

## Land and Houses Public Company Limited and its subsidiaries

### Notes to consolidated financial statements

For the year ended 31 December 2016

#### 1. General information

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

#### 2. Basis of preparation

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

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

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

#### 2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2016 (Percent)	2015 (Percent)
<u>Held by the Company</u>				
Atlantic Real Estate Co., Ltd.	Real estate business	Thailand	99.99	99.99
LH Mall & Hotel Co., Ltd. and its subsidiaries	Real estate for lease business	Thailand	99.99	99.99
Land and Houses North Co., Ltd.	Real estate business	Thailand	99.99	99.99
Land and Houses Northeast Co., Ltd.	Real estate business	Thailand	99.99	99.99
Siam Tanee Property Co., Ltd. and its subsidiary	Real estate business	Thailand	99.99	99.99
L H Real Estate Co., Ltd.	Real estate business	Thailand	99.99	99.99
L H Asset Co., Ltd.	Real estate business	Thailand	99.99	99.99
L H Muang Mai Co., Ltd. and its subsidiaries	Real estate business	Thailand	55.00	55.00
L&H Property Co., Ltd. and its subsidiary	Real estate for lease business	Thailand	60.00	60.00
Land and Houses U.S.A., Inc.	Real estate for lease business	USA	100.00	100.00
Asia Asset Advisory Co., Ltd.	Investment advisor	Thailand	99.99	99.99

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2016 (Percent)	2015 (Percent)
<u>Held by subsidiary companies</u>				
L&H Retail Management Co., Ltd. (99.95 percent held by LH Mall & Hotel Co., Ltd.)	Project administration	Thailand	99.99	99.99
L&H Management Co., Ltd. (99.93 percent held by LH Mall & Hotel Co., Ltd.)	Project administration	Thailand	99.99	99.99
Siam Tanee Real Estate Co., Ltd. (99.99 percent held by Siam Tanee Property Co., Ltd.)	Real estate business	Thailand	99.99	99.99
Phuket Future Plan Co., Ltd. (99.99 percent held by L H Muang Mai Co., Ltd.)	Real estate business	Thailand	55.00	55.00
Double Tree Co., Ltd. (99.99 percent held by L H Muang Mai Co., Ltd.)	Real estate business	Thailand	55.00	55.00
L&H Hotel Management Co., Ltd. (99.99 percent held by L&H Property Co., Ltd.)	Project administration	Thailand	60.00	60.00

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

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

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

During the year, the Company and its subsidiaries have adopted the revised (revised 2015) 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.

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

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. 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 management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

##### **TAS 27 (revised 2016) Separate Financial Statements**

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adopted.

## **4. Significant accounting policies**

### **4.1 Revenue recognition**

#### **(a) Sales of real estate**

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

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

Rental of area in buildings and related services income are recognised as revenue on a straight line basis over the lease term on an accrual basis.

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

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

#### **(c) Interest income**

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

#### **(d) Dividends**

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

### **4.2 Cost of real estate sold**

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

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

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

### **4.3 Borrowing costs**

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

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

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

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

### **4.5 Trade accounts receivable**

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

### **4.6 Real estate development costs (inventories)**

Real estate development costs which are presented as inventories consist of land, construction in progress and utilities. Inventories are stated at lower of cost and net realisable value. The details of cost calculation are as follows:

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

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

#### 4.7 Investments

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

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

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

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

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

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

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

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

#### **4.9 Investment properties**

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

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

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

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

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

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

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

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### **4.11 Intangible assets**

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

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

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

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

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

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

#### **4.13 Leasehold rights**

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

The amortisation expense is charged to profit or loss.



#### **4.14 Goodwill**

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

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

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

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

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

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

#### **4.16 Foreign currencies**

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

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

Gains and losses on exchange are included in determining income.

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

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

An impairment loss is recognised in profit or loss.

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

#### **4.18 Employee benefits**

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

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

##### **Post-employment benefits**

###### *Defined contribution plans*

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

###### *Defined benefit plans*

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

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

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

#### **4.19 Provisions**

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

#### **4.20 Income tax**

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

##### **Current tax**

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

### **Deferred tax**

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

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

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

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

## **4.21 Derivatives**

### **Interest rate swap contracts**

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

### **Cross currency swap agreement**

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

## **4.22 Fair value measurement**

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

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

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

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

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

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

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

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

### **Allowance for diminution in value of real estate development costs (inventories) and land held for development**

The Company and its subsidiaries treat real estate development costs and land held for development as impaired when the management judges that there has been a significant decline in the fair value below their cost. The management determines the devaluation of real estate development costs and land held for development based on net recognised value. The determination of what is “significant” and such devaluation requires the management to exercise judgement.

### **Real estate development costs estimation**

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

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

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

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

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

### **Impairment of investments**

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

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

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

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

### **Deferred tax assets**

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

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

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

## Leases

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

## Fair value of financial instruments

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

## Litigations

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

## 6. Related party transactions

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

<u>Name of related parties</u>	<u>Relationship</u>
Atlantic Real Estate Co., Ltd.	Subsidiary
LH Mall & Hotel Co., Ltd.	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

Name of related parties	Relationship
L H Asset Co., Ltd.	Subsidiary
L H Muang Mai Co., Ltd.	Subsidiary
Phuket Future Plan Co., Ltd.	Subsidiary (99.99 percent held by L H Muang Mai Co., Ltd.)
Double Tree Co., Ltd.	Subsidiary (99.99 percent held by L H Muang Mai Co., Ltd.)
L&H Property Co., Ltd.	Subsidiary
L&H 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 years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2016	2015	2016	2015	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	233.4	205.2	3.50% - 5.50% p.a. (2015: 4.00% - 5.50% p.a.)
Management fee income	-	-	8.1	10.1	Approximate cost
Dividend income	-	-	630.0	1,541.8	Declared rate
Sales of land	-	-	12.1	177.7	Approximate cost
Cash paid for use of land	-	-	55.9	3.7	Approximate cost
Interest expenses	-	-	1.3	3.6	2.00% p.a. (2015: 2.00% - 3.00% p.a.)
Purchase of land	-	-	3.7	-	Approximate cost
Rental and service expenses	-	-	-	0.5	Market price
Sales of other long-term investment	-	-	-	465.6	Market price
<u>Transactions with associates</u>					
Management fee	2.7	-	-	-	Contract price
Interest income	29.6	31.7	15.1	25.3	The interest rate as declared by the bank
Dividend income	1,718.4	875.6	1,718.4	875.6	Declared rate
Purchases of goods	85.6	94.5	79.3	90.0	Cost plus margin
Property rental fee expenses	163.5	120.0	-	-	Contract price
Project management fee expenses	-	19.6	-	-	Contract price
Cancellation of agreement expenses	-	10.0	-	-	Contract price
Purchase investment property	-	23.0	-	-	Approximate cost
<u>Transactions with related companies</u>					
Property management fee income	152.2	110.7	-	-	Contract price
Human-resources management					
income	25.6	24.1	-	-	Contract price
Dividend income	141.1	74.0	72.9	74.0	Declared rate
Sale of assets to REIT	-	3,715.2	-	-	Contract price
Rental and services expenses	63.7	54.9	52.6	47.5	Baht 250 - 880 per square meter per month (2015: Baht 750 - 880 per square meter per month)
Property rental fee expenses	375.6	20.4	-	-	Contract price
Interest expenses	0.2	0.5	-	-	5.50% p.a.
Commission expenses	0.8	16.4	-	-	Contract price
Project management fee expenses	2.4	28.4	-	-	Contract price
Provision for guarantee					
Income of fund	-	7.8	-	7.8	Contract price
<u>Transactions with directors of subsidiaries</u>					
Interest expenses	0.7	2.0	-	-	5.50% p.a.

According to the undertaking agreement with Land and Houses Freehold and Leasehold Property Fund, the Company and Reco Plaza Pte Ltd. guarantee income of such fund. They guarantee between the different amount of Baht 180 million and the actual net income for the year 2012 and Baht 243 million and the actual net income for the year 2013 - 2015. The Company and Reco Plaza Pte Ltd. guarantee at the portion of 52% and 48%, respectively. However, the guarantee income must not exceed 50% of actual net income before income guarantee. As at 31 December 2015, the outstanding provision to guarantee income of the fund is represented as short-term provisions at Baht 18 million (2016: Nil).

