

Land and Houses Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month and six-month periods ended 30 June 2017

1. General information

1.1 The Company's general information

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

1.2 Basis of preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2016) Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

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

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

1.3 Basis of consolidation

These consolidated interim financial statements are prepared by applying the same basis as that applied for the preparation of the consolidated financial statements for the year ended 31 December 2016, with there being no changes in the structure of shareholding in subsidiaries during the period, except the significant changes of investments in subsidiaries and associates as described in Note 9 and Note 10.

1.4 New financial reporting standards

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are 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 adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements. 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.

The Company has decided to change its accounting policy for investment in subsidiaries and associates in separate financial statements from cost method to equity method since 1 January 2017. The Company adjusted the transaction retrospectively. The cumulative effect of the change is described in Note 3.

2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2016, except change in accounting policy as described in Note 1.4 to the financial statements.

3. Cumulative effect of change in accounting policy due to the adoption of new accounting standard

During the current period, as described in Note 1.4 and Note 2, the Company has changed its significant accounting policy, as a result of the adoption of the revised financial reporting standards. The cumulative effect of the change in the accounting policy has been separately presented in the statements of changes in shareholders' equity.

(Unaudited but reviewed)

The amounts of adjustments affecting the statements of financial position, the income statements and the statements of comprehensive income are summarised below.

(Unit: Million Baht)

	Separate financial statements		
	30 June	31 December	31 December
	2017	2016	2015
Statements of financial position			
Increase in investments in subsidiaries	964	802	653
Increase in investments in associates	10,298	10,025	8,730
Increase in unappropriated retained earnings	11,093	10,500	9,413
Increase (decrease) in other components of shareholders' equity	169	327	(30)

(Unit: Million Baht)

	Separate financial statements			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2017	2016	2017	2016
Statements of income				
Decrease in gain on exchange rate	-	(1)	-	(60)
Decrease in dividend income from subsidiaries	(652)	(518)	(652)	(518)
Decrease in dividend income from associates	(1,052)	(1,002)	(1,096)	(1,002)
Increase in share of profit from investments in subsidiaries	952	551	897	576
Increase in share of profit from investments in associates	752	798	1,444	1,452
Decrease in finance cost	-	-	-	1
Increase (decrease) in profit for the period	-	(172)	593	449
Statements of comprehensive income				
Increase (decrease) in share of other comprehensive income of subsidiaries	(45)	60	(83)	197
Increase (decrease) in share of other comprehensive income of associates	(59)	69	(75)	188
Earnings per share (Baht)				
Increase (decrease) in basic earnings per share	-	(0.02)	0.05	0.03
Increase (decrease) in diluted earnings per share*	-	(0.02)	-	0.04

* There is no disclosure of diluted earnings per share for the three-month and six-month periods ended 30 June 2017 as the final exercise of LH-W3 was on 4 May 2017.

4. Related party transactions

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

Name of related parties	Relationship
Atlantic Real Estate Co., Ltd.	Subsidiary
LH Mall & Hotel Co., Ltd.	Subsidiary
L&H Retail Management Co., Ltd.	Subsidiary (99.95 percent held by LH Mall & Hotel Co., Ltd.)
L&H Management Co., Ltd.	Subsidiary (99.93 percent held by LH Mall & Hotel Co., Ltd.)
Land and Houses North Co., Ltd.	Subsidiary
Land and Houses Northeast Co., Ltd.	Subsidiary
Siam Tanee Property Co., Ltd.	Subsidiary
Siam Tanee Real Estate Co., Ltd.	Subsidiary (99.99 percent held by Siam Tanee Property Co., Ltd.)
L H Real Estate Co., Ltd.	Subsidiary
L H Asset Co., Ltd.	Subsidiary
L H Muang Mai Co., Ltd.	Subsidiary
Phuket Future Plan Co., Ltd.	Subsidiary (99.99 percent held by L H Muang Mai Co., Ltd.)
Double Tree Co., Ltd.	Subsidiary (99.99 percent held by L H Muang Mai Co., Ltd.)
L&H Property Co., Ltd.	Subsidiary
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.

(Unaudited but reviewed)

Name of related parties	Relationship
Muang Mai Property Co., Ltd.	Shareholder of subsidiary
Reco Resorts Pte Ltd.	Shareholder of subsidiary
Siam Retail Development Co., Ltd.	Common shareholder
Land and Houses Freehold and Leasehold Property Fund	Common shareholder
LH Shopping Centers Leasehold Real Estate Investment Trust	Related company
LH Hotel Leasehold Real Estate Investment Trust	Related company
Trinity Securities Company Limited	Common director

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

(Unit: Million Baht)

	For the three-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2017	2016	2017	2016	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest received	-	-	106	56	1.75 - 4.60% p.a. (2016: 3.50 - 5.50% p.a.)
Management fee income	-	-	2	2	Approximate cost
Dividend received	-	-	652	518	Declared rate
Sale of land	-	-	-	6	Approximate cost
Cash paid for use of land	-	-	-	7	Approximate cost
Interest expenses	-	-	1	1	2.00% p.a.
<u>Transactions with associates</u>					
Management fee	1	1	-	-	Contract price
Interest received	9	7	7	5	The interest rate as declared by the bank
Dividend received	1,051	1,002	1,051	1,002	Declared rate
Purchase of goods	13	25	12	23	Cost plus margin
Property rental fee expenses	33	31	-	-	Contract price
<u>Transactions with related companies</u>					
Property management fee	50	28	-	-	Contract price
Human-resources management income	7	5	-	-	Contract price
Dividend income	32	32	9	14	Declared rate
Sale of assets to REIT	3,749	-	3,749	-	Contract price
Rental and services expenses	17	15	13	13	Baht 750 - 880 per square metre per month
Property rental fee expenses	108	87	-	-	Contract price

(Unaudited but reviewed)

