

**Land and Houses Public Company Limited and its subsidiaries**

**Notes to interim financial statements**

**For the three-month period ended 31 March 2016**

**1. General information**

**1.1 The Company's 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.

**1.2 Basis for preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2015) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

**1.3 Basis of consolidation**

These consolidated interim financial statements are prepared by applying the same basis as that applied for the preparation of the consolidated financial statements for the year ended 31 December 2015, with there being no changes in the structure of shareholding in subsidiaries during the period.

#### 1.4 New financial reporting standards

During the period, the Company and its subsidiaries have adopted the revised and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become 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, 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 and its subsidiaries' financial statements

#### 1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2015.

#### 2. Related party transactions

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

Name of related parties	Relationship
Atlantic Real Estate Co., Ltd.	Subsidiary
LH Mall & Hotel Co., Ltd.	Subsidiary
L&H Retail Management Co., Ltd.	Subsidiary (99.95 percent held by LH Mall & Hotel Co., Ltd.)
L&H Management Co., Ltd.	Subsidiary (99.93 percent held by LH Mall & Hotel 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
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

(Unaudited but reviewed)

<u>Name of related parties</u>	<u>Relationship</u>
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 LH Financial Group Plc.)
Quality Construction Products Plc.	Associate
Home Product Center Plc.	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 periods, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month periods ended 31 March				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2016	2015	2016	2015	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	53.4	43.3	4.00% - 5.50% p.a.
Management fee income	-	-	2.0	3.0	Approximate cost
Interest expenses	-	-	0.1	3.4	2.00% p.a. (2015: 3.00% p.a.)
Service expenses	-	-	-	0.4	Market price
<u>Transactions with associates</u>					
Interest income	11.8	9.0	6.3	7.7	Market rate
Purchases of goods	28.1	23.7	25.2	23.0	Market price
Property rental fee expenses	45.3	31.0	-	-	Contract price
Project management fee expenses	-	6.1	-	-	Contract price
<u>Transactions with related companies</u>					
Property management fee income	26.9	24.9	-	-	Contract price
Human-resources management					
income	5.6	-	-	-	Contract price
Dividend income	40.6	23.8	23.2	23.8	Declared rate
Rental and services expenses	15.7	11.2	13.3	11.2	Baht 750 - 880 per square meter per month
Property rental fee expenses	97.7	-	-	-	Contract price
Interest expenses	0.1	0.1	-	-	5.50% p.a.
Commission expenses	0.8	3.0	-	-	Contract price
Project management fee expenses	2.4	6.9	-	-	Contract price
<u>Transactions with directors of subsidiaries</u>					
Interest expenses	0.5	0.5	-	-	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 (31 March 2016: Nil).

(Unaudited but reviewed)

As at 31 March 2016 and 31 December 2015, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
<b>Deposit at financial institution</b>				
<b>(shown under cash and cash equivalents)</b>				
<u>Associate</u>				
Land and Houses Bank Plc.	1,663.8	4,649.8	353.7	3,158.9
<b>Current investments (Note 4)</b>				
<u>Associates</u>				
Land and Houses Bank Plc.	90.3	600.0	-	600.0
Land and Houses Fund Management Co., Ltd.	-	601.8	-	601.8
	90.3	1,201.8	-	1,201.8
<b>Amounts due from and accounts receivables - related parties (Note 5)</b>				
<u>Subsidiary</u>				
(Eliminated from the consolidated financial statements)				
Land and Houses Northeast Co., Ltd.	-	-	-	0.8
	-	-	-	0.8
<u>Related companies</u>				
Land and Houses Freehold and Leasehold Property Fund	-	3.4	-	-
LH Hotel Leasehold Real Estate Investment Trust	0.2	-	-	-
LH Shopping Centers Leasehold Real Estate Investment Trust	7.5	17.2	-	-
	7.7	20.6	-	-
Total	7.7	20.6	-	0.8
<b>Short-term loans and accrued interest receivables - related parties</b>				
<u>Subsidiaries</u>				
(Eliminated from the consolidated financial statements)				
LH Mall & Hotel Co., Ltd.	-	-	150.5	381.0
Atlantic Real Estate Co., Ltd.	-	-	60.8	50.2
Land and Houses Northeast Co., Ltd.	-	-	80.0	130.4
L H Asset Co., Ltd.	-	-	96.6	95.7
L H Muang Mai Co., Ltd.	-	-	159.7	108.2
Land and Houses U.S.A., Inc.	-	-	-	180.5
	-	-	547.6	946.0
<u>Associate</u>				
Land and Houses Bank Plc.	1.0	6.4	-	5.1
Total	1.0	6.4	547.6	951.1