As at 31 December 2016 and 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	
	2016	2015	2016	2015
<b>Deposit at financial institution</b>				
<b>(shown under cash and cash equivalents)</b>				
<u>Associate</u>				
Land and Houses Bank Plc.	1,420.0	4,996.2	588.9	3,518.9
<b>Current investments (Note 8)</b>				
<u>Associate</u>				
Land and Houses Bank Plc.	70.0	600.0	-	600.0
Land and Houses Fund Management Co., Ltd.	-	601.8	-	601.8
	70.0	1,201.8	-	1,201.8
<b>Amounts due from and accounts receivables - related parties (Note 9)</b>				
<u>Subsidiaries</u>				
(Eliminated from the consolidated financial statements)				
L H Asset Co., Ltd.	-	-	0.1	-
Land and Houses Northeast Co., Ltd.	-	-	0.1	0.8
	-	-	0.2	0.8
<u>Associates</u>				
Q.H. International Co., Ltd.	0.6	-	-	-
	0.6	-	-	-
<u>Related companies</u>				
Quality Houses Leasehold Property Fund	0.3	-	-	-
Land and Houses Freehold and Leasehold Property Fund	4.1	3.4	-	-
Siam Retail Development Co., Ltd.	5.6	-	-	-
LH Shopping Centers Leasehold Real Estate Investment Trust	18.6	17.2	-	-
	28.6	20.6	-	-
<b>Total</b>	<b>29.2</b>	<b>20.6</b>	<b>0.2</b>	<b>0.8</b>

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<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.	-	-	132.8	381.0
Atlantic Real Estate Co., Ltd.	-	-	17.2	50.2
Land and Houses Northeast Co., Ltd.	-	-	-	130.4
L H Asset Co., Ltd.	-	-	115.8	95.7
L H Muang Mai Co., Ltd.	-	-	-	108.2
Land and Houses U.S.A., Inc.	-	-	-	180.5
	<u>-</u>	<u>-</u>	<u>265.8</u>	<u>946.0</u>
<u>Associate</u>				
Land and Houses Bank Plc.	0.8	6.4	-	5.1
Total	<u>0.8</u>	<u>6.4</u>	<u>265.8</u>	<u>951.1</u>
<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.	-	-	9,868.1	4,238.9
<b>Deposit to related companies</b>				
<b>(shown under other non-current assets)</b>				
<u>Related company</u>				
Quality Houses Leasehold Property Fund	14.6	15.3	11.5	12.3
<b>Trade accounts payable - related parties (Note 20)</b>				
<u>Associates</u>				
Quality Construction Products Plc.	3.8	7.1	3.8	7.1
Home Product Center Plc.	1.6	0.8	1.1	0.3
Land and Houses Property and Loan Fund-II	-	5.7	-	-
	<u>5.4</u>	<u>13.6</u>	<u>4.9</u>	<u>7.4</u>
<u>Related companies</u>				
Quality Houses Leasehold Property Fund	-	1.1	-	-
Total	<u>5.4</u>	<u>14.7</u>	<u>4.9</u>	<u>7.4</u>
<b>Amounts due to related parties (Note 20)</b>				
<u>Associates</u>				
Home Product Center Plc.	0.1	0.4	0.1	0.3
Land and Houses Property and Loan Fund-II	39.6	17.7	-	-
	<u>39.7</u>	<u>18.1</u>	<u>0.1</u>	<u>0.3</u>
<u>Related companies</u>				
LH Shopping Centers Leasehold				
Real Estate Investment Trust	-	0.1	-	-
Siam Retail Development Co., Ltd.	-	9.8	-	-
Quality Houses Leasehold Property Fund	0.1	0.1	0.1	0.1
LH Hotel Leasehold Real Estate Investment				
Real Estate Investment Trust	96.0	21.6	-	-
	<u>96.1</u>	<u>31.6</u>	<u>0.1</u>	<u>0.1</u>
Total	<u>135.8</u>	<u>49.7</u>	<u>0.2</u>	<u>0.4</u>

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Short-term loans and accrued interest payables - related parties</b>				
<u>Related companies/persons</u>				
Muang Mai Property Co., Ltd.	-	14.1	-	-
Directors of subsidiaries	-	57.4	-	-
Total	-	71.5	-	-
<b>Provision for guarantee income of fund (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 unsecured loans in the form of promissory notes without collateral. The loans are due within one year or at call.

Long-term loans - related party are unsecured loans to Land and Houses U.S.A. Inc. ("LH USA") in the form of promissory notes without collateral. Interest charged at the rate between 4% and 4.48% per annum. The current portion of long-term loans is presented in long-term loans - related party due to the Company has no intension to call for such loans from LH USA within next in 12 months.

During the year 2016, movements of loans to/loans from the Company, subsidiaries and related companies were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	1 January 2016	Increase	Decrease	31 December 2016
<b>Short-term loans and accrued interest receivables - related party</b>				
<u>Associate</u>				
Land and Houses Bank Plc.	6.4	26.2	(31.8)	0.8
<b>Short-term loans from and accrued interest payables to related parties</b>				
<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			31 December 2016
	1 January 2016	Increase	Decrease	
<b>Short-term loans and accrued interest receivables - related parties</b>				
<u>Subsidiaries</u>				
Atlantic Real Estate Co., Ltd.	50.2	26.7	(59.7)	17.2
LH Mall & Hotel Co., Ltd.	381.0	734.6	(982.8)	132.8
Land and Houses Northeast Co., Ltd.	130.4	2.0	(132.4)	-
L H Asset Co., Ltd.	95.7	48.7	(28.6)	115.8
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)	-
	<u>946.0</u>	<u>865.5</u>	<u>(1,545.7)</u>	<u>265.8</u>
<u>Associate</u>				
Land and Houses Bank Plc.	5.1	11.7	(16.8)	-
Total	<u>951.1</u>	<u>877.2</u>	<u>(1,562.5)</u>	<u>265.8</u>
<b>Long-term loan and accrued interest receivables - related party</b>				
<u>Subsidiary</u>				
Land and Houses U.S.A., Inc.	<u>4,238.9</u>	<u>5,830.1</u>	<u>(200.9)</u>	<u>9,868.1</u>
<b>Short-term loans and accrued interest payables - related parties</b>				
<u>Subsidiaries</u>				
L H Real Estate Co., Ltd.	-	47.1	(47.1)	-
Siam Tanee Property Co., Ltd.	-	265.1	(265.1)	-
Land and Houses North Co., Ltd.	-	45.1	(45.1)	-
Total	<u>-</u>	<u>357.3</u>	<u>(357.3)</u>	<u>-</u>

Directors and management's benefits

During the year ended 31 December 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	financial statements	financial statements
	2016	2015	2016	2015
Short-term employee benefits	243,284	164,184	187,891	154,416
Post-employment benefits	17,353	5,843	5,481	4,587
Total	<u>260,637</u>	<u>170,027</u>	<u>193,372</u>	<u>159,003</u>

Commitments and contingent liabilities of related parties

The Company and its subsidiaries had commitments related to project management, consulting, and operating lease and service agreement with related companies as described in Note 36.

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

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Cash	4,128	4,006	2,015	2,020
Bank deposits	2,261,662	3,740,570	1,312,945	3,295,218
Cheques in transit	128,096	318,115	128,096	311,753
Fixed deposits receipt	206,692	4,894,061	-	3,500,000
<b>Total</b>	<b>2,600,578</b>	<b>8,956,752</b>	<b>1,443,056</b>	<b>7,108,991</b>

As at 31 December 2016, bank deposits and fixed deposits receipt carried interests between 0.25% and 1.40% per annum (2015: 0.375% and 2.00% per annum).

## 8. Current investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Fixed deposits over three months but not over one year	410,280	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
Trading securities - fair value	-	601,839	-	601,839
<b>Total</b>	<b>410,280</b>	<b>1,201,839</b>	<b>-</b>	<b>1,201,839</b>

As at 31 December 2016, fixed deposits carried interests between 1.35% and 1.40% per annum (2015: 2.00% per annum).

## 9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Trade receivables - unrelated parties</u>				
Not yet due	-	-	-	-
Past due				
Less than 3 months	84,776	123,688	-	-
3 - 6 months	2,255	2,345	-	-
6 - 9 months	-	2,245	-	-
9 - 12 months	-	2,248	-	-
Over 12 months	8,622	87	-	-
Total trade receivables - unrelated parties, net	95,653	130,613	-	-
<u>Other receivables</u>				
Amounts due from and accounts receivables - related parties	29,178	20,642	157	812
Other	32,098	32,767	25,908	31,811
Other receivables	61,276	53,409	26,065	32,623
Total trade and other receivables - net	156,929	184,022	26,065	32,623

## 10. Real estate development cost (inventories)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Land	23,578,984	24,573,651	22,847,644	23,703,490
Land improvements	2,072,918	2,259,856	1,978,379	2,174,432
Construction in progress	16,863,267	15,133,322	16,483,431	14,717,462
Interest cost	2,492,738	2,328,479	2,388,184	2,220,330
Public utilities	3,953,719	3,897,644	3,624,025	3,589,506
Deferred development cost	126	592	-	414
Houses held for sales	121,523	84,857	10,711	10,711
Total	49,083,275	48,278,401	47,332,374	46,416,345
Less : Allowance for reduce cost to net realisable value	(157,551)	(160,440)	(59,025)	(60,815)
Inventories - net	48,925,724	48,117,961	47,273,349	46,355,530

In 2016, 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 (2015: the Company transferred-in land held for development with net book value of Baht 37 million to inventories).

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

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Borrowing costs included in cost of land and construction in progress (Million Baht)	892	1,103	877	1,070
Capitalisation rate (Percent)	3.0	3.6	3.0	3.6

As at 31 December 2016 and 2015, the Company and a subsidiary have mortgaged land and structures thereon to secure the loans and the overdraft facilities of the Company and its subsidiary, of with net book values as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Net book value of land and structures thereon mortgaged as collateral	819	7,253	-	6,419

(Unit: Million Baht)

Movements in the allowance for loss on diminution in value of projects during the year ended 31 December 2016 are summarised below.

	Consolidated		Separate	
	financial statements		financial statements	
Balance as at 1 January 2016	160,440		60,815	
Less: Transferred to property, plant and equipment		(334)		(334)
Less: Reversal due to sale		(2,555)		(1,456)
Balance as at 31 December 2016	<u>157,551</u>		<u>59,025</u>	

(Unit: Thousand Baht)



## 11. Investments in subsidiaries

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

Company's name	(Unit: Thousand Baht)									
	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment		Carrying amount based on cost method - net	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
			(Percent)	(Percent)						
Atlantic Real Estate Co., Ltd.	15,000	15,000	99.99	99.99	14,998	14,998	-	-	14,998	14,998
LH Mall & Hotel Co., Ltd. and its subsidiaries	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
L H Asset Co., Ltd.	100,000	100,000	99.99	99.99	52,734	52,734	-	-	52,734	52,734
L H Muang Mai Co., Ltd. and its subsidiaries	900,000	900,000	55.00	55.00	495,000	495,000	-	-	495,000	495,000
L&H Property Co., Ltd. and its subsidiary	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 31 December 2016 and 2015, Land and Houses U.S.A., Inc. had paid-up capital amounted to USD 40 million and USD 20 million, respectively.

