

Land and Houses Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2018

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 11 October 2016, 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	
			2018 (Percent)	2017 (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 subsidiary	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	99.94	99.98

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2018 (Percent)	2017 (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
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 equity 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 financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018), which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries expects the adoption of this accounting standard to result in the following adjustments.

- Commission paid to obtain a customer contract - The Company and its subsidiaries have determined that commission paid to obtain a customer contract should be recorded as an asset and amortised to expenses on a systematic basis that is consistent with the pattern of revenue recognition. Under the previous accounting policy, the Company and its subsidiaries immediately recorded commission as selling expenses when the transaction occurred.

(c) Financial reporting standards related to financial statements that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are 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 interest 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 an asset or development 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

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

4.6 Real estate development costs (inventories)

Real estate development costs which are presented as inventories consist of land, construction in progress and utilities. Inventories are valued at the 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 equity 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. The fair value of unit trust is determined from their net asset value.

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 and its subsidiaries reclassify 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. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of buildings and equipment is calculated by reference to their costs on the 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

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 a 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.

Amortisation is included in determining income.

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 of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated 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, 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 defined benefits plans are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company and its subsidiaries recognise restructuring - related costs.

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 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 devaluation 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 realisable value. The determination of what is “significant” and such devaluation requires the management to exercise judgement.

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 investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires 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 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 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.

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.)
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

Name of related parties	Relationship
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	Related company
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		
	2018	2017	2018	2017	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	450	434	3.00% - 4.00% p.a. (2017: 3.00% - 4.85% p.a.)
Management fee income	-	-	9	9	Approximate cost
Dividend income	-	-	233	614	Declared rate
Sales of land	-	-	56	-	Approximate cost
Compensation for using of land	-	-	86	-	Approximate cost
Interest expenses	-	-	13	1	1.65% - 2.00% p.a. (2017: 2.00% p.a.)
<u>Transactions with associates</u>					
Management fee income	3	5	-	-	Contract price
Interest income	36	27	23	18	The interest rate as declared by the bank
Dividend income	2,267	1,967	2,267	1,967	Declared rate
Purchases of goods	52	56	50	54	Cost plus margin
Property rental fee expenses	191	173	-	-	Contract price

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2018	2017	2018	2017	
<u>Transactions with related companies</u>					
Property management fee income	227	203	-	-	Contract price
Human-resources management income	31	27	-	-	Contract price
Dividend income	178	140	62	52	Declared rate
IT management fee income	4	-	-	-	Contract price
Interest income	16	-	-	-	3.10% p.a. (2017: Nil)
Sale of assets to REIT	-	3,749	-	-	Contract price
Rental and services expenses	79	68	58	55	Baht 250 - 900 per square meter per month
Property rental fee expenses	769	599	-	-	Contract price

As at 31 December 2018 and 2017, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deposit at financial institution				
(shown under cash and cash equivalents)				
<u>Associate</u>				
Land and Houses Bank Plc.	4,991.1	2,311.4	3,830.0	1,391.2
Current investments (Note 8)				
<u>Associates</u>				
Land and Houses Bank Plc.	200.2	-	-	-
Land and Houses Fund Management Co., Ltd.	500.4	500.0	500.4	500.0
Total	700.6	500.0	500.4	500.0
Amounts due from and accounts receivables - related parties (Note 9)				
<u>Subsidiaries</u>				
(Eliminated from the consolidated financial statements)				
L H Asset Co., Ltd.	-	-	0.1	-
Land and Houses Northeast Co., Ltd.	-	-	13.4	0.1
	-	-	13.5	0.1
<u>Associate</u>				
Q.H. International Co., Ltd.	-	0.4	-	-
	-	0.4	-	-

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Related companies				
Quality Houses Leasehold Property Fund	1.5	0.6	-	-
Land and Houses Freehold and Leasehold Property Fund	4.2	1.3	-	-
Siam Retail Development Co., Ltd.	8.7	16.3	-	-
LH Shopping Centers Leasehold Real Estate Investment Trust	12.3	12.1	-	-
	26.7	30.3	-	-
Total	26.7	30.7	13.5	0.1
Short-term loans and accrued interest receivables - related parties				
Subsidiaries				
(Eliminated from the consolidated financial statements)				
Atlantic Real Estate Co., Ltd.	-	-	153.1	78.5
LH Mall & Hotel Co., Ltd.	-	-	2,328.9	1,019.8
Lan and Houses Northeast Co., Ltd.	-	-	50.2	-
L H Asset Co., Ltd.	-	-	715.8	241.6
	-	-	3,248.0	1,339.9
Associate				
Land and Houses Bank Plc.	4.6	1.0	1.6	0.1
	4.6	1.0	1.6	0.1
Related company				
Reco Resorts Pte Ltd.	52.9	-	-	-
	52.9	-	-	-
Total	57.5	1.0	3,249.6	1,340.0
Long-term loans and accrued interest receivables - related party				
Subsidiary				
(Eliminated from the consolidated financial statements)				
Land and Houses U.S.A., Inc.	-	-	9,611.1	13,566.6
Related company				
Reco Resorts Pte Ltd.	560.0	-	-	-
	560.0	-	-	-
Total	560.0	560.0	9,611.1	13,566.6
Deposit to related company				
(shown under other non-current assets)				
Related company				
Quality Houses Leasehold Property Fund	15.7	14.6	12.4	11.6
Trade accounts payable - related parties (Note 21)				
Associates				
Quality Construction Products Plc.	5.6	2.9	5.6	2.9
Home Product Center Plc.	0.4	0.3	0.2	0.1
	6.0	3.2	5.8	3.0
Related company				
Land and Houses Freehold and Leasehold Property Fund	-	0.1	-	-
Total	6.0	3.3	5.8	3.0