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
<b>Long-term loans and accrued interest receivables - related party</b>				
<u>Subsidiary</u>				
(Eliminated from the consolidated financial statements)				
Land and Houses U.S.A., Inc.	-	-	5,082.7	4,238.9
<b>Deposit to related company</b>				
<b>(shown under other non-current assets)</b>				
<u>Related company</u>				
Quality Houses Leasehold Property Fund	14.5	15.3	11.4	12.3
<b>Trade accounts payable - related parties (Note 16)</b>				
<u>Associates</u>				
Quality Construction Products Plc.	5.2	7.1	5.2	7.1
Home Product Center Plc.	2.6	0.8	0.8	0.3
Land and Houses Property and Loan Fund-II	6.4	5.7	-	-
	14.2	13.6	6.0	7.4
<u>Related company</u>				
Quality Houses Leasehold Property Fund	0.1	1.1	-	-
	0.1	1.1	-	-
Total	14.3	14.7	6.0	7.4
<b>Amounts due to related parties (Note 16)</b>				
<u>Associates</u>				
Home Product Center Plc.	0.5	0.4	0.2	0.3
Land and Houses Property and Loan Fund-II	26.1	17.7	-	-
	26.6	18.1	0.2	0.3
<u>Related companies</u>				
LH Shopping Centers Leasehold				
Real Estate Investment Trust	-	0.1	-	-
Siam Retail Development Co., Ltd.	1.1	9.8	-	-
Quality Houses Leasehold Property Fund	0.4	0.1	0.4	0.1
LH Hotel Leasehold Real Estate Investment				
Trust	98.4	21.6	-	-
	99.9	31.6	0.4	0.1
Total	126.5	49.7	0.6	0.4
<b>Short-term loans and accrued interest payables - related parties</b>				
<u>Subsidiaries</u>				
(Eliminated from consolidated financial statements)				
L H Real Estate Co., Ltd.	-	-	15.0	-
Siam Tanee Property Co., Ltd.	-	-	110.0	-
Land and House North Co., Ltd.	-	-	15.0	-
	-	-	140.0	-

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
<u>Related companies/persons</u>				
Muang Mai Property Co., Ltd.	14.2	14.1	-	-
Directors of subsidiaries	57.9	57.4	-	-
	<u>72.1</u>	<u>71.5</u>	<u>-</u>	<u>-</u>
Total	<u>72.1</u>	<u>71.5</u>	<u>140.0</u>	<u>-</u>
<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	-	18.2

Short-term loans from/to related parties are in the form of promissory notes without collateral which are due within 1 year or at call.

Long-term loans to related party are unsecured loans which are due between December 2017 to August 2020. Interest charged at the rate of 4% per annum.

During the three-month period ended 31 March 2016, movements of loans from/to the Company, subsidiaries and related companies were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	1 January 2016	Increase	Decrease	31 March 2016
<b>Short-term loans and accrued interest receivables - related parties</b>				
<u>Associate</u>				
Land and Houses Bank Plc.	6.4	11.6	(17.0)	1.0
<b>Short-term loans from and accrued interest payables - related parties</b>				
<u>Related companies/persons</u>				
Muang Mai Property Co., Ltd.	14.1	0.1	-	14.2
Directors of subsidiaries	57.4	0.5	-	57.9
Total	<u>71.5</u>	<u>0.6</u>	<u>-</u>	<u>72.1</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate financial statements			31 March 2016
	1 January 2016	Increase	Decrease	
<b>Short-term loans and accrued interest receivables - related parties</b>				
<u>Subsidiaries</u>				
LH Mall & Hotel Co., Ltd.	381.0	220.8	(451.3)	150.5
Atlantic Real Estate Co., Ltd.	50.2	10.6	-	60.8
Land and Houses Northeast Co., Ltd.	130.4	1.2	(51.6)	80.0
L H Asset Co., Ltd.	95.7	0.9	-	96.6
L H Muang Mai Co., Ltd.	108.2	51.5	-	159.7
Land and Houses U.S.A., Inc.	180.5	1.2	(181.7)	-
	<u>946.0</u>	<u>286.2</u>	<u>(684.6)</u>	<u>547.6</u>
<u>Associate</u>				
Land and Houses Bank Plc.	5.1	6.2	(11.3)	-
Total	<u>951.1</u>	<u>292.4</u>	<u>(695.9)</u>	<u>547.6</u>
<b>Long-term loans and accrued interest receivables - related party</b>				
<u>Subsidiary</u>				
Land and Houses U.S.A., Inc.	<u>4,238.9</u>	<u>843.8</u>	<u>-</u>	<u>5,082.7</u>
<b>Short-term loans and accrued interest payables - related parties</b>				
<u>Subsidiaries</u>				
L H Real Estate Co., Ltd.	-	15.0	-	15.0
Siam Tanee Property Co., Ltd.	-	110.0	-	110.0
Land and Houses North Co., Ltd.	-	15.0	-	15.0
Total	<u>-</u>	<u>140.0</u>	<u>-</u>	<u>140.0</u>

**Directors and management's benefit**

During the three-month periods ended 31 March 2016 and 2015, 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	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2016	2015	2016	2015
Short-term employee benefits	50,926	31,978	44,649	31,978
Post-employment benefits	1,792	1,147	1,110	1,147
Total	<u>52,718</u>	<u>33,125</u>	<u>45,759</u>	<u>33,125</u>

Commitments and contingent liabilities - related parties

The Company and its subsidiaries had commitments related to project management, finding lessees, consulting, operating lease and service agreement with related companies as described in Note 25.