During the years 2016 and 2015, the Company received dividend income from subsidiaries as detailed below.

Company's name	(Unit: Thousand Baht)	
	2016	2015
Atlantic Real Estate Co., Ltd.	-	59,992
Siam Tanee Property Co., Ltd.	-	99,999
L H Muang Mai Co., Ltd.	284,625	-
L&H Property Co., Ltd.	305,760	1,381,799
Asia Asset Advisory Co., Ltd.	39,599	-
<b>Total</b>	<u>629,984</u>	<u>1,541,790</u>

## 11.2 Significant changes in investments in subsidiaries

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

LH Mall & Hotel Co., Ltd., the Company's 99.99% owned subsidiary, 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.

### Siam Tanee Property Co., Ltd. and its subsidiary

Siam Tanee Property Co., Ltd., the Company's 99.99% owned subsidiary, received cash dividend from Siam Tanee Real Estate Co., Ltd. (99.99% held by Siam Tanee Property Co., Ltd.) amounting Baht 1 million on 19 May 2016.

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

L H Muang Mai Co., Ltd, the Company's 55% owned subsidiary received capital refund and cash dividends from Phuket Future Plan Co., Ltd. and Double Tree Co., Ltd. (99.99% held by L H Muang Mai Co., Ltd.) as the following details

- a) To receive capital refund from Phuket Future Plan Co., Ltd. and Double Tree Co., Ltd. amounting Baht 158 million and Baht 143 million, respective on 29 November 2016.
- b) To receive cash dividends from Phuket Future Plan Co., Ltd. and Double Tree Co., Ltd. amounting Baht 592 million and Baht 78 million, respective on 23 May 2016.

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

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.

L&H Property Co., Ltd. received cash dividend from L&H Hotel Management Co., Ltd. (99.99% held by L&H Property Co., Ltd.) amounting to Baht 22 million 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.

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

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	2016	2015	2016	2015	2016	2015	2016	2015
	(%)	(%)						
L H Muang Mai Co., Ltd. and its subsidiaries	45	45	575	373	435	(15)	233	-
L&H Property Co., Ltd. and its subsidiary	40	40	442	896	75	761	204	921

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

Summarised information about financial position

(Unit: Million Baht)

	L H Muang Mai Co., Ltd. and its subsidiaries		L&H Property Co., Ltd. and its subsidiary	
	2016	2015	2016	2015
Current assets	1,347	854	893	1,971
Non-current assets	131	1,073	1,561	1,647
Current liabilities	(191)	(832)	(341)	(302)
Non-current liabilities	(11)	(268)	(1,009)	(1,075)

## Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December			
	L H Muang Mai Co., Ltd. and its subsidiaries		L&H Property Co., Ltd. and its subsidiary	
	2016	2015	2016	2015
	Revenue	1,491	338	1,742
Profit (loss)	967	(34)	185	1,904
Other comprehensive income	-	-	1	-
Total comprehensive income	967	(34)	186	1,904

## Summarised information about cash flow

(Unit: Million Baht)

	For the year ended 31 December			
	L H Muang Mai Co., Ltd. and its subsidiaries		L&H Property Co., Ltd. and its subsidiary	
	2016	2015	2016	2015
	Cash flow from operating activities	1,674	48	574
Cash flow from investing activities	(2)	-	919	3,685
Cash flow used in financing activities	(1,172)	(48)	(1,321)	(3,486)
Net increase in cash and cash equivalents	500	-	172	334

## 12. Investments in associates

### 12.1 Details of investments in associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2016	2015	2016	2015	2016	2015
			(Percent)	(Percent)				
LH Financial Group Plc.	Holding company	Thai	33.98	33.98	4,538,712	4,538,712	6,913,223	6,109,613
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	21.16	179,178	179,178	378,263	412,906
Home Product Center Plc.	Trading of construction materials	Thai	30.23	30.23	1,489,020	1,489,020	5,906,439	5,728,752
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	743,925	743,925	467,359	466,998
Quality Houses Plc.	Real estate business	Thai	24.98	24.98	3,282,682	3,282,682	6,593,696	6,245,449
					<u>10,233,517</u>	<u>10,233,517</u>	<u>20,258,980</u>	<u>18,963,718</u>

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			2016 (Percent)	2015 (Percent)	2016	2015
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>

## 12.2 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%. However, up to the date of the authorisation of these financial statements, the Transaction is still in process to perform under the terms and conditions as agreed.

On 23 December 2016, a meeting of the Board of Directors of LHFG has passed a resolution to agree the extension of the co-investment with CTBC period from 31 December 2016 to 30 September 2017 for the flexibility of the operational processes period.

### 12.3 Share of comprehensive income and dividend received

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

Company's name	Consolidated financial statements				(Unit: Thousand Baht) Separate financial statements	
	Share of profit/loss from investments in associates during the year		Share of other comprehensive income from investments in associates during the year		Dividend received during the year	
	2016	2015	2016	2015	2016	2015
LH Financial Group Plc.	916,316	561,293	40,241	20,942	152,947	16,595
Quality Construction Products Plc.	(22,794)	1,528	-	(2,634)	11,848	11,848
Home Product Center Plc.	1,247,172	1,057,823	4,002	(23,794)	1,073,487	670,917
Land and Houses Property and Loan Fund-II	52,356	38,013	-	-	51,995	-
Quality Houses Plc.	770,484	777,941	5,914	(3,121)	428,151	176,276
<b>Total</b>	<b>2,963,534</b>	<b>2,436,598</b>	<b>50,157</b>	<b>(8,607)</b>	<b>1,718,428</b>	<b>875,636</b>

## 12.4 Fair values of investments in listed associates

In respect of investments in associated companies that are listed companies on the Stock Exchange, their fair values as at 31 December 2016 and 2015 are as follows:

(Unit: Million Baht)

Company's name	Country of listing	Fair values as at 31 December	
		2016	2015
LH Financial Group Plc.	Thai	7,972	7,647
Quality Construction Products Plc.	Thai	418	420
Home Product Center Plc.	Thai	40,156	27,036
Quality Houses Plc.	Thai	6,904	6,101
<b>Total</b>		<b>55,450</b>	<b>41,204</b>

## 12.5 Summarised financial information about material associates

### Summarised information about financial position

(Unit: Million Baht)

	LH Financial Group Plc.		Home Product Center Plc.		Quality Houses Plc.	
	2016	2015	2016	2015	2016	2015
Current assets	212,147	199,667	15,900	13,367	32,349	33,029
Non-current assets	-	-	35,846	33,624	20,665	19,969
Current liabilities	(191,831)	(181,716)	(22,491)	(19,474)	(11,083)	(12,671)
Non-current liabilities	-	-	(11,764)	(10,614)	(18,992)	(18,781)
<b>Net assets</b>	<b>20,316</b>	<b>17,951</b>	<b>17,491</b>	<b>16,903</b>	<b>22,939</b>	<b>21,546</b>
Shareholding percentage (%)	33.98	33.98	30.23	30.23	24.98	24.98
<b>Share of net assets</b>	<b>6,904</b>	<b>6,100</b>	<b>5,287</b>	<b>5,110</b>	<b>5,730</b>	<b>5,382</b>
Goodwill	9	9	619	619	864	864
<b>Carrying amounts of associates based on equity method</b>	<b>6,913</b>	<b>6,109</b>	<b>5,906</b>	<b>5,729</b>	<b>6,594</b>	<b>6,246</b>

### Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December					
	LH Financial Group Plc.		Home Product Center Plc.		Quality Houses Plc.	
	2016	2015	2016	2015	2016	2015
Revenue	6,967	5,543	61,144	56,243	20,908	21,788
Profit (loss)	2,696	1,652	4,125	3,499	3,085	3,106
Other comprehensive income	119	61	13	(78)	24	(4)
<b>Total comprehensive income</b>	<b>2,815</b>	<b>1,713</b>	<b>4,138</b>	<b>3,421</b>	<b>3,109</b>	<b>3,102</b>

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

(Unit: Million Baht)

	For the year ended 31 December	
	2016	2015
Share of comprehensive income:		
Profit/loss from continuing operations	30	40
Other comprehensive income	6	(3)
Total comprehensive income	36	37

12.7 The Company's consolidated financial statements for the years ended 31 December 2016 and 2015 included investments in the following associates accounted for under the equity method, and share of profit from investments in associates under the equity method, determined based on financial statements of those companies which have been audited as follows.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Investments under the equity		Share of profit from	
	method as at		investments under the equity	
	31 December		method for the year ended	
	2016	2015	2016	2015
<b>Audited by auditor and other auditors of the same firm</b>				
LH Financial Group Plc.	6,913,223	6,109,613	916,316	561,293
Home Product Center Plc.	5,906,439	5,728,752	1,247,172	1,057,823
Land and Houses Property and Loan Fund-II	467,359	466,998	52,356	38,013
Quality Houses Plc.	6,593,696	6,245,449	770,484	777,941
<b>Audited by other auditors</b>				
Quality Construction Products Plc.	378,263	412,906	(22,794)	1,528
<b>Total</b>	20,258,980	18,963,718	2,963,534	2,436,598



### 13. Other long-term investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<b>Available-for-sale securities</b>				
Equity securities - Overseas	2,368,704	2,368,704	2,368,704	2,368,704
Unit trust - Domestic	1,513,912	1,513,912	783,568	783,568
Add: Changes in fair value of securities	1,535,556	1,223,454	1,278,302	1,211,687
Available-for-sale securities - net	<u>5,418,172</u>	<u>5,106,070</u>	<u>4,430,574</u>	<u>4,363,959</u>
<b>Other investments</b>				
Equity securities - Domestic	204,239	204,239	26,000	26,000
Unit trust - Domestic	165	165	-	-
Less: Allowance for impairment	(110,500)	(100,500)	(26,000)	(16,000)
Other investments - net	<u>93,904</u>	<u>103,904</u>	<u>-</u>	<u>10,000</u>
Total	<u>5,512,076</u>	<u>5,209,974</u>	<u>4,430,574</u>	<u>4,373,959</u>

### 14. Land held for development

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Land held for development	4,024,823	4,896,632	3,782,529	3,709,338
Less: Allowance for loss on diminution in value	(808,887)	(802,930)	(696,136)	(690,179)
Land held for development - net	<u>3,215,936</u>	<u>4,093,702</u>	<u>3,086,393</u>	<u>3,019,159</u>

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.