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2017	2016	2017	2016	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	202	109	1.75 - 4.60% p.a. (2016: 3.50 - 5.50% p.a.)
Management fee income	-	-	4	4	Approximate cost
Dividend received	-	-	652	518	Declared rate
Sale of land	-	-	-	6	Approximate cost
Cash paid for use of land	-	-	-	7	Approximate cost
Interest expenses	-	-	1	1	2.00% p.a.
<u>Transactions with associates</u>					
Management fee	2	1	-	-	Contract price
Interest income	12	19	8	11	The interest rate as declared by the bank
Dividend received	1,096	1,002	1,096	1,002	Declared rate
Purchase of goods	25	53	24	48	Cost plus margin
Property rental fee expenses	78	76	-	-	Contract price
<u>Transactions with related companies</u>					
Property management fee	87	55	-	-	Contract price
Human-resources management income	13	11	-	-	Contract price
Dividend income	58	73	20	37	Declared rate
Sale of assets to REIT	3,749	-	3,749	-	Contract price
Rental and services expenses	33	31	26	26	Baht 750 - 880 per square metre per month
Property rental fee expenses	212	185	-	-	Contract price
Commission expenses	-	1	-	-	Contract price
Project management fee expenses	-	2	-	-	Contract price
<u>Transactions with directors of subsidiary</u>					
Interest expenses	-	1	-	-	5.50% p.a.

(Unaudited but reviewed)

As at 30 June 2017 and 31 December 2016, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Deposit at financial institution (shown under cash and cash equivalents)				
Associate	3,321	1,420	2,694	589
Current investments (Note 6)				
Associate	1,200	70	1,200	-
Amounts due from and other receivables - related parties (Note 7)				
Associates	1	1	-	-
Related companies	22	28	-	-
Total	23	29	-	-
Short-term loans and accrued interest receivables - related parties				
Subsidiaries	-	-	1,362	266
Associate	2	1	-	-
Total	2	1	1,362	266
Long-term loans and accrued interest receivables - related party				
Subsidiary	-	-	9,667	9,868
Deposit to related companies (shown under other non-current assets)				
Related company	15	15	12	12
Trade accounts payable - related parties (Note 18)				
Associates	4	5	3	5
Amounts due to related parties (Note 18)				
Associates	40	40	-	-
Related companies	102	96	-	-
Total	142	136	-	-

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 4.6% 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.

(Unaudited but reviewed)

During the six-month period ended 30 June 2017, movements of loans to/loans from/between the Company, subsidiaries and related companies were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	1 January			30 June
	2017	Increase	Decrease	2017
Short-term loans and accrued interest receivables - related party				
<u>Associate</u>				
Land and Houses Bank Plc.	1	12	(11)	2

(Unit: Million Baht)

	Separate financial statements			
	1 January			30 June
	2017	Increase	Decrease	2017
Short-term loans and accrued interest receivables - related parties				
<u>Subsidiaries</u>				
Atlantic Real Estate Co., Ltd.	17	1	-	18
LH Mall & Hotel Co., Ltd.	133	1,077	-	1,210
Land and Houses Northeast Co., Ltd.	-	20	-	20
L H Asset Co., Ltd.	116	-	(2)	114
	266	1,098	(2)	1,362
<u>Associate</u>				
Land and Houses Bank Plc.	-	7	(7)	-
Total	266	1,105	(9)	1,362

Long-term loan and accrued interest receivables - related party

Subsidiary

Land and Houses U.S.A., Inc.	9,868	503	(704)	9,667
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Short-term loans and accrued interest payables - related parties

Subsidiaries

L H Real Estate Co., Ltd.	-	16	(16)	-
Siam Tanee Property Co., Ltd.	-	110	(110)	-
Land and Houses North Co., Ltd.	-	15	(15)	-
Total	-	141	(141)	-

Directors and management's benefits

During the three-month and six-month periods ended 30 June 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2017	2016	2017	2016
Short-term employee benefits	51	51	110	102
Post-employment benefits	3	10	5	12
Total	54	61	115	114

(Unit: Million Baht)

	Separate financial statements			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2017	2016	2017	2016
Short-term employee benefits	44	42	92	87
Post-employment benefits	2	2	3	3
Total	46	44	95	90

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 28.

The Company had outstanding guarantee obligations with its related parties, as described in Note 28.3.

5. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
Cash	4,338	4,128	2,125	2,015
Bank deposits	5,035,599	2,261,662	1,051,805	1,312,945
Cheques in transit	899,092	128,096	874,292	128,096
Fixed deposits receipt	4,637,677	206,692	4,418,837	-
Total	10,576,706	2,600,578	6,347,059	1,443,056

(Unaudited but reviewed)

As at 30 June 2017, bank deposits and fixed deposits receipt carried interests between 0.25% and 1.90% per annum (31 December 2016: 0.25% and 1.40% per annum).

6. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Fixed deposits over three months but not over one year	-	410,280	-	-
Investments in LH Money Market Fund, Cost	1,200,000	-	1,200,000	-
Add: Unrealised gain on changes in value of investments	236	-	236	-
Investments in LH Money Market Fund - fair value	1,200,236	-	1,200,236	-
Total	1,200,236	410,280	1,200,236	-

As at 31 December 2016, fixed deposits carried interests between 1.35% and 1.40% per annum.

7. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
<u>Trade receivables - unrelated parties</u>				
Not yet due	-	-	-	-
Past due				
Less than 3 months	75,310	84,776	-	-
3 - 6 months	266	2,255	-	-
6 - 9 months	-	-	-	-
9 - 12 months	-	-	-	-
Over 12 months	2,057	8,622	-	-
Total trade receivables - unrelated parties	77,633	95,653	-	-
<u>Other receivables</u>				
Amounts due from and accounts receivables - related parties	22,688	29,178	50	157
Other	32,298	32,098	29,226	25,908
Total other receivables	54,986	61,276	29,276	26,065
Total trade and other receivables	132,619	156,929	29,276	26,065

8. Real estate development cost (inventories)

A subsidiary have mortgaged land and structures thereon to secure the loans and the overdraft facilities of the subsidiary, of with net book values as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Net book value of land and structures thereon mortgaged as collateral	809	819	-	-

9. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Paid-up capital		Shareholding percentage		Cost		Carrying amount based on equity method	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016
			(Percent)	(Percent)				(Restated)
Atlantic Real Estate Co., Ltd.	15,000	15,000	99.99	99.99	14,998	14,998	(9,689)	3,758
LH Mall & Hotel Co., Ltd. and it subsidiaries	2,000,000	2,000,000	99.99	99.99	2,000,000	2,000,000	2,281,922	2,210,556
Land and Houses North Co., Ltd.	13,500	13,500	99.99	99.99	13,500	13,500	15,729	15,831
Land and Houses Northeast Co., Ltd.	150,000	150,000	99.99	99.99	149,999	149,999	310,513	301,166
Siam Tanee Property Co., Ltd. and its subsidiary	100,000	100,000	99.99	99.99	64,859	64,859	114,431	237,055
L H Real Estate Co., Ltd.	58,000	58,000	99.99	99.99	25,000	25,000	19,007	19,123
L H Asset Co., Ltd.	100,000	100,000	99.99	99.99	52,734	52,734	495,467	466,968
L H Muang Mai Co., Ltd. and its subsidiaries	900,000	900,000	55.00	55.00	495,000	495,000	697,006	702,302
L&H Property Co., Ltd. and its subsidiary	1,638,000	1,638,000	60.00	60.00	1,078,800	1,078,800	1,157,715	669,892
Land and Houses U.S.A., Inc.	(a)	(a)	100.00	100.00	1,343,127	1,343,127	1,068,382	1,368,847
Asia Asset Advisory Co., Ltd.	5,000	5,000	99.99	99.99	5,000	5,000	6,165	(707)
					<u>5,243,017</u>	<u>5,243,017</u>	<u>6,156,648</u>	<u>5,994,791</u>

(a) As at 30 June 2017 and 31 December 2016, Land and Houses U.S.A., Inc. had paid-up capital amounted to USD 40 million..

9.2 Share of comprehensive income and dividend received

During the periods, the Company has recognised its share of comprehensive income from investments in subsidiaries in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Separate financial statements					
	For the three-month periods ended 30 June					
	Share of profit or loss		Share of other comprehensive income		Dividend received	
	2017	2016	2017	2016	2017	2016
		(Restated)		(Restated)		
Atlantic Real Estate Co., Ltd.	(820)	(8,718)	-	-	-	-
LH Mall & Hotel Co., Ltd. and its subsidiaries	68,021	(4,473)	(31,120)	62,242	-	-
Land and Houses North Co., Ltd.	(120)	47	-	-	-	-
Land and Houses Northeast Co., Ltd.	1,623	18,694	-	-	-	-
Siam Tanee Property Co., Ltd. and its subsidiary	(12,570)	(218)	-	-	109,999	-
L H Real Estate Co., Ltd.	14	63	-	-	-	-
L H Asset Co., Ltd.	16,131	7,334	-	-	-	-
L H Muang Mai Co., Ltd. and its subsidiaries	(1,397)	561,760	-	-	-	173,250
L&H Property Co., Ltd. and its subsidiary	998,686	16,506	-	-	542,100	305,760
Land and Houses U.S.A., Inc.	(117,692)	(40,448)	(14,023)	(2,360)	-	-
Asia Asset Advisory Co., Ltd.	(50)	(11)	-	-	-	38,999
Total	951,826	550,536	(45,143)	59,882	652,099	518,009

(Unit: Thousand Baht)

Company's name	Separate financial statements					
	For the six-month periods ended 30 June					
	Share of profit or loss		Share of other comprehensive income		Dividend received	
	2017	2016	2017	2016	2017	2016
		(Restated)		(Restated)		
Atlantic Real Estate Co., Ltd.	(13,447)	(8,265)	-	-	-	-
LH Mall & Hotel Co., Ltd. and its subsidiaries	89,939	3,869	(18,573)	176,065	-	-
Land and Houses North Co., Ltd.	(102)	35	-	-	-	-
Land and Houses Northeast Co., Ltd.	9,347	36,410	-	-	-	-
Siam Tanee Property Co., Ltd. and its subsidiary	(12,625)	(1,003)	-	-	109,999	-
L H Real Estate Co., Ltd.	(116)	(95)	-	-	-	-
L H Asset Co., Ltd.	28,499	7,907	-	-	-	-
L H Muang Mai Co., Ltd. and its subsidiaries	(5,296)	557,366	-	-	-	173,250
L&H Property Co., Ltd. and its subsidiary	1,029,923	46,371	-	-	542,100	305,760
Land and Houses U.S.A., Inc.	(236,222)	(67,863)	(64,243)	20,638	-	-
Asia Asset Advisory Co., Ltd.	6,872	932	-	-	-	38,999
Total	896,772	575,664	(82,816)	196,703	652,099	518,009

9.3 Significant changes in investments in subsidiaries

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

On 29 June 2017, the Extraordinary General Meeting of Shareholders of Double Tree Co., Ltd. (“DBT”), the Company’s 55% owned indirect subsidiary (99.99% held by L H Muang Mai Co., Ltd.) passed a resolution approving the dissolution of its legal entity which will be effective on 30 June 2017. DBT filed for deregistration on 5 July 2017. Currently, DBT has been during the liquidation process.