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Amounts due to related parties (Note 21)				
<u>Subsidiary</u>				
(Eliminated from the consolidated financial statements)				
Siam Tanee Property Co., Ltd.	-	-	-	38.0
	-	-	-	38.0
<u>Associates</u>				
Home Product Center Plc.	0.3	3.8	0.1	3.7
Land and Houses Property and Loan Fund-II	47.1	47.3	-	-
	47.4	51.1	0.1	3.7
<u>Related companies</u>				
Quality Houses Leasehold Property Fund	0.3	0.5	0.3	0.5
LH Hotel Leasehold Real Estate Investment Trust	178.0	191.3	-	-
LH Shopping Centers Leasehold Real Estate Investment Trust	0.2	-	-	-
	178.5	191.8	0.3	0.5
Total	225.9	242.9	0.4	42.2
Short-term loans and accrued interest payables - related parties				
<u>Subsidiaries</u>				
(Eliminated from the consolidated financial statements)				
Land and Houses Northeast Co., Ltd.	-	-	-	130.3
L H Real Estate Co., Ltd.	-	-	-	15.0
Land and Houses North Co., Ltd.	-	-	-	15.1
L&H Property Co., Ltd.	-	-	42.1	-
Total	-	-	42.1	160.4
Long-term loan - related party				
<u>Subsidiary</u>				
(Eliminated from the consolidated financial statements)				
L&H Property Co., Ltd.	-	-	840.0	-

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 3.12% and 4.00% per annum (2017: 3.00% and 4.85% per annum). The current portion of long-term loans is presented in long-term loans - related party because the Company has no intention to call for such loans from LH USA within next 12 months.

On 25 February 2019, L&H Property Company Limited (“LHP”) entered into the addendum to the loan agreement with the Company and Reco Resorts Pte Ltd. LHP extended the loan term of partial loans for 3 years, from 28 February 2018 to 28 February 2022, and changed interest rate to align with the extension of loan term from 1.65% p.a. to 2.13% p.a. and from 3.10% p.a. to 3.05% p.a., respectively. The Company presented such loan as long-term loan from related party in the separate financial statements and long-term loan to related party in the consolidated financial statements.

During the year 2018, movements of loans to/loans from between the Company, subsidiaries and related companies were as follows:

(Unit: Million Baht)				
Consolidated financial statements				
	1 January 2018	Increase	Decrease	31 December 2018
Short-term loans and accrued interest receivables - related party				
<u>Associate</u>				
Land and Houses Bank Plc.	1.0	33.0	(29.4)	4.6
<u>Related company</u>				
Reco Resorts Pte Ltd.	-	52.9	-	52.9
Total	1.0	85.9	(29.4)	57.5
Long-term loan - related party				
<u>Related company</u>				
Reco Resorts Pte Ltd.	-	560.0	-	560.0
(Unit: Million Baht)				
Separate financial statements				
	1 January 2018	Increase	Decrease	31 December 2018
Short-term loans and accrued interest receivables - related parties				
<u>Subsidiaries</u>				
Atlantic Real Estate Co., Ltd.	78.5	103.2	(28.6)	153.1
LH Mall & Hotel Co., Ltd.	1,019.8	1,360.6	(51.5)	2,328.9
L H Asset Co., Ltd.	241.6	505.1	(30.9)	715.8
Land and Houses Northeast Co., Ltd.	-	50.2	-	50.2
	1,339.9	2,019.1	(111.0)	3,248.0
<u>Associate</u>				
Land and Houses Bank Plc.	0.1	19.3	(17.8)	1.6
Total	1,340.0	2,038.4	(128.8)	3,249.6
Long-term loan and accrued interest receivables - related party				
<u>Subsidiary</u>				
Land and Houses U.S.A., Inc.	13,566.6	2,066.8	(6,022.3)	9,611.1
Short-term loans and accrued interest payables - related parties				
<u>Subsidiaries</u>				
Land and Houses Northeast Co., Ltd.	130.3	601.0	(731.3)	-
L H Real Estate Co., Ltd.	15.0	-	(15.0)	-
Land and Houses North Co., Ltd.	15.1	-	(15.1)	-
L&H Property Co., Ltd.	-	42.1	-	42.1
Total	160.4	643.1	(761.4)	42.1

(Unit: Million Baht)

	Separate financial statements			31 December 2018
	1 January 2018	Increase	Decrease	
Long-term loan - related party				
<u>Subsidiary</u>				
L&H Property Co., Ltd.	-	840.0	-	840.0

Directors and management's benefits

During the year ended 31 December 2018 and 2017, 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
	2018	2017	2018	2017
Short-term employee benefits	243,022	261,344	180,238	198,688
Post-employment benefits	9,632	8,470	3,968	5,251
Total	252,654	269,814	184,206	203,939

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 35.