In 2016, the Company transferred-in inventories with net book value of Baht 73 million from land held for development (2015: the Company transferred-out land held for development with net book value of Baht 37 million to inventories).

In 2015, the Company and its subsidiaries engaged independent valuers to appraise the fair value of certain plots of land held for development of the Company and its subsidiaries, using the Market Comparison Approach as the basis of determining the valuation of assets. The fair values of land held for development appraised by the independent appraiser exceeded their net carrying amount. As at 31 December 2016, the management believes that there are no material differences in the fair value of land held for development from the year 2015.

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	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 year ended 31 December 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2016	802,930	690,179
Add: Additional set up	5,957	5,957
Balance as at 31 December 2016	808,887	696,136

## 15. Investment properties

The net book value of investment properties as at 31 December 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated			Separate		
	financial statements			financial statements		
	Vacant Land	Apartments	Total	Vacant Land	Apartments	Total
As at 31 December 2016:						
Cost	208,963	14,754,936	14,963,899	208,963	-	208,963
Less: Accumulated depreciation	-	(418,601)	(418,601)	-	-	-
Net book value	208,963	14,336,335	14,545,298	208,963	-	208,963
As at 31 December 2015:						
Cost	207,853	6,437,769	6,645,622	207,853	-	207,853
Less: Accumulated depreciation	-	(227,186)	(227,186)	-	-	-
Net book value	207,853	6,210,583	6,418,436	207,853	-	207,853

In 2016, Land and Houses U.S.A., Inc. (“LH USA”), the Company’s 100% owned subsidiary, had acquired two apartments in the USA with the following details:

- On 20 January 2016, LH USA acquired an apartment in Campbell, California at the amount of USD 100 million (approximately Baht 3,575 million).
- On 14 December 2016, LH USA acquired an apartment in Portland, Oregon at the amount of USD 127 million (approximately Baht 4,555 million).

As at 31 December 2016, the management believes that there are no material differences between the book value of the above apartments and their fair value.

A reconciliation of the net book value of investment properties for the years 2016 and 2015 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	6,418,436	3,726,501	207,853	-
Acquisition of assets	8,302,352	2,679,647	1,110	3,457
Transfer in from inventory	-	198,181	-	198,181
Transfer in from plant, property and equipment	-	6,215	-	6,215
Depreciation charged	(190,025)	(124,323)	-	-
Disposals - net book value at disposal date	-	(426,108)	-	-
Translation adjustment	14,535	358,323	-	-
Net book value at end of year	<u>14,545,298</u>	<u>6,418,436</u>	<u>208,963</u>	<u>207,853</u>

Depreciation of investment properties for the year 2016 of Baht 190 million (2015: Baht 124 million) included in cost of rental and services.

The fair value of the investment properties as at 31 December 2016 and 2015 stated below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Vacant land	209	208	209	208
Apartments	15,055 <sup>(1)</sup>	7,003 <sup>(1)</sup>	-	-

<sup>(1)</sup> As at 31 December 2016 the fair value is USD 420 million (2015: USD 194 million).

As at 31 December 2016 and 2015, the fair values of investment properties have been determined using the following approach.

- Vacant land and apartments which are acquired in the year 2016 have been determined based on acquisition cost. The management believes that there are no material differences between the book value and its fair value.
- Apartments which are acquired before the year 2016 have been determined by an accredited independent valuer in the year 2015 using the Market Comparison Approach and the Income Approach.

During the years 2016 and 2015, LH USA gained rental income and had direct operating expenses arising from its apartments which are recorded in profit or loss as detailed below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Rental income	619	427	-	-
Direct operating expenses	425	261	-	-

The apartments with a total net book value as at 31 December 2016 of Baht 6,277 million (2015: Baht 2,620 million) have been used as collateral for long-term loans from overseas financial institutions.

## 16. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							Total
	Land	Building and improvement	Office equipment	Furniture, fixture and equipment	Motor vehicles	Other	Assets under construction	
<b>Cost</b>								
1 January 2015	26,997	67,336	159,346	404,397	123,878	240,842	56,870	1,079,666
Purchase	-	24,388	10,565	5,908	31,495	14,480	94,053	180,889
Disposal/Write-off	-	(45,532)	(30,344)	(77,041)	(10,405)	(69,866)	-	(233,188)
Transfer in (out)	-	-	-	22,750	-	-	(28,965)	(6,215)
Translation adjustment	-	-	15	55	-	-	-	70
31 December 2015	26,997	46,192	139,582	356,069	144,968	185,456	121,958	1,021,222
Purchase	-	9,530	17,629	147,347	11,737	67,785	89,397	343,425
Disposal/Write-off	-	-	(1,567)	(26,368)	(20,544)	(4,557)	-	(53,036)
Transfer in (out)	1,860	-	7,103	23,434	-	-	(30,537)	1,860
Translation adjustment	-	-	(2)	(4)	-	-	-	(6)
31 December 2016	28,857	55,722	162,745	500,478	136,161	248,684	180,818	1,313,465

(Unit: Thousand Baht)

Consolidated financial statements							
	Building and	Office	Furniture,	Motor	Other	Assets under	Total
	Land	improvement	equipment	fixture and	vehicles	construction	
			equipment	equipment			
<u>Accumulated depreciation</u>							
1 January 2015	-	44,151	130,860	342,083	81,564	191,495	790,153
Depreciation for the year	-	2,461	16,281	27,426	19,314	23,825	89,307
Depreciation on disposal/Write-off	-	(16,578)	(26,561)	(64,063)	(9,189)	(52,749)	(169,140)
Translation adjustment	-	-	13	27	-	-	40
31 December 2015	-	30,034	120,593	305,473	91,689	162,571	710,360
Depreciation for the year	-	2,295	10,965	24,546	20,235	16,196	74,237
Depreciation on disposal/Write-off	-	-	(1,345)	(22,275)	(17,460)	(4,476)	(45,556)
Translation adjustment	-	-	(1)	(1)	-	-	(2)
31 December 2016	-	32,329	130,212	307,743	94,464	174,291	739,039
<u>Allowance for impairment</u>							
31 December 2015	-	-	-	-	-	-	-
Increase	334	-	-	-	-	-	334
31 December 2016	334	-	-	-	-	-	334
<u>Net book value</u>							
31 December 2015	26,997	16,158	18,989	50,596	53,279	121,958	310,862
31 December 2016	28,523	23,393	32,533	192,735	41,697	180,818	574,092
<u>Depreciation for the year</u>							
2015 (Baht 33 million included in cost of sales, and the balance in administrative expenses)							89,307
2016 (Baht 20 million included in cost of sales, and the balance in administrative expenses)							74,327

(Unit: Thousand Baht)

Separate financial statements							
	Building and	Office	Furniture,	Motor	Other	Assets under	Total
	Land	improvement	equipment	fixture and	vehicles	construction	
			equipment	equipment			
<u>Cost</u>							
1 January 2015	-	49,633	121,500	194,383	112,021	61,597	592,976
Purchase	-	1,399	5,910	1,147	7,858	1,287	111,653
Disposal/Write-off	-	(10,350)	(12,732)	(14,325)	(10,405)	(4,524)	(52,336)
Transfer in (out)	-	-	-	21,018	-	(27,233)	(6,215)
31 December 2015	-	40,682	114,678	202,223	109,474	58,360	646,078
Purchase	-	1,595	5,202	4,781	7,363	3,394	101,403
Disposal/Write-off	-	-	(1,009)	(23,994)	(13,123)	(4,557)	(42,683)
Transfer in (out)	1,860	-	-	18,913	-	(18,913)	1,860
31 December 2016	1,860	42,277	118,871	201,923	103,714	57,197	706,658

(Unit: Thousand Baht)

	Separate financial statements							Total
	Land	Building and improvement	Office equipment	Furniture, fixture and equipment	Motor vehicles	Other	Assets under construction	
<u>Accumulated depreciation</u>								
1 January 2015	-	27,626	103,744	158,521	72,542	50,660	-	413,093
Depreciation for the year	-	2,109	11,270	14,328	17,778	4,230	-	49,715
Depreciation on disposal/Write-off	-	(5,212)	(12,686)	(12,772)	(9,190)	(4,464)	-	(44,324)
31 December 2015	-	24,523	102,328	160,077	81,130	50,426	-	418,484
Depreciation for the year	-	2,091	7,331	14,738	14,914	3,889	-	42,963
Depreciation on disposal/Write-off	-	-	(1,009)	(20,702)	(10,579)	(4,476)	-	(36,766)
31 December 2016	-	26,614	108,650	154,113	85,465	49,839	-	424,681
<u>Allowance for impairment</u>								
31 December 2015	-	-	-	-	-	-	-	-
Increase	334	-	-	-	-	-	-	334
31 December 2016	334	-	-	-	-	-	-	334
<u>Net book value</u>								
31 December 2015	-	16,159	12,350	42,146	28,344	7,934	120,661	227,594
31 December 2016	1,526	15,663	10,221	47,810	18,249	7,358	180,816	281,643
<u>Depreciation for the year</u>								
2015 (The balance included in administrative expenses)								49,715
2016 (The balance included in administrative expenses)								42,963

As at 31 December 2016, the subsidiary had vehicles with net book value of Baht 19 million (2015: Baht 23 million) which were acquired under financial lease agreements.