10. Investments in associates

10.1 Details of investments in associates as presented in the consolidated and separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated and separate financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016
			(Percent)	(Percent)				
LH Financial Group Plc.	Holding company	Thai	33.98	33.98	4,538,712	4,538,712	7,017,044	6,913,223
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	21.16	179,178	179,178	373,808	378,263
Home Product Center Plc.	Trading of construction materials	Thai	30.23	30.23	1,489,020	1,489,020	5,967,851	5,906,439
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	743,925	743,925	447,145	467,359
Quality Houses Plc.	Real estate business	Thai	24.98	24.98	3,282,682	3,282,682	6,726,371	6,593,696
					<u>10,233,517</u>	<u>10,233,517</u>	<u>20,532,219</u>	<u>20,258,980</u>

10.2 Share of comprehensive income and dividend received

During the periods, the Company has recognised its share of comprehensive income from investments in associates in the consolidated and separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated and separate financial statements					
	For the three-month periods ended 30 June					
	Share of profit or loss		Share of other comprehensive income		Dividend received	
2017	2016	2017	2016	2017	2016	
LH Financial Group Plc.	209,591	272,594	(50,760)	63,937	241,008	152,947
Quality Construction Products Plc.	(2,056)	(5,417)	-	-	-	11,849
Home Product Center Plc.	341,985	299,502	(385)	(4,139)	596,381	596,381
Land and Houses Property and Loan Fund-II	9,038	8,043	-	-	-	-
Quality Houses Plc.	193,838	223,443	(8,024)	9,367	214,076	240,835
Total	<u>752,396</u>	<u>798,165</u>	<u>(59,169)</u>	<u>69,165</u>	<u>1,051,465</u>	<u>1,002,012</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Consolidated and separate financial statements					
	For the six-month periods ended 30 June					
	Share of profit or loss		Share of other comprehensive income		Dividend received	
	2017	2016	2017	2016	2017	2016
LH Financial Group Plc.	408,942	466,789	(64,113)	156,852	241,008	152,947
Quality Construction Products Plc.	(4,455)	(8,174)	-	-	-	11,849
Home Product Center Plc.	658,281	561,367	(488)	5,549	596,381	596,381
Land and Houses Property and Loan Fund-II	24,353	23,250	-	-	44,567	-
Quality Houses Plc.	356,886	409,362	(10,135)	25,528	214,076	240,835
Total	1,444,007	1,452,594	(74,736)	187,929	1,096,032	1,002,012

10.3 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.

On 23 December 2016, 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.

Upon the completion of the Transaction, CTBC will hold 35.62% of the issued and paid-up share capital of LHFG and the Company's shareholding in LHFG will be diluted to 21.88%.

On 12 July 2017, Extraordinary General Meeting of Shareholders of LHFG approved the following transactions:

- 1) Approved reduction of the registered capital by Baht 5,998 by cancelling the authorised but unissued shares, from the registered capital of Baht 13,638,705,250 to Baht 13,638,699,252.
- 2) Approved increase of the registered capital by Baht 7,544,961,342 from the registered capital of Baht 13,638,699,252 to Baht 21,183,660,594.
- 3) Approved the issuance and allotment of 7,544,961,342 newly issued ordinary shares, each with a par value of Baht 1, to be allotted to CTBC under the private placement scheme at Baht 2.20 per share of Baht 16,598,914,952 or 35.62% of the registered share capital.
- 4) Approved CTBC request for waiver from the requirement to make a tender offer for all of the LHFG's securities, by virtue of the resolution of the LHFG's shareholders meeting

On 27 July 2017, LHFG received the subscription of the newly issued ordinary shares from CTBC of Baht 16,599 million and register the increase of its share capital with the Ministry of Commerce. As a result, the Company's shareholding in LHFG diluted from 33.98% to 21.88% of the issued and paid-up share capital. In this connection, the Company will recognise gain due to the reduction in ownership interest in the profit or loss in July 2017. However, this transaction does not have any impact on the classification of investment in LHFG in the consolidated and separate financial statements.

(Unaudited but reviewed)

10.4 Fair values of investments in listed associates

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

Company's name	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	30 June 2017	31 December 2016
LH Financial Group Plc.	8,343	7,972
Quality Construction Products Plc.	499	418
Home Product Center Plc.	37,970	40,156
Quality Houses Plc.	6,850	6,904
Total	53,662	55,450

10.5 The Company's interim financial statements for the three-month and six-month periods ended 30 June 2017 included investments in the following associates accounted for under the equity method, and share of profit from investments in the associates under the equity method, determined based on the financial statements of those companies which have been reviewed and/or have not been reviewed as stipulated.

(Unit: Thousand Baht)

Investments under the equity method as at 30 June	Consolidated and separate financial statements				
	Share of profit from investments under the equity method				
	For the three-month periods ended 30 June		For the six-month periods ended 30 June		
	2017	2016	2017	2016	
Reviewed by auditor and other auditors of the same firm					
Home Product Center Plc.	5,967,851	341,985	299,502	658,281	561,367
Land and Houses Property and Loan Fund-II	447,145	9,038	8,043	24,353	23,250
Quality Houses Plc.	6,726,371	193,838	223,443	356,886	409,362
Reviewed by other auditor					
Quality Construction Products Plc.	373,808	(2,056)	(5,417)	(4,455)	(8,174)
Unaudited and unreviewed by auditor					
LH Financial Group Plc. ⁽¹⁾	7,017,044	209,591	272,594	408,942	466,789
Total	20,532,219	752,396	798,165	1,444,007	1,452,594

⁽¹⁾ Determined based on the financial statements for the three-month and six-month periods ended 30 June 2017 which were prepared by its management.

(Unaudited but reviewed)

11. Other long-term investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Available-for-sale securities				
Equity securities - Overseas	2,368,704	2,368,704	2,368,704	2,368,704
Unit trust - Domestic	2,073,502	1,513,912	783,568	783,568
Add: Changes in fair value of securities	1,263,961	1,535,556	1,029,923	1,278,302
Available-for-sale securities - net	5,706,167	5,418,172	4,182,195	4,430,574
Other investments				
Equity securities - Domestic	204,239	204,239	26,000	26,000
Unit trust - Domestic	165	165	-	-
Less: Allowance for impairment	(110,500)	(110,500)	(26,000)	(26,000)
Other investments - net	93,904	93,904	-	-
Total	5,800,071	5,512,076	4,182,195	4,430,574

12. Land held for development

As at 30 June 2017 and 31 December 2016, the Company has 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	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Net book value of mortgaged land held for development to secure loans	2,551	2,551	2,551	2,551

13. Investment properties

Movements of the investment properties account during the six-month period ended 30 June 2017 are presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2017	14,545,298	208,963
Acquisition at cost	216,614	375
Depreciation	(149,634)	-
Translation adjustment	(738,986)	-
Net book value as at 30 June 2017	<u>13,873,292</u>	<u>209,338</u>

The apartments with a total net book value as at 30 June 2017 of Baht 6,095 million (31 December 2016: Baht 6,277 million) have been used as collateral for long-term loans from overseas financial institutions.

14. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2017 are presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2017	574,092	281,643
Acquisitions - at cost	149,455	81,783
Disposals - net book value	(56,985)	(109)
Depreciation	(61,527)	(23,804)
Translation adjustment	(9)	-
Net book value as at 30 June 2017	<u>605,026</u>	<u>339,513</u>

15. Leasehold rights

(Unit: Thousand Baht)

Consolidated financial statements						
Project	Remaining periods of leasehold rights (years)	1 January	Increase	Disposal -	Amortisation	30 June
		2017		net book value		2017
Grande Centre Point Hotel Ratchadamri	-	1,514,203	7,171	(1,476,303)	(45,071)	-
Grande Centre Point Hotel Sukhumvit 55	30	1,613,201	17,856	-	(19,717)	1,611,340
Grande Centre Point Hotel Pattaya and Terminal 21 Shopping Center Pattaya	31	651,084	427,909	-	(5,299)	1,073,694
Vacant land	10	368	-	-	(19)	349
Total		3,778,856	452,936	(1,476,303)	(70,106)	2,685,383

The land leasehold rights of Grande Centre Point Hotel Sukhumvit 55 project, Grande Centre Point Hotel Pattaya and Terminal 21 Shopping Center Pattaya project and structures thereon have been pledged as collateral for bank overdrafts and long-term loans.

Grande Centre Point Hotel Ratchadamri

On 15 June 2017, L&H Property Co., Ltd. (“LHP”), the subsidiary which the Company hold 60% of shares, entered into an agreement to transfer the leasehold rights (lease agreement has a term of 21 years) and an agreement to sell movable assets of Grande Centre Point Hotel Ratchadamri Project to LH Hotel Leasehold Real Estate Investment Trust (“LHHOTEL”) at a total price of Baht 3,749 million. The management of LHP considered the selling prices was appropriated, considering to the equivalent assets. LHP had gains on such transactions totaling Baht 2,080 million (net of relevant expenses), and recognised such transactions in the profit or loss for the current period.

In this connection, LH Mall & Hotel Company Limited (“LHMH”), a subsidiary in which the Company holds 99.99% of the total share capital, invested Baht 560 million in the additional trust units of LHHOTEL, comprising 43,045,410 trust unit at Baht 13 each (offering price). This results in a change of shareholding of LHMH in LHHOTEL from 9% to 13.25%. The investment in LHHOTEL is included in other long-term investments.

16. Other intangible assets

Movements of other intangible assets (computer software) during the six-month period ended 30 June 2017 are presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2017	45,665	20,320
Acquisitions - at cost	451	-
Disposal - Net book value	(382)	-
Amortisation	(5,645)	(1,821)
Translation adjustment	(852)	-
Net book value as at 30 June 2017	<u>39,237</u>	<u>18,499</u>

17. Short-term loans from financial institutions

	(Unit: Thousand Baht)					
	Interest rate		Consolidated		Separate	
	(Percent per annum)		financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016
<u>Short-term loans from financial institutions</u>						
Bill of exchange	1.63 - 1.76	-	2,000,000	-	2,000,000	-
Less : Prepaid interest			(4,692)	-	(4,692)	-
Total short-term loans from financial institutions			<u>1,995,308</u>	<u>-</u>	<u>1,995,308</u>	<u>-</u>

Short-term loans is unsecured loans and repayable in August 2017.

(Unaudited but reviewed)

18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Trade payables - unrelated parties	1,418,941	1,813,285	1,178,524	1,609,412
Trade payables - related parties	3,708	5,369	3,344	4,881
Other payables - related parties	141,633	135,840	485	162
Accrued expenses	807,551	1,030,037	638,127	860,889
Others	83,218	332,472	30,571	284,047
Total trade and other payables	<u>2,455,051</u>	<u>3,317,003</u>	<u>1,851,051</u>	<u>2,759,391</u>

19. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Long-term loans	7,314,816	7,406,236	3,075,180	3,075,180
Less: Current portion	<u>(3,107,180)</u>	<u>(3,075,180)</u>	<u>(3,075,180)</u>	<u>(3,075,180)</u>
Net	<u>4,207,636</u>	<u>4,331,056</u>	<u>-</u>	<u>-</u>

Movements in the long-term loans during the six-month period ended 30 June 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2017	7,406,236	3,075,180
Add: Additional borrowing	74,000	-
Less: Translation adjustment	<u>(165,420)</u>	<u>-</u>
Balance as at 30 June 2017	<u>7,314,816</u>	<u>3,075,180</u>

As at 30 June 2017 and 31 December 2016, the Company and its subsidiaries have pledged part of land and structures there on of projects, investment properties, land held for development and land leasehold rights as collateral for long-term loans.

(Unaudited but reviewed)

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

As at 30 June 2017 and 31 December 2016, there were available long-term loan facilities from financial institutions as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
Undrawdown loan facilities	151	268	70	70

20. 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 27 April 2017
Amount	Revolving amount of Baht 60,000 million or the equivalent in any other currencies
Term	Maximum terms of 10 years
Type	Any types of debentures such as unsubordinated and/or subordinated, unsecured and/or secured, with and/or without debenture holder representation
Method of issuance	To be issued in Thailand and/or offshore

As at 30 June 2017, the Company has unissued debentures under the approved facilities totaling Baht 20,750 million (31 December 2016: Baht 3,750 million).