The Company had outstanding guarantee obligations with its related parties, as described in Note 35.3.

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Cash	7,669	4,917	2,395	2,165
Bank deposits	3,034,728	3,499,880	1,986,106	979,763
Cheques in transit	668,428	290,542	665,673	290,542
Fixed deposits receipt	3,420,979	987,669	3,000,000	600,000
Total	7,131,804	4,783,008	5,654,174	1,872,470

As at 31 December 2018, bank deposits and fixed deposits receipt carried interests between 0.10% and 1.25% per annum (2017: between 0.10% and 1.25% per annum).

8. Current investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Fixed deposits over three months but not over one year	200,242	-	-	-
Investments in LH Money Market Fund, Cost	500,000	500,000	500,000	500,000
Add: Unrealised gain on changes in value of investments	390	30	390	30
Trading securities - fair value	500,390	500,030	500,390	500,030
Total	700,632	500,030	500,390	500,030

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Trade receivables - unrelated parties</u>				
Not yet due	101,797	90,929	-	-
Past due				
Less than 3 months	45,932	9,147	-	-
3 - 6 months	5,502	161	-	-
6 - 9 months	345	-	-	-
9 - 12 months	2	-	-	-
Over 12 months	98	67	-	-
Total trade receivables - unrelated parties, net	153,676	100,304	-	-
<u>Other receivables</u>				
Amounts due from and accounts receivables - related parties	26,724	30,672	13,524	122
Others	48,167	31,569	41,963	28,793
Total other receivables	74,891	62,241	55,487	28,915
Total trade and other receivables - net	228,567	162,545	55,487	28,915

10. Real estate development cost (inventories)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Land	29,197,053	27,089,868	27,694,092	26,227,068
Land improvements	2,287,059	1,939,336	2,161,169	1,852,471
Construction in progress	10,732,624	13,149,935	10,417,488	12,705,616
Interest cost	2,615,581	2,510,243	2,533,761	2,417,184
Public utilities	3,509,468	3,590,359	3,238,885	3,264,922
Houses held for sales	242,455	127,329	77,598	10,711
Total	48,584,240	48,407,070	46,122,993	46,477,972
Less: Allowance for reduce cost to net realisable value	(340,967)	(209,147)	(222,658)	(102,540)
Inventories - net	48,243,273	48,197,923	45,900,335	46,375,432

In 2018, the Company transferred-in land held for development with net book value of Baht 1,171 million to inventories (2017: Baht 691 million).

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	
	2018	2017	2018	2017
Borrowing costs included in cost of land and construction in progress (Million Baht)	540	666	530	661
Capitalisation rate (Percent)	2.3	2.5	2.3	2.5

As at 31 December 2018 and 2017, 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, with net book values as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Net book value of land and structures thereon mortgaged as collateral	6,484	1,510	5,826	699

Movements of allowance for loss on diminution in value of projects during the year ended 31 December 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Balance as at 1 January 2018	209,147	102,540
Add: Additional set up	139,190	122,429
Less: Reversal due to sales	<u>(7,370)</u>	<u>(2,311)</u>
Balance as at 31 December 2018	<u>340,967</u>	<u>222,658</u>

During the current year, the Company and its subsidiaries recorded an additional Baht 139 million provision for loss on diminution in value of projects (the Company only: Baht 122 million) for remaining land and houses of old projects based on a comparison between the market value which appraise by an independent valuer, using the Market Comparison Approach and the Hypothetical development or residual valuation as the basis for determining the valuation of assets.

In September 2018, a subsidiary company entered into a memorandum of understanding in relation to purchase of project under construction with a company at a total price of Baht 650 million. The price and the transaction may be subject to change or cancellation after the project due diligence is complete. 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.

11. Restricted bank deposit

The balance as at 31 December 2018 and 2017 represent saving account which a subsidiary pledged with SCB Asset Management Company Limited, trustee of LH Hotel Leasehold Real Estate Investment Trust (“LHHOTEL”), to secure land and building rental guarantees for 1 year of Grande Centre Point Hotel Ratchadamri Project. The subsidiary sold this project to LHHOTEL in June 2017.

12. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Carrying amounts based on equity method	
	2018	2017	2018 (Percent)	2017 (Percent)	2018	2017	2018	2017
Atlantic Real Estate Co., Ltd.	15,000	15,000	99.99	99.99	14,998	14,998	(26,037)	(11,214)
LH Mall & Hotel Co., Ltd. and its subsidiaries	2,000,000	2,000,000	99.99	99.99	2,000,000	2,000,000	2,864,514	2,528,365
Land and Houses North Co., Ltd.	13,500	13,500	99.99	99.99	13,500	13,500	15,781	15,776
Land and Houses Northeast Co., Ltd.	150,000	150,000	99.99	99.99	149,999	149,999	325,691	406,489
Siam Tanee Property Co., Ltd. and its subsidiary	100,000	100,000	99.99	99.99	64,859	64,859	163,257	155,719
L H Real Estate Co., Ltd.	58,000	58,000	99.99	99.99	25,000	25,000	18,802	18,950
L H Asset Co., Ltd.	100,000	100,000	99.99	99.99	52,734	52,734	471,656	492,464
L H Muang Mai Co., Ltd. and its subsidiary	900,000	900,000	55.00	55.00	495,000	495,000	689,871	686,451
L&H Property Co., Ltd. and its subsidiary	130,000	130,000	60.00	60.00	174,000	174,000	306,851	270,938
Land and Houses U.S.A., Inc.	(a)	(a)	100.00	100.00	1,343,127	1,343,127	1,516,259	802,039
Asia Asset Advisory Co., Ltd.	100	313	99.94	99.98	100	313	993	1,371
					<u>4,333,317</u>	<u>4,333,530</u>	<u>6,347,638</u>	<u>5,367,348</u>

(a) As at 31 December 2018 and 2017, Land and Houses U.S.A., Inc. had paid-up capital amounted to USD 40 million.

12.2 Share of comprehensive income and dividend received

During the years, 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	Share of profit / loss		Share of other comprehensive income		Dividend received	
	2018	2017	2018	2017	2018	2017
Atlantic Real Estate Co., Ltd.	(14,823)	(14,972)	-	-	-	-
LH Mall & Hotel Co., Ltd. and its subsidiaries	210,668	196,417	125,481	121,392	-	-
Land and Houses North Co., Ltd.	5	(55)	-	-	-	-
Land and Houses Northeast Co., Ltd.	151,701	105,323	-	-	232,499	-
Siam Tanee Property Co., Ltd. and its subsidiary	7,538	(9,336)	-	-	-	72,000
L H Real Estate Co., Ltd.	(148)	(173)	-	-	-	-
L H Asset Co., Ltd.	(20,808)	25,496	-	-	-	-
L H Muang Mai Co., Ltd. and its subsidiary	3,468	(15,851)	(48)	-	-	-
L&H Property Co., Ltd. and its subsidiary	39,147	1,047,946	(3,234)	-	-	542,100
Land and Houses U.S.A., Inc.	736,763	(488,708)	(22,543)	(78,100)	-	-
Asia Asset Advisory Co., Ltd.	(165)	6,764	-	-	-	-
Total	<u>1,113,346</u>	<u>852,851</u>	<u>99,656</u>	<u>43,292</u>	<u>232,499</u>	<u>614,100</u>

12.3 Significant changes in investments in subsidiaries

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

On 29 June 2018, the Extraordinary General Meeting of Shareholders of Phuket Future Plan Co., Ltd. (“PFP”), 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 2018. PFP filed for deregistration on 2 July 2018. PFP has been completely the liquidation process on 4 September 2018.

Reduction of share capital of subsidiary

During the current year, Asia Asset Advisory Co., Ltd. (“AAA”), the Company’s 99.94% (31 December 2017: 99.98%) owned subsidiary, decreased the registered share capital as detailed below:

(Unit: Million Baht)

Company's name	Date of approval the share capital reduction by the Extraordinary General Meeting of subsidiary	Date of registration of reduction of share capital at the Ministry of Commerce	Paid-up share capital		
			Old	Reduction	New
AAA	24 November 2017	5 January 2018	0.31	(0.21)	0.10

The Company received the proceed from the aforesaid share capital reduction of AAA Baht 0.21 million in January 2018.

12.4 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	
	2018	2017	2018	2017	2018	2017	2018	2017
	(%)	(%)						
L H Muang Mai Co., Ltd. and its subsidiary	45	45	564	562	3	(13)	-	-
L&H Property Co., Ltd. and its subsidiary	40	40	205	180	26	702	-	361

12.5 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 subsidiary		L&H Property Co., Ltd. and its subsidiary	
	2018	2017	2018	2017
	Current assets	1,209	1,188	1,041
Non-current assets	135	136	1,446	48
Current liabilities	(73)	(64)	(551)	(475)
Non-current liabilities	(17)	(12)	(1,424)	(1,476)

Summarised information about comprehensive income

(Unit: Million Baht)

For the year ended 31 December

	L H Muang Mai Co., Ltd. and its subsidiary		L&H Property Co., Ltd. and its subsidiary	
	2018	2017	2018	2017
	Revenue	427	254	2,043
Profit (loss)	6	(29)	72	1,759
Other comprehensive income	-	-	(7)	-
Total comprehensive income	6	(29)	65	1,759