As at 31 December 2016 and 2015, certain building and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Building and equipment items have been fully depreciated but are still in use	528	584	246	297

## 17. Leasehold rights

(Unit: Thousand Baht)

Consolidated financial statements					
Project	Remaining periods of leasehold rights (years)	1 January	Increase	Amortisation	31 December
		2016			2016
Grande Centre Point Hotel Ratchadamri	21	1,604,671	257	(90,725)	1,514,203
Grande Centre Point Hotel Thonglo	31	701,759	925,113	(13,671)	1,613,201
Vacant land	11 and 32	96,044	566,044	(10,636)	651,452
<b>Total</b>		<b>2,402,474</b>	<b>1,491,414</b>	<b>(115,032)</b>	<b>3,778,856</b>

The amortisation of leasehold rights for the year 2016 of Baht 115 million (2015: Baht 161 million) included in cost of rental and services.

During the year 2016, the subsidiary included borrowing costs in leasehold rights totaling Baht 14.5 million (2015: Baht 0.7 million) with the capitalisation rate of 3.5 percent (2015: 4 percent)

The subsidiary has pledged their land leasehold rights of Grande Centre Point Hotel Ratchadamri and Grande Centre Point Hotel Thonglo project with construction as collateral for bank overdrafts and long-term loans.

### Grande Centre Point Terminal 21

On 16 December 2015, L&H Property Co., Ltd. ("LHP"), the subsidiary which the Company hold 60% of shares, entered into an agreement to transfer the leasehold rights and an agreement to sell movable assets which consist of furniture, fixture and equipment of Grande Centre Point Hotel Terminal 21 Project to LH Hotel Leasehold Real Estate Investment Trust ("LHHOTEL") at a total price of Baht 3,715 million. LHP had gains on such transactions totaling Baht 2,037 million (net of relevant sales expenses), and recognised such transactions in the profit or loss for the year 2015.

As at 31 December 2016, LH Mall & Hotel Co., Ltd., the Company's 99.99% owned subsidiary shares, acquired 9% of the registered unit of LHHOTEL. The investment was presented as other long-term investments.

### Grande Centre Point Ratchadamri

LHP wishes LHHOTEL to invest in the Grande Centre Point Hotel Ratchadamri Project through a sublease of the immovable assets at a term of approximately 21 years, and a purchase of the movable assets of such project from LHP. At present, the management is considering the terms and conditions of the relevant agreements to be entered into with LHHOTEL.

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

#### **18. Other intangible assets**

The net book value of intangible assets (computer software) as at 31 December 2016 and 2015 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Cost	86,002	70,149	50,303	49,276
Less: Accumulated depreciation	(40,337)	(29,088)	(29,983)	(26,208)
Net book value	45,665	41,061	20,320	23,068

A reconciliation of the net book value of investment properties for the years 2016 and 2015 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	41,061	34,115	23,068	25,221
Acquisition of computer software	15,942	18,370	1,027	1,683
Disposal and amortised during the year				
- net book value as at disposal date	-	(4,742)	-	-
Amortisation	(11,156)	(6,643)	(3,775)	(3,836)
Translation adjustment	(182)	(39)	-	-
Net book value at end of year	45,665	41,061	20,320	23,068
Amortisation for the year charged to				
Cost of rental and services	629	444	-	-
Administrative expenses	10,527	6,199	3,775	3,836



## 19. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

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

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

## 20. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Trade payables - unrelated parties	1,813,285	2,071,134	1,609,412	1,933,324
Trade payables - related parties	5,369	14,708	4,881	7,387
Other payables - related parties	135,840	49,715	162	380
Accrued expenses	1,030,037	1,039,939	860,889	902,469
Others	332,472	42,942	284,047	18,593
Total trade and other payables	3,317,003	3,218,438	2,759,391	2,862,153

## 21. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Long-term loans	7,406,236	8,860,421	3,075,180	6,966,486
Less: Current portion	(3,075,180)	(371,155)	(3,075,180)	-
Net	4,331,056	8,489,266	-	6,966,486

Movements in the long-term loans during the year 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	3,056,074	-
Less: Repayment	(4,533,440)	(3,891,306)
Add: Translation adjustment	23,181	-
Balance as at 31 December 2016	<u>7,406,236</u>	<u>3,075,180</u>

As at 31 December 2016 and 2015, long-term loans of the Company and its subsidiaries from domestic financial institutions are shown below:

					(Unit: Million Baht)		
	Consolidated		Separate		Interest rate	Principal repayments	Guaranteed by
	2016	2015	2016	2015	per annum		
<u>The Company</u>	-	361	-	361	Year 1-5: MLR - 2.25	Repayments within 5 years from the first drawdown date	Land
	3,075	3,330	3,075	3,330	Year 1-4: MLR - 2.25	Repayments within 4 years from the first drawdown date	Land
	-	440	-	440	Year 1-2: 3.95%	Repayments within 3 years from the first drawdown date	Land and premises of project
	-	805	-	805	Year 1-2: 3.95%	Repayments within 3 years from the first drawdown date	Land and premises of project
	-	560	-	560	Year 1-2: 3.95%	Repayments within 3 years from the first drawdown date	Land and premises of project
	-	470	-	470	Year 1-2 - 3.85%	Repayments within 3 years from the first drawdown date	Land and premises of project
	-	1,000	-	1,000	Year 1-2: 3.85%	Repayments within 4 years from the first drawdown date	Land and premises of project
					Thereafter: MLR - 2.00	Repayments within 4 years from the first drawdown date	Land and premises of project
<u>Subsidiaries</u>							
L H Mall & Hotel Co., Ltd.*	1,126	5	-	-	MLR - 2.5	First repayment at end of March 2018 to December 2027, totaling 40 periods	Land and premises of project
L H Muang Mai Co., Ltd.	-	159	-	-	MLR - 1.5	60 percent of proceeds from sale of land and premises whereas the total loan have to be repaid within 5 years from the first drawdown date	Land and premises of project
	-	260	-	-	MLR - 2	60 percent of proceeds from sale of land and premises whereas the total loan have to be repaid within 5 years from the first drawdown date	Land and premises of project
Double Tree Co., Ltd.	-	207	-	-	Year 1: MLR - 1.5 Year 2-4: MLR - 1 Year 5: MLR - 1.25	70 percent of proceeds from sale of land	Land of project and ordinary shares of the company and the related company
Land and Houses U.S.A., Inc.	1,254	1,263	-	-	3% or 5 years Swap Rate (Bloomberg) +1.29 whichever is higher rate	Repayment within 5 years for the first drawdown date (USD 35 million)	Apartments of project
	1,951	-	-	-	Federal Fund Rate + 1 or Prime Rate of Bank of America + 0.5 or LIBOR + 0.5 whichever is higher rate	Repayment within 3 years for the first drawdown date (USD 54.45 million)	Apartments of project
Total	7,406	8,860	3,075	6,966			
Less: Current portion	(3,075)	(371)	(3,075)	-			
Net	4,331	8,489	-	6,966			

\* The Company, as shareholders of L H Mall & Hotel Co., Ltd. ("LHMH") holding 99.99% of shares, agreed to provide assurance to the lender of LHMH whereby there are certain covenants pertaining to, among other things, the maintenance of the Company's level of shareholding, the provision of financial support. In addition, the Company needs to obtain the written consent from the lender should the Company sells, transfers or pledges the shares of LHMH.

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

As at 31 December 2016 and 2015, there were available long-term loan facilities from financial institutions as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Undrawdown loan facilities	290	3,628	70	1,795

## 22. Debentures

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

Approved by	The Annual General Meeting of the Company's shareholders held on 24 April 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 December 2016, the Company has unissued debentures under the above mentioned approval totaling Baht 3,750 million (2015: Baht 7,500 million).

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

No.	Interest rate per annum	Age	Repayment	Maturity	Consolidated and Separate financial statements			
					Number of debenture (Shares)		Amount (Thousand Baht)	
					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
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	-
No. 2/2016	Fixed rate 2.23%	3 years	At maturity	28 October 2019	7,250,000	-	7,250,000	-
Total					<u>36,250,000</u>	<u>32,500,000</u>	<u>36,250,000</u>	<u>32,500,000</u>
Less: Current portion of debentures							<u>(8,000,000)</u>	<u>(8,500,000)</u>
Net							<u>28,250,000</u>	<u>24,000,000</u>

Movements in the debentures during the year 2016 are summarised below.

