

## Land and Houses Public Company Limited and its subsidiaries

### Notes to consolidated financial statements

For the year ended 31 December 2015

#### 1. General information

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

#### 2. Basis of preparation

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

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

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

#### 2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2015 (Percent)	2014 (Percent)
<u>Held by the Company</u>				
Atlantic Real Estate Co., Ltd.	Real estate business	Thailand	99.99	99.99
LH Mall & Hotel Co., Ltd. and its subsidiaries (Formerly known as “Pacific Real Estate Co., Ltd.”)	Real estate for lease business	Thailand	99.99	99.99
Land and Houses North Co., Ltd.	Real estate business	Thailand	99.99	99.99
Land and Houses Northeast Co., Ltd.	Real estate business	Thailand	99.99	99.99
Siam Tanee Property Co., Ltd. and its subsidiary	Real estate business	Thailand	99.99	99.99
L H Real Estate Co., Ltd.	Real estate business	Thailand	99.99	99.99
L H Asset Co., Ltd.	Real estate business	Thailand	99.99	99.99
L H Muang Mai Co., Ltd. and its subsidiaries	Real estate business	Thailand	55.00	55.00
L&H Property Co., Ltd. and its subsidiaries	Real estate for lease business	Thailand	60.00	60.00
Land and Houses U.S.A., Inc.	Real estate for lease business	USA	100.00	100.00
Asia Asset Advisory Co., Ltd.	Investment advisor	Thailand	99.99	99.99

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2015 (Percent)	2014 (Percent)
<u>Held by subsidiary companies</u>				
L&H Retail Management Co., Ltd.* (99.95 percent held by LH Mall & Hotel Co., Ltd. (Formerly known as "Pacific Real Estate Co., Ltd.))	Project administration	Thailand	99.99	60.00
L&H Management Co., Ltd.* (99.93 percent held by LH Mall & Hotel Co., Ltd. (Formerly known as "Pacific Real Estate Co., Ltd.))	Project administration	Thailand	99.99	60.00
Siam Tanee Real Estate Co., Ltd. (99.99 percent held by Siam Tanee Property Co., Ltd.)	Real estate business	Thailand	99.99	99.99
Phuket Future Plan Co., Ltd. (99.99 percent held by L H Muang Mai Co., Ltd.)	Real estate business	Thailand	55.00	55.00
Double Tree Co., Ltd. (99.99 percent held by L H Muang Mai Co., Ltd.)	Real estate business	Thailand	55.00	55.00
L&H Sathon Co., Ltd. (99.99 percent held by L&H Property Co., Ltd.)	Real estate for lease business	Thailand	-	60.00
L&H Hotel Management Co., Ltd. (99.99 percent held by L&H Property Co., Ltd.)	Project administration	Thailand	60.00	60.00

\* As at 31 December 2014 held by L&H Property Co., Ltd.

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) 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.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary company are translated to Baht using the exchange rate prevailing at the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

- 2.3 The separate financial statements present investments in subsidiaries, joint ventures and associates under the cost method.

### **3. New financial reporting standards**

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

#### **(a) Financial reporting standard that became effective in the current year**

The Company and its subsidiaries have adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, some of these standards involve changes to key principles, which are summarised below:

##### **TAS 19 (revised 2014) Employee Benefits**

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former standard allowed the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognise actuarial gains and losses immediately in other comprehensive income.

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

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of TAS 27 *Consolidated and Separate Financial Statements* dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights.

This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over investees and determining which entities have to be included in preparation of the consolidated financial statements.

This standard does not have any impact on the Company's and its subsidiaries' financial statements.

### **TFRS 11 Joint Arrangements**

TFRS 11 supersedes TAS 31 *Interests in Joint Ventures*. This standard requires an entity investing in any other entity to determine whether the entity and other investors have joint control in the investment. When joint control exists, there is deemed to be a joint arrangement and the entity then needs to apply judgement to assess whether the joint arrangement is a joint operation or a joint venture and to account for the interest in the investment in a manner appropriate to the type of joint arrangement. If it is a joint operation, the entity is to recognise its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest, in its separate financial statements. If it is a joint venture, the entity is to account for its investment in the joint venture using the equity method in the financial statements in which the equity method is applied or the consolidated financial statements (if any), and at cost in the separate financial statements.

This standard does not have any impact on the Company's and its subsidiaries' financial statements.

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

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

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

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

**(b) Financial reporting standard that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards (revised 2015) which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company and its subsidiaries management believe that the revised financial reporting standards will not have any significant impact on the financial statements when it is initially applied.

**4. Significant accounting policies**

**4.1 Revenue recognition**

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

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

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

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

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

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

**(c) Interest income**

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

**(d) Dividends**

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

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

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

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

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

#### **4.3 Borrowing costs**

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

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

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

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

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

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

#### **4.6 Inventories**

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

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

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

#### **4.7 Investments**

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

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

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

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

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

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

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

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

#### **4.9 Investment properties**

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

Depreciation of investment properties (if any) is calculated by reference to their costs on the straight-line basis over estimated useful lives of 5 - 40 years. Depreciation of the investment properties is included in determining income. No depreciation is provide on land.

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

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

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

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

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

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

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



#### **4.11 Intangible assets**

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

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

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

Computer software	5 and 10 years
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#### **4.12 Long-term lease**

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 long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

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

#### **4.13 Leasehold rights**

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

The amortisation expense is charged to profit or loss.

#### **4.14 Goodwill**

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

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

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

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

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

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

#### **4.16 Foreign currencies**

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

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

Gains and losses on exchange are included in determining income.

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

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

An impairment loss is recognised in profit or loss.

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

#### **4.18 Employee benefits**

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

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

## **Post-employment benefits**

### *Defined contribution plans*

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

### *Defined benefit plans*

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

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

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

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

## **4.19 Provisions**

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

## **4.20 Income tax**

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

### **Current tax**

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

## **Deferred tax**

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

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

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

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

## **4.21 Derivatives**

### **Interest rate swap contracts**

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

### **Cross currency swap agreement**

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

## **4.22 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

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

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

### **Leases**

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

### **Allowance for doubtful accounts**

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

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

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

### **Impairment of equity investments**

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

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

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

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

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

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

**Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

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

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

**Litigations**

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

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

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

**Project development costs estimation**

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



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

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

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

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

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

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

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

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

## **6. Related party transactions**

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

<u>Name of related parties</u>	<u>Relationship</u>
Atlantic Real Estate Co., Ltd.	Subsidiary
LH Mall & Hotel Co., Ltd. (Formerly known as "Pacific Real Estate Co., Ltd.")	Subsidiary
L&H Retail Management Co., Ltd.*	Subsidiary (99.95 percent held by LH Mall & Hotel Co., Ltd. (Formerly known as "Pacific Real Estate Co., Ltd."))
L&H Management Co., Ltd.*	Subsidiary (99.93 percent held by LH Mall & Hotel Co., Ltd. (Formerly known as "Pacific Real Estate Co., Ltd."))
Land and Houses North Co., Ltd.	Subsidiary
Land and Houses Northeast Co., Ltd.	Subsidiary
Siam Tanee Property Co., Ltd.	Subsidiary
Siam Tanee Real Estate Co., Ltd.	Subsidiary (99.99 percent held by Siam Tanee Property Co., Ltd.)
L H Real Estate Co., Ltd.	Subsidiary

\* As at 31 December 2014 held by L&H Property Co., Ltd.

Name of related parties	Relationship
L H Asset Co., Ltd.	Subsidiary
L H Muang Mai Co., Ltd.	Subsidiary
Phuket Future Plan Co., Ltd.	Subsidiary (99.99 percent held by L H Muang Mai Co., Ltd.)
Double Tree Co., Ltd.	Subsidiary (99.99 percent held by L H Muang Mai Co., Ltd.)
L&H Property Co., Ltd.	Subsidiary
L&H Sathon Co., Ltd.	Subsidiary (99.99 percent held by L&H Property Co., Ltd.)
L&H Hotel Management Co., Ltd.	Subsidiary (99.99 percent held by L&H Property Co., Ltd.)
Land and Houses U.S.A., Inc.	Subsidiary
Asia Asset Advisory Co., Ltd.	Subsidiary
LH Financial Group Plc.	Associate
Land and Houses Bank Plc.	Associate (99.99 percent held by LH Financial Group Plc.)
Land and Houses Fund Management Co., Ltd.	Associate (99.99 percent held by the subsidiary of LH Financial Group Plc.)
Quality Construction Products Plc.	Associate
Home Product Center Plc.	Associate
Land and Houses Property Fund	Associate
Land and Houses Property and Loan Fund-II	Associate
Quality Houses Plc.	Associate
Q.H. International Co., Ltd.	Associate (99.99 percent held by Quality Houses Plc.)
Quality Houses Leasehold Property Fund	Associate of Quality Houses Plc.
Muang Mai Property Co., Ltd.	Shareholder of subsidiary
Reco Resorts Pte Ltd.	Shareholder of subsidiary
Siam Retail Development Co., Ltd.	Common shareholder
Land and Houses Freehold and Leasehold Property Fund	Common shareholder
LH Shopping Centers Leasehold Real Estate Investment Trust	Related company
LH Hotel Leasehold Real Estate Investment Trust	Related company
Trinity Securities Company Limited	Common director

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2015	2014	2015	2014	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	205.2	168.9	4.00% - 5.50% p.a. (2014: MLR - 1.5% and 4.00% - 5.50% p.a.)
Management fee income	-	-	10.1	18.3	Approximate cost
Dividend income	-	-	1,541.8	1,475.0	Declared rate
Sales of land	-	-	177.7	-	Approximate cost
Cash paid for use of land	-	-	3.7	26.3	Approximate cost
Interest expenses	-	-	3.6	7.1	2.00% - 3.00% p.a. (2014: 3.00% p.a.)
Service expenses	-	-	0.5	0.3	Market price
Sales of other long-term investment	-	-	465.6	-	Market price
<u>Transactions with associates</u>					
Interest income	31.7	24.9	25.3	21.9	Market rate
Dividend income	875.6	629.0	875.6	629.0	Declared rate
Purchases of goods	94.5	99.2	90.0	91.1	Market price
Commission expenses	-	0.5	-	-	Market rate
Property rental fee expenses	120.0	10.9	-	-	Contract price
Project management fee expenses	19.6	95.9	-	-	Contract price
Cancellation of agreement expenses	10.0	-	-	-	Contract price
Purchase investment property	23.0	-	-	-	Approximate cost
<u>Transactions with related companies</u>					
Property management fee income	110.7	54.1	-	-	Contract price
Human-resources management income	24.1	22.8	-	-	Contract price
Dividend income	74.0	56.1	74.0	56.1	Declared rate
Sale of assets to REIT	3,715.2	5,874.3	-	-	Contract price
Rental and services expenses	54.9	43.8	47.5	43.8	Baht 750 - 880 per square meter per month (2014: Baht 750 - 800 per square meter per month)
Property rental fee expenses	20.4	-	-	-	Contract price
Interest expenses	0.5	16.8	-	-	5.50% p.a. (2014: MLR - 1.5% and 5.50% p.a.)

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2015	2014	2015	2014	
Commission expenses	16.4	15.1	-	-	Contract price
Project management fee expenses	28.4	24.0	-	-	Contract price
Provision for guarantee					
Income of fund	7.8	8.8	7.8	8.8	Contract price
<u>Transactions with directors of subsidiaries</u>					
Interest expenses	2.0	2.0	-	-	5.50% p.a.

According to the undertaking agreement with Land and Houses Freehold and Leasehold Property Fund, the Company and Reco Plaza Pte Ltd. guarantee income of such fund. They guarantee between the different amount of Baht 180 million and the actual net income for the year 2012 and Baht 243 million and the actual net income for the year 2013 - 2015. The Company and Reco Plaza Pte Ltd. guarantee at the portion of 52% and 48%, respectively. However, the guarantee income must not exceed 50% of actual net income before income guarantee. As at 31 December 2015, the outstanding provision to guarantee income of the fund is represented as short-term provisions at Baht 18 million (2014: Baht 43 million).

