tel : 02-296-5695, 02-296-5696, 02-296-1520

Fax : 02-683-1582, 02-683-1293

4. Appraisal Company

Siam Phitiwat Co., Ltd

569 Soi Ramkhamhaeng 39 (Thepleela 1)

Ramkhamhaeng Road , Phlapphla , Wang Thonglang , Bangkok 10310

Tel : 0-2530-7500-07 Fax : 0-2530-7515-16,0-2934-6623-24

Grand Asset Advisory Co.,Ltd.

1350/279 Thairong Tower, 16th Floor,

Pattanakarn Road, Suan Luang, Bangkok 10250

Tel : 0-2719-4500 Fax : 0-2719-5070-71

TAP Valuation Co.,Ltd.

121/101 RS Tower Building, 37th Floor,

Rachadaphisek Road, Dindaeng, Bangkok 10400

Tel : 0-2642-2712-14, 0-2641-3631-35 Fax : 0-2642-2711

Head Office and Projects Location

Head Office

Quality Houses Public Company Limited	7th Floor , Q. House Lumpini Building , No.1 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120	Tel 0-2677-7000 or 0-2343-8888 Fax 0-2677-7011

Location of Housing Projects	Call 1388 for all projects
Q.House Avenue Phraram 5	Bangkuvieng, Bangkruai, Nonthaburi
Q Twelve	Taling Chan, Taling Chan, Bangkok
Prukpirom Regent Ratchapruk-Rattanathibet	Bang Phlap, Pak Kret, Nonthaburi
Prukpirom Ratchapruk-Rattanathibet	Omkret, Pak Kret, Nonthaburi
Laddarom Elegance Ratchapruk-Rattanathibet	Omkret, Pak Kret, Nonthaburi
Laddarom Elegance Outer Ring Road-Sathorn	Bang Khae, Bang Khae, Bangkok
Laddarom Elegance Middle Ring Road-Mahidol Junction	Middle Ring Road, Mahidol Junction, Thasala, Muang, Chiangmai
Laddarom Watcharapol-Rattanakosin	Khlong Thanon, Sai Mai ,Bangkok
Laddarom Chaiyapruk-Chaengwattana	Bangphlab, Klong Pra-Udom, Pak Kret, Bangbuathong, Nonthaburi
Laddarom Ratchapruk-Rattanathibet 2	Omkret, Pak Kret, Nonthaburi
Vararom Kaewnawarat	Sunpuloei, Doi Saket, Chiangmai
Vararom Charoen Muang	Tonpao, Sankamphaeng, Chiangmai
Vararom Premium Watcharapol-Chatu Chot	Orgern, Saimai, Bangkok
Casa Grand Chaiyapruk-Chaengwattana	Khlong Phra Udom , Pak Kret , Nonthaburi
Casa Grand Rattanathibet-Ratchapruk	Bang Rak Noi , Mueang Nonthaburi
Casa Grand Taksin-Praram 2	Chom Thong ,Chom Thong, Bangkok
Casa Grand Petchkasem-Sai 1	Bang Duan, Phasi Charoen, Bangkok
Casa Grand Outer Ring Road-On Nuch	Dok Mai (Racha Thewa), Prawet (Bang Phli Yai), Bangkok

Location of Housing Projects	Call 1388 for all projects
Casa Legend Kaset—Nawamintr	Tha Raeng, Bang Khen, Bangkok
Casa Legend Rachapruk- Pinklao	Wat Chaiyapruk, Taling Chan (Bang Yai) , Bangkok
Casa Legend Sriracha	Sri Racha Road, Surasak, Sri Racha, Chon Buri
Casa Premium Ratchapruk-Chaengwattana	Khlong Khoi ,Pak Kret , Nonthaburi
Casa Premium Ratchapruk-Phraram 5	Bang Krang, Mueang Nonthaburi, Nonthaburi
Casa Ville Ratchapruk-Chaengwattana	Laharn, Bang Rak Noi , Bangbuathong, Pak Kret, Nonthaburi
Casa Ville Rachapruk-Phraram 5	Bang Krang, Mueang Nonthaburi, Nonthaburi
Casa Ville Watcharapol-Sukhaphiban 5	Orgern, Saimai, Bangkok
Casa Ville Rangsit-Klong 2	Klongrangsit , Thanyaburi , Pathumthani
Casa Ville Ramkumhaeng-Outer Ring Road	Ratpattana Road, Saphan Sung , Saphan Sung, Bangkok
Casa Ville Ramintra-Outer Ring Road	Tha Raeng , Bang Khen , Bangkok
Casa Ville Bangna-Teparak	Bangphli Yai , Bangphli , samutprakarn
Casa Ville Sriracha	Sri Racha Road, Surasak, Sri Racha, Chon Buri
Casa Ville Ramintra- Hathairat	Bueng Kham Phroi , Lam Luk Ka , Pathumthani
Casa Ville Sukhumvit 103	Nongbon, Prawet, Bangkok
Casa Presto Ratchapruk-Chaengwattana	Om Kluea , Pak Kret , Nonthaburi
Casa Presto Phraram 2	Tha Kham , Bang Khun Thian , Bangkok
Casa Seaside Rayong	Taphong , Mueang Rayong , Rayong
The Trust Ville Srinakarin - Praksa	Praksa Road, Praksa, Mueang Samut Prakan, Samut Prakan
The Trust Ville Kanchanapisek - Hathairat	Hathairat Road, Bueng Kham Phroi , Lam Luk Ka, Pathum Thani
The Trust Town Srinakarin - Praksa	Praksa Road, Mueang Samut Prakan, Samut Prakan
The Trust City Ngamwongwan 25	Ngamwongwan Road, Bang Khen , Mueang , Nonthaburi
The Trust City Kaset - Nawamintr	Nuanchan Road, Bueng Kum, Bangkok
Gusto Thanam-nont	Bangsrimuang, Mueang Nonthaburi, Nonthaburi
Gusto Pinklao	Bang Kruai - Sainoi Road, Watchalor, Bang Kruai, Nonthaburi
Gusto Sathorn-Taksin	Thoetthai Road, Bang Khun Thian, Chom Thong, Bangkok
Gusto Phraram 2	Thakham, Bang Khun Thian, Bangkok