	(Unit: Thousand Baht)
	<u>Consolidated and separate financial statements</u>
Balance as at 1 January 2016	32,500,000
Add: Issue of new debenture	12,250,000
Less: Redemption	<u>(8,500,000)</u>
Balance as at 31 December 2016	<u>36,250,000</u>

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

## 23. Provisions

(Unit: Thousand Baht)

	Consolidated financial statements						
	After-sale maintenance expenses	Legal cases	Guarantee income of fund	Compensation for Housing Estate Juristic Persons	Public utilities maintenance	Other	Total
As at 1 January 2015	42,694	315,011	42,459	173,055	109,511	15,000	697,730
Increase during the year	42,269	10,511	7,845	30,307	41,008	-	131,940
Utilised	(39,109)	-	(32,080)	(31,597)	(78,190)	-	(180,976)
As at 31 December 2015	45,854	325,522	18,224	171,765	72,329	15,000	648,694
Increase during the year	64,222	36,641	-	28,525	46,441	-	175,829
Revert	-	-	(53)	-	-	-	(53)
Utilised	(41,501)	(12,132)	(18,171)	(37,678)	(58,150)	-	(167,632)
As at 31 December 2016	68,575	350,031	-	162,612	60,620	15,000	656,838

(Unit: Thousand Baht)

	Separate financial statements						
	After-sale maintenance expenses	Legal cases	Guarantee income of fund	Compensation for Housing Estate Juristic Persons	Public utilities maintenance	Other	Total
As at 1 January 2015	38,481	315,011	42,459	156,980	105,632	-	658,563
Increase during the year	42,794	10,511	7,845	29,529	39,312	-	129,991
Utilised	(36,597)	-	(32,080)	(23,151)	(73,014)	-	(164,842)
As at 31 December 2015	44,678	325,522	18,224	163,358	71,930	-	623,712
Increase during the year	63,307	36,641	-	27,524	45,985	-	173,457
Revert	-	-	(53)	-	-	-	(53)
Utilised	(40,794)	(12,132)	(18,171)	(35,130)	(57,970)	-	(164,197)
As at 31 December 2016	67,191	350,031	-	155,752	59,945	-	632,919

## 24. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Provision for long-term employee benefits at beginning of year</b>	280,529	261,038	236,233	222,648
Included in profit or loss:				
Current service cost	19,366	18,636	13,345	12,640
Interest cost	8,996	8,351	7,578	7,125
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(5,747)	-	(6,983)	-
Financial assumptions changes	60	-	-	-
Experience adjustments	32,763	-	15,201	-
Benefits paid during the year	(5,099)	(7,496)	(4,905)	(6,180)
<b>Provision for long-term employee benefits at end of year</b>	<b>330,868</b>	<b>280,529</b>	<b>260,469</b>	<b>236,233</b>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cost of sales and cost of rental and services	12,065	11,191	5,634	5,292
Selling and administrative expenses	16,297	15,796	15,289	14,473
Total expenses recognised in profit or loss	<u>28,362</u>	<u>26,987</u>	<u>20,923</u>	<u>19,765</u>

The Company and its subsidiaries expect to pay Baht 4.5 million of long-term employee benefits during the next year (Separate financial statements: Baht 4.5 million) (2015: Baht 3 million, separate financial statements: Baht 3 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 12 years (Separate financial statements: 12 years) (2015: 13 years, separate financial statements: 13 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Discount rate	3%	3.2%	3%	3.2%
Salary increase rate	6% - 6.5%	6% - 7%	6.5%	7%
Turnover rate	0% - 25%	0% - 25%	0% - 20%	0% - 20%

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

	(Unit: Million Baht)					
	31 December 2016					
	Discount rate		Salary increase rate		Turnover rate	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
	0.5%	0.5%	1%	1%	10%	10%
Consolidated financial statements	(16)	18	17	(16)	(5)	6
Separate financial statements	(12)	13	12	(11)	(4)	4

(Unit: Million Baht)

	31 December 2015					
	Discount rate		Salary increase rate		Turnover rate	
	Increase 0.5%	Decrease 0.5%	Increase 1%	Decrease 1%	Increase 10%	Decrease 10%
Consolidated financial statements	(14)	16	31	(27)	(5)	7
Separate financial statements	(11)	13	28	(23)	(4)	5

## 25. Share capital

The increase in share capital of the Company during the year 2016 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
30 June 2016	LH-W3	6,765,815	6,765,815	3.50	6 July 2016	8 July 2016
30 September 2016	LH-W3	7,474,563	7,474,563	3.50	5 October 2016	11 October 2016
Total		<u>56,511,205</u>	<u>56,511,205</u>			

### Reconciliation of number of shares

(Unit: Shares)

	Consolidated and separate financial statements	
	2016	2015
<u>Registered share capital</u>	<u>12,031,105,828</u>	<u>12,031,105,828</u>
<u>Issued and paid-up share capital</u>		
Balance beginning of year	11,730,034,787	10,985,568,017
Increased due to exercise of warrants	<u>56,511,205</u>	<u>744,466,770</u>
Balance ending of year	<u>11,786,545,992</u>	<u>11,730,034,787</u>

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

## 26. Warrants

On 6 May 2014, the Company issued of 1,998,184,856 registered warrants free of charge to existing shareholders (LH-W3) in a ratio of 5 existing shares per 1 unit of warrant which will be expired in 3 years from issuance date. These warrants have an exercise price of Baht 3.50 per share, an exercise ratio of 1 warrant to 1 new ordinary share, and can be exercised on the last working day of every March, June, September and December, beginning on 30 June 2014 and with a final exercise date of 4 May 2017. The Stock Exchange of Thailand accepted the warrants as listed securities, to be traded as from 30 May 2014.

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

Type of warrant	Exercise price (Baht per share)	Exercise ratio per 1 warrant	Number of warrants outstanding as at 1 January 2016 (Units)	Number of warrants exercised during the year (Units)	Number of warrants outstanding as at 31 December 2016 (Units)
LH-W3	3.50	5 existing shares per 1 unit of warrant	276,523,176	(145,960,943)	130,562,233

## 27. Cash receipts from share subscription

As at 31 December 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 (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 2016	LH-W3	106,998,154	106,998,154	3.50	6 January 2017	11 January 2017

As at 31 December 2016, the Company record cash received from exercised of warrants Baht 374 million. The amount is represented as cash receipts from share subscription in the statement of financial position.



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

During the years 2016 and 2015, movement of surplus (deficit) on changes in value of available-for-sale investments are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Balance as at beginning of year	982,277	1,341,026	969,350	1,341,026
Changes during the year due to				
- Revaluation	312,103	(452,829)	66,614	(464,595)
- Income taxes	(62,421)	94,080	(13,323)	92,919
Balance as at end of year	1,231,959	982,277	1,022,641	969,350

## 29. Statutory reserve

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

## 30. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Purchase of land and land held for development and payment of construction in progress during year	17,430	19,407	17,125	18,706
Changes in land, constructions in progress and land held for development	70	(4,593)	(985)	(4,397)
Salaries and wages and other employee benefits	1,248	1,083	1,111	1,018
Depreciation and amortisation expenses	390	382	47	54
Rental expenses from operating lease agreements	63	55	52	48

### 31. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Current income tax:</b>				
Current income tax charge	1,670,308	1,205,854	1,316,235	1,075,920
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(98,622)	395,532	(10,759)	899
<b>Income tax expenses reported in the statements of income</b>	<b>1,571,686</b>	<b>1,601,386</b>	<b>1,305,476</b>	<b>1,076,819</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax relating to gain/loss on changes in value of available-for-sale investments	(62,421)	94,080	(13,323)	92,919
Deferred tax relating to actuarial gain/loss	5,410	-	1,644	-
	<b>(57,011)</b>	<b>94,080</b>	<b>(11,679)</b>	<b>92,919</b>

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Accounting profit before tax	10,699,528	10,268,028	8,822,767	7,814,684
Applicable tax rate	20% and 40%	20% and 42.84%	20%	20%
Accounting profit before tax multiplied by income tax rate	2,139,906	2,085,788	1,764,553	1,562,937
Effects of:				
Change in value of investments accounted for the equity method	(249,021)	(312,192)	-	-
Exempt dividend income	(373,128)	(191,396)	(484,257)	(494,762)
Non-deductible expenses	34,773	12,998	9,655	9,486
Additional expense deductions allowed	(15,748)	(3,663)	(2,056)	(813)
Unused tax losses	34,389	10,117	-	-
Exempt income	(14,524)	-	(14,309)	-
Items treated as revenue under the Revenue Code	31,262	-	31,262	-
Others	(16,223)	(266)	628	(29)
Total	(568,220)	(484,402)	(459,077)	(486,118)
Income tax expenses reported in the statement of income	1,571,686	1,601,386	1,305,476	1,076,819

The components of deferred tax assets and deferred tax liabilities as at 31 December 2016 and 2015 are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Deferred tax assets</b>				
Allowance for diminution in value of inventories and land held for development	205,890	192,664	151,032	150,199
Loss on change in value of available-for-sale investments	-	1,161	-	-
Allowance for impairment of investments	22,100	20,100	5,200	3,200
Allowance for asset impairment	3,867	4,000	3,867	4,000
Accumulated depreciation - Clubhouse and pool	89,370	88,527	82,667	81,542
Accumulated amortisation - Leasehold rights	784,985	811,748	-	-
Accumulated amortisation - Intangible assets	8,145	9,696	-	-
Financial lease liabilities	4,102	4,695	-	-
Provisions	98,845	95,434	95,433	92,071
Advance received from customers	-	661	-	-
Provision for long-term employee benefits	62,964	52,970	52,094	47,247
Unused tax loss	-	2,079	-	-
Accrued land rental	15,967	12,331	-	-
<b>Total</b>	<b>1,296,235</b>	<b>1,296,066</b>	<b>390,293</b>	<b>378,259</b>
<b>Deferred tax liabilities</b>				
Assets under finance lease	(3,738)	(4,686)	-	-
Gain on change in value of available-for-sale investments	(303,597)	(242,705)	(255,660)	(242,705)
Advance received from sale of assets to REIT	(1,737,773)	(1,811,362)	-	-
Deferred tax liabilities of an overseas subsidiary	-	(29,490)	-	-
<b>Total</b>	<b>(2,045,108)</b>	<b>(2,088,243)</b>	<b>(255,660)</b>	<b>(242,705)</b>
<b>Deferred tax assets (liabilities) - net</b>	<b>(748,873)</b>	<b>(792,177)</b>	<b>134,633</b>	<b>135,554</b>

As at 31 December 2016, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 135 million (2015: Baht 357 million) (The Company only: Baht 50 million, 2015: Baht 50 million), on which deferred tax assets have not been recognised as the Company and its subsidiaries believe that the temporary differences and unused tax losses will not be used.

As at 31 December 2015, the unused tax losses amounting to Baht 224 million (2016: Nil).