As at 31 December 2015 and 2014, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>Deposit at financial institution</b>				
<b>(shown under cash and cash equivalents)</b>				
<u>Associate</u>				
Land and Houses Bank Plc.	4,996.2	3,152.2	3,518.9	2,851.4
<b>Current investments (Note 8)</b>				
<u>Associate</u>				
Land and Houses Bank Plc.	600.0	-	600.0	-
Land and Houses Fund Management Co., Ltd.	601.8	301.4	601.8	301.4
	1,201.8	301.4	1,201.8	301.4
<b>Amounts due from and accounts receivables - related parties (Note 9)</b>				
<u>Subsidiaries</u>				
(Eliminated from the consolidated financial statements)				
L H Asset Co., Ltd.	-	-	-	0.3
Land and Houses Northeast Co., Ltd.	-	-	0.8	0.2
	-	-	0.8	0.5

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>Associates</b>				
Land and Houses Fund Management Co., Ltd.	-	0.1	-	-
Land and Houses Property and Loan Fund-II	-	7.5	-	-
	-	7.6	-	-
<b>Related companies</b>				
Land and Houses Freehold and Leasehold				
Property Fund	3.4	1.8	-	-
LH Shopping Centers Leasehold				
Real Estate Investment Trust	17.2	7.3	-	-
	20.6	9.1	-	-
Total	20.6	16.7	0.8	0.5
<b>Short-term loans and accrued interest receivables - related parties</b>				
<b>Subsidiaries</b>				
(Eliminated from the consolidated financial statements)				
LH Mall & Hotel Co., Ltd. (Formerly known as				
"Pacific Real Estate Co., Ltd.")	-	-	381.0	-
Atlantic Real Estate Co., Ltd.	-	-	50.2	-
Land and Houses Northeast Co., Ltd.	-	-	130.4	131.6
L H Asset Co., Ltd.	-	-	95.7	-
L H Muang Mai Co., Ltd.	-	-	108.2	104.0
Land and Houses U.S.A., Inc.	-	-	180.5	32.8
	-	-	946.0	268.4
<b>Associate</b>				
Land and Houses Bank Plc.	6.4	6.9	5.1	6.9
Total	6.4	6.9	951.1	275.3
<b>Long-term loans and accrued interest receivables - related party</b>				
<b>Subsidiary</b>				
(Eliminated from the consolidated financial statements)				
Land and Houses U.S.A., Inc.	-	-	4,238.9	3,154.1
<b>Deposit to related companies</b>				
<b>(shown under other non-current assets)</b>				
<b>Related company</b>				
Quality Houses Leasehold Property Fund	15.3	9.3	12.3	9.3
<b>Trade accounts payable - related parties (Note 20)</b>				
<b>Associates</b>				
Quality Construction Products Plc.	7.1	8.2	7.1	7.8
Home Product Center Plc.	0.8	0.5	0.3	0.4
Quality Houses Plc.	-	0.1	-	-
Q.H. International Co., Ltd.	-	8.7	-	-
Land and Houses Property and Loan Fund-II	5.7	-	-	-
	13.6	17.5	7.4	8.2

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<u>Related companies</u>				
Quality Houses Leasehold Property Fund	1.1	-	-	-
Siam Retail Development Co., Ltd.	-	7.2	-	-
	1.1	7.2	-	-
<b>Total</b>	<b>14.7</b>	<b>24.7</b>	<b>7.4</b>	<b>8.2</b>
<b>Amounts due to related parties (Note 20)</b>				
<u>Associates</u>				
Q.H. International Co., Ltd.	-	4.4	-	-
Quality Construction Products Plc.	-	0.1	-	-
Home Product Center Plc.	0.4	0.6	0.3	0.1
Land and Houses Fund Management Co., Ltd.	-	12.7	-	-
Land and Houses Property and Loan Fund-II	17.7	1.1	-	-
	18.1	18.9	0.3	0.1
<u>Related companies</u>				
LH Shopping Centers Leasehold				
Real Estate Investment Trust	0.1	28.2	-	-
Siam Retail Development Co., Ltd.	9.8	9.0	-	-
Quality Houses Leasehold Property Fund	0.1	-	0.1	-
LH Hotel Leasehold Real Estate Investment				
Real Estate Investment Trust	21.6	-	-	-
	31.6	37.2	0.1	-
<b>Total</b>	<b>49.7</b>	<b>56.1</b>	<b>0.4</b>	<b>0.1</b>
<b>Short-term loans and accrued interest payables - related parties</b>				
<u>Subsidiaries</u>				
(Eliminated from consolidated financial statements)				
LH Mall & Hotel Co., Ltd. (Formerly known as				
"Pacific Real Estate Co., Ltd.")	-	-	-	300.3
Siam Tanee Property Co., Ltd.	-	-	-	201.1
Atlantic Real Estate Co., Ltd.	-	-	-	86.6
	-	-	-	588.0
<u>Related companies/persons</u>				
Muang Mai Property Co., Ltd.	14.1	13.6	-	-
Directors of subsidiaries	57.4	55.4	-	-
	71.5	69.0	-	-
<b>Total</b>	<b>71.5</b>	<b>69.0</b>	<b>-</b>	<b>588.0</b>
<b>Provision for guarantee income of fund</b>				
<b>(shown under short-term provisions)</b>				
<u>Related company</u>				
Land and Houses Freehold and				
Leasehold Property Fund	18.2	42.5	18.2	42.5

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

Long-term loan to related party is unsecured loan which is due in December 2017 and February 2020. Interest charged at the rate of 4% per annum.

During the year 2015, movements of loans to/loans from the Company, subsidiaries and related companies were as follows:

(Unit: Million Baht)				
Consolidated financial statements				
	1 January 2015	Increase	Decrease	31 December 2015
<b>Short-term loans and accrued interest receivables - related party</b>				
<u>Associate</u>				
Land and Houses Bank Plc.	6.9	27.2	(27.7)	6.4
<b>Short-term loans from and accrued interest payables to related parties</b>				
<u>Related companies/persons</u>				
Muang Mai Property Co., Ltd.	13.6	0.5	-	14.1
Directors of subsidiaries	55.4	2.0	-	57.4
Total	69.0	2.5	-	71.5
(Unit: Million Baht)				
Separate financial statements				
	1 January 2015	Increase	Decrease	31 December 2015
<b>Short-term loans and accrued interest receivables - related parties</b>				
<u>Subsidiaries</u>				
Atlantic Real Estate Co., Ltd.	-	50.2	-	50.2
LH Mall & Hotel Co., Ltd. (Formerly known as "Pacific Real Estate Co., Ltd.")	-	478.4	(97.4)	381.0
Land and Houses Northeast Co., Ltd.	131.6	124.0	(125.2)	130.4
L H Asset Co., Ltd.	-	192.0	(96.3)	95.7
L H Muang Mai Co., Ltd.	104.0	54.5	(50.3)	108.2
Land and Houses U.S.A., Inc.	32.8	3,446.1	(3,298.4)	180.5
	268.4	4,345.2	(3,667.6)	946.0
<u>Associate</u>				
Land and Houses Bank Plc.	6.9	20.8	(22.6)	5.1
Total	275.3	4,366.0	(3,690.8)	951.1
<b>Long-term loan and accrued interest receivables - related party</b>				
<u>Subsidiary</u>				
Land and Houses U.S.A., Inc.	3,154.1	1,235.7	(150.9)	4,238.9
<b>Short-term loans and accrued interest payables - related parties</b>				
<u>Subsidiaries</u>				
LH Mall & Hotel Co., Ltd. (Formerly known as "Pacific Real Estate Co., Ltd.")	300.3	1.4	(301.7)	-
L H Real Estate Co., Ltd.	-	15.0	(15.0)	-
Siam Tanee Property Co., Ltd.	201.1	108.6	(309.7)	-
Land and Houses North Co., Ltd.	-	14.5	(14.5)	-
Atlantic Real Estate Co., Ltd.	86.6	20.6	(107.2)	-
Total	588.0	160.1	(748.1)	-

## Directors and management's benefits

During the years 2015 and 2014, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2015	2014	2015	2014
Short-term employee benefits	164,184	124,182	154,416	124,182
Post-employment benefits	5,843	4,338	4,587	4,338
Total	<u>170,027</u>	<u>128,520</u>	<u>159,003</u>	<u>128,520</u>

## Commitments and contingent liabilities of related parties

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

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

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2015	2014	2015	2014
Cash	4,006	4,849	2,020	1,905
Bank deposits	3,740,570	2,481,180	3,295,218	1,345,127
Cheques in transit	318,115	296,207	311,753	281,228
Fixed deposits receipt	4,894,061	3,654,208	3,500,000	3,400,000
Total	<u>8,956,752</u>	<u>6,436,444</u>	<u>7,108,991</u>	<u>5,028,260</u>

As at 31 December 2015, bank deposits and fixed deposits receipt carried interests between 0.375% and 2.00% per annum (2014: 0.375% and 2.50% per annum).



## 8. Current investments

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	2015	2014
Fixed deposits over three months but not over one year	600,000	-
Investments in LH Money Market Fund, Cost	600,000	300,000
Add: Unrealised gain on changes in value of investments	1,839	1,415
Trading securities - fair value	601,839	301,415
<b>Total</b>	<b>1,201,839</b>	<b>301,415</b>

As at 31 December 2015, fixed deposits carried interests 2.00% per annum (2014: Nil).

During the current year, the Company sold trading securities with book values totaling Baht 800 million (2014: Baht 550 million) and recognised gains on the sales amounting to Baht 6.4 million in profit or loss (2014: Baht 1.5 million).

## 9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<u>Trade receivables - unrelated parties</u>				
Past due				
Less than 3 months	123,688	115,802	-	-
3 - 6 months	2,345	3,712	-	-
6 - 9 months	2,245	3,043	-	-
9 - 12 months	2,248	2,241	-	-
Over 12 months	87	224	-	-
Total trade receivables - unrelated parties, net	130,613	125,022	-	-
<u>Other receivables</u>				
Amounts due from and accounts receivables - related parties				
receivables - related parties	20,642	16,735	812	534
Other	32,767	30,371	31,811	26,843
Other receivables	53,409	47,106	32,623	27,377
Total trade and other receivables - net	184,022	172,128	32,623	27,377

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Land	24,573,651	24,586,992	23,703,490	23,921,905
Land improvements	2,259,856	2,403,909	2,174,432	2,326,173
Construction in progress	15,133,322	11,082,347	14,717,462	10,634,660
Interest cost	2,328,479	1,855,185	2,220,330	1,762,140
Public utilities	3,897,644	3,637,596	3,589,506	3,325,789
Deferred development cost	592	719	414	414
Houses held for sales	84,857	79,730	10,711	10,413
<b>Total</b>	<b>48,278,401</b>	<b>43,646,478</b>	<b>46,416,345</b>	<b>41,981,494</b>
Less : Allowance for reduce cost to net realisable value	(160,440)	(159,902)	(60,815)	(60,926)
<b>Inventories - net</b>	<b>48,117,961</b>	<b>43,486,576</b>	<b>46,355,530</b>	<b>41,920,568</b>

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

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Borrowing costs included in cost of land and construction in progress (Million Baht)	1,103	1,029	1,070	986
Capitalisation rate (Percent)	3.6	3.8	3.6	3.8

As at 31 December 2015 and 2014, the Company and a subsidiary have mortgaged land and structures thereon to secure the loans and the overdraft facilities of the Company and its subsidiary, of with net book values as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Net book value of land and structures thereon mortgaged as collateral	7,253	9,834	6,419	8,924

Movements in the allowance for loss on diminution in value of projects during the year ended 31 December 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2015	159,902	60,926
Add: Additional set up	649	-
Less: Reversal due to sale	(111)	(111)
Balance as at 31 December 2015	<u>160,440</u>	<u>60,815</u>

During the year 2015, the Company transferred-in land held for development with net book value of Baht 37 million to inventories (2014: the Company transferred-in land held for development with net book value of Baht 3 million to inventories).