The Company had outstanding guarantee obligations with its related parties, as described in Note 25.3.

**3. Cash and cash equivalents**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
Cash	3,750	4,006	2,020	2,020
Bank deposits	1,301,292	3,740,570	901,020	3,295,218
Cheques in transit	921,684	318,115	916,486	311,753
Fixed deposits receipt	1,319,034	4,894,061	-	3,500,000
Total	3,545,760	8,956,752	1,819,526	7,108,991

**4. Current investments**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
Fixed deposits over three months but not over one year	90,254	600,000	-	600,000
Investments in LH Money Market Fund, Cost	-	600,000	-	600,000
Add: Unrealised gain on changes in value of investments	-	1,839	-	1,839
Investments in LH Money Market Fund - fair value	-	601,839	-	601,839
Total	90,254	1,201,839	-	1,201,839

(Unaudited but reviewed)

**5. Trade and other receivables**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
<u>Trade receivables - unrelated parties</u>				
Past due				
Less than 3 months	73,047	123,688	-	-
3 - 6 months	23,636	2,345	-	-
6 - 9 months	2,058	2,245	-	-
9 - 12 months	2,238	2,248	-	-
Over 12 months	114	87	-	-
Total trade receivables - unrelated parties, net	101,093	130,613	-	-
<u>Other receivables</u>				
Amounts due from and accounts receivables - related parties				
Other	7,744	20,642	52	812
Other receivables	27,194	32,767	26,066	31,811
Other receivables	34,938	53,409	26,118	32,623
Total trade and other receivables - net	136,031	184,022	26,118	32,623

**6. Land, construction in progress and utilities (inventories)**

The Company and its subsidiaries have mortgaged land and structures thereon to secure the loans and the overdraft facilities of the Company and its subsidiaries, of with net book values as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
Net book value of land and structures thereon mortgaged as collateral	7,602	7,253	6,771	6,419



## 7.2 Significant changes in investments in subsidiaries

### LH Mall & Hotel Co., Ltd. and its subsidiaries

LH Mall & Hotel 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.

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

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.

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

As at 31 March 2016 and 31 December 2015, 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.

## 8. Investments in associates

### 8.1 Details of investments in associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 December 2015
			(Percent)	(Percent)				
LH Financial Group Plc.	Holding company	Thai	33.98	33.98	4,538,712	4,538,712	6,396,723	6,109,613
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	21.16	179,178	179,178	410,149	412,906
Home Product Center Plc.	Trading of construction materials	Thai	30.23	30.23	1,489,020	1,489,020	6,000,305	5,728,752
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	743,925	743,925	482,205	466,998
Quality Houses Plc.	Real estate business	Thai	24.98	24.98	3,282,682	3,282,682	6,447,529	6,245,449
					<u>10,233,517</u>	<u>10,233,517</u>	<u>19,736,911</u>	<u>18,963,718</u>

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			31 March 2016	31 December 2015	31 March 2016	31 December 2015
			(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 and Loan Fund-II	Real estate business	Thai	49.99	49.99	743,925	743,925
Quality Houses Plc.	Real estate business	Thai	24.98	24.98	3,282,682	3,282,682
					10,233,517	10,233,517

## 8.2 Significant changes in investments in associates

### LH Financial Group Public Company Limited

On 29 March 2016, LH Financial Group Public Company Limited (“LHFG”) entered into a memorandum of understanding in relation to a share subscription agreement (“SSA MOU”) with CTBC Bank Co., Ltd. (“CTBC”). Under the SSA MOU, LHFG agrees in principle to issue 7,545 million new ordinary shares (“Shares”) through a private placement to CTBC and CTBC agrees in principle to subscribe to the Shares at Baht 2.20 per share (the “Transaction”), provided that certain conditions precedent are met. Moreover, the price and the Transaction are subject to change or cancellation should due diligence uncover material adverse findings related to the business or financial position of LHFG.

On the same day, a meeting of the Board of Directors of the Company passed a resolution to approve a memorandum of understanding in relation to the shareholders agreement (“SHA MOU”) with Quality Houses Public Company Limited (“QH”) and CTBC, in order to stipulate the respective rights and obligations as the shareholders of LHFG upon the completion of the Transaction. The SHA MOU was executed by the Company, QH and CTBC on 29 March 2016.

Upon the completion of the Transaction, CTBC will hold 35.6 percent of the issued and paid-up share capital of LHFG and the Company’s shareholding in LHFG will be diluted to 21.9 percent.