Location of Housing Projects	Call 1388 for all projects
Gusto Phahon Yothin - Ramintra	Anusawari, Bang Khen, Bangkok
Gusto Grand Ramkumhaeng	Saphan Sung, Bangkok
Gusto Ramkumhaeng	Saphan Sung, Bangkok
Gusto Suksawat	Bangpakok, Rat Burana, Bangkok

Location of Condominium	Call 1388 for all projects
Q Condo Asoke	New Petchburi Road, Makkasan, Ratchathewi, Bangkok
Q House Condo Sukhumvit 79	Sukhumvit Road , Phra Khanong , Wattana , Bangkok
Casa Condo Ratchada-Ratchapruk	Ratchadapisek Road ,Thon Buri , Bangkok
Casa Condo Asoke-Dindang	Asoke-Dindaeng Road., Dindaeng , Dindaeng , Bangkok
Casa Condo Chang Puak	Chotana Road, Chang Phueak, Mueang Chiang Mai, Chiang Mai
The Trust Residence Pinklao	Borommaratchachonnani Road, Arun Ammarin, Bangkok Noi, Bangkok
The Trust Residence Ratchada-Praram 3	Nonsi Road, Chong Nonsi ,Yan Nawa Bangkok
The Trust Condo Central Pattaya	North Pattaya(Central Pattaya) Road, Nakluea, Banglamung, Chonburi
The Trust Condo South Pattaya	Nongprue, Bang Lamung, Chonburi
The Trust Condo Ngamwongwan	Ngamwongwan Road, Banglane, Nonthaburi
The Trust Condo Nakhon Prathom	Sanamchandra, Mueang Nakhon Pathom, Nakhon Pathom
The Trust Condo Hua-Hin	Hua-Hin, Hua-Hin, Prachuap Khiri Khan

Location of Hotel / Serviced Apartments

Centre Point Hotel Pratunam (Formerly known as Centre Point Hotel & Residence Petchburi)	Soi Somprasong 3, Petchburi Road, Bangkok	Tel 0-2254-1373-7
Centre Point Hotel Sukhumvit 10 (Formerly known as Centre Point Hotel & Residence Sukhumvit)	Sukhumvit Soi 10, Bangkok	Tel 0-2653-1783
Centre Point Hotel Silom (Formerly known as Centre Point Hotel & Residence Silom)	Charoenkrung Road, Bangrak, Bangkok	Tel 0-2266-0521-49
Centre Point Hotel Silom Chidlom (Formerly known as Centre Point Hotel & Residence Langsuan)	Langsuan Road, Bangkok	Tel 0-2657-2400-21
Centre Point Hotel Ploenchit (Formerly known as Centre Point Hotel & Residence Wireless)	Wireless Road, Bangkok	Tel 0-2659-5000
Centre Point Sukhumvit-Thonglor	Sukhumvit Road, Soi Sukhumvit 55 (Thonglor), Bangkok	Tel 0-2365-8300
Grande Centre Point Hotel Ratchadamri (Formerly known as The Grande Centre Point Hotel & Residence Ratchadamri)	Ratchadamri Road, Lumpini, Pathumwan , Bangkok	Tel 0-2670-5000

Location of Office Buildings for Rent

Q. House Convent	1st Floor, Q. House Convent Building, No. 38 Convent Road, Silom, Bangrak, Bangkok	Tel 0-22348448-51
Q. House Asoke	16th Floor, Q. House Asoke Building, No. 66 Sukhumvit 21, North Klongtoey, Wattana, Bangkok	Tel 0-2264-2245-7
Q. House Sathorn	Ground Floor, Q. House Sathorn Building, No. 11 South Sathorn Road, Tungmahamek, Sathorn, Bangkok	Tel 0-2679-1621-2
Q. House Ploenjit	5th Floor, Q. House Ploenjit Building, No. 598 Ploenjit Road, Lumpini, Pathumwan, Bangkok	Tel 0-2254-1020-1
Q. House Lumpini	7th Floor, Q. House Lumpini Building, No.1 South Sathorn Road, Tungmahamek, Sathorn, Bangkok	Tel 0-2677-7177

Quality Houses Public Company Limited
7th Floor, Q.House Lumpini Building,
No.1, South Sathorn Road,
Tungmahamek, Sathorn, Bangkok 10120
Tel : 0 2343 8888 and 0 2677 7000
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