## 11. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding		Cost		Allowance for		Carrying amount based	
			percentage				impairment		on cost method - net	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
			(Percent)	(Percent)						
Atlantic Real Estate Co., Ltd.	15,000	15,000	99.99	99.99	14,998	14,998	-	-	14,998	14,998
LH Mall & Hotel Co., Ltd. and its subsidiaries (Formerly known as "Pacific Real Estate Co., Ltd.")	1,241,000	620,000	99.99	99.99	1,241,000	620,000	-	-	1,241,000	620,000
Land and Houses North Co., Ltd.	13,500	13,500	99.99	99.99	13,500	13,500	-	-	13,500	13,500
Land and Houses Northeast Co., Ltd.	150,000	150,000	99.99	99.99	149,999	149,999	(50,000)	(50,000)	99,999	99,999
Siam Tanee Property Co., Ltd. and its subsidiary	100,000	100,000	99.99	99.99	64,859	64,859	-	-	64,859	64,859
L H Real Estate Co., Ltd.	58,000	58,000	99.99	99.99	25,000	25,000	-	-	25,000	25,000
L H Asset Co., Ltd.	100,000	100,000	99.99	99.99	52,734	52,734	-	-	52,734	52,734
L H Muang Mai Co., Ltd. and its subsidiaries	900,000	900,000	55.00	55.00	495,000	495,000	-	-	495,000	495,000
L&H Property Co., Ltd. and its subsidiaries	2,450,000	2,450,000	60.00	60.00	1,566,000	1,566,000	-	-	1,566,000	1,566,000
Land and Houses U.S.A., Inc.	(a)	(a)	100.00	100.00	616,427	616,427	-	-	616,427	616,427
Asia Asset Advisory Co., Ltd.	5,000	5,000	99.99	99.99	5,000	5,000	-	-	5,000	5,000
					<u>4,244,517</u>	<u>3,623,517</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>4,194,517</u>	<u>3,573,517</u>

(a) As at 31 December 2015 and 2014, Land and Houses U.S.A., Inc. had paid-up capital amounted to USD 20 million.

During the years 2015 and 2014, the Company received dividend income from subsidiaries as detailed below.

(Unit: Thousand Baht)

Company's name	2015	2014
Atlantic Real Estate Co., Ltd.	59,992	70,490
Land and Houses North Co., Ltd.	-	8,000
Siam Tanee Property Co., Ltd.	99,999	-
L&H Property Co., Ltd.	1,381,799	1,396,499
Total	1,541,790	1,474,989

## 11.2 Significant changes in investments in subsidiaries

### LH Mall & Hotel Co., Ltd. and its subsidiaries (Formerly known as "Pacific Real Estate Co., Ltd.")

On 9 October 2015, the Extraordinary General Meeting of shareholders of LH Mall & Hotel Co., Ltd. and its subsidiaries (Formerly known as "Pacific Real Estate Co., Ltd."), the Company's subsidiary, passed a resolution approving an increase in the registered share capital of Baht 1,380 million by issuing an additional 13.8 million new ordinary shares at the par value of Baht 100 each. The meeting also passed a resolution approving partial call up payment of 13.8 million new ordinary shares of Baht 45 each, or a total of Baht 621 million. The Company has already paid for the subscription.

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

As at 31 December 2015 and 2014, L H Muang Mai Co., Ltd. pledged the ordinary shares of its subsidiaries, Phuket Future Plan Co., Ltd. and Double Tree Co., Ltd., as collateral of long-term loans.

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

On 7 February 2014, the Board of Directors' meeting of L&H Sathon Co., Ltd., the subsidiary of L&H Property Co., Ltd., passed a resolution approving the dissolution of the Company. The subsidiary filed for deregistration on 18 March 2014. The subsidiary has been completely the liquidation process on 19 January 2015.

In November 2015, L&H Property Co., Ltd. sold all investments in L&H Retail Management Co., Ltd. and L&H Management Co., Ltd. to LH Mail & Hotel Co., Ltd. (Formerly known as "Pacific Real Estate Co., Ltd."), totaling Baht 1.7 million. As a result, the Company's percentage of indirect shareholding in L&H Retail Management Co., Ltd. and L&H Management Co., Ltd. is changed from 60 percent to 99.99 percent.

### 11.3 Details of investments in subsidiaries that have material non-controlling interests

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	2015	2014	2015	2014	2015	2014	2015	2014
	(%)	(%)						
L H Muang Mai Co., Ltd. and its subsidiaries	45	45	373	388	(15)	2	-	-
L&H Property Co., Ltd. and its subsidiaries	40	40	896	1,056	761	1,104	921	931

### 11.4 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

#### Summarised information about financial position

(Unit: Million Baht)

	L H Muang Mai Co., Ltd. and its subsidiaries		L&H Property Co., Ltd. and its subsidiaries	
	2015	2014	2015	2014
	Current assets	854	911	1,971
Non-current assets	1,073	1,078	1,647	3,458
Current liabilities	(832)	(709)	(302)	(1,378)
Non-current liabilities	(268)	(419)	(1,075)	(1,006)

#### Summarised information about comprehensive income

(Unit: Million Baht)

For the year ended 31 December

	L H Muang Mai Co., Ltd. and its subsidiaries		L&H Property Co., Ltd. and its subsidiaries	
	2015	2014	2015	2014
	Revenue	338	486	3,642
Profit (loss)	(34)	5	1,904	2,759
Other comprehensive income	-	-	-	(4)
Total comprehensive income	(34)	5	1,904	2,755

#### Summarised information about cash flow

(Unit: Million Baht)

For the year ended 31 December

	L H Muang Mai Co., Ltd. and its subsidiaries		L&H Property Co., Ltd. and its subsidiaries	
	2015	2014	2015	2014
	Cash flow from operating activities	48	138	135
Cash flow from investing activities	-	-	3,685	5,787
Cash flow used in financing activities	(48)	(138)	(3,486)	(5,174)
Net increase in cash and cash equivalents	-	-	334	917

## 12. Investments in associates

### 12.1 Details of investments in associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2015	2014	2015	2014	2015	2014
			(Percent)	(Percent)				
LH Financial Group Plc.	Holding company	Thai	33.98	33.98	4,538,712	4,538,712	6,109,613	5,543,973
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	21.16	179,178	179,178	412,906	425,860
Home Product Center Plc.	Trading of construction materials	Thai	30.23	30.23	1,489,020	1,489,020	5,728,752	5,365,640
Land and Houses Property Fund*	Real estate business	Thai	-	49.94	-	20,692	-	32,402
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	743,925	785,330	466,998	482,209
Quality Houses Plc.	Real estate business	Thai	24.98	24.98	3,282,682	3,282,682	6,245,449	5,646,905
					<u>10,233,517</u>	<u>10,295,614</u>	<u>18,963,718</u>	<u>17,496,989</u>

\* Registered its termination on 11 December 2007 and completed the liquidation process on 20 January 2015.

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			2015	2014	2015	2014
			(Percent)	(Percent)		
LH Financial Group Plc.	Holding company	Thai	33.98	33.98	4,538,712	4,538,712
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	21.16	179,178	179,178
Home Product Center Plc.	Trading of construction materials	Thai	30.23	30.23	1,489,020	1,489,020
Land and Houses Property Fund*	Real estate business	Thai	-	49.94	-	20,692
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	743,925	785,330
Quality Houses Plc.	Real estate business	Thai	24.98	24.98	3,282,682	3,282,682
					<u>10,233,517</u>	<u>10,295,614</u>

\* Registered its termination on 11 December 2007 and completed the liquidation process on 20 January 2015.

### 12.2 Significant changes in investments in associates

#### Land and Houses Property Fund

On 20 January 2015, the Liquidator of Land and Houses Property Fund already completed the liquidation process.

#### Land and Houses Property and Loan Fund-II

On 29 September 2015, the meeting of the unitholders of Land and Houses Property and Loan Fund-II, the Company's associate, passed the resolution approving a reduction in capital proportionate to unitholding, amounting to Baht 106 million. The Company received proceeds amounting to Baht 53 million, in proportion to its 49.99 percent holding in October 2015. The Company recognised gain on share reduction amounting to Baht 12 million in profit or loss.

### 12.3 Share of comprehensive income and dividend received

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

(Unit: Thousand Baht)

Company's name	Consolidated financial statements				Separate financial statements	
	Share of profit/loss from investments in associates during the year		Share of other comprehensive income from investments in associates during the year		Dividend received during the year	
	2015	2014	2015	2014	2015	2014
LH Financial Group Plc.	561,293	404,868	20,942	1,862	16,595	144,541
Quality Construction Products Plc.	1,528	27,139	(2,634)	-	11,848	21,157
Home Product Center Plc.	1,057,823	1,001,709	(23,794)	(7,067)	670,917	92,113
Asia Asset Advisory Co., Ltd.**	-	(121)	-	-	-	4,200
Land and Houses Property Fund *	-	-	-	-	-	-
Land and Houses Property and Loan Fund-II	38,013	(54,917)	-	-	-	-
Quality Houses Plc.	777,941	831,543	(3,121)	2,829	176,276	366,987
<b>Total</b>	<b>2,436,598</b>	<b>2,210,221</b>	<b>(8,607)</b>	<b>(2,376)</b>	<b>875,636</b>	<b>628,998</b>

\* Registered its termination on 11 December 2007 and completed the liquidation process on 20 January 2015.

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

### 12.4 Fair values of investments in listed associates

In respect of investments in associated companies that are listed companies on the Stock Exchange, their fair values as at 31 December 2015 and 2014 are as follows:

(Unit: Million Baht)

Company's name	Country of listing	Fair values	
		2015	2014
LH Financial Group Plc.	Thai	7,647	8,791
Quality Construction Products Plc.	Thai	420	732
Home Product Center Plc.	Thai	27,036	30,565
Quality Houses Plc.	Thai	6,101	8,395
<b>Total</b>		<b>41,204</b>	<b>48,483</b>

## 12.5 Summarised financial information about material associates

### Summarised information about financial position

(Unit: Million Baht)

	LH Financial Group Plc.		Home Product Center Plc.		Quality Houses Plc.	
	2015	2014	2015	2014	2015	2014
Current assets	199,667	164,970	13,367	12,791	33,029	27,709
Non-current assets	-	-	33,624	31,522	19,969	20,925
Current liabilities	(181,716)	(148,684)	(19,474)	(16,776)	(12,671)	(10,124)
Non-current liabilities	-	-	(10,614)	(11,835)	(18,781)	(19,361)
<b>Net assets</b>	<b>17,951</b>	<b>16,286</b>	<b>16,903</b>	<b>15,702</b>	<b>21,546</b>	<b>19,149</b>
Shareholding percentage (%)	33.98	33.98	30.23	30.23	24.98	24.98
<b>Share of net assets</b>	<b>6,100</b>	<b>5,534</b>	<b>5,111</b>	<b>4,747</b>	<b>5,382</b>	<b>4,783</b>
Goodwill	9	9	619	619	864	864
<b>Carrying amount of associates based on equity method</b>	<b>6,109</b>	<b>5,543</b>	<b>5,729</b>	<b>5,366</b>	<b>6,246</b>	<b>5,647</b>

### Summarised information about comprehensive income

(Unit: Million Baht)

For the year ended 31 December

	LH Financial Group Plc.		Home Product Center Plc.		Quality Houses Plc.	
	2015	2014	2015	2014	2015	2014
Revenue	5,543	4,247	56,243	51,208	21,788	22,437
Profit (loss)	1,652	1,201	3,499	3,313	3,106	3,329
Other comprehensive income	61	5	(78)	(23)	(4)	11
Total comprehensive income	1,713	1,206	3,421	3,290	3,102	3,340

## 12.6 Aggregate amount of share of comprehensive income from other associates (exclude associates named in Note 12.5)

(Unit: Million Baht)

For the year ended 31 December

	2015	2014
Share of comprehensive income:		
Profit/loss from continuing operations	40	(28)
Other comprehensive income	(3)	-
Total comprehensive income	37	(28)



12.7 The Company's consolidated financial statements for the years ended 31 December 2015 and 2014 included investments in the following associates accounted for under the equity method, and share of profit from investments in associates under the equity method, determined based on financial statements of those companies which have been audited as follows.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Investments under the equity method as at 31 December		Share of profit from investments under the equity method for the year ended 31 December	
	2015	2014	2015	2014
<b>Audited by auditor and other auditors of the same firm</b>				
LH Financial Group Plc.	6,109,613	5,543,973	561,293	404,868
Home Product Center Plc.	5,728,752	5,365,640	1,057,823	1,001,709
Asia Asset Advisory Co., Ltd. <sup>(2)</sup>	-	-	-	(121)
Land and Houses Property Fund <sup>(1)</sup>	-	32,402	-	-
Land and Houses Property and Loan Fund-II	466,998	482,209	38,013	(54,917)
Quality Houses Plc.	6,245,449	5,646,905	777,941	831,543
<b>Audited by other auditors</b>				
Quality Construction Products Plc.	412,906	425,860	1,528	27,139
<b>Total</b>	<b>18,963,718</b>	<b>17,496,989</b>	<b>2,436,598</b>	<b>2,210,221</b>

<sup>(1)</sup> Registered its termination on 11 December 2007 and completion the liquidation process on 20 January 2015.

