

Land and Houses Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month and six-month periods ended 30 June 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 except as described in Note 7.

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.)

Name of related parties	Relationship
L&H Property Co., Ltd.	Subsidiary
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 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2016	2015	2016	2015	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	55.8	59.0	3.50 - 5.50% p.a. (2015: 4.00 - 5.50% p.a.)
Management fee income	-	-	2.0	3.1	Approximate cost
Dividend income	-	-	518.0	160.0	Declared rate
Sale of land	-	-	6.4	1.9	Approximate cost
Cash paid for use of land	-	-	6.9	3.7	Approximate cost
Interest expenses	-	-	0.6	-	2.00% p.a. (2015: 3.00% p.a.)
Rental and services expenses	-	-	-	-	Market price
<u>Transactions with associates</u>					
Management fee	0.5	-	-	-	Contract price
Interest income	7.3	10.2	4.8	9.7	Market rate
Dividend income	1,002.0	344.2	1,002.0	344.2	Declared rate
Purchase of goods	24.4	17.4	23.1	16.6	Market price
Property rental fee expenses	30.6	22.8	-	-	Contract price
Project management fee expenses	-	10.0	-	-	Contract price
<u>Transactions with related companies</u>					
Property management fee	28.4	25.7	-	-	Contract price
Human-resources management income	5.5	-	-	-	Contract price
Dividend income	32.2	5.6	13.5	5.6	Declared rate
Rental and services expenses	15.7	15.5	13.1	12.3	Baht 750 - 880 per square metre per month
Property rental fee expenses	87.7	-	-	-	Contract price
Interest expenses	0.1	0.1	-	-	5.50% p.a.
Commission expenses	-	3.8	-	-	Contract price
Project management fee expenses	-	7.0	-	-	Contract price
<u>Transactions with directors of subsidiary</u>					
Interest expenses	0.2	0.5	-	-	5.50% p.a.

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2016	2015	2016	2015	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	109.2	102.3	3.50 - 5.50% p.a. (2015: 4.00 - 5.50% p.a.)
Management fee income	-	-	4.0	6.1	Approximate cost
Dividend income	-	-	518.0	160.0	Declared rate
Sale of land	-	-	6.4	1.9	Approximate cost

(Unaudited but reviewed)

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2016	2015	2016	2015	
Cash paid for use of land	-	-	6.9	3.7	Approximate cost
Interest expenses	-	-	0.7	3.4	2.00% p.a. (2015: 3.00% p.a.)
Rental and services expenses	-	-	-	0.4	Market price
<u>Transactions with associates</u>					
Management fee	0.5	-	-	-	Contract price
Interest income	19.1	19.2	11.1	17.4	Market rate
Dividend income	1,002.0	344.2	1,002.0	344.2	Declared rate
Purchase of goods	52.5	41.1	48.3	39.6	Market price
Property rental fee expenses	75.9	53.8	-	-	Contract price
Project management fee expenses	-	22.4	-	-	Contract price
<u>Transactions with related companies</u>					
Property management fee	55.3	50.6	-	-	Contract price
Human-resources management income	11.1	-	-	-	Contract price
Dividend income	72.8	29.3	36.7	29.3	Declared rate
Rental and services expenses	31.4	26.7	26.4	23.5	Baht 750 - 880 per square metre per month
Property rental fee expenses	185.4	-	-	-	Contract price
Interest expenses	0.2	0.2	-	-	5.50% p.a.
Commission expenses	0.8	6.8	-	-	Contract price
Project management fee expenses	2.4	13.9	-	-	Contract price
<u>Transactions with directors of subsidiary</u>					
Interest expenses	0.7	1.0	-	-	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 (30 June 2016: Nil).

(Unaudited but reviewed)

As at 30 June 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	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Deposit at financial institution				
(shown under cash and cash equivalents)				
<u>Associate</u>				
Land and Houses Bank Plc.	2,674.0	4,649.8	1,736.2	3,158.9
Current investments (Note 4)				
<u>Associates</u>				
Land and Houses Bank Plc.	-	600.0	-	600.0
Land and Houses Fund Management Co., Ltd.	500.3	601.8	500.3	601.8
	500.3	1,201.8	500.3	1,201.8
Amounts due from and accounts receivables - related parties (Note 5)				
<u>Subsidiary</u>				
(Eliminated from the consolidated financial statements)				
Land and Houses Northeast Co., Ltd.	-	-	-	0.8
	-	-	-	0.8
<u>Associate</u>				
Q.H. International Co., Ltd.	0.6	-	-	-
	0.6	-	-	-
<u>Related companies</u>				
Land and Houses Freehold and Leasehold				
Property Fund	-	3.4	-	-
LH Shopping Centers Leasehold				
Real Estate Investment Trust	11.4	17.2	-	-
	11.4	20.6	-	-
Total	12.0	20.6	-	0.8
Short-term loans and accrued interest receivables - related parties				
<u>Subsidiaries</u>				
(Eliminated from the consolidated financial statements)				
LH Mall & Hotel Co., Ltd.	-	-	345.9	381.0
Atlantic Real Estate Co., Ltd.	-	-	65.2	50.2
Land and Houses Northeast Co., Ltd.	-	-	20.0	130.4
L H Asset Co., Ltd.	-	-	105.3	95.7
L H Muang Mai Co., Ltd.	-	-	-	108.2
Land and Houses U.S.A., Inc.	-	-	-	180.5
	-	-	536.4	946.0
<u>Associate</u>				
Land and Houses Bank Plc.	2.2	6.4	1.2	5.1
Total	2.2	6.4	537.6	951.1