### 8.3 Share of profit and dividend received

During the periods, the Company has recognised its share of profit from investments in associate companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	For the three-month periods ended 31 March					
	Consolidated financial statements				Separate financial statements	
	Share of profit from investments in associates		Share of other comprehensive income of associates		Dividend received	
	2016	2015	2016	2015	2016	2015
LH Financial Group Plc.	194,195	111,533	92,915	17,290	-	-
Quality Construction Products Plc.	(2,757)	1,730	-	-	-	-
Home Product Center Plc.	261,865	221,805	9,688	(17,070)	-	-
Land and Houses Property and Loan Fund-II	15,207	8,756	-	-	-	-
Quality Houses Plc.	185,919	139,684	16,161	(108)	-	-
Total	654,429	483,508	118,764	112	-	-

### 8.4 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 are as follows:

(Unit: Million Baht)

Company's name	Fair values	
	31 March	31 December
	2016	2015
LH Financial Group Plc.	8,713	7,647
Quality Construction Products Plc.	396	420
Home Product Center Plc.	32,602	27,036
Quality Houses Plc.	6,262	6,101
Total	47,973	41,204

(Unaudited but reviewed)

- 8.5 The Company's interim consolidated financial statements for the three-month period ended 31 March 2016 included investments in the following associates accounted for under the equity method, and share of profit from investments in the associates under the equity method, determined based on the financial statements of those companies which have been reviewed and/or have not been reviewed as stipulated.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Investments under the equity method as at	For the three-month periods ended 31 March	
	31 March 2016	2016	2015
<b>Reviewed by auditor and other auditors of the same firm</b>			
Home Product Center Plc.	6,000,305	261,865	221,805
Land and Houses Property and Loan Fund-II	482,205	15,207	8,756
Quality Houses Plc.	6,447,529	185,919	139,684
<b>Reviewed by other auditors</b>			
Quality Construction Products Plc.	410,149	(2,757)	1,730
<b>Unreviewed by auditor</b>			
LH Financial Group Plc.	6,396,723	194,195	111,533
Total	<u>19,736,911</u>	<u>654,429</u>	<u>483,508</u>

## 9. Other long-term investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
<b>Available-for-sale securities</b>				
Equity securities - Overseas	2,368,704	2,368,704	2,368,704	2,368,704
Investment units - Domestic	1,513,912	1,513,912	783,568	783,568
Add: Changes in fair value of securities	2,100,902	1,223,454	1,946,856	1,211,687
Available-for-sale securities - net	<u>5,983,518</u>	<u>5,106,070</u>	<u>5,099,128</u>	<u>4,363,959</u>
<b>Other investments</b>				
Equity securities - Domestic	204,239	204,239	26,000	26,000
Investment units - Domestic	165	165	-	-
Less: Allowance for impairment	(100,500)	(100,500)	(16,000)	(16,000)
Other investments - net	<u>103,904</u>	<u>103,904</u>	<u>10,000</u>	<u>10,000</u>
Total	<u>6,087,422</u>	<u>5,209,974</u>	<u>5,109,128</u>	<u>4,373,959</u>

(Unaudited but reviewed)

## 10. Land held for development

As at 31 March 2016 and 31 December 2015, the Company and its subsidiaries have mortgaged land held for development to secure long-term loans with net book value as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Net book value of mortgaged land held for development to secure loans	3,496	3,496	2,551	2,551

During the current period, the Company transferred-in inventories with net book value of Baht 73 million to land held for development.

## 11. Investment properties

Movements of the investment properties account during the three-month period ended 31 March 2016 are presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2016	6,418,436	207,854
Acquisitions - at cost	3,524,242	-
Depreciation	(44,604)	-
Translation adjustment	(145,747)	-
Net book value as at 31 March 2016	<u>9,752,327</u>	<u>207,854</u>

The investment properties of the subsidiary with a total net book value as at 31 March 2016 of Baht 6,057 million (31 December 2015: Baht 2,620 million) have been used as collateral for long-term loans from overseas financial institutions.

(Unaudited but reviewed)

## 12. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2016 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2016	310,862	227,594
Transfer in	1,526	1,526
Acquisitions - at cost	32,969	28,252
Disposals - net book value	(1,750)	(1,249)
Depreciation	(16,112)	(11,300)
Translation adjustment	(7)	-
Net book value as at 31 March 2016	<u>327,488</u>	<u>244,823</u>

## 13. Leasehold rights

(Unit: Thousand Baht)

Project	Remaining periods of leasehold rights (years)	Consolidated financial statements			
		1 January 2016	Increase	Amortisation	31 March 2016
Grande Centre Point Hotel Ratchadamri	21	1,604,671	-	(22,624)	1,582,047
Grande Centre Point Hotel Thonglo	31	701,759	342,197	(1,944)	1,042,012
Vacant land	12 and 32	96,045	274,307	(2,660)	367,692
Total		<u>2,402,475</u>	<u>616,504</u>	<u>(27,228)</u>	<u>2,991,751</u>

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 March 2016 of Baht 1,582 million and Baht 1,042 million, respectively as collateral for bank overdrafts and long-term loan (31 December 2015: Baht 1,605 million and Baht 702 million, respectively).