(Unaudited but reviewed)

The outstanding balance of debentures as at 30 June 2017 and 31 December 2016 are detailed below.

					Consolidated and separate financial statements			
					Number of debenture (Shares)		Amount (Thousand Baht)	
No.	Interest rate per annum	Age	Repayment	Maturity	30 June 2017	31 December 2016	30 June 2017	31 December 2016
<u>Unsubordinated and unsecured debentures</u>								
No. 1/2014	Fixed rate 3.63%	3 years	At maturity	27 February 2017	-	500,000	-	500,000
No. 2/2014	Fixed rate 3.59%	3 years	At maturity	4 April 2017	-	3,500,000	-	3,500,000
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	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	7,250,000	7,250,000
No. 1/2017	Fixed rate 2.48%	3 years	At maturity	28 April 2020	6,000,000	-	6,000,000	-
No. 2/2017	Fixed rate 2.22%	2 years	At maturity	28 April 2019	1,000,000	-	1,000,000	-
Total					<u>39,250,000</u>	<u>36,250,000</u>	<u>39,250,000</u>	<u>36,250,000</u>
Less: Current portion of debentures							<u>(12,000,000)</u>	<u>(8,000,000)</u>
Net							<u>27,250,000</u>	<u>28,250,000</u>

Movements in the debentures during the six-month period ended 30 June 2017 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2017	36,250,000
Addition: Issue of new debenture	7,000,000
Less: Redemption	<u>(4,000,000)</u>
Balance as at 30 June 2017	<u>39,250,000</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.

21. Share capital

The increase in share capital of the Company during the six-month period ended 30 June 2017 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 2016	LH-W3	106,998,154	106,998,154	3.50	6 January 2017	11 January 2017
31 March 2017	LH-W3	24,157,575	24,157,575	3.50	5 April 2017	10 April 2017
4 May 2017 (a final exercise date)	LH-W3	32,011,455	32,011,455	3.50	23 May 2017	25 May 2017
Total		163,167,184	163,167,184			

Reconciliation of number of shares

(Unit: Shares)

	Consolidated and separate financial statements	
	For the six-month periods ended 30 June	
	<u>2017</u>	<u>2016</u>
<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 period	11,786,545,992	11,730,034,787
Increased due to exercise of warrants	163,167,184	42,270,827
Balance ending of period	<u>11,949,713,176</u>	<u>11,772,305,614</u>

22. 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	Exercise ratio per 1 warrant	Number of warrants outstanding as at 1 January 2017	Number of warrants exercised during the period	Number of warrants expired during the period	Number of warrants outstanding as at 30 June 2017
	(Baht per share)		(Unit)	(Unit)	(Unit)	(Unit)
LH-W3	3.50	5 existing shares per 1 unit of warrant	130,562,233	(56,169,030)	(74,393,203)	-

23. Surplus on changes in value of available-for-sale investments

During the six-month periods ended 30 June 2017 and 2016, movement of surplus on changes in value of available-for-sale investments are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Balance as at beginning of period	1,231,959	982,277	1,022,642	969,350
Changes during the period due to				
- Revaluation	(271,595)	595,925	(248,379)	375,844
- Income taxes	54,319	(119,185)	49,676	(75,169)
Balance as at end of period	1,014,683	1,459,017	823,939	1,270,025

24. Income tax

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

(Unaudited but reviewed)

Income tax expenses for the three-month and six-month periods ended 30 June 2017 and 2016 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Current income tax:				
Interim corporate income tax charge	509,489	598,013	486,652	359,227
Deferred tax:				
Relating to origination and reversal of temporary differences	423,627	(18,263)	(11,386)	(6,089)
Income tax expenses reported in the statements of income	933,116	579,750	475,266	353,138

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Current income tax:				
Interim corporate income tax charge	840,444	950,246	786,891	678,755
Deferred tax:				
Relating to origination and reversal of temporary differences	420,993	(24,151)	(29,009)	(3,359)
Income tax expenses reported in the statements of income	1,261,437	926,095	757,882	675,396

(Unaudited but reviewed)

The amounts of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2017 and 2016 are as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deferred tax relating to gain/loss on changes in value of available-for-sale investments	28,985	56,305	21,206	71,865

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deferred tax relating to gain/loss on changes in value of available-for-sale investments	54,319	(119,185)	49,676	(75,169)

25. Earnings per share

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

Diluted earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period, plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued. There is no disclosure of diluted earnings per share for the three-month and six-month periods ended 30 June 2017 as the final exercise of LH-W3 was on 4 May 2017.

(Unaudited but reviewed)

Consolidated financial statements					
For the three-month periods ended 30 June					
Profit for the period		Weighted average number of ordinary shares		Earnings per share	
2017	2016	2017	2016	2017	2016
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share					
Profit attributable to equity holders of the Company					
<u>3,609,033</u>	<u>2,630,927</u>	<u>11,938,105</u>	<u>11,772,380*</u>	<u>0.30</u>	<u>0.22</u>
Effect of dilutive potential ordinary shares					
Warrants (LH-W3)			<u>152,398</u>		
Diluted earnings per share					
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares					
	<u>2,630,927</u>		<u>11,924,778</u>		<u>0.22</u>

* Included ordinary shares from cash receipts from share subscription

Separate financial statements					
For the three-month periods ended 30 June					
Profit for the period		Weighted average number of ordinary shares		Earnings per share	
2017	2016	2017	2016	2017	2016
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
	(Restated)				(Restated)
Basic earnings per share					
Profit attributable to equity holders of the Company					
<u>3,609,033</u>	<u>2,630,927</u>	<u>11,938,105</u>	<u>11,772,380*</u>	<u>0.30</u>	<u>0.22</u>
Effect of dilutive potential ordinary shares					
Warrants (LH-W3)			<u>152,398</u>		
Diluted earnings per share					
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares					
	<u>2,630,927</u>		<u>11,924,778</u>		<u>0.22</u>