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
Long-term loans and accrued interest receivables - related party				
<u>Subsidiary</u>				
(Eliminated from the consolidated financial statements)				
Land and Houses U.S.A., Inc.	-	-	5,029.6	4,238.9
Deposit to related company				
(shown under other non-current assets)				
<u>Related company</u>				
Quality Houses Leasehold Property Fund	14.5	15.3	11.4	12.3
Trade accounts payable - related parties (Note 16)				
<u>Associates</u>				
Quality Construction Products Plc.	3.8	7.1	3.7	7.1
Home Product Center Plc.	0.4	0.8	0.3	0.3
Land and Houses Property and Loan Fund-II	-	5.7	-	-
	4.2	13.6	4.0	7.4
<u>Related company</u>				
Quality Houses Leasehold Property Fund	-	1.1	-	-
	-	1.1	-	-
Total	4.2	14.7	4.0	7.4
Amounts due to related parties (Note 16)				
<u>Associates</u>				
Home Product Center Plc.	0.3	0.4	0.2	0.3
Land and Houses Property and Loan Fund-II	17.7	17.7	-	-
	18.0	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	0.5	0.1	0.4	0.1
LH Hotel Leasehold Real Estate Investment				
Trust	88.5	21.6	-	-
	90.1	31.6	0.4	0.1
Total	108.1	49.7	0.6	0.4
Short-term loans and accrued interest payables - related parties				
<u>Subsidiaries</u>				
(Eliminated from consolidated financial statements)				
L H Real Estate Co., Ltd.	-	-	-	-
Siam Tanee Property Co., Ltd.	-	-	-	-
Land and Houses North Co., Ltd.	-	-	-	-
	-	-	-	-

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
<u>Related companies/persons</u>				
Muang Mai Property Co., Ltd.	-	14.1	-	-
Directors of subsidiaries	-	57.4	-	-
	-	71.5	-	-
Total	-	71.5	-	-
Provision for guarantee income of fund				
(shown under short-term provisions)				
<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 September 2020. Interest charged at the rate of 4% and 4.17% per annum.

During the six-month period ended 30 June 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	30 June 2016
Short-term loans and accrued interest receivables - related parties				
<u>Associate</u>				
Land and Houses Bank Plc.	6.4	17.2	(21.4)	2.2
Short-term loans from and accrued interest payables - related parties				
<u>Related companies/persons</u>				
Muang Mai Property Co., Ltd.	14.1	0.2	(14.3)	-
Directors of subsidiaries	57.4	0.7	(58.1)	-
Total	71.5	0.9	(72.4)	-
(Unit: Million Baht)				
	Separate financial statements			
	1 January 2016	Increase	Decrease	30 June 2016
Short-term loans and accrued interest receivables - related parties				
<u>Subsidiaries</u>				
LH Mall & Hotel Co., Ltd.	381.0	443.5	(478.6)	345.9
Atlantic Real Estate Co., Ltd.	50.2	16.2	(1.2)	65.2
Land and Houses Northeast Co., Ltd.	130.4	1.8	(112.2)	20.0
L H Asset Co., Ltd.	95.7	11.9	(2.3)	105.3
L H Muang Mai Co., Ltd.	108.2	52.3	(160.5)	-
Land and Houses U.S.A., Inc.	180.5	1.2	(181.7)	-
	946.0	526.9	936.5	536.4

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate financial statements			
	1 January 2016	Increase	Decrease	30 June 2016
Associate				
Land and Houses Bank Plc.	5.1	9.1	(13.0)	1.2
Total	951.1	536.0	(949.5)	537.6
Long-term loans and accrued interest receivables - related party				
Subsidiary				
Land and Houses U.S.A., Inc.	4,238.9	886.2	(95.5)	5,029.6
Short-term loans and accrued interest payables - related parties				
Subsidiaries				
L H Real Estate Co., Ltd.	-	15.1	(15.1)	-
Siam Tanee Property Co., Ltd.	-	110.5	(110.5)	-
Land and Houses North Co., Ltd.	-	15.1	(15.1)	-
Total	-	140.7	(140.7)	-