**14. Income tax**

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month periods ended 31 March 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<b>Current income tax:</b>				
Interim corporate income tax charge	352,233	214,480	319,528	198,084
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(5,888)	30,602	2,730	3,862
<b>Income tax expenses reported in the statements of income</b>	<u>346,345</u>	<u>245,082</u>	<u>322,258</u>	<u>201,946</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Deferred tax relating to gain on changes in value of available-for- sale investments	(175,490)	(18,725)	(147,034)	(18,725)

**15. Bank overdrafts and short-term loans from financial institutions**

	(Unit: Thousand Baht)					
	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	31	31	31	31	31	31
	March	December	March	December	March	December
	2016	2015	2016	2015	2016	2015
<b>Bank overdrafts and short-term loans from financial institutions</b>						
Bank overdrafts	MOR	MOR	-	19,799	-	-
Promissory notes	MOR - 2.0	MOR - 1.5	200,000	200,000	-	-
Total bank overdrafts and short-term loans from financial institutions			<u>200,000</u>	<u>219,799</u>	<u>-</u>	<u>-</u>

(Unaudited but reviewed)

As at 31 March 2016 and 31 December 2015, bank overdrafts and short-term loans from financial institutions are secured by the pledge of land leasehold rights and mortgage of land and structures thereon of projects of the subsidiaries.

## 16. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
Trade payables - unrelated parties	2,263,946	2,071,134	2,047,080	1,933,324
Trade payables - related parties	14,295	14,708	6,035	7,387
Other payables - related parties	126,514	49,715	571	380
Accrued expenses	819,745	1,039,939	708,481	902,649
Others	91,040	42,942	60,161	18,593
Total trade and other payables	<u>3,315,540</u>	<u>3,218,438</u>	<u>2,822,328</u>	<u>2,862,153</u>

## 17. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
Long-term loans	8,288,544	8,860,421	4,546,180	6,966,486
Less: Current portion	(458,164)	(371,155)	(1,000)	-
Net	<u>7,830,380</u>	<u>8,489,266</u>	<u>4,545,180</u>	<u>6,966,486</u>

Movements in the long-term loans during the three-month period ended 31 March 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial	Separate financial
	statements	statements
Balance as at 1 January 2016	8,860,421	6,966,486
Add: Additional borrowing	1,928,374	-
Less: Repayment	(2,470,522)	(2,420,306)
Less: Translation adjustment	(29,729)	-
Balance as at 31 March 2016	<u>8,288,544</u>	<u>4,546,180</u>

(Unaudited but reviewed)

As at 31 March 2016 and 31 December 2015, the Company and its subsidiaries have pledged part of land and structures thereon of projects, investment properties, land held for development, investment properties, land leasehold rights and shares of subsidiaries as collateral for long-term loans.

The Company and Reco Resorts Pte Ltd., as shareholders of L&H Property Company Limited, agreed to provide assurance to the lender of L&H Property Company Limited, the Company's 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 March 2016 and 31 December 2015, there were available long-term loan facilities from financial institutions as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
Undrawdown loan facilities	3,298	3,308	1,795	1,795

**18. Debentures**

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

Approved by	The Annual General Meeting of the Company's shareholders held on 24 April 2014
Amount	Revolving amount of Baht 40,000 million or the equivalent in any other currencies
Term	Maximum terms of 10 years
Type	Any types of debentures such as unsubordinated and/or subordinated, unsecured and/or secured, with and/or without debenture holder representation
Method of issuance	To be issued in Thailand and/or offshore

As at 31 March 2016, the Company has unissued debentures under the above mentioned approval totaling Baht 11,000 million. (31 December 2015: Baht 7,500 million).

The outstanding balance of debentures as at 31 March 2016 and 31 December 2015 are detailed below.

	Consolidated and Separate financial statements							
					Number of debenture (Shares)		Amount (Thousand Baht)	
					31	31	31	31
					March	December	March	December
No.	Interest rate per annum	Age	Repayment	Maturity	2016	2015	2016	2015
<u>Unsubordinated and unsecured debentures</u>								
No. 1/2013	Fixed rate 3.59%	3 years	At maturity	31 March 2016	-	3,500,000	-	3,500,000
No. 2/2013	Fixed rate 4.03%	3 years	At maturity	30 September 2016	3,500,000	3,500,000	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	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	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	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	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	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	1,000,000	1,000,000
Total					<u>29,000,000</u>	<u>32,500,000</u>	<u>29,000,000</u>	<u>32,500,000</u>
Less: Current portion of debentures							<u>(5,500,000)</u>	<u>(8,500,000)</u>
Net							<u><u>23,500,000</u></u>	<u><u>24,000,000</u></u>

(Unaudited but reviewed)

Movements in the debentures during the three-month period ended 31 March 2016 are summarised below.

	(Unit: Thousand Baht)
	Consolidated and separate financial statements
Balance as at 1 January 2016	32,500,000
Less: Redemption	(3,500,000)
Balance as at 31 March 2016	<u>29,000,000</u>

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

## 19. Share capital

During the three-month period ended 31 March 2016, the increase in share capital of the Company 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 2015	LH-W3	17,548,416	17,548,416	3.50	6 January 2016	11 January 2016
Total		<u>17,548,416</u>	<u>17,548,416</u>			

### Reconciliation of number of shares

	(Unit: Share)	
	Consolidated and separate financial statements	
	For the three-month periods ended 31 March	
	<u>2016</u>	<u>2015</u>
Registered share capital	<u>12,031,105,828</u>	<u>12,031,105,828</u>
Issued and paid-up share capital		
Balance as at beginning of period	11,730,034,787	10,985,568,017
Increased due to exercise of warrants	17,548,416	10,644,015
Balance as at end of period	<u>11,747,583,203</u>	<u>10,996,212,032</u>