<sup>(2)</sup> The Company reclassified the type of investment from investment in associates to investments in subsidiaries in November 2014.

### 13. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>Available-for-sale securities</b>				
Equity securities - Overseas	2,368,704	2,368,704	2,368,704	2,368,704
Unit trust - Domestic	1,513,912	1,231,613	783,568	1,231,613
Add: Changes in fair value of securities	1,223,454	1,676,283	1,211,687	1,676,283
Available-for-sale securities - net	5,106,070	5,276,600	4,363,959	5,276,600
<b>Other investments</b>				
Equity securities - Domestic	204,239	204,239	26,000	26,000
Unit trust - Domestic	165	198	-	-
Less: Allowance for impairment	(100,500)	(100,500)	(16,000)	(16,000)
Other investments - net	103,904	103,937	10,000	10,000
<b>Total</b>	<b>5,209,974</b>	<b>5,380,537</b>	<b>4,373,959</b>	<b>5,286,600</b>

#### 14. Land held for development

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2015	2014	2015	2014
Land held for development	4,896,632	4,932,853	3,709,338	3,747,318
Less: Allowance for loss on diminution in value	(802,930)	(801,172)	(690,179)	(690,179)
Land held for development - net	<u>4,093,702</u>	<u>4,131,681</u>	<u>3,019,159</u>	<u>3,057,139</u>

During the year 2015, the Company engaged an independent valuer to appraise the fair value of certain plots of land held for development of the Company and its subsidiaries, using the Market Comparison Approach as the basis of determining the valuation of assets. The fair values of land held for development appraised by the independent appraiser exceeded their net carrying amount.

As at 31 December 2015 and 2014, the Company and its subsidiaries have mortgaged some of the land held for development to secure long-term loans with net book value as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2015	2014	2015	2014
Net book value of mortgaged land held for development to secure loans	3,496	3,496	2,551	2,551

During the year 2015, the Company transferred-out land held for development with net book value of Baht 37 million to inventories (2014: the Company transferred-out land held for development with net book value of Baht 3 million to inventories).

Movements in the allowance for loss on diminution in value of land held for development during the year ended 31 December 2015 are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
Balance as at 1 January 2015	801,172		690,179	
Add: Additional set up	1,850		-	
Less: Reversal due to sale	(92)		-	
Balance as at 31 December 2015	<u>802,930</u>		<u>690,179</u>	

## 15. Investment properties

The net book value of investment properties as at 31 December 2015 and 2014 is presented below.

	(Unit: Thousand Baht)					
	Consolidated			Separate		
	financial statements			financial statements		
	Vacant			Vacant		
	Land	Apartment	Total	Land	Apartment	Total
As at 31 December 2015						
Cost	207,853	6,437,769	6,645,622	207,853	-	207,853
Less: Accumulated depreciation	-	(227,186)	(227,186)	-	-	-
Net book value	<u>207,853</u>	<u>6,210,583</u>	<u>6,418,436</u>	<u>207,853</u>	<u>-</u>	<u>207,853</u>
As at 31 December 2014						
Cost	-	3,834,281	3,834,281	-	-	-
Less: Accumulated depreciation	-	(107,780)	(107,780)	-	-	-
Net book value	<u>-</u>	<u>3,726,501</u>	<u>3,726,501</u>	<u>-</u>	<u>-</u>	<u>-</u>

A reconciliation of the net book value of investment properties for the years 2015 and 2014 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Net book value at beginning of year	3,726,501	3,758,714	-	-
Acquisition of assets	2,679,647	28,242	3,457	-
Transfer in from inventory	198,181	-	198,181	-
Transfer in from plant, property and equipment	6,215	-	6,215	-
Depreciation charged	(124,323)	(76,473)	-	-
Disposals - net book value at disposal date	(426,108)	(48)	-	-
Translation adjustment	358,323	16,066	-	-
Net book value at end of year	<u>6,418,436</u>	<u>3,726,501</u>	<u>207,853</u>	<u>-</u>

Depreciation of investment properties for the year 2015 of Baht 124 million (2014: Baht 76 million) included in cost of rental and services.

The fair value of the investment properties as at 31 December 2015 and 2014 stated below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Vacant land	208	-	208	-
Apartments	7,003 <sup>(1)</sup>	3,618 <sup>(1)</sup>	-	-

<sup>(1)</sup> As at 31 December 2015 the fair value is USD 194 million (2014: USD 110 million).

As at 31 December 2015 and 2014, the fair values of investment properties have been determined using the following approach.

- Vacant land and apartments which are acquired in the year 2015 have been determined based on acquisition cost. The management believes that there are no material differences between the book value and its fair value.
- Apartments which are acquired before the year 2015 have been determined by an accredited independent valuer in the year 2015 using the Market Comparison Approach and the Income Approach.

During the years 2015 and 2014, the subsidiary gained rental income and had direct operating expenses arising from apartments of Land and Houses U.S.A., Inc. which are recorded in profit or loss as detailed below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Rental income	427	278	-	-
Direct operating expenses	261	181	-	-

## 16. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							Total
	Land	Building and improvement	Office equipment	Furniture, fixture and equipment	Motor vehicles	Other	Assets under construction	
<u>Cost</u>								
1 January 2014	26,997	67,336	167,783	422,012	113,553	250,811	24,017	1,072,509
Purchase	-	-	14,180	1,205	10,451	18,307	45,194	89,337
Disposal/Write-off	-	-	(27,186)	(34,847)	(6,088)	(28,783)	-	(96,904)
Transfer in (out)	-	-	4,568	16,024	5,962	507	(12,341)	14,720
Translation adjustment	-	-	1	3	-	-	-	4
31 December 2014	26,997	67,336	159,346	404,397	123,878	240,842	56,870	1,079,666
Purchase	-	24,388	10,565	5,908	31,945	14,480	94,053	180,889
Disposal/Write-off	-	(45,532)	(30,344)	(77,041)	(10,405)	(69,866)	-	(233,188)
Transfer in (out)	-	-	-	22,750	-	-	(28,965)	(6,215)
Translation adjustment	-	-	15	55	-	-	-	70
31 December 2015	26,997	46,192	139,582	356,069	144,968	185,456	121,958	1,021,222
<u>Accumulated depreciation</u>								
1 January 2014	-	41,850	126,476	330,745	61,228	180,703	-	741,002
Depreciation for the year	-	2,301	20,727	33,410	19,754	27,680	-	103,872
Depreciation on disposal/Write-off	-	-	(20,090)	(25,757)	(4,410)	(17,395)	-	(67,652)
Transfer in (out)	-	-	3,746	3,683	4,992	507	-	12,928
Translation adjustment	-	-	1	2	-	-	-	3
31 December 2014	-	44,151	130,860	342,083	81,564	191,495	-	790,153
Depreciation for the year	-	2,461	16,351	27,356	19,314	23,825	-	89,307
Depreciation on disposal/Write-off	-	(16,578)	(26,561)	(64,063)	(9,189)	(52,749)	-	(169,140)
Translation adjustment	-	-	16	24	-	-	-	40
31 December 2015	-	30,034	120,666	305,400	91,689	162,571	-	710,360
<u>Allowance for impairment</u>								
1 January 2014	-	1,178	-	-	-	-	-	1,178
31 December 2014	-	1,178	-	-	-	-	-	1,178
Decrease	-	(1,178)	-	-	-	-	-	(1,178)
31 December 2015	-	-	-	-	-	-	-	-
<u>Net book value</u>								
31 December 2014	26,997	22,007	28,486	62,314	42,314	49,347	56,870	288,335
31 December 2015	26,997	16,158	18,916	50,669	53,279	22,885	121,958	310,862
<u>Depreciation for the year</u>								
2014 (Baht 40 million included in cost of sales, and the balance in administrative expenses)								103,872
2015 (Baht 33 million included in cost of sales, and the balance in administrative expenses)								89,307

(Unit: Thousand Baht)

Separate financial statements							
	Building and improvement	Office equipment	Furniture, fixture and equipment	Motor vehicles	Other	Assets under construction	Total
<b>Cost</b>							
1 January 2014	49,633	117,140	190,826	108,623	59,621	23,693	549,536
Purchase	-	10,685	242	9,262	2,449	42,137	64,775
Disposal/Write-off	-	(6,325)	(8,673)	(5,864)	(473)	-	(21,335)
Transfer in (out)	-	-	11,988	-	-	(11,988)	-
31 December 2014	49,633	121,500	194,383	112,021	61,597	53,842	592,976
Purchase	1,399	5,910	1,147	7,858	1,287	94,052	111,653
Disposal/Write-off	(10,350)	(12,732)	(14,325)	(10,405)	(4,524)	-	(52,336)
Transfer in (out)	-	-	21,018	-	-	(27,233)	(6,215)
31 December 2015	40,682	114,678	202,223	109,474	58,360	120,661	646,078
<b>Accumulated depreciation</b>							
1 January 2014	25,325	97,043	149,703	57,772	46,364	-	376,207
Depreciation for the year	2,301	13,011	15,540	18,955	4,599	-	54,406
Depreciation on disposal/Write-off	-	(6,310)	(6,722)	(4,185)	(303)	-	(17,520)
31 December 2014	27,626	103,744	158,521	72,542	50,660	-	413,093
Depreciation for the year	2,109	11,270	14,328	17,778	4,230	-	49,715
Depreciation on disposal/Write-off	(5,212)	(12,686)	(12,772)	(9,190)	(4,464)	-	(44,324)
31 December 2015	24,523	102,328	160,077	81,130	50,426	-	418,484
<b>Net book value</b>							
31 December 2014	22,007	17,756	35,862	39,479	10,937	53,842	179,883
31 December 2015	16,159	12,350	42,146	28,344	7,934	120,661	227,594
<b>Depreciation for the year</b>							
2014 (The balance included in administrative expenses)							54,406
2015 (The balance included in administrative expenses)							49,715

As at 31 December 2015 and 2014, certain building and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Building and equipment items have been fully depreciated but are still in use	584	567	297	276

## 17. Leasehold rights

(Unit: Thousand Baht)

Consolidated financial statements						
Project	Remaining periods of leasehold rights (years)	1 January		Disposal - net book value		31 December 2015
		2015	Increase	at disposal date	Amortisation	
Grande Centre Point Hotel Ratchadamri	22	1,678,597	16,822	-	(90,748)	1,604,671
Grande Centre Point Hotel Terminal 21	-	1,677,268	9,062	(1,623,491)	(62,839)	-
Grande Centre Point Hotel Thonglo	32	311,024	398,514	-	(7,779)	701,759
Vacant land	12 and 33	443	95,640	-	(38)	96,045
Total		3,667,332	520,038	(1,623,491)	(161,404)	2,402,475

The amortisation of leasehold rights for the year 2015 of Baht 161 million (2557: Baht 259 million) included in cost of rental and services.

On 16 December 2015, L&H Property Co., Ltd., a subsidiary of the Company, entered into an agreement to transfer the leasehold rights and an agreement to sell movable assets which consist of furniture, fixture and equipment of Grande Centre Point Hotel Terminal 21 Project to LH Hotel Leasehold Real Estate Investment Trust (“the Trust”) at a total price of Baht 3,715 million. The subsidiary had gains on such transactions totaling Baht 2,037 million (net of relevant sales expenses), and recognised such transactions in the profit or loss for the year 2015. In addition, as at 31 December 2015 LH Mall Hotel Co., Ltd. (Formerly know as "Pacific Real Estate Co., Ltd.), a subsidiary of the Company acquired 9% of the registered unit of the Trust which was presented as other long-term investments.