Directors and management's benefit

During the three-month and six-month periods ended 30 June 2016 and 2015, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2016	2015	2016	2015
Short-term employee benefits	50,990	37,255	101,916	71,619
Post-employment benefits	9,865	1,461	11,657	2,922
Total	60,855	38,716	113,573	74,541

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2016	2015	2016	2015
Short-term employee benefits	42,109	34,813	86,758	66,735
Post-employment benefits	1,536	1,147	2,646	2,294
Total	43,645	35,960	89,404	69,029

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 26.

The Company had outstanding guarantee obligations with its related parties, as described in Note 26.3.

3. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
Cash	3,777	4,006	2,050	2,020
Bank deposits	2,203,889	3,740,570	1,151,748	3,295,218
Cheques in transit	487,564	318,115	380,259	311,753
Fixed deposits receipt	1,757,851	4,894,061	1,600,000	3,500,000
Total	4,453,081	8,956,752	3,134,057	7,108,991

4. Current investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
Fixed deposits over three months but not over one year	-	600,000	-	600,000
Investments in LH Money Market Fund, Cost	500,000	600,000	500,000	600,000
Add: Unrealised gain on changes in value of investments	293	1,839	293	1,839
Investments in LH Money Market Fund - fair value	500,293	601,839	500,293	601,839
Total	500,293	1,201,839	500,293	1,201,839

(Unaudited but reviewed)

5. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
<u>Trade receivables - unrelated parties</u>				
Past due				
Less than 3 months	66,422	123,688	-	-
3 - 6 months	4,219	2,345	-	-
6 - 9 months	14,215	2,245	-	-
9 - 12 months	2,059	2,248	-	-
Over 12 months	247	87	-	-
Total trade receivables - unrelated parties, net	87,162	130,613	-	-
<u>Other receivables</u>				
Amounts due from and accounts receivables - related parties				
receivables - related parties	12,040	20,642	49	812
Other	24,489	32,767	23,068	31,811
Other receivables	36,529	53,409	23,117	32,623
Total trade and other receivables - net	123,691	184,022	23,117	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	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
Net book value of land and structures thereon mortgaged as collateral	7,932	7,253	7,121	6,419

(Unaudited but reviewed)

Movements in the allowance for loss on diminution in value of projects during the six-month period ended 30 June 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2016	160,440	60,815
Less: Transferred to property, plant and equipment	(334)	(334)
Reversal due to sale	(2,554)	(1,456)
Balance as at 30 June 2016	<u>157,552</u>	<u>59,025</u>

During the current period, the Company transferred-out inventories with net book value of Baht 73 million and Baht 2 million to land held for development, and property, plant and equipment, respectively.

7. Investments in subsidiaries

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

Company's name	(Unit: Thousand Baht)									
	Separate financial statements									
	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment		Carrying amount based on cost method - net	
	30 June 2016	31 December 2015	30 June 2016 (Percent)	31 December 2015 (Percent)	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015
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	2,000,000	1,241,000	99.99	99.99	2,000,000	1,241,000	-	-	2,000,000	1,241,000
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
LH 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	1,638,000	2,450,000	60.00	60.00	1,078,800	1,566,000	-	-	1,078,800	1,566,000
Land and Houses U.S.A., Inc.	(a)	(a)	100.00	100.00	1,343,127	616,427	-	-	1,343,127	616,427
Asia Asset Advisory Co., Ltd.	5,000	5,000	99.99	99.99	5,000	5,000	-	-	5,000	5,000
					<u>5,243,017</u>	<u>4,244,517</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>5,193,017</u>	<u>4,194,517</u>

(a) As at 30 June 2016 and 31 December 2015, Land and Houses U.S.A., Inc. had paid-up capital amounted to USD 40 million and USD 20 million, respectively.

(Unaudited but reviewed)

During the periods, the Company received dividend income from subsidiaries as detailed below.

(Unit: Thousand Baht)

Company's name	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2016	2015	2016	2015
Atlantic Real Estate Co., Ltd.	-	59,992	-	59,992
Siam Tanee Property Co., Ltd.	-	99,999	-	99,999
L H Muang Mai Co., Ltd.	173,250	-	173,250	-
L&H Property Co., Ltd.	305,760	-	305,760	-
Asia Asset Advisory Co., Ltd.	38,999	-	38,999	-
Total	518,009	159,991	518,009	159,991

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 (13.8 million ordinary shares at Baht 55 each). As a result, the paid-up capital of the subsidiary is now 20 million ordinary shares at price of 100 baht per share, totaling Baht 2,000 million. The Company has already paid the subscription on 8 January 2016.