* Included ordinary shares from cash receipts from share subscription

Consolidated financial statements					
For the six-month periods ended 30 June					
Profit for the period		Weighted average number of ordinary shares		Earnings per share	
2017	2016	2017	2016	2017	2016
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share					
Profit attributable to equity holders of the Company					
<u>5,382,586</u>	<u>4,626,442</u>	<u>11,916,081</u>	<u>11,760,117*</u>	<u>0.45</u>	<u>0.39</u>
Effect of dilutive potential ordinary shares					
Warrants (LH-W3)			<u>158,152</u>		
Diluted earnings per share					
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares					
	<u>4,626,442</u>		<u>11,918,269</u>		<u>0.39</u>

* Included ordinary shares from cash receipts from share subscription

(Unaudited but reviewed)

Separate financial statements					
For the six-month periods ended 30 June					
Profit for the period		Weighted average number of ordinary shares		Earnings per share	
2017	2016	2017	2016	2017	2016
(Thousand Baht)	(Thousand Baht) (Restated)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht) (Restated)
Basic earnings per share					
Profit attributable to equity holders					
of the Company					
5,382,586	4,626,442	11,916,081	11,760,117*	0.45	0.39
Effect of dilutive potential ordinary shares					
Warrants (LH-W3)					
	-		158,152		
Diluted earnings per share					
Profit of ordinary shareholders					
assuming the conversion of					
warrants to ordinary shares					
	4,626,442		11,918,269		0.39

* Included ordinary shares from cash receipts from share subscription

26. Dividend

Dividends	Approved by	Approved dividend per share	Interim dividend per share	Additional dividend paid per share	Total additional dividend paid	Portion belonging		Net dividend paid
						to shareholders not entitled to dividend		
		(Baht)	(Baht)	(Baht)	(Million Baht)	(Million Baht)		(Million Baht)
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
Final dividend for 2016	Annual General Meeting of the shareholders on 27 April 2017	0.65	(0.35)	0.30	3,575	(12)		3,563

27. Segment information

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

Revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month and the six-month periods ended 30 June 2017 and 2016 are as follows.

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements						
For the three-month period ended 30 June 2017						
	Real estate business	Rental and service business	Others	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	9,202	737	-	9,939	-	9,939
Inter-segment revenue	-	74	-	74	(74)	-
Interest revenue	116	4	-	120	(106)	14
Infrastructure service income	59	-	-	59	-	59
Interest expense	(134)	(137)	-	(271)	106	(165)
Depreciation and amortisation	(14)	(131)	-	(145)	-	(145)
Gain on sales of assets	2	2,056	-	2,058	24	2,082
Share of profit from investments in associates	192	9	551	752	-	752
Segment profit	2,592	2,046	551	5,189	(1)	5,188
Unallocated revenue and expenses:						
Other income						56
Other expenses						(34)
Income tax expenses						(933)
Non-controlling interests of the subsidiaries						(668)
Profit for the period						3,609

(Unit: Million Baht)

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

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements						
For the six-month period ended 30 June 2017						
	Real estate business	Rental and service business	Others	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	15,571	1,522	-	17,093	-	17,093
Inter-segment revenue	-	108	-	108	(108)	-
Interest revenue	215	6	-	221	(202)	19
Infrastructure service income	136	-	-	136	-	136
Interest expense	(221)	(270)	-	(491)	202	(289)
Depreciation and amortisation	(27)	(263)	-	(290)	-	(290)
Gain on sales of assets	93	2,058	-	2,151	24	2,175
Share of profit from investments in associates	353	24	1,067	1,444	-	1,444
Segment profit	4,270	2,021	1,067	7,358	49	7,407
Unallocated revenue and expenses:						
Other income						90
Other expenses						(166)
Income tax expenses						(1,261)
Non-controlling interests of the subsidiaries						(687)
Profit for the period						5,383

(Unit: Million Baht)

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

28. Commitments and contingent liabilities

28.1 Commitments

28.1.1 As at 30 June 2017 and 31 December 2016, the Company and its subsidiaries have commitments to complete projects on hand as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
Commitments under construction contracts	5,341	3,546	1,724	1,917
Commitment in respect of the installation of central utilities of projects on hand	1,393	1,311	1,343	1,249

28.1.2 As at 30 June 2017 and 31 December 2016, 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 30 June 2017: already paid Baht 34 million in total) 11th - 15th year, total rental payment of Baht 54 million 16th - 20th year, total rental payment of Baht 69 million 21st - 25th year, total rental payment of Baht 88 million 26th - 30th year, total rental payment of Baht 112 million

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

In addition, as at 30 June 2017 and 31 December 2016, 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.

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 of Grande Centre Point Hotel Ratchadamri project to REIT.

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 30 June 2017: already paid Baht 8 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 of Terminal 21 Shopping Center project and Grande Centre Point Hotel Terminal 21 project to REIT.

c) Land lease agreements - LHMH

Agreement date	Agreement period	Maturity date	Rental rate
3 October 2013	30 years*	30 June 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 (As at 30 June 2017: already paid Baht 5 million in total) 8th - 17th year, total rental payment of Baht 100 million 18th - 27th year, total rental payment of Baht 150 million 28th - 30th year, total rental payment of Baht 75 million

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

In addition, as at 30 June 2017 and 31 December 2016, 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.

28.1.3 As at 30 June 2017 and 31 December 2016, the 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	From 1 January 2016 to
	Ploenchit	31 December 2018
LH Hotel Leasehold Real Estate Investment Trust	Grande Centre Point Hotel	From 1 January 2016 to
	Terminal 21	31 December 2018
	Grande Centre Point Hotel	From 15 June 2017 to
	Ratchadamri	14 June 2020

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

	(Unit: Million Baht)	
	Consolidated	
	financial statements	
	30 June	31 December
	2017	2016
Payable:		
In up to 1 year	518	317
In over 1 and up to 3 years	553	317

(Unaudited but reviewed)

28.1.4 As at 30 June 2017 and 31 December 2016, the Company has commitment related to purchase of land as follows.

(Unit: Million Baht)

	Consolidated and separate financial statements	
	30 June 2017	31 December 2016
Commitment to purchase of land	2,832	2,380

28.1.5 During the current period, LHMH entered into a memorandum of understanding (MOU) in relation to land lease agreement with a company. LHMH had commitment related to the land lease agreement as at transfer and lease registration date. As at 30 June 2017, LHMH has commitment under the MOU amounting to Baht 952 million.