Leasehold rights of Grande Centre Point Hotel Ratchadamri project included the value of premises thereon because a subsidiary has to transfer such premises located on the leasehold to the lessor when the construction of such premises completed, in accordance with the conditions stipulated in the agreement.

The subsidiary has pledged their land leasehold rights of Grande Centre Point Hotel Ratchadamri and Grande Centre Point Hotel Thonglo project with construction thereon with a total net book value as at 31 December 2015 of Baht 1,605 million and Baht 702 million, respectively as collateral for bank overdrafts and long-term loan (31 December 2014: Only Grande Centre Point Hotel Ratchadamri project Baht 1,679 million).

During the year 2015, the subsidiary included borrowing costs in leasehold rights totaling Baht 0.7 million (2557: Nil) with the capitalisation rate of 4 percent (2014: Nil)

#### 18. Other intangible assets

The net book value of intangible assets (computer software) as at 31 December 2015 and 2014 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Cost	70,149	61,071	49,276	47,593
Less: Accumulated depreciation	(29,088)	(26,956)	(26,208)	(22,372)
Net book value	<u>41,061</u>	<u>34,115</u>	<u>23,068</u>	<u>25,221</u>

A reconciliation of the net book value of investment properties for the years 2015 and 2014 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Net book value at beginning of year	34,115	104,625	25,221	20,665
Acquisition of computer software	18,370	13,275	1,683	8,178
Disposal and amortised during the year				
- net book value as at disposal date	(4,742)	(69,463)	-	-
Amortisation*	(6,643)	(14,322)	(3,836)	(3,622)
Translation adjustment	(39)	-	-	-
Net book value at end of year	<u>41,061</u>	<u>34,115</u>	<u>23,068</u>	<u>25,221</u>
Amortisation for the year charged to				
Cost of rental and services	444	7,569	-	-
Administrative expenses	6,199	6,753	3,836	3,622

\* The amortisation for the year 2014 in consolidated financial statements included amortisation of the right to use the connecting walkway.

## 19. Bank overdrafts and short-term loans

	(Unit: Thousand Baht)					
	Interest rate		Consolidated		Separate	
	(Percent per annum)		financial statements		financial statements	
	2015	2014	2015	2014	2015	2014
<b><u>Bank overdrafts and short-term loans from financial institutions</u></b>						
Bank overdrafts	MOR	MOR	19,799	19,161	-	-
Promissory notes	MOR - 1.5	MOR - 1.5	200,000	100,000	-	-
Total bank overdrafts and short-term loans from financial institutions			<u>219,799</u>	<u>119,161</u>	<u>-</u>	<u>-</u>

Bank overdrafts and short-term loans from financial institutions are secured by the pledge of land leasehold rights and mortgage of land and structures thereon of projects of the subsidiaries.



## 20. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Trade payables - unrelated parties	2,071,134	1,783,101	1,933,324	1,613,131
Trade payables - related parties	14,708	24,713	7,387	8,256
Other payables - related parties	49,715	56,155	380	62
Accrued expenses	1,039,939	1,190,408	902,469	891,653
Others	42,942	34,458	18,593	21,126
Total trade and other payables	<u>3,218,438</u>	<u>3,088,835</u>	<u>2,862,153</u>	<u>2,534,228</u>

## 21. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Long-term loans	8,860,421	9,882,929	6,966,486	7,966,986
Less: Current portion	(371,155)	(2,176,646)	-	(1,000,500)
Net	<u>8,489,266</u>	<u>7,706,283</u>	<u>6,966,486</u>	<u>6,966,486</u>

Movements in the long-term loans during the year 2015 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2015	9,882,929	7,966,986
Add: Additional borrowing	1,356,501	-
Less: Repayment	(2,379,009)	(1,000,500)
Balance as at 31 December 2015	<u>8,860,421</u>	<u>6,966,486</u>

As at 31 December 2015 and 2014, long-term loans of the Company and its subsidiaries from domestic financial institutions are shown below:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Interest rate per annum	Principal repayments	Guaranteed by
	2015	2014	2015	2014			
<u>The Company</u>	-	1	-	1	Year 1-3: 4% Year 4: MLR - 1.75	Repayments within 4 years from the first drawdown date	Land and premises of project
	361	361	361	361	Year 1-5: MLR - 2.25	Repayments within 5 years from the first drawdown date	Land
	-	1,000	-	1,000	3.63%	Repayments within 2 years from the first drawdown date	No collateral
	3,330	3,330	3,330	3,330	Year 1-4: MLR - 2.25	Repayments within 4 years from the first drawdown date	Land
	440	440	440	440	Year 1-2: 3.95% Thereafter - MLR - 2.00	Repayments within 3 years from the first drawdown date	Land and premises of project
	805	805	805	805	Year 1-2: 3.95% Thereafter: MLR - 2.00	Repayments within 3 years from the first drawdown date	Land and premises of project
	560	560	560	560	Year 1-2: 3.95% Thereafter: MLR - 2.00	Repayments within 3 years from the first drawdown date	Land and premises of project
	470	470	470	470	Year 1-2 - 3.85% Thereafter: MLR - 2.00	Repayments within 3 years from the first drawdown date	Land and premises of project
	1,000	1,000	1,000	1,000	Year 1-2: 3.85% Thereafter: MLR - 2.00	Repayments within 4 years from the first drawdown date	Land and premises of project
<u>Subsidiaries</u>							
L&H Property Co., Ltd.	-	508	-	-	Year 1-3: MLR - 1.5 Thereafter: MLR - 1.0 or fixed deposit interest rate plus 2.5% whichever is higher rate	Repayments within December 2017	Land leasehold of project which the bank granted the loan
	-	675	-	-	Year 1-4: MLR - 1.5 Year 5-8: MLR - 1.0 Thereafter: MLR - 0.75	Repayments within 12 years for the first drawdown date commencing from January 2014	Letter of comfort from shareholders <sup>9)</sup>
L H Mall & Hotel Co., Ltd. (Formerly known as Pacific Real Estate Co., Ltd.)	5	-	-	-	MLR - 2.5	First repayment at end of March 2018 to December 2017	Land and premises of project
L H Muang Mai Co., Ltd.	159	171	-	-	MLR - 1.5	60 percent of proceeds from sale of land and premises whereas the total loan have to be repaid within 5 years from the first drawdown date	Land and premises of project
	260	355	-	-	MLR - 2	60 percent of proceeds from sale of land and premises whereas the total loan have to be repaid within 5 years from the first drawdown date	Land and premises of project
Double Tree Co., Ltd.	207	207	-	-	Year 1: MLR - 1.5 Year 2-4: MLR - 1 Year 5: MLR - 1.25	70 percent of proceeds from sale of land	Land of project Ordinary shares of the company and the related company
Land and Houses U.S.A., Inc.*	1,263	-	-	-	3% or 5 years Swap Rate (Bloomberg) + 1.29 whichever is higher rate	Repayment within 5 years for the first drawdown date	Apartments of project
Total	8,860	9,883	6,966	7,967			
Less: Current portion	(371)	(2,177)	-	(1,001)			
Net	8,489	7,706	6,966	6,966			

\*As at 31 December 2015, the Company's subsidiary had long-term loans from financial institutions which is denominated in USD amounting to USD 35 million.

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

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

As at 31 December 2015 and 2014, there were available long-term loan facilities from financial institutions as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Undrawdown loan facilities	3,628	2,201	1,795	1,795

## 22. Debentures

Details of approval to issue the debenture of the Company are as follows:

Approved by	The Annual General Meeting of the Company's shareholders held on 24 April 2015
Amount	Revolving amount of Baht 40,000 million or the equivalent in any other currencies
Term	Maximum terms of 10 years
Type	Any types of debentures such as unsubordinated and/or subordinated, unsecured and/or secured, with and/or without debenture holder representation
Method of issuance	To be issued in Thailand and/or offshore

As at 31 December 2015, the Company has unissued debentures under the above mentioned approval totaling Baht 7,500 million (2014: Baht 14,900 million).

The outstanding balance of debentures as at 31 December 2015 and 2014 are detailed below.

No.	Interest rate per annum	Age	Repayment	Maturity	Consolidated and Separate financial statements			
					Number of debenture (Shares)		Amount (Thousand Baht)	
					2015	2014	2015	2014
<u>Unsubordinated and unsecured debentures</u>								
No. 1/2009	Fixed rate 4.50%	5.5 years	At maturity	19 June 2015	-	2,000,000	-	2,000,000
No. 1/2012 (2)	Fixed rate 3.99%	3 years	At maturity	30 March 2015	-	3,100,000	-	3,100,000
No. 2/2012 (1)	Fixed rate 4.10%	3 years	At maturity	30 September 2015	-	2,500,000	-	2,500,000
No. 1/2013	Fixed rate 3.59%	3 years	At maturity	31 March 2016	3,500,000	3,500,000	3,500,000	3,500,000
No. 2/2013	Fixed rate 4.03%	3 years	At maturity	30 September 2016	3,500,000	3,500,000	3,500,000	3,500,000
No. 1/2014	Fixed rate 3.63%	3 years	At maturity	27 February 2017	500,000	500,000	500,000	500,000
No. 2/2014	Fixed rate 3.59%	3 years	At maturity	4 April 2017	3,500,000	3,500,000	3,500,000	3,500,000
No. 3/2014	Fixed rate 3.25%	2 years	At maturity	9 May 2016	1,500,000	1,500,000	1,500,000	1,500,000
No. 4/2014	Fixed rate 3.70%	3.5 years	At maturity	17 March 2018	1,000,000	1,000,000	1,000,000	1,000,000
No. 5/2014	Fixed rate 3.50%	3 years	At maturity	6 October 2017	4,000,000	4,000,000	4,000,000	4,000,000
No. 1/2015	Fixed rate 3.02%	3.5 years	At maturity	25 September 2018	1,000,000	-	1,000,000	-
No. 2/2015 (1)	Fixed rate 2.81%	3 years	At maturity	2 April 2018	7,000,000	-	7,000,000	-
No. 2/2015 (2)	Fixed rate 3.31%	5 years	At maturity	2 April 2020	1,000,000	-	1,000,000	-
No. 3/2015 (1)	Fixed rate 2.41%	3 years	At maturity	8 October 2018	4,000,000	-	4,000,000	-
No. 3/2015 (2)	Fixed rate 2.66%	4 years	At maturity	8 October 2019	1,000,000	-	1,000,000	-
No. 3/2015 (3)	Fixed rate 2.99%	5 years	At maturity	8 October 2020	1,000,000	-	1,000,000	-
Total					<u>32,500,000</u>	<u>25,100,000</u>	<u>32,500,000</u>	<u>25,100,000</u>
Less: Current portion of debentures							<u>(8,500,000)</u>	<u>(7,600,000)</u>
Net							<u>24,000,000</u>	<u>17,500,000</u>

Movements in the debentures during the year 2015 are summarised below.