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

L&H Property Co., Ltd., the Company's 60% owned subsidiary passed following resolutions in relation to its registered share capital:

- a) To call for the remaining of shares registered capital in the amount of Baht 150 million (10 million ordinary shares at Baht 15 each). The Company has already paid the subscription in relation to its shareholding percentage amounting to Baht 90 million on 15 June 2016.
- b) To decrease the registered share capital by change of the par value of the subsidiary's ordinary shares from Baht 100 each to Baht 63 each. As a result, the subsidiary's share registered will be Baht 1,638 million, comprise of 26 million ordinary shares at Baht 63 each. The Company received capital refund in relation to its shareholding percentage amounting to Baht 577 million on 16 June 2016.

(Unaudited but reviewed)

L&H Hotel Management Co., Ltd. (99.99% held by L&H Property 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.

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

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 amounting to approximately Baht 727 million on 20 January 2016.

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

As at 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 (30 June 2016: Nil).

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	
			30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015
			(Percent)	(Percent)				
LH Financial Group Plc.	Holding company	Thai	33.98	33.98	4,538,712	4,538,712	6,580,307	6,109,613
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	21.16	179,178	179,178	392,884	412,906
Home Product Center Plc.	Trading of construction materials	Thai	30.23	30.23	1,489,020	1,489,020	5,699,287	5,728,752
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	743,925	743,925	490,247	466,998
Quality Houses Plc.	Real estate business	Thai	24.98	24.98	3,282,682	3,282,682	6,439,504	6,245,449
					<u>10,233,517</u>	<u>10,233,517</u>	<u>19,602,229</u>	<u>18,963,718</u>

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			30 June 2016	31 December 2015	30 June 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
					<u>10,233,517</u>	<u>10,233,517</u>

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 date, 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.

On 8 June 2016, LHFG entered into a share subscription agreement (“SSA”) with CTBC, whereby key terms and conditions are in accordance with the SSA MOU. On the same date, a meeting of the Board of Directors of the Company passed a resolution to approve the entering into the shareholders agreement (“SHA”) with QH and CTBC, in order to stipulate the respective rights and obligations as the shareholders of LHFG upon the completion of the Transaction, whereby key terms and conditions are in accordance with the SHA MOU.

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

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:

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	For the three-month periods ended 30 June					
	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.	272,594	142,765	63,937	8,601	152,947	16,595
Quality Construction Products Plc.	(5,418)	183	-	-	11,848	11,848
Home Product Center Plc.	299,503	247,996	(4,139)	832	596,381	273,329
Land and Houses Property and Loan Fund-II	8,043	6,264	-	-	-	-
Quality Houses Plc.	223,443	170,430	9,367	(650)	240,835	42,479
Total	798,165	567,638	69,165	8,783	1,002,011	344,251

(Unit: Thousand Baht)

Company's name	For the six-month periods ended 30 June					
	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.	466,789	254,298	156,852	25,891	152,947	16,595
Quality Construction Products Plc.	(8,174)	1,913	-	-	11,848	11,848
Home Product Center Plc.	561,367	469,801	5,549	(16,238)	596,381	273,329
Land and Houses Property and Loan Fund-II	23,250	15,020	-	-	-	-
Quality Houses Plc.	409,362	310,114	25,528	(758)	240,835	42,479
Total	1,452,594	1,051,146	187,929	8,895	1,002,011	344,251

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	
	30 June	31 December
	2016	2015
LH Financial Group Plc.	8,111	7,647
Quality Construction Products Plc.	647	420
Home Product Center Plc.	39,361	27,036
Quality Houses Plc.	7,065	6,101
Total	55,184	41,204

8.5 The Company's interim consolidated financial statements for the three-month and six-month periods ended 30 June 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.

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements				
	Investments under the equity method as at 30 June 2016	Share of profit from investments under the equity method			
		For the three-month periods ended 30 June		For the six-month periods ended 30 June	
		2016	2015	2016	2015
Reviewed by auditor and other auditors of the same firm					
Home Product Center Plc.	5,699,287	299,503	247,996	561,367	469,801
Land and Houses Property and Loan Fund-II	490,247	8,043	6,264	23,250	15,020
Quality Houses Plc.	6,439,504	223,443	170,430	409,362	310,114
Reviewed by other auditor					
Quality Construction Products Plc.	392,884	(5,418)	183	(8,174)	1,913
Unaudited and unreviewed by auditor					
LH Financial Group Plc. ⁽¹⁾	6,580,307	272,594	142,765	466,789	254,298
Total	19,602,229	798,165	567,638	1,452,594	1,051,146

⁽¹⁾ Determined based on the financial statements for the three-month and six-month periods ended 30 June 2016 which were prepared by management.

9. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	Available-for-sale securities			
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	1,819,379	1,223,454	1,587,531	1,211,687
Available-for-sale securities - net	5,701,995	5,106,070	4,739,803	4,363,959
Other investments				
Equity securities - Domestic	204,239	204,239	26,000	26,000
Investment units - Domestic	165	165	-	-
Less: Allowance for impairment	(110,500)	(100,500)	(26,000)	(16,000)
Other investments - net	93,904	103,904	-	10,000
Total	5,795,899	5,209,974	4,739,803	4,373,959

(Unaudited but reviewed)

10. Land held for development

In June 2016, the two subsidiaries sold their land held for development. The subsidiaries had gain on such transactions totaling Baht 1,240 million, and recognised in profit or loss.

As at 30 June 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	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Net book value of mortgaged land held for development to secure loans	2,551	3,496	2,551	2,551

Movements in the allowance for loss on diminution in value of land held for development during the six-month period ended 30 June 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
	Balance as at 1 January 2016	802,930
Add: Additional set up	12,388	5,957
Balance as at 30 June 2016	<u>815,318</u>	<u>696,136</u>

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 six-month period ended 30 June 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	3,560,565	203
Depreciation	(91,451)	-
Translation adjustment	(161,583)	-
Net book value as at 30 June 2016	<u>9,725,967</u>	<u>208,057</u>

(Unaudited but reviewed)

The investment properties of the subsidiary with a total net book value as at 30 June 2016 of Baht 6,041 million (31 December 2015: Baht 2,620 million) have been used as collateral for long-term loans from overseas financial institutions.

12. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 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	64,053	52,165
Disposals - net book value	(6,259)	(4,697)
Depreciation	(31,686)	(21,795)
Translation adjustment	(8)	-
Net book value as at 30 June 2016	<u>338,488</u>	<u>254,793</u>

13. Leasehold rights

(Unit: Thousand Baht)

Project	Remaining periods of leasehold rights (years)	Consolidated financial statements			
		1 January 2016	Increase	Amortisation	30 June 2016
Grande Centre Point Hotel Ratchadamri	21	1,604,671	-	(45,247)	1,559,424
Grande Centre Point Hotel Thonglo	31	701,759	552,461	(3,890)	1,250,330
Vacant land	12 and 32	96,045	289,170	(5,318)	379,897
Total		<u>2,402,475</u>	<u>841,631</u>	<u>(54,455)</u>	<u>3,189,651</u>

The subsidiaries have 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 30 June 2016 of Baht 1,559 million and Baht 1,250 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 and six-month periods ended 30 June 2016 and 2015 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Current income tax:				
Interim corporate income tax charge	598,013	256,247	359,227	242,449
Deferred tax:				
Relating to origination and reversal of temporary differences	(18,263)	7,456	(6,089)	(722)
Income tax expenses reported in the statements of income	<u>579,750</u>	<u>263,703</u>	<u>353,138</u>	<u>241,727</u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Current income tax:				
Interim corporate income tax charge	950,246	470,727	678,755	440,533
Deferred tax:				
Relating to origination and reversal of temporary differences	(24,151)	38,058	(3,359)	3,140
Income tax expenses reported in the statements of income	<u>926,095</u>	<u>508,785</u>	<u>675,396</u>	<u>443,673</u>

(Unaudited but reviewed)

The amounts of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2016 and 2015 are as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Deferred tax relating to gain/loss on changes in value of available-for-sale investments	56,305	58,081	71,865	58,081

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Deferred tax relating to gain/loss on changes in value of available-for-sale investments	(119,185)	39,356	(75,169)	39,356

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

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	30	31	30	31	30	31
	June	December	June	December	June	December
	2016	2015	2016	2015	2016	2015
Bank overdrafts and short-term loans from financial institutions						
Bank overdrafts	-	MOR	-	19,799	-	-
Promissory notes	-	MOR - 1.5	-	200,000	-	-
Total bank overdrafts and short-term loans from financial institutions			-	219,799	-	-

As at 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.

(Unaudited but reviewed)

16. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
Trade payables - unrelated parties	2,063,285	2,071,134	1,852,014	1,933,324
Trade payables - related parties	4,195	14,708	4,010	7,387
Other payables - related parties	108,068	49,715	645	380
Accrued expenses	789,104	1,039,939	685,509	902,469
Others	370,905	42,942	341,872	18,593
Total trade and other payables	<u>3,335,557</u>	<u>3,218,438</u>	<u>2,884,050</u>	<u>2,862,153</u>

17. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
Long-term loans	6,227,049	8,860,421	3,075,180	6,966,486
Less: Current portion	-	(371,155)	-	-
Net	<u>6,227,049</u>	<u>8,489,266</u>	<u>3,075,180</u>	<u>6,966,486</u>

Movements in the long-term loans during the six-month period ended 30 June 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2016	8,860,421	6,966,486
Add: Additional borrowing	1,935,074	-
Less: Repayment	(4,533,440)	(3,891,306)
Less: Translation adjustment	(35,006)	-
Balance as at 30 June 2016	<u>6,227,049</u>	<u>3,075,180</u>

(Unaudited but reviewed)

As at 30 June 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 30 June 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	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Undrawdown loan facilities	1,455	3,308	70	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 30 June 2016, the Company has unissued debentures under the above mentioned approval totaling Baht 7,500 million. (31 December 2015: Baht 7,500 million).