Summarised information about cash flow

(Unit: Million Baht)

For the year ended 31 December

	L H Muang Mai Co., Ltd. and its subsidiary		L&H Property Co., Ltd. and its subsidiary	
	2018	2017	2018	2017
	Cash flow from (used in) operating activities	168	(154)	(151)
Cash flow from (used in) investing activities	64	5	(1,476)	3,958
Cash flow used in financing activities	-	-	-	(2,412)
Net increase (decrease) in cash and cash equivalents	232	(149)	(1,627)	1,869

13. Investments in associates

13.1 Details of associates

(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	
			2018	2017	2018	2017	2018	2017
LH Financial Group Plc.	Holding company	Thailand	21.88 (Percent)	21.88 (Percent)	4,538,712	4,538,712	8,697,404	8,444,892
Quality Construction Products Plc.	Manufacture of construction materials	Thailand	21.16	21.16	179,178	179,178	391,700	379,416
Home Product Center Plc.	Trading of construction materials	Thailand	30.23	30.23	1,489,020	1,489,020	6,639,182	6,252,422
Land and Houses Property and Loan Fund-II	Real estate business	Thailand	49.99	49.99	743,925	743,925	419,337	442,187
Quality Houses Plc.	Real estate business	Thailand	24.98	24.98	3,282,682	3,282,682	7,425,351	7,058,906
					<u>10,233,517</u>	<u>10,233,517</u>	<u>23,572,974</u>	<u>22,577,823</u>

13.2 Share of comprehensive income and dividend received

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

(Unit: Thousand Baht)

Company's name	Consolidated and separate financial statements					
	Share of profit/loss from investments in associates		Share of other comprehensive income from investments in associates		Dividend received	
	2018	2017	2018	2017	2018	2017
LH Financial Group Plc.	680,040	737,245	(126,268)	29,984	301,260	370,781
Quality Construction Products Plc.	12,117	1,156	2,706	(3)	2,539	-
Home Product Center Plc.	1,696,818	1,477,256	1,982	(18,027)	1,312,040	1,113,246
Land and Houses Property and Loan Fund-II	66,284	56,535	-	-	89,134	81,706
Quality Houses Plc.	949,234	864,718	(20,841)	1,884	561,948	401,392
Total	<u>3,404,493</u>	<u>3,136,910</u>	<u>(142,421)</u>	<u>13,838</u>	<u>2,266,921</u>	<u>1,967,125</u>

13.3 Fair values of investments in listed associates

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

(Unit: Million Baht)

Company's name	Fair values as at	
	31 December	
	2018	2017
LH Financial Group Plc.	6,303	7,833
Quality Construction Products Plc.	374	575
Home Product Center Plc.	60,433	50,891
Quality Houses Plc.	6,958	8,617
Total	74,068	67,916

13.4 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.	
	2018	2017	2018	2017	2018	2017
	Current assets	245,933	233,111	19,006	15,242	29,845
Non-current assets	-	-	35,805	35,708	24,303	23,407
Current liabilities	(206,224)	(194,556)	(23,560)	(20,378)	(14,223)	(11,884)
Non-current liabilities	-	-	(11,337)	(11,937)	(13,656)	(16,345)
Net assets	39,709	38,555	19,914	18,635	26,269	24,802
Shareholding percentage (%)	21.88	21.88	30.23	30.23	24.98	24.98
Share of net assets	8,688	8,436	6,020	5,633	6,561	6,195
Goodwill	9	9	619	619	864	864
Carrying amounts of associates based on equity method	8,697	8,445	6,639	6,252	7,425	7,059

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.	
	2018	2017	2018	2017	2018	2017
Revenue	7,060	6,493	66,050	64,234	18,118	19,744
Profit for the year	3,108	2,604	5,613	4,886	3,800	3,462
Other comprehensive income	(577)	196	6	(60)	(83)	8
Total comprehensive income	2,531	2,800	5,619	4,826	3,717	3,470

13.5 Aggregate amount of share of comprehensive income from other associates (exclude associates named in Note 13.4)

	(Unit: Million Baht)	
	For the year ended 31 December	
	2018	2017
Share of comprehensive income:		
Profit from continuing operations	78	58
Other comprehensive income	-	-
Total comprehensive income	78	58

13.6 The Company's consolidated financial statements for the years ended 31 December 2018 and 2017 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 and separate financial statements			
	Investments under the equity method as at 31 December		Share of profit from investments under the equity method for the year ended 31 December	
	2018	2017	2018	2017
Audited by auditor and other auditors of the same firm				
LH Financial Group Plc.	8,697,404	8,444,892	680,040	737,245
Home Product Center Plc.	6,639,182	6,252,422	1,696,818	1,477,256
Land and Houses Property and Loan Fund-II	419,337	442,187	66,284	56,535
Quality Houses Plc.	7,425,351	7,058,906	949,234	864,718
Audited by other auditor				
Quality Construction Products Plc.	391,700	379,416	12,117	1,156
Total	<u>23,572,974</u>	<u>22,577,823</u>	<u>3,404,493</u>	<u>3,136,910</u>