## 32. Earnings per share

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

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

Consolidated financial statements					
For the year ended 31 December					
Profit for the year		Weighted average number of ordinary shares		Earnings per share	
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 parent					
8,617,974	7,920,226	11,772,130*	11,535,499*	0.73	0.69
<b>Effect of dilutive potential ordinary shares</b>					
Warrants (LH-W3)					
-	-	155,802	299,643		
<b>Diluted earnings per share</b>					
Profit of ordinary shareholders					
assuming the conversion of					
warrants to ordinary shares					
8,617,974	7,920,226	11,927,932	11,835,142	0.72	0.67

\* Included ordinary shares from cash receipts from share subscription

Separate financial statements					
For the year ended 31 December					
Profit for the year		Weighted average number of ordinary shares		Earnings per share	
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 parent					
7,517,290	6,737,865	11,772,130*	11,535,499*	0.64	0.58
<b>Effect of dilutive potential ordinary shares</b>					
Warrants (LH-W3)					
-	-	155,802	299,643		
<b>Diluted earnings per share</b>					
Profit of ordinary shareholders					
assuming the conversion of					
warrants to ordinary shares					
7,517,290	6,737,865	11,927,932	11,835,142	0.63	0.57

\* Included ordinary shares from cash receipts from share subscription

### 33. Segment information

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

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

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

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

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

The following table present revenue and profit information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2016 and 2015, respectively.

(Unit: Million Baht)

For the year ended 31 December 2016						
	Real estate business	Rental and service business	Others	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	27,372	2,536	-	29,908	-	29,908
Inter-segment revenue	-	146	-	146	(146)	-
Interest revenue	265	11	-	276	(235)	41
Infrastructure service income	249	-	-	249	-	249
Interest expense	(288)	(321)	-	(609)	236	(373)
Depreciation and amortisation	(49)	(342)	-	(391)	-	(391)
Loss on diminution in value of project and land held for development	(69)	-	-	(69)	63	(6)
Gain (loss) on sales of assets	1,316	1	-	1,317	-	1,317
Share of profit from investments in associates	748	52	2,163	2,963	-	2,963
<b>Segment profit</b>	<b>8,314</b>	<b>55</b>	<b>2,163</b>	<b>10,532</b>	<b>(36)</b>	<b>10,496</b>
<b>Unallocated revenue and expenses:</b>						
Other income						336
Other expenses						(132)
Income tax expenses						(1,572)
Non-controlling interests of the subsidiaries						(510)
<b>Profit for the year</b>						<b>8,618</b>

The following table present assets information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2016, respectively.

(Unit: Million Baht)

	Real estate business	Rental and service business	Others	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
<b>Segment assets</b>	<b>53,053</b>	<b>18,528</b>	<b>-</b>	<b>71,581</b>	<b>29,924</b>	<b>101,505</b>
Investments under the equity method	6,972	467	12,820	20,259	-	20,259
Increase (decrease) in non-current assets (other than financial instruments and deferred tax assets)	(770)	9,968	-	9,198	1,288	10,486

(Unit: Million Baht)

For the year ended 31 December 2015

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

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

(Unit: Million Baht)

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



## Geographic information

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

	(Unit: Million Baht)	
	<u>2016</u>	<u>2015</u>
<b>Revenue from external customers</b>		
Thailand	31,234	28,598
United States	619	427
Total	<u>31,853</u>	<u>29,025</u>
<b>Non-current assets (other than financial instruments and deferred tax assets)</b>		
Thailand	33,595	31,241
United States	14,354	6,223
Total	<u>47,949</u>	<u>37,464</u>

## Major customers

For the years 2016 and 2015, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

### 34. Provident fund

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	<u>financial statements</u>	<u>financial statements</u>	<u>financial statements</u>	<u>financial statements</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Contribution to provident fund	49	37	33	31

## 35. Dividend

Dividends	Approved by	Approved dividend per share	Interim dividend per share	Additional dividend paid per share	Total additional dividend paid	Portion belonging to shareholders		Net dividend paid
						dividend	not entitled to dividend	
		(Baht)	(Baht)	(Baht)	(Million 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
Interim dividend for 2015	Board of Director's meeting on 13 August 2015	0.25	-	0.25	2,926	(10)		2,916
								<u>7,583</u>
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
Interim dividend for 2016	Board of Director's meeting on 11 August 2016	0.35	-	0.35	4,122	(28)		4,094
								<u>8,202</u>

## 36. Commitments and contingent liabilities

### 36.1 Commitments

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
Commitments under construction contracts	3,546	6,371	1,917	5,017

36.1.2 As at 31 December 2016 and 2015, L&H Property Company Limited ("LHP"), the subsidiary which the Company hold 60% of shares and LH Mall & Hotel Company Limited ("LHMH"), the subsidiary which the Company hold 99.99% of shares, have the following commitments under, land and construction lease agreement and land lease agreement as follows:

#### a) Land and construction lease agreement - LHP

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 December 2016: already paid Baht 29 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 December 2016 and 2015, LHP 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 - LHP

Agreement date	Agreement period	Rental rate
10 March 2006	30 years*	Land leasing fee is to be monthly paid as follows: 1st - 5th year, total rental of Baht 20 million (Full amount has been paid) 6th - 10th year, total rental of Baht 23 million (As at 31 December 2016: already paid Baht 6 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 LHP to develop or construct on the leased land between 1 September 2007 and 31 August 2010, and LHP agreed to pay additional ground rental fee of Baht 160,000 per month.

The rentals under the above land lease agreement are recognised as liabilities in the consolidated financial statement, at present value, as part of relevant expenses in the sales of assets to LH Shopping Centers Leasehold Real Estate Investment Trust and LH Hotel Leasehold Real Estate Investment Trust.

c) Land lease agreements - LHMH

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 31 December 2016 and 2015, LHMH, is committed to pay commission at Baht 5 million per year in the second and third year of construction period.

d) Land lease agreements - LHMH

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 LHMH, to develop or construct on the leased land for 3 years after the transfer and lease registration date. LHMH is committed to pay commission at Baht 1,716,000 per month in the first and second year of construction period and Baht 1,980,000 per month in the third year of construction period.

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

36.1.4 As at 31 December 2015, the Company had outstanding commitment of Baht 90 million in respect of uncalled portion of investments in L&H Property Co., Ltd. and LH Mall & Hotel Co., Ltd. Baht 759 million (2016: Nil).

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

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	2016	2015
Commitment to purchase of land	2,380	582

36.1.6 Obligation and commitment to complete projects on hand

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Number of projects on hand at beginning of year	66	64	58	54
Number of closed projects during year	(11)	(10)	(10)	(8)
Number of new projects during year	12	12	12	12
Number of projects on hand at end of year	<u>67</u>	<u>66</u>	<u>60</u>	<u>58</u>
Accumulative value of sales already contracted (Million Baht)	90,541	77,906	84,870	71,752
As percentage of total sales of projects on hand	60	57	60	56
Value of sales already contracted during year (Million Baht)	27,304	23,175	26,677	22,421
As percentage of total sales of projects on hand	18	17	19	18
Commitments in respect of the installation of central utilities of projects on hand (Million Baht)	1,311	1,283	1,249	1,171

36.1.7 As at 31 December 2016, the subsidiaries have servitude over land of approximately 96 rai (2015: 90 rai) of which the cost is included in the cost of projects.

36.1.8 Operating lease commitments

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

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Payable:				
In up to 1 year	57	50	45	38
In over 1 and up to 3 years	19	51	13	34

### 36.2 Bank guarantees

As at 31 December 2016 and 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.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Letter of guarantees for arrangement and maintenance of public utilities	2,647	2,301	2,458	2,072
Letter of guarantees for electricity usage	71	70	58	52
	<u>2,718</u>	<u>2,371</u>	<u>2,516</u>	<u>2,124</u>

### 36.3 Guarantees

36.3.1 As at 31 December 2016 and 2015, the Company has the following obligations in respect of guarantees.

(Unit: Million Baht)			
Guarantor	Guarantee	2016	2015
Land and Houses Plc.	Customers	<u>7</u>	<u>7</u>

36.3.2 The Company has contingent liabilities to a bank in relation to the financial support in form of issuance of a letter of comfort to provide to the subsidiaries company for loans and guarantee facilities obtained for development of the subsidiary's project. As at 31 December 2016, the subsidiaries have outstanding loans related to guarantee portion of the Company as specified in the letter of comfort amounting to Baht 1,130 million (2015: Baht 8 million).

## 36.4 Litigations

- 1) In 2006, two housing estate juristic persons and housing residents filed a lawsuit against the Company and Atlantic Real Estate Co., Ltd., the Company's 99.99% owned 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. However, as at 31 December 2016, the Company has set aside a provision of Baht 25 million for liabilities arising as a result of this case (2015: Baht 25 million).

In February 2009, the Company and its subsidiary were additionally sued in 2 lawsuits which were under the claims Baht 310 million and Baht 102 million, in accordance with the Customer Protect Act.

- a) Currently, the Court has suspended the civil case amounting Baht 310 million while waiting for the Appeals Court decision of the civil case Baht 800 million.
  - b) The Court of First Instance issued a verdict on a civil case with the amount in dispute of Baht 102 million. 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. Subsequently, the Appeals Court rendered a conflict judgement with the Court of First Instance, by instructing the Company to pay 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. However, as at 31 December 2016, the Company has set aside a provision including interest of Baht 167 million for liabilities arising as a result of these cases (2015: Baht 160 million).
- 2) In 2010 - 2012, a housing estate juristic persons and housing residents filed totaling 9 lawsuits against the Company, involving the construction of a kindergarten demanding damages totaling Baht 492 million. The Court of First Instance ordered the Company to pay for damages of Baht 27 million plus interest at a rate of 7.5% per annum, commencing from 18 January 2008 until the full amount is paid. Subsequently, the Appeals Court rendered a conflict judgement with the Court of First Instance, by instructing the Company to pay for damages of Baht 13.5 million plus interest at a rate of 7.5% per annum, commencing from 18 January 2008 until the full amount is paid. At present, the case is under the process of the Supreme Court. However, as at 31 December 2016 the Company has set aside a provision including interest of Baht 156 million for liabilities arising as a result of these cases (2015: Baht 127 million).