The outstanding balance of debentures as at 30 June 2016 and 31 December 2015 are detailed below.

	Consolidated and Separate financial statements								
						Number of debenture (Shares)		Amount (Thousand Baht)	
						30	31	30	31
						June	December	June	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	
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	
No. 1/2016	Fixed rate 1.82%	3 years	At maturity	29 April 2019	5,000,000	-	5,000,000	-	
Total					<u>32,500,000</u>	<u>32,500,000</u>	<u>32,500,000</u>	<u>32,500,000</u>	
Less: Current portion of debentures							<u>(7,500,000)</u>	<u>(8,500,000)</u>	
Net							<u>25,000,000</u>	<u>24,000,000</u>	

(Unaudited but reviewed)

Movements in the debentures during the six-month period ended 30 June 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements
Balance as at 1 January 2016	32,500,000
Add: Issue of new debenture	5,000,000
Less: Redemption	(5,000,000)
Balance as at 30 June 2016	<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.

19. Share capital

During the six-month period ended 30 June 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
31 March 2016	LH-W3	24,722,411	24,722,411	3.50	5 April 2016	11 April 2016
Total		<u>42,270,827</u>	<u>42,270,827</u>			

Reconciliation of number of shares

(Unit: Share)

	Consolidated and separate financial statements	
	For the six-month periods ended 30 June	
	<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	<u>42,270,827</u>	<u>709,427,515</u>
Balance as at end of period	<u>11,772,305,614</u>	<u>11,694,995,532</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 30 June 2016
	(Baht)		(Units)	(Units)	(Units)
LH-W3	3.50	1 unit of warrant to 5 new ordinary share	276,523,176	(31,488,226)	245,034,950

21. Cash receipts from share subscription

During the six-month period ended 30 June 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)		
30 June 2016	LH-W3	6,765,815	6,765,815	3.50	6 July 2016	8 July 2016

As at 30 June 2016, the Company records cash received from exercised of warrants Baht 24 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 six-month periods ended 30 June 2016 and 2015, movements of revaluation surplus in investments are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	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	595,925	(196,779)	375,844	(196,779)
- Income taxes	(119,185)	39,356	(75,169)	39,356
Balance as at end of period	<u>1,459,017</u>	<u>1,183,603</u>	<u>1,270,025</u>	<u>1,183,603</u>

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 30 June					
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)
Basic earnings per share					
Profit attributable to equity holders of the Company					
2,630,927	1,704,404	11,772,380*	11,695,077*	0.22	0.15
Effect of dilutive potential ordinary shares					
Warrants (LH-W3)					
-	-	152,398	207,680		
Diluted earnings per share					
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares					
2,630,927	1,704,404	11,924,778	11,902,757	0.22	0.14

* Included ordinary shares from cash receipts from share subscription

Separate financial statements					
For the three-month periods ended 30 June					
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)
Basic earnings per share					
Profit attributable to equity holders of the Company					
2,802,983	1,464,660	11,772,380*	11,695,077*	0.24	0.13
Effect of dilutive potential ordinary shares					
Warrants (LH-W3)					
-	-	152,398	207,680		
Diluted earnings per share					
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares					
2,802,983	1,464,660	11,924,778	11,902,757	0.24	0.12

* Included ordinary shares from cash receipts from share subscription

Consolidated financial statements					
For the six-month periods ended 30 June					
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)
Basic earnings per share					
Profit attributable to equity holders of the Company					
4,626,442	3,049,734	11,760,117*	11,351,436*	0.39	0.27
Effect of dilutive potential ordinary shares					
Warrants (LH-W3)					
-	-	158,152	426,142		
Diluted earnings per share					
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares					
4,626,442	3,049,734	11,918,269	11,777,578	0.39	0.26

* Included ordinary shares from cash receipts from share subscription

(Unaudited but reviewed)