14. Other long-term investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Available-for-sale securities				
Equity securities - Overseas	2,368,704	2,368,704	2,368,704	2,368,704
Unit trust - Domestic	2,381,276	2,073,502	1,091,343	783,568
Add: Changes in fair value of securities	863,631	2,620,368	291,696	2,211,373
Available-for-sale securities - net	<u>5,613,611</u>	<u>7,062,574</u>	<u>3,751,743</u>	<u>5,363,645</u>
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	<u>93,904</u>	<u>93,904</u>	<u>-</u>	<u>-</u>
Total	<u>5,707,515</u>	<u>7,156,478</u>	<u>3,751,743</u>	<u>5,363,645</u>

As at 31 December 2018, a subsidiary has pledged domestic unit trust of approximately Baht 1,862 million (2017: Baht 1,699 million) to secure credit facilities from a financial institution.

15. Land held for development

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Land held for development	2,057,336	3,228,340	1,860,169	3,031,172
Less: Allowance for loss on diminution in value	(720,134)	(720,134)	(652,509)	(652,509)
Land held for development - net	<u>1,337,202</u>	<u>2,508,206</u>	<u>1,207,660</u>	<u>2,378,663</u>

In January 2017, the Company sold its land held for development. The Company had gain on such transaction totaling Baht 80 million, and recognised in profit or loss in 2017.

During the year 2018, the Company transferred-out land held for development with net book value of Baht 1,171 million to inventories (2017: Baht 691 million).

During the year 2018, the Company engaged an independent valuer to appraise the fair value of certain plots of land held for development of the Company and its subsidiaries, using the Market Comparison Approach as the basis of determining the valuation of assets. The fair values of land held for development appraised by the independent appraiser exceeded their net carrying amount.

As at 31 December 2018 and 2017, 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 and separate financial statements	
	2018	2017
Net book value of mortgaged land		
held for development to secure loans	689	1,860

16. Investment properties

The net book value of investment properties as at 31 December 2018 and 2017 is presented below.

	Consolidated financial statements			Separate financial statements		
	Vacant Land	Apartments	Total	Vacant Land	Apartments	Total
As at 31 December 2018:						
Cost	211,432	14,887,918	15,099,350	211,432	-	211,432
Less: Accumulated depreciation	-	(692,617)	(692,617)	-	-	-
Net book value	211,432	14,195,301	14,406,733	211,432	-	211,432
As at 31 December 2017:						
Cost	210,048	17,864,620	18,074,668	210,048	-	210,048
Less: Accumulated depreciation	-	(677,245)	(677,245)	-	-	-
Net book value	210,048	17,187,375	17,397,423	210,048	-	210,048

In November 2017, Land and Houses U.S.A., Inc. ("LH USA"), the Company's 100% owned subsidiary acquired an apartment in Campbel, California at the amount of USD 118.9 million (approximately Baht 3,950 million).

In May 2018, LH USA, sold an apartment in the United States of America to a non-related party at the amount of USD 140 million. The subsidiary had gain on such transaction approximately USD 41 million, and recognised such transaction in the profit or loss for the current year.

A reconciliation of the net book value of investment properties for the years 2018 and 2017 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Net book value at beginning of year	17,397,423	14,545,298	210,048	208,963
Acquisition of assets - at cost	581,368	4,420,136	1,384	1,085
Disposals - net book value	(3,118,424)	-	-	-
Depreciation charged	(354,111)	(305,593)	-	-
Translation adjustment	(99,523)	(1,262,418)	-	-
Net book value at end of year	<u>14,406,733</u>	<u>17,397,423</u>	<u>211,432</u>	<u>210,048</u>

Depreciation of investment properties for the year 2018 of Baht 354 million (2017: Baht 306 million) included in cost of rental and services.

The fair value of the investment properties as at 31 December 2018 and 2017 stated below:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Vacant land	211	210	211	210
Apartments	14,508 ⁽¹⁾	18,058 ⁽¹⁾	-	-

⁽¹⁾ As at 31 December 2018, the fair value is USD 447 million (2017: USD 552 million).

As at 31 December 2018 and 2017, the fair values of investment properties have been determined using the following approach.

- Vacant land and apartments which are acquired in the year 2017 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 2017 have been determined by an accredited independent valuer in the year 2018 using the Market Comparison Approach and the Income Approach.

During the years 2018 and 2017, 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: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Rental income	715	672	-	-
Direct operating expenses	647	600	-	-

The apartments with a total net book value as at 31 December 2018 of Baht 5,995 million (2017: Baht 6,098 million) have been pledged as collateral for long-term loans from overseas financial institutions.