	(Unit: Thousand Baht)
	Consolidated and separate financial statements
Balance as at 1 January 2015	25,100,000
Add: Issue of new debenture	15,000,000
Less: Redemption	<u>(7,600,000)</u>
Balance as at 31 December 2015	<u>32,500,000</u>

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

## 23. Provisions

(Unit: Thousand Baht)

	Consolidated financial statements								
	Short-term provisions				Long-term provisions				
	After-sale maintenance expenses	Legal cases	Guarantee income of fund	Total	Compensation for Housing		Guarantee income of fund	Assets retirement obligation	Total
					Estate Juristic Persons	Public utilities maintenance			
As at 1 January 2014	60,322	220,900	47,513	328,735	152,083	142,307	19,798	-	314,188
Increase during the year	32,460	94,111	8,806	135,377	31,517	71,264	-	15,000	117,781
Transfer in (out)	-	-	19,798	19,798	-	-	(19,798)	-	(19,798)
Utilised	(50,088)	-	(33,658)	(83,746)	(10,545)	(104,060)	-	-	(114,605)
As at 31 December 2014	42,694	315,011	42,459	400,164	173,055	109,511	-	15,000	297,566
Increase during the year	42,269	10,511	7,845	60,625	30,307	41,008	-	-	71,315
Utilised	(39,109)	-	(32,080)	(71,189)	(31,597)	(78,190)	-	-	(109,787)
As at 31 December 2015	45,854	325,522	18,224	389,600	171,765	72,329	-	15,000	259,094

(Unit: Thousand Baht)

	Separate financial statements								
	Short-term provisions				Long-term provisions				
	After-sale maintenance expenses	Legal cases	Guarantee income of fund	Total	Compensation for Housing		Guarantee income of fund	Assets retirement obligation	Total
					Estate Juristic Persons	Public utilities maintenance			
As at 1 January 2014	54,525	220,900	47,513	322,938	139,015	131,444	19,798	-	290,257
Increase during the year	30,321	94,111	8,806	133,238	28,509	69,544	-	-	98,053
Transfer in (out)	-	-	19,798	19,798	-	-	(19,798)	-	(19,798)
Utilised	(46,365)	-	(33,658)	(80,023)	(10,544)	(95,356)	-	-	(105,900)
As at 31 December 2014	38,481	315,011	42,459	395,951	156,980	105,632	-	-	262,612
Increase during the year	42,794	10,511	7,845	61,150	29,529	39,312	-	-	68,841
Utilised	(36,597)	-	(32,080)	(68,677)	(23,151)	(73,014)	-	-	(96,165)
As at 31 December 2015	44,678	325,522	18,224	388,424	163,358	71,930	-	-	235,288

## 24. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>Provision for long-term employee benefits at beginning of year</b>	261,038	202,127	222,648	187,821
Included in profit or loss:				
Current service cost	18,636	14,901	12,641	10,377
Interest cost	8,351	7,302	7,125	6,761
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	(5,654)	-	-
Financial assumptions changes	-	21,434	-	19,738
Experience adjustments	-	21,234	-	11,787
Benefits paid during the year	(7,496)	(13,836)	(6,180)	(13,836)
Transfers from related company	-	13,530	-	-
<b>Provision for long-term employee benefits at end of year</b>	<b>280,529</b>	<b>261,038</b>	<b>236,234</b>	<b>222,648</b>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cost of sales				
Selling and administrative expenses	11,191	8,592	5,292	4,335
Total expenses recognised in profit or loss	<u>15,796</u>	<u>13,611</u>	<u>14,473</u>	<u>12,803</u>
	<u>26,987</u>	<u>22,203</u>	<u>19,765</u>	<u>17,138</u>

The Company and its subsidiaries expect to pay Baht 3 million of long-term employee benefits during the next year (Separate financial statements: Baht 3 million) (2014: Baht 6 million, separate financial statements: Baht 6 million).

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit is 13 years (Separate financial statements: 13 years) (2014: 13 years, separate financial statements: 13 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Discount rate	3.2%	3.2%	3.2%	3.2%
Salary increase rate	6% - 7%	6% - 7%	7%	7%
Turnover rate	0% - 25%	0% - 25%	0% - 20%	0% - 20%

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below:

	(Unit: Million Baht)					
	Discount rate		Salary increase rate		Turnover rate	
	Increase 0.5%	Decrease 0.5%	Increase 1%	Decrease 1%	Increase 10%	Decrease 10%
Consolidated financial statements	(14)	16	31	(27)	(5)	7
Separate financial statements	(11)	13	28	(23)	(4)	5

## 25. Share capital

The increase in share capital of the Company during the year 2015 resulting from exercising of warrants are summarised below.

Date of exercised	Type of warrant	Number of exercised warrants (Unit)	Ordinary shares issued for exercised warrants (Shares)	Exercise price (Baht per share)	Date of registration of share capital with the Ministry of Commerce	Date of the Stock Exchange of Thailand approved ordinary shares as listed securities
30 December 2014	LH-W3	10,644,015	10,644,015	3.50	9 January 2015	14 January 2015
31 March 2015	LH-W3	698,783,500	698,783,500	3.50	3 April 2015	8 April 2015
30 June 2015	LH-W3	7,410,808	7,410,808	3.50	3 July 2015	8 July 2015
30 September 2015	LH-W3	27,628,447	27,628,447	3.50	6 October 2015	9 October 2015
Total		<u>744,466,770</u>	<u>744,466,770</u>			

### Reconciliation of number of shares

(Unit: Shares)

	Consolidated and separate financial statements	
	2015	2014
<u>Registered share capital</u>		
Balance beginning of year	12,031,105,828	10,354,268,670
Decreased in registered share capital	-	(328,347,147)
Increased in registered share capital	-	2,005,184,305
Balance ending of year	<u>12,031,105,828</u>	<u>12,031,105,828</u>
<u>Issued and paid-up share capital</u>		
Balance beginning of year	10,985,568,017	10,025,921,523
Increased due to exercise of warrants	744,466,770	959,646,494
Balance ending of year	<u>11,730,034,787</u>	<u>10,985,568,017</u>

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

## 26. Warrants

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

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

Type of warrant	Exercise price (Baht per share)	Exercise ratio per 1 warrant	Number of warrants outstanding as at 1 January 2015 (Units)	Number of warrants exercised during the year (Units)	Number of warrants outstanding as at 31 December 2015 (Units)
LH-W3	3.50	5 existing shares per 1 unit of warrant	1,027,894,347	(751,371,171)	276,523,176

## 27. Cash receipts from share subscription

As at 31 December 2015, the Company received cash from exercise of warrants to purchase its ordinary shares as follows.

Date of exercise	Type of warrant	Number of exercised warrants (Unit)	Ordinary shares issued for exercised warrants (Shares)	Exercise price (Baht per share)	Date of registration of share capital with the Ministry of Commerce	Date of the Stock Exchange of Thailand approved ordinary shares as listed securities
30 December 2015	LH-W3	17,548,416	17,548,416	3.50	6 January 2016	11 January 2016

As at 31 December 2015, the Company record cash received from exercised of warrants Baht 61 million. The amount is represented as cash receipts from share subscription in the statement of financial position.



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

During the years 2015 and 2014, movement of surplus (deficit) on changes in value of available-for-sale investments are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Balance as at beginning of year	1,341,026	(325,272)	1,341,026	(325,272)
Changes during the year due to				
- Revaluation	(452,829)	2,082,872	(464,595)	2,082,872
- Income taxes	94,080	(416,574)	92,919	(416,574)
Balance as at end of year	982,277	1,341,026	969,350	1,341,026

## 29. Statutory reserve

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

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

## 30. Provident fund

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Contribution to provident fund	37	34	31	29

### 31. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Purchase of land and land held for development and payment of construction in progress during year	19,407	20,179	18,706	19,393
Changes in land, constructions in progress and land held for development	(4,593)	(4,533)	(4,397)	(4,859)
Salaries and wages and other employee benefits	1,083	1,066	1,018	1,023
Depreciation and amortisation expenses	382	454	54	58
Loss on diminution in value of projects and land held for development	3	33	-	-
Loss on disposal of property, plant and equipment	-	2	-	1
Loss on exchange rate	-	-	-	6
Rental expenses from operating lease agreements	55	48	47	44

### 32. Income tax

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2015	2014	2015	2014
<b>Current income tax:</b>				
Current income tax charge	1,205,854	1,163,807	1,075,920	1,046,628
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	395,532	700,372	899	38,038
<b>Income tax expenses reported in the statements of income</b>	<b>1,601,386</b>	<b>1,864,179</b>	<b>1,076,819</b>	<b>1,084,666</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2015 and 2014 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Deferred tax relating to gain/loss on changes in value of available-for-sale investments	94,080	(416,574)	92,919	(416,574)
Deferred tax relating to actuarial gain/loss	-	7,402	-	6,305
	<u>94,080</u>	<u>(409,172)</u>	<u>92,919</u>	<u>(410,269)</u>

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Accounting profit before tax	<u>10,268,028</u>	<u>11,393,109</u>	<u>7,814,684</u>	<u>7,509,147</u>
Applicable tax rate	<del>21%</del>	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	2,085,788	2,278,682	1,562,937	1,501,829
Effects of:				
Change in value of investments accounted for the equity method	(312,192)	(316,245)	-	-
Exempt dividend income	(191,396)	(137,023)	(494,762)	(432,021)
Non-deductible expenses	12,998	16,314	9,486	13,976
Additional expense deductions allowed	(3,663)	(1,296)	(813)	(563)
Unused tax losses	10,117	13,380	-	-
Others	(266)	10,367	(29)	1,445
Total	<u>(484,402)</u>	<u>(414,503)</u>	<u>(486,118)</u>	<u>(417,163)</u>
Income tax expenses reported in the statement of income	<u>1,601,386</u>	<u>1,864,179</u>	<u>1,076,819</u>	<u>1,084,666</u>

The components of deferred tax assets and deferred tax liabilities as at 31 December 2015 and 2014 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>Deferred tax assets</b>				
Allowance for diminution in value of inventories and land held for development	192,664	192,205	150,199	150,221
Loss on change in value of available-for-sale investment	1,161	-	-	-
Allowance for impairment of investment	20,100	54,100	3,200	3,200
Allowance for asset impairment	4,000	4,236	4,000	4,000
Accumulated depreciation - Clubhouse and pool	88,527	85,463	81,542	76,806
Accumulated amortisation - Leasehold rights	811,748	496,329	-	-
Accumulated amortisation - Intangible assets	9,696	11,248	-	-
Financial lease liability	4,695	-	-	-
Short-term provisions	77,968	80,135	77,685	79,190
Advance received from customers	661	837	-	-
Provision for long-term employee benefits	45,748	44,805	40,942	38,225
Actuarial loss	7,222	7,402	6,305	6,305
Long-term provisions	17,466	25,322	14,386	21,126
Unused tax loss	2,079	-	-	-
Accrued land rental	12,331	6,933	-	-
<b>Total</b>	<b>1,296,066</b>	<b>1,009,015</b>	<b>378,259</b>	<b>379,073</b>
<b>Deferred tax liabilities</b>				
Financial lease asset	(4,686)	-	-	-
Gain on change in value of available-for-sale investment	(242,705)	(335,539)	(242,705)	(335,539)
Advance received from sale of assets to REIT	(1,811,362)	(1,162,835)	-	-
Unrealised gain on sale investment property of an overseas subsidiary	(29,490)	-	-	-
<b>Total</b>	<b>(2,088,243)</b>	<b>(1,498,374)</b>	<b>(242,705)</b>	<b>(335,539)</b>
<b>Deferred tax assets - net</b>	<b>(792,177)</b>	<b>(489,359)</b>	<b>135,554</b>	<b>43,534</b>

As at 31 December 2015, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 357 million (2014: Baht 378 million) (The Company only: Baht 50 million, 2014: Baht 90 million), on which deferred tax assets have not been recognised as the Company and its subsidiaries believe that the temporary differences and unused tax losses will not be utilised.

The unused tax losses amounting to Baht 224 million will expire by the year 2020 (2014: Baht 208 million).

### 33. Earnings per share

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

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

Consolidated financial statements					
For the year ended 31 December					
Profit for the year		Weighted average number of ordinary shares		Earnings per share	
2015	2014	2015	2014	2015	2014
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company					
7,920,226	8,423,066	11,535,499*	10,465,148*	0.69	0.80
<b>Effect of dilutive potential ordinary shares</b>					
Warrants (LH-W3)					
-	-	299,643	867,403		
<b>Diluted earnings per share</b>					
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares					
7,920,226	8,423,066	11,835,142	11,332,551	0.67	0.74

\* Included ordinary shares from cash receipts from share subscription

Separate financial statements					
For the year ended 31 December					
Profit for the year		Weighted average number of ordinary shares		Earnings per share	
2015	2014	2015	2014	2015	2014
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company					
6,737,865	6,424,481	11,535,499*	10,465,148*	0.58	0.61
<b>Effect of dilutive potential ordinary shares</b>					
Warrants (LH-W3)					
-	-	299,643	867,403		
<b>Diluted earnings per share</b>					
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares					
6,737,865	6,424,481	11,835,142	11,332,551	0.57	0.57

\* Included ordinary shares from cash receipts from share subscription

### **34. Segment information**

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

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

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

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

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

The following table present revenue and profit information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2015 and 2014, respectively.