Separate financial statements						
For the six-month periods ended 30 June						
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)	
Basic earnings per share						
Profit attributable to equity holders						
of the Company						
4,177,178	2,289,804	11,760,117*	11,351,436*	0.36	0.20	
Effect of dilutive potential ordinary shares						
Warrants (LH-W3)						
-	-	158,152	426,142			
Diluted earnings per share						
Profit of ordinary shareholders						
assuming the conversion of						
warrants to ordinary shares						
4,177,178	2,289,804	11,918,269	11,777,578	0.35	0.19	

* Included ordinary shares from cash receipts from share subscription

24. Dividend

Dividends	Approved by	Approved dividend per share	Interim dividend per share	Additional dividend paid per share	Total additional dividend paid	Portion belonging to shareholders	
						not entitled to dividend	Net dividend paid
		(Baht)	(Baht)	(Baht)	(Million Baht)	(Million Baht)	(Million Baht)
Final dividend for 2014	Annual General Meeting of the shareholders on 23 April 2015	0.65	(0.25)	0.40	4.678	(11)	4,667
Final dividend for 2015	Annual General Meeting of the shareholders on 26 April 2016	0.60	(0.25)	0.35	4,120	(12)	4,108

25. 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 and six-month periods ended 30 June 2016 and 2015 are as follows.

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month period ended 30 June 2016						
	Real estate business	Rental and service business	Others	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	7,211	577	-	7,788	-	7,788
Inter-segment revenue	6	29	-	35	(35)	-
Interest revenue	64	3	-	67	(56)	11
Infrastructure service income	50	-	-	50	-	50
Interest expense	(70)	(76)	-	(146)	57	(89)
Depreciation and amortisation	(12)	(80)	-	(92)	-	(92)
Loss on diminution in value of project and land held for development	(12)	-	-	(12)	-	(12)
Gain (loss) on sales of assets	1,239	-	-	1,239	-	1,239
Share of profit from investments in associates	218	8	572	798	-	798
Segment profit	3,092	(14)	572	3,650	1	3,651
Unallocated revenue and expenses:						
Other income						45
Other expenses						(13)
Income tax expenses						(580)
Non-controlling interests of the subsidiaries						(472)
Profit for the period						2,631

(Unit: Million Baht)

For the three-month period ended 30 June 2015						
	Real estate business	Rental and service business	Others	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	5,395	489	-	5,884	-	5,884
Inter-segment revenue	-	27	-	27	(27)	-
Interest revenue	97	2	-	99	(59)	40
Infrastructure service income	59	-	-	59	-	59
Interest expense	(85)	(62)	-	(147)	59	(88)
Depreciation and amortisation	(42)	(85)	-	(127)	-	(127)
Loss on diminution in value of project and land held for development	(2)	-	-	(2)	-	(2)
Gain (loss) on sales of assets	(1)	217	-	216	-	216
Share of profit from investments in associates	171	6	391	568	-	568
Segment profit	1,333	321	391	2,045	(42)	2,003
Unallocated revenue and expenses:						
Other income						10
Other expenses						-
Income tax expenses						(264)
Non-controlling interests of the subsidiaries						(45)
Profit for the period						1,704

(Unaudited but reviewed)

(Unit: Million Baht)

For the six-month period ended 30 June 2016						
	Real estate business	Rental and service business	Others	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	14,227	1,206	-	15,433	-	15,433
Inter-segment revenue	6	62	-	68	(68)	-
Interest revenue	126	8	-	134	(109)	25
Infrastructure service income	126	-	-	126	-	126
Interest expense	(141)	(147)	-	(288)	111	(177)
Depreciation and amortisation	(25)	(158)	-	(183)	-	(183)
Loss on diminution in value of project and land held for development	(12)	-	-	(12)	-	(12)
Gain (loss) on sales of assets	1,240	-	-	1,240	-	1,240
Share of profit from investments in associates	401	23	1,029	1,453	-	1,453
Segment profit	4,880	33	1,029	5,942	2	5,944
Unallocated revenue and expenses:						
Other income						228
Other expenses						(131)
Income tax expenses						(926)
Non-controlling interests of the subsidiaries						(489)
Profit for the period						4,626

(Unit: Million Baht)

For the six-month period ended 30 June 2015						
	Real estate business	Rental and service business	Others	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	10,609	972	-	11,581	-	11,581
Inter-segment revenue	-	77	-	77	(77)	-
Interest revenue	155	5	-	160	(106)	54
Infrastructure service income	136	-	-	136	-	136
Interest expense	(137)	(111)	-	(248)	106	(142)
Depreciation and amortisation	(79)	(160)	-	(239)	-	(239)
Loss on diminution in value of project and land held for development	(3)	-	-	(3)	-	(3)
Gain (loss) on sales of assets	9	217	-	226	-	226
Share of profit from investments in associates	312	15	724	1,051	-	1,051
Segment profit	2,492	379	724	3,595	(44)	3,551
Unallocated revenue and expenses:						
Other income						59
Other expenses						-
Income tax expenses						(509)
Non-controlling interests of the subsidiaries						(51)
Profit for the period						3,050

26. Commitments and contingent liabilities

26.1 Commitments

26.1.1 As at 30 June 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	
	30	31	30	31
	June	December	June	December
	2016	2015	2016	2015
Commitments under construction contracts	5,612	6,371	3,395	5,017

26.1.2 As at 30 June 2016 and 31 December 2015, the subsidiaries have the following commitments under land and construction lease agreement and land lease agreements 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 30 June 2016: already paid Baht 25 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 30 June 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*	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 30 June 2016: already paid Baht 4 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.