17. Property, plant and equipment

	(Unit: Thousand Baht)							
	Consolidated financial statements							
	Land	Building and building improvement	Office equipment	Furniture, fixture and equipment	Motor vehicles	Others	Assets under construction	Total
<u>Cost</u>								
1 January 2017	28,857	55,722	162,745	500,478	136,161	248,684	180,818	1,313,465
Additions	-	-	10,722	32,243	65,875	38,625	30,133	177,598
Disposals/write-off	-	-	(30,188)	(154,771)	(53,260)	(155,889)	-	(394,108)
Transfer in (out)	-	1,795	-	52,003	-	-	(53,798)	-
Translation adjustment	-	-	(25)	(55)	-	-	-	(80)
31 December 2017	28,857	57,517	143,254	429,898	148,776	131,420	157,153	1,096,875
Additions	-	9,686	64,055	174,245	5,476	124,809	62,862	441,133
Disposals/write-off	-	-	(8,113)	(11,789)	(5,807)	(129)	-	(25,838)
Transfer in (out)	-	3,680	(61)	58,051	-	-	(61,670)	-
Translation adjustment	-	-	(3)	(8)	-	-	-	(11)
31 December 2018	28,857	70,883	199,132	650,397	148,445	256,100	158,345	1,512,159
<u>Accumulated depreciation</u>								
1 January 2017	-	32,329	130,212	307,743	94,464	174,291	-	739,039
Depreciation for the year	-	3,616	11,468	56,485	23,787	25,232	-	120,588
Depreciation on disposals/write-off	-	-	(21,973)	(141,320)	(47,969)	(120,700)	-	(331,962)
Translation adjustment	-	-	(19)	(49)	-	-	-	(68)
31 December 2017	-	35,945	119,688	222,859	70,282	78,823	-	527,597
Depreciation for the year	-	3,865	13,072	73,289	23,330	30,231	-	143,787
Depreciation on disposals/write-off	-	-	(8,078)	(10,089)	(4,379)	(98)	-	(22,644)
Translation adjustment	-	-	(1)	(4)	-	-	-	(5)
31 December 2018	-	39,810	124,681	286,055	89,233	108,956	-	648,735

(Unit: Thousand Baht)

Consolidated financial statements

	Building and		Furniture,		Motor	Assets under		Total
	Land	building improvement	Office equipment	fixture and equipment		Other	construction	
<u>Allowance for impairment</u>								
1 January 2017	334	-	-	-	-	-	-	334
Increase	-	-	-	-	-	-	-	-
31 December 2017	334	-	-	-	-	-	-	334
Increase	-	-	-	-	-	-	-	-
31 December 2018	334	-	-	-	-	-	-	334
<u>Net book value</u>								
31 December 2017	28,523	21,572	23,566	207,039	78,494	52,597	157,153	568,944
31 December 2018	28,523	31,073	74,451	364,342	59,212	147,144	158,345	863,090
<u>Depreciation for the year</u>								
2017 (Baht 57 million included in cost of sales, and the balance in administrative expenses)								120,588
2018 (Baht 72 million included in cost of sales, and the balance in administrative expenses)								143,787

(Unit: Thousand Baht)

Separate financial statements

	Building and		Furniture,		Motor	Assets under		Total
	Land	building improvement	Office equipment	fixture and equipment		Other	construction	
<u>Cost</u>								
1 January 2017	1,860	42,277	118,871	201,923	103,714	57,197	180,816	706,658
Additions	-	-	7,383	1,489	61,271	3,943	28,766	102,852
Disposals/write-off	-	-	(11,298)	(8,828)	(52,344)	(5,791)	-	(78,261)
Transfer in (out)	-	1,795	-	52,003	-	-	(53,798)	-
31 December 2017	1,860	44,072	114,956	246,587	112,641	55,349	155,784	731,249
Additions	-	-	13,508	-	4,580	3,089	40,109	61,286
Disposals/write-off	-	-	(8,090)	(11,789)	(5,329)	(120)	-	(25,328)
Transfer in (out)	-	3,680	-	56,628	-	-	(60,308)	-
31 December 2018	1,860	47,752	120,374	291,426	111,892	58,318	135,585	767,207
<u>Accumulated depreciation</u>								
1 January 2017	-	26,614	108,650	154,113	85,465	49,839	-	424,681
Depreciation for the year	-	2,029	6,456	20,767	17,453	3,700	-	50,405
Depreciation on disposals/write-off	-	-	(11,293)	(8,181)	(47,749)	(5,769)	-	(72,992)
31 December 2017	-	28,643	103,813	166,699	55,169	47,770	-	402,094
Depreciation for the year	-	1,912	6,831	28,654	16,607	2,864	-	56,868
Depreciation on disposals/write-off	-	-	(8,071)	(10,089)	(3,953)	(95)	-	(22,208)
31 December 2018	-	30,555	102,573	185,264	67,823	50,539	-	436,754

(Unit: Thousand Baht)