- 3) As at 31 December 2016, the Company has been sued for breach of agreements, claiming for a total of Baht 20 million (2015: Baht 37 million). However, the Company has set aside a provision including interest of Baht 1 million for liabilities arising as a result of these cases (2015: Baht 14 million).
- 4) In August and September 2016, the Company has been sued by two condominium juristic persons in civil lawsuits (Consumer Protection legal cases) for breach of agreements, claiming for compensation total of Baht 544 million. The lawsuits are currently in the judicial process and the Company is during in negotiation with the plaintiffs. The management believes that the Company is in full compliance with such agreements, and the plaintiffs' claiming are unreasonable, without relevant evidences of demanding. However, for a reasons of prudence, the Company had set aside certain provision which the management deem to be an appropriate amount in the financial statements.

### 37. Fair value hierarchy

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

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2016			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Current investments - Trading securities				
Other long-term investments - Available-for-sale securities				
Equity securities - Overseas	3,654	-	-	3,654
Investment units - Domestic	1,764	-	-	1,764
<b>Assets for which fair value are disclosed</b>				
Investments in associates that are listed				
companies on the Stock Exchange	55,450	-	-	55,450
Investment properties	-	-	15,264	15,264
<b>Liabilities for which fair value are disclosed</b>				
Long-term loans	-	-	7,406	7,406
Debentures	-	33,685	-	33,685
Unfavourable cross currency and interest rate swap agreements	-	388	-	388



(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
<b>Assets for which fair value are disclosed</b>				
Investments in associates that are listed				
companies on the Stock Exchange	41,204	-	-	41,204
Investment properties	-	-	7,211	7,211
<b>Liabilities for which fair value are disclosed</b>				
Long-term loans	-	-	8,844	8,844
Debentures	-	30,727	-	30,727
Unfavourable cross currency and interest rate				
swap agreements	-	544	-	544

(Unit: Million Baht)

Separate financial statements				
As at 31 December 2016				
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Current investments - Trading securities	-	-	-	-
Other long-term investments - Available-for-sale securities				
Equity securities - Overseas	3,654	-	-	3,654
Investment units - Domestic	777	-	-	777
<b>Assets for which fair value are disclosed</b>				
Investments in associates that are listed				
companies on the Stock Exchange	55,450	-	-	55,450
Investment properties	-	-	209	209
<b>Liabilities for which fair value are disclosed</b>				
Long-term loans	-	-	3,075	3,075
Debentures	-	33,685	-	33,685
Unfavourable cross currency and interest rate				
swap agreements	-	388	-	388

(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
<b>Assets for which fair value are disclosed</b>				
Investments in associates that are listed				
companies on the Stock Exchange	41,204	-	-	41,204
Investment properties	-	-	208	208
<b>Liabilities for which fair value are disclosed</b>				
Long-term loans	-	-	6,950	6,950
Debentures	-	30,727	-	30,727
Unfavourable cross currency and interest rate				
swap agreements	-	544	-	544

### 38. Financial instruments

#### 38.1 Financial risk management

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

#### **Credit risk**

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

## Interest rate risk

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

As at 31 December 2016 and 2015, significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements							
As at 31 December 2016							
Fixed interest rates			Floating		Total	Effective interest rate	(% p.a.)
At call	Within 1 year	1 - 5 years	interest rate	Non-interest bearing			
<u>Financial assets</u>							
Cash and cash equivalents	98	109	-	1,375	1,019	2,601	Note 7
Current investments	-	410	-	-	-	410	Note 8
Trade and other receivables	-	-	-	-	157	157	-
Other investments							
- Available-for-sale securities	-	-	-	-	5,418	5,418	Note 13
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	3,317	3,317	-
Long-term loans	-	-	-	7,406	-	7,406	Note 21
Debentures	-	8,000	28,250	-	-	36,250	Note 22

(Unit: Million Baht)

Separate financial statements							
As at 31 December 2016							
Fixed interest rates			Floating		Total	Effective interest rate	(% p.a.)
At call	Within 1 year	1 - 5 years	interest rate	Non-interest bearing			
<u>Financial assets</u>							
Cash and cash equivalents	-	-	-	659	784	1,443	Note 7
Trade and other receivables	-	-	-	-	26	26	-
Loan to related parties	263	5,548	4,292	-	-	10,103	3.00 - 4.48
Other investments							
- Available-for-sale securities	-	-	-	-	4,431	4,431	-
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	2,759	2,759	-
Long-term loans	-	-	-	3,075	-	3,075	Note 21
Debentures	-	8,000	28,250	-	-	36,250	Note 22

(Unit: Million Baht)

Consolidated financial statements							
As at 31 December 2015							
Fixed interest rates			Floating		Total	Effective interest rate (% p.a.)	
At call	Within 1 year	1 - 5 years	interest rate	Non-interest bearing			
<u>Financial assets</u>							
Cash and cash equivalents	2,600	2,259	-	3,552	546	8,957	Note 7
Current investments	-	600	-	-	602	1,202	Note 8
Trade and other receivables	-	-	-	-	184	184	-
Other investments							
- Available-for-sale securities	-	-	-	-	5,106	5,106	-
<u>Financial liabilities</u>							
Bank overdrafts and short-term loans from financial institutions	-	-	-	220	-	220	Note 19
Trade and other payables	-	-	-	-	3,218	3,218	-
Short-term loans from related parties	47	-	-	-	-	47	5.50
Long-term loans	-	-	-	8,680	-	8,660	Note 21
Debentures	-	8,500	24,000	-	-	32,500	Note 22

(Unit: Million Baht)

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

## Foreign currency risk

The Company and its subsidiaries exposure to foreign currency risk arise mainly from investment transactions and borrowings/loans that are denominated in foreign currencies.

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2016 and 2015 are summarised below:

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	2016	2015	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Philippines Peso	5,134	4,851	-	-	0.7248	0.7691
US Dollar	4	8	90	35	35.8307	36.0886

Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	2016	2015	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Philippines Peso	5,134	4,851	-	-	0.7248	0.7691
US Dollar	278	153	-	-	35.8307	36.0886

The Company entered into Cross Currency and Interest Rate Swap agreements to manage risk associated with the financial liabilities carrying floating interest. The details of long-term loans from financial institutions are set out in Note 21. The details of the Cross Currency and Interest Rate Swap agreements outstanding as at 31 December 2016 and 2015 are as follows:

As at 31 December 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

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

### 38.2 Fair values of financial instruments

The estimated fair values of financial instruments as at 31 December 2016 and 2015, in comparison with the related amounts carried, are as follows:

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	Carrying amount		Fair value		Carrying amount		Fair value	
	2016	2015	2016	2015	2016	2015	2016	2015
<u>Financial assets</u>								
Cash and cash equivalents	2,601	8,957	2,601	8,957	1,443	7,109	1,443	7,109
Current investment	410	1,202	410	1,202	-	1,202	-	1,202
Trade and other receivables	157	184	157	184	26	33	26	33
Loans to related parties	-	-	-	-	10,103	5,134	10,103	5,134
Other investments								
- Available-for-sale securities	5,418	5,106	5,418	5,106	4,431	4,364	4,431	4,364
<u>Financial liabilities</u>								
Bank overdrafts and short-term loans from financial institutions	-	220	-	220	-	-	-	-
Trade and other payables	3,317	3,218	3,317	3,218	2,759	2,862	2,759	2,862
Short-term loans from related parties	-	47	-	47	-	-	-	-
Long-term loans	7,406	8,860	7,406	8,844	3,075	6,966	3,075	6,950
Debentures	36,250	32,500	33,685	30,727	36,250	32,500	33,685	30,727

The estimated fair value of the derivatives is as follows:

	(Unit: Million Baht)	
	As at	As at
	<u>31 December 2016</u>	<u>31 December 2015</u>
	Fair value	Fair value
	Gain (loss)	Gain (loss)
Cross Currency and Interest Rate Swap agreements	(388)	(544)

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and deposit at financial institutions, accounts receivables and accounts payables, their carrying amounts in the statements of financial position approximate their fair values.
- b) For equity securities, their fair value is generally derived from quoted market prices.
- c) For fixed rate debentures and long-term loans, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- d) For loans to and loans from carrying interest approximate to the market rate, their carrying amounts in the statements of financial position approximates their fair values.
- e) For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, interest rate yield curves and commodity price yield curves.

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

### **39. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio was 1.14:1 (2015: 1.12:1) and the Company's was 1.31:1 (2015: 1.30:1).

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

- 40.1 On 6 January 2017, the Company registered the increase in its issued and paid-up share capital as a result of the warrant holders exercising their rights to convert warrants to ordinary shares in December 2016, as described in Note 27, which increased the Company's paid-up share capital from Baht 11,787 million to Baht 11,894 million. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities on 11 January 2017.
- 40.2 On 28 February 2017, the meeting of the Company's Board of Directors passed the resolution to propose Annual General Meeting of the Company's shareholders for approval the payment of a dividend for the year 2016 of Baht 0.65 per share. However, since the Board of Directors previously approved an interim dividend from profit of the year 2016 amounting to Baht 0.35 per share, the Board will propose the remaining dividend payment of Baht 0.30 per share, amounting to Baht 3,568 million. The payment of such dividend shall be made within May 2017.

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

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2017.