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 agreement

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

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

In addition, as at 30 June 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

(Unaudited but reviewed)

* 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.

26.1.3 As at 30 June 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:

<u>Fund and/or REIT</u>	<u>Project</u>	<u>Term</u>
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	
	<u>30 June 2016</u>	<u>31 December 2015</u>
Payable:		
In up to 1 year	317	317
In over 1 and up to 3 years	475	633

26.1.4 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. (30 June 2016: Nil).

26.1.5 As at 30 June 2016 and 31 December 2015, the Company has commitment related to purchase of land as follows.

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	<u>30 June 2016</u>	<u>31 December 2015</u>
Commitment to purchase of land	832	582

(Unaudited but reviewed)

26.1.6 Obligation and commitment to complete projects on hand

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Commitments in respect of the installation of central utilities of projects on hand	1,341	1,203	1,262	1,093

26.1.7 As at 30 June 2016, the subsidiaries have servitude over land of approximately 92 rai of which the cost is included in the cost of projects (31 December 2015: 90 rai).

26.1.8 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 30 June 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		Separate financial	
	statements		statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Payable:				
In up to 1 year	46	50	34	38
In over 1 and up to 3 years	29	51	17	34

26.2 Bank guarantees

As at 30 June 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	
	30	31	30	31
	June	December	June	December
	2016	2015	2016	2015
Letter of guarantee for arrangement and maintenance of public utilities	2,297	2,301	2,106	2,072
Letter of guarantee for electricity usage	62	70	47	52
	<u>2,359</u>	<u>2,371</u>	<u>2,153</u>	<u>2,124</u>

26.3 Guarantees

26.3.1 As at 30 June 2016 and 31 December 2015, the Company has the following obligations in respect of guarantee.

(Unit: Million Baht)

Guarantor	Guarantee	30 June	31 December
		2016	2015
Land and Houses Plc.	Customers	<u>7</u>	<u>7</u>

26.3.2 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 30 June 2016, the subsidiary has outstanding loans related to guarantee portion of the Company as specified in the letter of comfort 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 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 30 June 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 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 30 June 2016, the Company has set aside a provision including interest of Baht 163 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 30 June 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 154 million (31 December 2015: Baht 141 million). As at 30 June 2016, the Company has set aside a provision of Baht 154 million for liabilities arising as a result of these cases, based on the opinion of their legal department (31 December 2015: Baht 141 million).

26.5 Cross Currency and Interest Rate Swap agreements

The details of outstanding Cross Currency and Interest Rate Swap agreements as at 30 June 2016 and 31 December 2015 are as follows:

As at 30 June 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 30 June 2016	As at 31 December 2015
	Fair value	Fair value
	Gain (loss)	Gain (loss)
Cross Currency and Interest Rate Swap agreements	(337)	(544)

27. 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 30 June 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 30 June 2016			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Current investments - Trading securities	-	500	-	500
Other long-term investments - Available-for-sale securities				
Equity securities - Overseas	3,961	-	-	3,961
Investment units - Domestic	1,741	-	-	1,741

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2015			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
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 30 June 2016			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Current investments - Trading securities	-	500	-	500
Other long-term investments - Available-for-sale securities				
Equity securities - Overseas	3,961	-	-	3,961
Investment units - Domestic	778	-	-	778

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2015			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
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.

28. Events after the reporting period

28.1 On 6 July 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 June 2016, as described in Note 21, which increased the Company's paid-up share capital from Baht 11,772 million to Baht 11,779 million. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities on 8 July 2016.

28.2 On 12 July 2016, Asia Asset Advisory Co., Ltd., the Company's 99.99% owned subsidiary passed a resolution to approve the payment of an interim dividend for the year 2016 of Baht 1.20 per share, Baht 0.6 million. The payment of such dividends shall be made on 27 July 2016.

28.3 On 11 August 2016, a meeting of the Company's Board of Directors approved a resolution to pay an interim dividend from the income of six-month period ended 30 June 2016, at a rate of Baht 0.35 per share, a total of Baht 4,123 million. The payment of such dividend shall be made in September 2016.

29. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 August 2016.