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

## 20. Warrants

On 6 May 2014, the Company issued of 1,998,184,856 registered warrants free of charge to existing shareholders (LH-W3) in a ratio of 5 existing shares per 1 unit of warrant. These warrants have an exercise price of Baht 3.50 per share, an exercise ratio of 1 warrant to 1 new ordinary share, and can be exercised on the last working day of every March, June, September and December, for a period of 3 years from the issued date, 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 per 1 share	Exercise ratio per 1 warrant	Number of warrants outstanding as at 1 January 2016	Number of warrants exercised during the period	Number of warrants outstanding as at 31 March 2016
	(Baht)		(Units)	(Units)	(Units)
LH-W3	3.50	1 unit of warrant to 5 new ordinary share	276,523,176	(24,722,411)	251,800,765

## 21. Cash receipts from share subscription

During the three-month period ended 31 March 2016, 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	Ordinary shares issued for exercised warrants	Exercise price	Date of registration of share capital with the Ministry of Commerce	Date of the Stock Exchange of Thailand approved ordinary shares as listed securities
		(Unit)	(Shares)	(Baht per share)		
31 March 2016	LH-W3	24,722,411	24,722,411	3.50	5 April 2016	11 April 2016

As at 31 March 2016, the Company records cash received from exercised of warrants Baht 87 million. The amount is represented as cash receipts in advance from share subscription in the statement of financial position.

**22. Revaluation surplus in investments**

During the three-month periods ended 31 March 2016 and 2015, movements of revaluation surplus in investments are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2016	2015	2016	2015
Balance as at beginning of period	982,277	1,341,026	969,350	1,341,026
Changes during the period due to				
- Revaluation	877,448	93,626	735,169	93,626
- Income taxes	(175,490)	(18,725)	(147,034)	(18,725)
Balance as at end of period	1,684,235	1,415,927	1,557,485	1,415,927

**23. Earnings per share**

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

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

(Unaudited but reviewed)

Consolidated financial statements						
For the three-month periods ended 31 March						
Profit for the period		Weighted average number of ordinary shares		Earnings per share		
2016	2015	2016	2015	2016	2015	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
<b>Basic earnings per share</b>						
Profit attributable to equity holders						
of the Company						
1,995,515	1,345,330	11,747,855*	11,003,976*	0.17	0.12	
<b>Effect of dilutive potential ordinary shares</b>						
Warrants (LH-W3)						
-	-	163,824	647,820			
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders						
assuming the conversion of						
warrants to ordinary shares						
1,995,515	1,345,330	11,911,679	11,651,796	0.17	0.12	

\* Included ordinary shares from cash receipts from share subscription

Separate financial statements						
For the three-month periods ended 31 March						
Profit for the period		Weighted average number of ordinary shares		Earnings per share		
2016	2015	2016	2015	2016	2015	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
<b>Basic earnings per share</b>						
Profit attributable to equity holders						
of the Company						
1,374,195	825,144	11,747,855*	11,003,976*	0.12	0.07	
<b>Effect of dilutive potential ordinary shares</b>						
Warrants (LH-W3)						
-	-	163,824	647,820			
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders						
assuming the conversion of						
warrants to ordinary shares						
1,374,195	825,144	11,911,679	11,651,796	0.12	0.07	

\* Included ordinary shares from cash receipts from share subscription

## 24. Segment information

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services. During the period, the Company and its subsidiaries have no change on operating segment information.

Revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month periods ended 31 March 2016 and 2015 are as follows.

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month period ended 31 March 2016						
	Real estate business	Rental and service business	Others	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	7,016	629	-	7,645	-	7,645
Inter-segment revenue	-	33	-	33	(33)	-
Interest revenue	62	6	-	68	(54)	14
Infrastructure service income	76	-	-	76	-	76
Interest expense	(71)	(72)	-	(143)	55	(88)
Depreciation and amortisation	(13)	(78)	-	(91)	-	(91)
Gain on sales of assets	-	1	-	1	-	1
Share of profit from investments in associates	183	15	456	654	-	654
<b>Segment profit</b>	<b>1,788</b>	<b>48</b>	<b>456</b>	<b>2,292</b>	<b>3</b>	<b>2,295</b>
<b>Unallocated revenue and expenses:</b>						
Other income						187
Loss on derivatives						(122)
Income tax expenses						(346)
Non-controlling interests of the subsidiaries						(18)
<b>Profit for the period</b>						<b>1,996</b>

(Unit: Million Baht)