28.1.6 As at 30 June 2017, the subsidiaries have servitude over land of approximately 93 rai (31 December 2016: 96 rai) of which the cost is included in the cost of projects.

28.1.7 Operating lease commitments

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

As at 30 June 2017 and 31 December 2016, the future minimum lease payments and services fee payments required under these non-cancellable contracts were as follows.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Payable:				
In up to 1 year	34	57	28	45
In over 1 and up to 3 years	7	19	7	13

28.2 Bank guarantees

As at 30 June 2017 and 31 December 2016, 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	
	30	31	30	31
	June	December	June	December
	2017	2016	2017	2016
Letter of guarantees for arrangement and maintenance of public utilities	2,620	2,647	2,431	2,458
Letter of guarantees for electricity usage	70	71	57	58
	<u>2,690</u>	<u>2,718</u>	<u>2,488</u>	<u>2,516</u>

28.3 Guarantees

28.3.1 As at 30 June 2017 and 31 December 2016, the Company has the following obligations in respect of guarantees.

(Unit: Million Baht)

Guarantor	Guarantee	31 December	
		30 June 2017	2016
Land and Houses Plc.	Customers	<u>7</u>	<u>7</u>

28.3.2 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 30 June 2017, the subsidiaries have outstanding loans related to guarantee portion of the Company as specified in the letter of comfort amounting to Baht 1,208 million (31 December 2016: Baht 1,130 million).

28.4 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 30 June 2017, the Company has set aside a provision of Baht 25 million for liabilities arising as a result of this case (31 December 2016: 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 30 June 2017, the Company has set aside a provision including interest of Baht 171 million for liabilities arising as a result of these cases (31 December 2016: Baht 167 million).
- 2) In 2010 - 2016, a housing estate juristic persons and housing residents filed totaling 10 lawsuits against the Company, involving the construction of a kindergarten demanding damages totaling Baht 494 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 Appeal 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 30 June 2017 the Company has set aside a provision including interest of Baht 160 million for liabilities arising as a result of these cases (31 December 2016: Baht 156 million).

- 3) 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.
- 4) As at 30 June 2017, the Company has been sued for breach of agreements, claiming for a total of Baht 49 million (31 December 2016: Baht 20 million). However, the Company has set aside a provision including interest of Baht 4 million for liabilities arising as a result of these cases (31 December 2016: Baht 1 million).

28.5 Cross Currency and Interest Rate Swap agreements

The details of the Cross Currency and Interest Rate Swap agreements outstanding as at 30 June 2017 and 31 December 2016 are as follows:

Consolidated and separate financial statements				
As at 30 June 2017 and 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 million	Floating rate MLR-2.25%	USD 95.8 million	Floating rate LIBOR 6 month plus 3.19%	8 December 2017
Baht 1,951 million	Fixed rate 3.00%	USD 54.8 million	Fixed rate 2.915%	14 December 2017
Baht 2,385 million	Fixed rate 3.00%	USD 67.0 million	Fixed rate 3.31%	14 December 2021

The estimated fair values of the derivatives are as follows:

	(Unit: Million Baht)	
	As at 30 June 2017	As at 31 December 2016
	Fair value	Fair value
	Gain (loss)	Gain (loss)
Cross Currency and Interest Rate Swap agreements	(6)	(422)

29. Fair value hierarchy

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

Fair value hierarchy

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

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

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

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

As at 30 June 2017 and 31 December 2016, the Company and its subsidiaries had the following assets that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	As at 30 June 2017			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Current investments - Trading securities	1,200	-	-	1,200
Other long-term investments - Available-for-sale securities				
Equity securities - Overseas	3,411	-	-	3,411
Investment units - Domestic	2,295	-	-	2,295

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2016			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Other long-term investments - Available-for-sale securities				
Equity securities - Overseas	3,654	-	-	3,654
Investment units - Domestic	1,764	-	-	1,764

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate financial statements			
	As at 30 June 2017			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Current investments - Trading securities	1,200	-	-	1,200
Other long-term investments - Available-for-sale securities				
Equity securities - Overseas	3,411	-	-	3,411
Investment units - Domestic	771	-	-	771

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2016			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Other long-term investments - Available-for-sale securities				
Equity securities - Overseas	3,654	-	-	3,654
Investment units - Domestic	777	-	-	777

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

30. Subsequent events after reporting period

- 30.1 On 11 July 2017, an Extraordinary Meeting of Shareholders of L&H Property Co., Ltd. (“LHP”), the Company’s 60% owned subsidiary passed a resolution to decrease the registered share capital by change of the par value of the ordinary shares from Baht 63 each to Baht 15.75 each. As a result, LHP’s share registered will be Baht 409.50 million (26 million ordinary shares at Baht 15.75 each).
- 30.2 On 19 July 2017, an Extraordinary Meeting of Shareholders of Asia Asset Advisory Co., Ltd. (“AAA”), the Company’s 99.99% owned subsidiary passed a resolution to decrease the registered share capital from Baht 5 million (0.50 million ordinary shares at Baht 10 each) to Baht 1.25 million (0.125 million ordinary shares at Baht 10 each).
- 30.3 On 11 August 2017, a meeting of the Company's Board of Directors approved a resolution to pay an interim dividend from the income of six-month period ended 30 June 2017, at a rate of Baht 0.40 per share, a total of Baht 4,779.9 million. The payment of such dividend shall be made in September 2017.

31. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 August 2017.