(Unit: Million Baht)

For the year ended 31 December 2015

	Real estate business	Rental and service business	Others	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	24,223	2,036	-	26,259	-	26,259
Inter-segment revenue	-	163	-	163	(163)	-
Interest revenue	278	9	-	287	(209)	78
Infrastructure service income	255	-	-	255	-	255
Interest expense	(283)	(230)	-	(513)	209	(304)
Depreciation and amortisation	(55)	(327)	-	(382)	-	(382)
Loss on diminution in value of project and land held for development	(2)	-	-	(2)	-	(2)
Gain (loss) on sales of assets	8	2,269	-	2,277	-	2,277
Share of profit from investments in associates	780	38	1,619	2,437	-	2,437
<b>Segment profit</b>	<b>6,044</b>	<b>2,561</b>	<b>1,619</b>	<b>10,224</b>	<b>(114)</b>	<b>10,110</b>
<b>Unallocated revenue and expenses:</b>						
Other income						157
Income tax expenses						(1,601)
Non-controlling interests of the subsidiaries						(746)
<b>Profit for the year</b>						<b>7,920</b>

The following table present assets information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2015, respectively.

(Unit: Million Baht)

	Real estate business	Rental and service business	Others	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
<b>Segment assets</b>						
At 31 December 2015	53,585	8,806	-	62,391	35,679	98,070
Investments under the equity method	6,658	467	11,838	18,963	-	18,963
Increase (decrease) in non-current assets (other than financial instruments and deferred tax assets)	(1,221)	1,951	-	730	1,515	2,245

(Unit: Million Baht)

For the year ended 31 December 2014

	Real estate business	Rental and service business	Others	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	26,037	2,280	-	28,317	-	28,317
Inter-segment revenue	-	4	-	4	(4)	-
Interest revenue	246	6	-	252	(175)	77
Infrastructure service income	255	-	-	255	-	255
Interest expense	(346)	(332)	-	(678)	175	(503)
Depreciation and amortisation	(60)	(394)	-	(454)	-	(454)
Loss on diminution in value of project and land held for development	(33)	-	-	(33)	-	(33)
Gain (loss) on sales of assets	(2)	3,148	-	3,146	-	3,146
Share of profit from investments in associates	859	(55)	1,406	2,210	-	2,210
<b>Segment profit</b>	<b>6,584</b>	<b>3,294</b>	<b>1,406</b>	<b>11,248</b>	<b>11</b>	<b>11,259</b>
<b>Unallocated revenue and expenses:</b>						
Other income						134
Income tax expenses						(1,864)
Non-controlling interests of the subsidiaries						(1,106)
<b>Profit for the year</b>						<b>8,423</b>

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

(Unit: Million Baht)

	Real estate business	Rental and service business	Others	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Segment assets						
At 31 December 2014	48,880	7,524	-	56,404	30,484	86,888
Investments under the equity method	6,073	515	10,909	17,497	-	17,497
Increase (decrease) in non-current assets (Other than financial instruments and deferred tax assets)	2,762	(2,659)	-	103	1,569	1,672



## Geographic information

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

	(Unit: Million Baht)	
	<u>2015</u>	<u>2014</u>
<b>Revenue from external customers</b>		
Thailand	28,570	31,654
United States	427	278
Total	<u>28,997</u>	<u>31,932</u>
<b>Non-current assets (other than financial instruments and deferred tax assets)</b>		
Thailand	31,241	31,028
United States	6,223	3,727
Total	<u>37,464</u>	<u>34,755</u>

## Major customers

For the years 2015 and 2014, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

## 35. Dividend

Dividends	Approved by	Approved dividend per share	Interim dividend per share	Additional dividend paid per share	Total additional dividend paid	Portion belonging to shareholders		Net dividend paid
						not entitled to dividend		
		(Baht)	(Baht)	(Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
Final dividend for 2013	Annual General Meeting of the shareholders on 24 April 2014	0.40	(0.25)	0.15	1,504	(5)	1,499	
Interim dividend for 2014	Board of Director's meeting on 14 August 2014	0.25	-	0.25	2,700	(7)	2,693	
								4,192
Final dividend for 2014	Annual General Meeting of the shareholders on 23 April 2015	0.65	(0.25)	0.40	4,678	(11)	4,667	
Interim dividend for 2015	Board of Director's meeting on 13 August 2015	0.25	-	0.25	2,926	(10)	2,916	
								7,583

## 36. Commitments and contingent liabilities

### 36.1 Commitments

36.1.1 As at 31 December 2015 and 2014, the Company and its subsidiaries have commitments under construction contracts as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Commitments under construction contracts	6,371	8,498	5,017	7,309

36.1.2 As at 31 December 2015 and 2014, the subsidiaries have the following commitments under, land and construction lease agreement and land lease agreement as follows:

#### a) Land and construction lease agreement

Agreement date	Agreement period	Maturity date	Rental rate
7 June 2005	30 years*	31 May 2038	<p>From 1 June 2008, the following rental is to be paid in monthly installments</p> <p>1st - 5th year, total rental payment of Baht 33 million (Full amount has been paid)</p> <p>6th - 10th year, total rental payment of Baht 42 million (As at 31 December 2015: already paid Baht 20 million in total)</p> <p>11th - 15th year, total rental payment of Baht 54 million</p> <p>16th - 20th year, total rental payment of Baht 69 million</p> <p>21st - 25th year, total rental payment of Baht 88 million</p> <p>26th - 30th year, total rental payment of Baht 112 million</p>

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

In addition, as at 31 December 2015 and 2014, L&H Property Company Limited, the Company's subsidiary is committed to pay security expenses at the rate of Baht 11,160 per month throughout the period of construction and the period of the lease.

b) Land lease agreement

Agreement date	Agreement period	Rental rate
10 March 2006	30 years*	Land leasing fee is to be monthly paid as follows: 1st - 5th year, total rental of Baht 20 million (Full amount has been paid) 6th - 10th year, total rental of Baht 23 million (As at 31 December 2015: already paid Baht 2 million in total) 11th - 15th year, total rental of Baht 27 million 16th - 20th year, total rental of Baht 31 million 21st - 25th year, total rental of Baht 35 million 26th - 30th year, total rental of Baht 41 million

\* The agreement runs from 1 September 2010 to 31 August 2040. However, the lessor consented to allow L&H Property Company Limited, the Company's subsidiary to develop or construct on the leased land between 1 September 2007 and 31 August 2010, and the subsidiary agreed to pay additional ground rental fee of Baht 160,000 per month.

As at 31 December 2015, rental under the land lease agreement amounting to Baht 46 million (at present value) (2014: Baht 35 million) are recognised as expenses in the financial statement as part of relevant expenses of the sales of assets to REIT.

c) Land lease agreements

Agreement date	Agreement period	Maturity date	Rental rate
3 October 2014	30 years*	31 March 2047	From 1 April 2017, the following rental is to be paid in annually installments 1st - 7th year, total rental payment of Baht 35 million 8th - 17th year, total rental payment of Baht 100 million 18th - 27th year, total rental payment of Baht 150 million 28th - 30th year, total rental payment of Baht 75 million

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

In addition, as at 31 December 2015 and 2014, LH Mall & Hotel Co., Ltd. (Formerly known as "Pacific Real Estate Co., Ltd."), the Company's subsidiary, is committed to pay commission at Baht 5 million per year in the second and third year of construction period.

d) Land lease agreements

Agreement date	Agreement period	Rental rate
4 August 2015	30 years*	Land leasing fee is to be monthly paid as follows: 1st - 3rd year, total rental payment of Baht 71 million 4th - 6th year, total rental payment of Baht 78 million 7th - 9th year, total rental payment of Baht 86 million 10th - 12th year, total rental payment of Baht 95 million 13th - 15th year, total rental payment of Baht 104 million 16th - 18th year, total rental payment of Baht 115 million 19th - 21st year, total rental payment of Baht 126 million 22nd - 24th year, total rental payment of Baht 139 million 25th - 27th year, total rental payment of Baht 153 million 28th - 30th year, total rental payment of Baht 168 million

\* The agreement runs after the construction period of 3 years. However, the lessor consented to allow LH Mall & Hotel Co., Ltd. (Formerly known as "Pacific Real Estate Co., Ltd."), the Company's subsidiary, to develop or construct on the leased land for 3 years after the transfer and lease registration date. The subsidiary is committed to pay commission at Baht 1,716,000 per month in the first and second year of construction period and Baht 1,980,000 per month in the third year of construction period.

In addition, as at 31 December 2015, the subsidiary is committed to pay compensation for canceling the former land lease agreement and land leasing fee at Baht 100 million and Baht 150 million, respectively, as at transfer and lease registration date.

36.1.3 As at 31 December 2015, L&H Hotel Management Company Limited, the Company's subsidiary, is committed to pay a fixed rental fee and variable rental fee in accordance with the conditions stipulated in the lease agreements to lease assets of the followings:

Fund and/or REIT	Project	Term
Land and Houses Property and Loan Fund-II	Grande Centre Point Hotel Ploenchit	From 1 January 2016 to 31 December 2018
LH Hotel Leasehold Real Estate Investment Trust	Grand Centre Point Hotel Terminal 21	From 1 January 2016 to 31 December 2018

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

	(Unit: Million Baht)	
	Consolidated financial statements	
	2015	2014
Payable:		
In up to 1 year	317	68
In over 1 and up to 3 years	633	-

36.1.4 As at 31 December 2015, the Company had outstanding commitment of Baht 90 million in respect of uncalled portion of investments in L&H Property Co., Ltd. (2014: Baht 90 million) and LH Mall & Hotel Co., Ltd. Baht 759 million (2014: Nil).

36.1.5 As at 31 December 2015 and 2014, the Company has commitment related to purchase of land as follows.

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	2015	2014
Commitment to purchase of land	582	988

36.1.6 Obligation and commitment to complete projects on hand

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Number of projects on hand at beginning of year	64	55	54	46
Number of closed projects during year	(9)	(14)	(7)	(11)
Number of new projects during year	12	23	12	19
Number of projects on hand at end of year	67	64	59	54
Accumulative value of sales already contracted (Million Baht)	77,906	79,755	71,752	73,140
As percentage of total sales of projects on hand	57	59	56	59
Value of sales already contracted during year (Million Baht)	23,175	25,823	22,421	24,038
As percentage of total sales of projects on hand	17	19	18	20
Commitments in respect of the installation of central utilities of projects on hand (Million Baht)	1,283	1,282	1,171	1,147

36.1.7 As at 31 December 2015, the subsidiaries have servitude over land of approximately 90 rai (2014: 89 rai) of which the cost is included in the cost of projects.

36.1.8 Operating lease commitments

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

As at 31 December 2015 and 2014, the future minimum lease payments and services fee payments required under these non-cancellable contracts were as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Payable:				
In up to 1 year	50	40	38	40
In over 1 and up to 3 years	51	71	34	71

### 36.2 Bank guarantees

As at 31 December 2015 and 2014, there were the following outstanding bank guarantees issued by the banks in respect of certain performance bonds required in the normal course of business by the Company and its subsidiaries.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Letter of guarantees for arrangement and maintenance of public utilities	2,301	2,419	2,072	2,220
Letter of guarantees for electricity usage	70	59	52	42
	<u>2,371</u>	<u>2,478</u>	<u>2,124</u>	<u>2,262</u>

### 36.3 Guarantees

36.3.1 As at 31 December 2015 and 2014, the Company has the following obligations in respect of guarantees.

(Unit: Million Baht)			
Guarantor	Guarantee	2015	2014
Land and Houses Plc.	Customers	<u>7</u>	<u>7</u>

36.3.2 The Company has contingent liabilities to a bank in relation to the financial support in form of issuance of a letter of comfort to provide to a subsidiary company for loan and guarantee facilities obtained for development of the subsidiary's project. As at 31 December 2015, the subsidiary has outstanding loans related to guarantee portion of the Company as specified in the letter of comfort amounting to Baht 3 million (2014: Baht 715 million).