For the three-month period ended 31 March 2015						
	Real estate business	Rental and service business	Others	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	5,214	482	-	5,696	-	5,696
Inter-segment revenue	-	50	-	50	(50)	-
Interest revenue	58	3	-	61	(47)	14
Infrastructure service income	77	-	-	77	-	77
Interest expense	(52)	(49)	-	(101)	47	(54)
Depreciation and amortisation	(15)	(75)	-	(90)	-	(90)
Loss on diminution in value of project and land held for development	(1)	-	-	(1)	-	(1)
Gain on sales of assets	10	-	-	10	-	10
Share of profit from investments in associates	141	9	333	483	-	483
<b>Segment profit</b>	<b>1,159</b>	<b>57</b>	<b>333</b>	<b>1,549</b>	<b>(1)</b>	<b>1,548</b>
<b>Unallocated revenue and expenses:</b>						
Other income						48
Income tax expenses						(245)
Non-controlling interests of the subsidiaries						(6)
<b>Profit for the period</b>						<b>1,345</b>

## 25. Commitments and contingent liabilities

### 25.1 Commitments

25.1.1 As at 31 March 2016 and 31 December 2015, the Company and its subsidiaries have commitments under construction contracts as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31	31	31	31
	March	December	March	December
	2016	2015	2016	2015
Commitments under construction contracts	7,304	6,371	4,177	5,017

25.1.2 As at 31 March 2016 and 31 December 2015, 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	From 1 June 2008, the following rental is to be paid in monthly installments 1st - 5th year, total rental payment of Baht 33 million (Full amount has been paid) 6th - 10th year, total rental payment of Baht 42 million (As at 31 March 2016: already paid Baht 23 million in total) 11th - 15th year, total rental payment of Baht 54 million 16th - 20th year, total rental payment of Baht 69 million 21st - 25th year, total rental payment of Baht 88 million 26th - 30th year, total rental payment of Baht 112 million

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

In addition, as at 31 March 2016 and 31 December 2015, 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*	<p>Land leasing fee is to be monthly paid as follows:</p> <p>1st - 5th year, total rental of Baht 20 million (Full amount has been paid)</p> <p>6th - 10th year, total rental of Baht 23 million (As at 31 March 2016: already paid Baht 3 million in total)</p> <p>11th - 15th year, total rental of Baht 27 million</p> <p>16th - 20th year, total rental of Baht 31 million</p> <p>21st - 25th year, total rental of Baht 35 million</p> <p>26th - 30th year, total rental of Baht 41 million</p>

\* 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.

The rentals under the above land lease agreement are recognised as expenses in the consolidated financial statement, at present value, as part of relevant expenses in the sales of assets to REIT.

## c) Land lease agreements

Agreement date	Agreement period	Maturity date	Rental rate
3 October 2013	30 years*	31 March 2047	<p>From 1 April 2017, the following rental is to be paid in annually installments</p> <p>1st - 7th year, total rental payment of Baht 35 million</p> <p>8th - 17th year, total rental payment of Baht 100 million</p> <p>18th - 27th year, total rental payment of Baht 150 million</p> <p>28th - 30th year, total rental payment of Baht 75 million</p>

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

In addition, as at 31 March 2016 and 31 December 2015, LH Mall & Hotel 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 agreement

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., 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 1.72 million per month in the first and second year of construction period and Baht 1.98 million per month in the third year of construction period.

25.1.3 As at 31 March 2016 and 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	
	31 March 2016	31 December 2015
Payable:		
In up to 1 year	317	317
In over 1 and up to 3 years	554	633

25.1.4 As at 31 March 2016 and 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.

(Unaudited but reviewed)

25.1.5 As at 31 March 2016 and 31 December 2015, the Company has commitment related to purchase of land as follows.

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	31	31
	March	December
	2016	2015
Commitment to purchase of land	411	582

25.1.6 As at 31 March 2016, the subsidiaries have servitude over land of approximately 90 rai of which the cost is included in the cost of projects (31 December 2015: 90 rai).

25.1.7 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 March 2016 and 31 December 2015, the future minimum lease payments and services fee payments required under these non-cancellable contracts were as follows.

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	31	31	31	31
	March	December	March	December
	2016	2015	2016	2015
Payable:				
In up to 1 year	48	50	36	38
In over 1 and up to 3 years	40	51	25	34

## 25.2 Bank guarantees

As at 31 March 2016 and 31 December 2015, 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.

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	31	31	31	31
	March	December	March	December
	2016	2015	2016	2015
Letter of guarantee for arrangement and maintenance of public utilities	2,242	2,301	2,047	2,072
Letter of guarantee for electricity usage	64	70	48	52
	<u>2,306</u>	<u>2,371</u>	<u>2,095</u>	<u>2,124</u>

## 25.3 Guarantees

25.3.1 As at 31 March 2016 and 31 December 2015, the Company has the following obligations in respect of guarantee.

(Unit: Million Baht)

Guarantor	Guarantee	31 March	31 December
		2016	2015
Land and Houses Plc.	Customers	<u>7</u>	<u>7</u>

25.3.2 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 for loan and guarantee facilities obtained for development of the subsidiary's projects. As at 31 March 2016, the subsidiary has outstanding loans related to guarantee portion of the Company as specified in the letter of comfort amounting to Baht 3 million (31 December 2015: Baht 3 million).

## 25.4 Litigations

### The Company and its subsidiaries

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

- 1) 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. Subsequently, 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 March 2016, the Company has set aside a provision of Baht 25 million for liabilities arising as a result of this case (31 December 2015: Baht 25 million).

In addition, in February 2009, the Company and its subsidiary were additional sued in two lawsuits which were 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 March 2016, the Company has set aside a provision including interest of Baht 161 million for liabilities arising as a result of these cases, based on the opinion of its legal department and its legal advisor (31 December 2015: Baht 160 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.

- 2) As at 31 March 2016, the Company has been sued for a total of approximately Baht 505 million (31 December 2015: Baht 529 million). To date, the Court of First Instance and the Appeal Court have ordered the Company to pay compensation plus interest totaling Baht 151 million (31 December 2015: Baht 141 million). As at 31 March 2016, the Company has set aside a provision of Baht 151 million for liabilities arising as a result of these cases, based on the opinion of their legal department (31 December 2015: Baht 141 million).

## 25.5 Cross Currency and Interest Rate Swap agreements

The details of outstanding Cross Currency and Interest Rate Swap agreements as at 31 March 2016 and 31 December 2015 are as follows:

As at 31 March 2016				
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 3,075.0 million	Floating rate MLR-2.25%	USD 95.8 million	Floating rate LIBOR 6 month plus 3.19%	8 December 2017

(Unaudited but reviewed)

As at 31 December 2015				
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

The estimated fair values of the derivatives are as follows:

	(Unit: Million Baht)	
	As at 31 March 2016	As at 31 December 2015
	Fair value	Fair value
	Gain (loss)	Gain (loss)
Cross Currency and Interest Rate Swap agreements	(343)	(544)

## 26. Fair value of financial instruments

The Company and its subsidiaries use the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

### Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company and its subsidiaries endeavor to use relevant observable inputs as much as possible. TFRS 13 *Fair Value Measurement* establishes a fair value hierarchy categorising such inputs into three levels 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

(Unaudited but reviewed)

As at 31 March 2016 and 31 December 2015, the Company and its subsidiaries had the following assets that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

Consolidated financial statements				
As at 31 March 2016				
Level 1	Level 2	Level 3	Total	
<b>Financial assets measured at fair value</b>				
Other long-term investments - Available-for-sale securities				
Equity securities - Overseas	4,309	-	-	4,309
Investment units - Domestic	1,675	-	-	1,675

(Unit: Million Baht)

Consolidated financial statements				
As at 31 December 2015				
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

(Unit: Million Baht)

Separate financial statements				
As at 31 March 2016				
Level 1	Level 2	Level 3	Total	
<b>Financial assets measured at fair value</b>				
Other long-term investments - Available-for-sale securities				
Equity securities - Overseas	4,309	-	-	4,309
Investment units - Domestic	790	-	-	790

(Unit: Million Baht)

Separate financial statements				
As at 31 December 2015				
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

During the current period, there were no transfers within the fair value hierarchy.

## **27. Events after the reporting period**

- 27.1 On 4 April 2016, the Board of Director Meeting of L&H Property Co., Ltd., the Company's 60% owned subsidiary, passed a resolution to approve the payment of interim dividend for the year 2016 of Baht 20.80 per share, amounting to Baht 509.60 million. The payment of such dividend shall be made on 7 April 2016.
- 27.2 On 5 April 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 March 2016, as described in Note 21, which increased the Company's paid-up share capital from Baht 11,748 million to Baht 11,772 million. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities on 11 April 2016.
- 27.3 On 26 April 2016, the Annual General Meeting of the Company's shareholders passed the resolution to approve 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 4,678 million. The payment of such dividend shall be made within 24 May 2016.
- 27.4 On 27 April 2016, the Annual General Meeting of the Company's subsidiaries shareholders passed the following resolutions:
- 1) L&H Property Co., Ltd., the Company's 60% owned subsidiary passed a resolution to approve an decrease in the registered share capital by change of the par value of the company's ordinary shares from Baht 100 each to Baht 63 each. As a result, the company's share registered will be Baht 1,638 million, comprise of 26 million ordinary shares at Baht 63 each.
  - 2) Asia Asset Advisory Co., Ltd., the Company's 99.99% owned subsidiary passed a resolution to approve the payment of a dividend for the year 2015 of Baht 77 per share, amounting to Baht 38.5 million, and also to approve the payment of interim dividend for the year 2016 of Baht 1 per share, amounting to Baht 0.5 million. The payment of such dividends shall be made on 15 May 2016.
  - 3) L&H Hotel Management Co., Ltd., the Company's 60% owned indirect subsidiary passed a resolution to approve the payment of a dividend for the year 2015 of Baht 220 per share, amounting to Baht 22 million. The payment of such dividend shall be made on 15 May 2016.

27.5 On 29 April 2016, the Company issued unsubordinated and unsecured debentures No. 1/2016 to institutional investors and/or private placement by issuing 5,000,000 units at Baht 1,000 each, a total of Baht 5,000 million. The debentures have fixed interest rate at 1.82% per annum, with a semi-annually interest payment schedule. The debentures have a maturity of 3 years, with redemption on 29 April 2019.

**28. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 12 May 2016.