#### **36.4 Litigation**

##### The Company and its subsidiaries

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

- a) In 2006, two housing estate juristic persons filed a lawsuit against the Company and Atlantic Real Estate Co., Ltd., the Company's subsidiary for claim of Baht 1,013 million in relation to access to public thoroughfares. In June 2009, the plaintiffs requested to reduce the claim amount to Baht 800 million. On 24 July 2014, the Court of First Instance dismissed the lawsuit. At present, the case is under the process of the Appeal Court. As at 31 December 2015, the Company has set aside a provision of Baht 25 million for liabilities arising as a result of this case (2014: Baht 25 million).

In addition, in February 2009, the Company and its subsidiary were additional sued two lawsuits which are under the claims amounting to Baht 310 million and Baht 102 million, in accordance with the Land Allocation Act and Customer Protect Act. On 10 August 2012, the Court of First Instance issued a verdict on a civil case with the amount in dispute of Baht 102 million between the Company, and two housing estate juristic persons together with co-defendant. The Court ordered the Company to pay for damages of Baht 104 million plus interest at a rate of 7.5% per annum, commencing from 8 December 2008 until the full amount is paid. At present, the case is under the process of the Appeal Court. As at 31 December 2015, the Company has set aside a provision including interest of Baht 160 million for liabilities arising as a result of these cases, based on the opinion of its legal department and its legal advisor (2014: Baht 152 million)

Subsequently, on 5 November 2014, the Appeal Court rendered a conflict judgement with the Court of First Instance, by instructing the Company to pay a plaintiff for damages of Baht 5 million plus interest at a rate of 7.5% per annum, commencing from 10 December 2008 until the full amount is paid. At present, the case is under the process of the Supreme Court.

- b) As at 31 December 2015, the Company and its subsidiaries have been sued for a total of approximately Baht 529 million (2014: Baht 529 million). To date, the Court of First Instance and the Appeal Court have ordered the Company and its subsidiaries to pay compensation plus interest totaling Baht 141 million (2014: Baht 138 million). As at 31 December 2015, the Company has set aside a provision of Baht 141 million (2014: Baht 138 million) for liabilities arising as a result of these cases, based on the opinion of their legal department.

### 37. Fair value hierarchy

As at 31 December 2015, the Company and its subsidiaries had the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Current investments - Trading securities	-	602	-	602
Other long-term investments - Available-for-sale securities				
Equity securities - Overseas	3,662	-	-	3,662
Investment units - Domestic	1,444	-	-	1,444
<b>Assets for which fair value are disclosed</b>				
Investments in associates that are listed				
companies on the Stock Exchange	41,204	-	-	41,204
Investment properties	-	-	7,211	7,211
<b>Liabilities for which fair value are disclosed</b>				
Long-term loans	-	-	8,844	8,844
Debentures	-	-	30,727	30,727
Unfavourable cross currency and interest rate				
swap agreements	-	544	-	544



(Unit: Million Baht)

	Separate financial statements			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Current investments - Trading securities	-	602	-	602
Other long-term investments - Available-for-sale securities				
Equity securities - Overseas	3,662	-	-	3,662
Investment units - Domestic	702	-	-	702
<b>Assets for which fair value are disclosed</b>				
Investments in associates that are listed				
companies on the Stock Exchange	41,204	-	-	41,204
Investment properties	-	-	208	208
<b>Liabilities for which fair value are disclosed</b>				
Long-term loans	-	-	6,950	6,950
Debentures	-	-	30,727	30,727
Unfavourable cross currency and interest rate				
swap agreements	-	544	-	544

## 38. Financial instruments

### 38.1 Financial risk management

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

#### Credit risk

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

## Interest rate risk

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

As at 31 December 2015 and 2014, significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements							
As at 31 December 2015							
Fixed interest rates				Floating	Non-interest	Total	Interest rate
At call	Within 1 year	1 - 5 years	interest rate	bearing			(% p.a.)
<u>Financial assets</u>							
Cash and cash equivalents	2,600	2,259	-	3,552	546	8,957	Note 7
Current investments	-	600	-	-	602	1,202	Note 8
Trade and other receivables	-	-	-	-	184	184	-
Other investments							
- Available-for-sale securities	-	-	-	-	5,106	5,106	-
<u>Financial liabilities</u>							
Bank overdrafts and short-term							
loans from financial institutions	-	-	-	220	-	220	Note 19
Trade and other payables	-	-	-	-	3,218	3,218	-
Short-term loans from related parties	47	-	-	-	-	47	5.50
Long-term loans	-	376	4,538	3,946	-	8,860	Note 21
Debentures	-	8,500	24,000	-	-	32,500	Note 22

(Unit: Million Baht)

Separate financial statements							
As at 31 December 2015							
Fixed interest rates							
	Within		Floating	Non-interest			
	At call	1 year	1 - 5 years	interest rate	bearing	Total	Interest rate
							(% p.a.)
<u>Financial assets</u>							
Cash and cash equivalents	2,600	900	-	3,263	346	7,109	Note 7
Current investments	-	600	-	-	602	1,202	Note 8
Trade and other receivables	-	-	-	-	33	33	-
Loan to related parties	910	-	4,224	-	-	5,134	4.00 - 5.50
Other investments							
- Available-for-sale securities	-	-	-	-	4,364	4,364	-
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	2,862	2,862	-
Short-term loans from related parties	-	-	-	-	-	-	-
Long-term loans	-	-	3,275	3,691	-	6,966	Note 21
Debentures	-	8,500	24,000	-	-	32,500	Note 22

(Unit: Million Baht)

Consolidated financial statements							
As at 31 December 2014							
Fixed interest rates							
	Within		Floating	Non-interest			
	At call	1 year	1 - 5 years	interest rate	bearing	Total	Interest rate
							(% p.a.)
<u>Financial assets</u>							
Cash and cash equivalents	2,300	1,354	-	2,234	548	6,436	Note 7
Current investments	-	-	-	-	301	301	-
Trade and other receivables	-	-	-	-	172	172	-
Other investments							
- Available-for-sale securities	-	-	-	-	5,277	5,277	-
<u>Financial liabilities</u>							
Bank overdrafts and short-term loans from financial institutions	-	-	-	119	-	119	Note 19
Trade and other payables	-	-	-	-	3,089	3,089	-
Short-term loans from related parties	46	-	-	-	-	46	5.50
Long-term loans	-	1,000	3,275	5,608	-	9,883	Note 21
Debentures	-	7,600	17,500	-	-	25,100	Note 22

(Unit: Million Baht)

Separate financial statements							
As at 31 December 2014							
Fixed interest rates							
	At call	Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
<u>Financial assets</u>							
Cash and cash equivalents	2,300	1,100	-	1,274	354	5,028	Note 7
Current investments	-	-	-	-	301	301	-
Trade and other receivables	-	-	-	-	27	27	-
Loans to related parties	205	-	3,176	-	-	3,381	4.00 - 5.50
Other investments							
- Available-for-sale securities	-	-	-	-	5,277	5,277	-
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	2,534	2,534	-
Short-term loans from related parties	585	-	-	-	-	585	3.00
Long-term loans	-	1,001	3,275	3,691	-	7,967	Note 21
Debentures	-	7,600	17,500	-	-	25,100	Note 22

### Foreign currency risk

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

The balances of financial assets denominated in foreign currencies as at 31 December 2015 and 2014 are summarised below:

Foreign currency	Financial assets		Financial liabilities		Average exchange rate as at 31 December	
	2015	2014	2015	2014	2015	2014
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Philippines Peso	4,139	4,139	-	-	0.76910	0.73775
US Dollar	20	20	35	-	36.0886	32.9630

The Company entered into Cross Currency and Interest Rate Swap agreements to manage risk associated with the financial liabilities carrying floating interest. The details of long-term loans from financial institutions are set out in Note 21. The details of the Cross Currency and Interest Rate Swap agreements outstanding as at 31 December 2015 and 2014 are as follows:

As at 31 December 2015 and 2014				
Currency and Interest Revenue Rate Swap agreement		Currency and Interest Expense Rate Swap agreement		Termination date
Principal amount	Interest rate	Principal amount	Interest rate	
Baht 346.0 million	Floating rate MLR-2.25%	USD 11.3 million	Floating rate LIBOR 6 month plus 3.25%	8 December 2017
Baht 3,075.0 million	Floating rate MLR-2.25%	USD 95.8 million	Floating rate LIBOR 6 month plus 3.19%	8 December 2017
Baht 15.5 million	Floating rate MLR-2.25%	USD 0.5 million	Floating rate LIBOR 6 month plus 3.19%	8 December 2017
Baht 254.4 million	Floating rate MLR-2.25%	USD 8.2 million	Floating rate LIBOR 6 month plus 3.19%	8 December 2017

## 38.2 Fair values of financial instruments

The estimated fair values of financial instruments as at 31 December 2015 and 2014, in comparison with the related amounts carried, are as follows:

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	Carrying amount		Fair value		Carrying amount		Fair value	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Financial assets</b>								
Cash and cash equivalents	8,957	6,436	8,957	6,436	7,109	5,028	7,109	5,028
Current investment	1,202	301	1,202	301	1,202	301	1,202	301
Trade and other receivables	184	172	184	172	33	27	33	27
Loans to related parties	-	-	-	-	5,134	3,381	5,134	3,381
Other investments								
- Available-for-sale securities	5,106	5,277	5,106	5,277	4,364	5,277	4,364	5,277
<b>Financial liabilities</b>								
Bank overdrafts and short-term								
loans from financial institutions	220	119	220	119	-	-	-	-
Trade and other payables	3,218	3,089	3,218	3,089	2,862	2,534	2,862	2,534
Short-term loans from related parties	47	46	47	46	-	585	-	585
Long-term loans	8,860	9,883	8,844	9,737	6,966	7,967	6,950	7,821
Debentures	32,500	25,100	30,727	23,822	32,500	25,100	30,727	23,822

The estimated fair value of the derivatives is as follows:

	(Unit: Million Baht)	
	As at	As at
	31 December 2015	31 December 2014
	Fair value	Fair value
	Gain (loss)	Gain (loss)
Cross Currency and Interest Rate Swap agreements	(544)	(197)

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 deposit at financial institutions, accounts receivables and accounts payables, their carrying amounts in the statements of financial position approximate their fair values.
- b) For equity securities, their fair value is generally derived from quoted market prices.
- c) 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.
- d) For loans to and loans from carrying interest approximate to the market rate, their carrying amounts in the statements of financial position approximates their fair values.
- e) For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, interest rate yield curves and commodity price yield curves.

### 39. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2015, the Group's debt-to-equity ratio was 1.09:1 (2014: 0.96:1) and the Company's was 1.30:1 (2014: 1.14:1).

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

- 40.1 On 6 January 2016, the Company registered the increase in its issued and paid-up share capital as a result of the warrant holders exercising their rights to convert warrants to ordinary shares in December 2015, as described in Note 27, which increased the Company's paid-up share capital from Baht 11,730 million to Baht 11,748 million. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities on 11 January 2016.
- 40.2 LH Mall & Hotel Co., Ltd. (Formerly known as "Pacific Real Estate Co., Ltd."), the subsidiary which the Company hold 99.99% of shares, called for the remaining of shares registered capital in the amount of Baht 759 million (13,800,000 ordinary shares at Baht 55 each). As a result, the paid-up capital of the subsidiary is now 20 million shares at price of 100 baht per share, totaling Baht 2,000 million. The Company has already paid the subscription in January 2016.
- 40.3 On 20 January 2016, Land and Houses U.S.A., Inc., the Company's 100% owned subsidiary, passed a resolution to increase its registered capital from USD 20 million to USD 40 million. The Company has already paid the subscription.
- On the same date, the subsidiary entered into an agreement to purchase new apartment in the United States at the amount of USD 99.78 million (approximately Baht 3,622 million).
- 40.4 On 29 February 2016, the meeting of the Company's Board of Directors passed the resolution to propose Annual General Meeting of the Company's shareholders for approval the payment of a dividend for the year 2015 of Baht 0.60 per share. However, since the Board of Directors previously approved an interim dividend from profit of the year 2015 amounting to Baht 0.25 per share, the Board will propose the remaining dividend payment of Baht 0.35 per share, amounting to Baht 4,112 million. The payment of such dividend shall be made within May 2016.

#### **41. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 29 February 2016.