	Separate financial statements							Total
	Land	Building and improvement	Office equipment	Furniture, fixture and equipment	Motor vehicles	Other	Assets under construction	
	<u>Allowance for impairment</u>							
1 January 2017	334	-	-	-	-	-	-	334
Increase	-	-	-	-	-	-	-	-
31 December 2017	334	-	-	-	-	-	-	334
Increase	-	-	-	-	-	-	-	-
31 December 2018	334	-	-	-	-	-	-	334
<u>Net book value</u>								
31 December 2017	1,526	15,429	11,143	79,888	57,472	7,579	155,784	328,821
31 December 2018	1,526	17,197	17,801	106,162	44,069	7,779	135,585	330,119
<u>Depreciation for the year</u>								
2017 (The balance included in administrative expenses)								50,405
2018 (The balance included in administrative expenses)								56,868

As at 31 December 2018, the subsidiary had vehicles with net book value of Baht 11 million (2017: Baht 13 million) which were acquired under financial lease agreements.

As at 31 December 2018 and 2017, certain items of building and equipment 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		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Building and equipment items have been fully depreciated but are still in use	399	342	327	286

18. Leasehold rights

(Unit: Thousand Baht)

Consolidated financial statements					
Project	Remaining periods of leasehold rights (years)	1 January 2018	Increase	Amortisation	31 December 2018
	Grande Centre Point Hotel Sukhumvit 55	29	1,584,531	-	(54,147)
Grande Centre Point Hotel Pattaya and Terminal 21 Shopping Center Pattaya	30	2,014,906	2,459,866	(38,364)	4,436,408
Terminal 21 Shopping Center Rama III	33	42,000	414,623	(11,456)	445,167
Vacant land	10 and 40	24,090	221,097	(4,545)	240,642
Total		3,665,527	3,095,586	(108,512)	6,652,601

The amortisation of leasehold rights for the year 2018 of Baht 109 million (2017: Baht 103 million) included in cost of rental and services.

During the year ended 31 December 2018, the subsidiary included borrowing costs in leasehold rights totaling Baht 40 million (2017: Baht 3 million) with the capitalisation rate of 3.3 percent (2017: 3.5 percent)

A subsidiary has pledged its land leasehold rights with construction thereon of Grande Centre Point Hotel Pattaya and Terminal 21 Shopping Center Pattaya project as collateral for bank overdrafts and long-term loans.

In addition, the Company provided letter of comfort to the lenders of LH Hotel Leasehold Real Estate Investment Trust ("LHHOTEL"), relating to maintain the percentage of unit holding in LHHOTEL by LH Mall & Hotel Company Limited and maintain the period of the sublease of the Grande Centre Point Hotel Terminal 21 and the Grande Centre Point Hotel Ratchadamri by L&H Hotel Management Company Limited.

19. Other intangible assets

The net book value of intangible assets (computer software) as at 31 December 2018 and 2017 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Cost	95,515	84,131	54,059	51,474
Less: Accumulated amortisation	(50,229)	(49,415)	(37,414)	(33,639)
Net book value	<u>45,286</u>	<u>34,716</u>	<u>16,645</u>	<u>17,835</u>

A reconciliation of the net book value of intangible assets for the years 2018 and 2017 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Net book value at beginning of year	34,716	45,665	17,835	20,320
Acquisition of computer software	22,685	1,843	2,585	1,170
Disposal and write-off during the year				
- net book value as at disposal date	(2,725)	(382)	-	-
Amortisation	(9,335)	(11,079)	(3,775)	(3,655)
Translation adjustment	(55)	(1,331)	-	-
Net book value at end of year	<u>45,286</u>	<u>34,716</u>	<u>16,645</u>	<u>17,835</u>
Amortisation for the year charged to				
Administrative expenses	9,335	11,079	3,775	3,655

20. Short-term loans from financial institution

(Unit: Thousand Baht)

	Interest rate		Consolidated	
	(percent per annum)		financial statements	
	2018	2017	2018	2017
Promissory notes	2.50 - 2.75	-	609,000	-
Total short-term loans from financial institution			609,000	-

Short-term loans from financial institution of subsidiary are secured by the pledge of unit trusts of LH Shopping Centers Leasehold Real Estate Investment Trust and LH Hotel Leasehold Real Estate Investment Trust and guaranteed by the Company.

21. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Trade payables - unrelated parties	2,032,859	1,776,791	1,622,130	1,155,077
Trade payables - related parties	19,476	3,252	5,810	2,965
Other payables - related parties	212,401	242,943	420	42,189
Accrued expenses	1,266,682	1,285,790	1,009,770	989,003
Others	169,789	91,067	32,546	25,670
Total trade and other payables	3,701,207	3,399,843	2,670,676	2,214,904

22. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Long-term loans	9,605,318	7,724,603	4,000,000	3,075,180
Less: Current portion	(24,166)	(3,139,180)	-	(3,075,180)
Net	9,581,152	4,585,423	4,000,000	-

Movements of the long-term loans account during the year ended 31 December 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2018	7,724,603	3,075,180
Add: Additional borrowings	7,966,988	4,000,000
Less: Repayment	(6,078,380)	(3,075,180)
Less: Translation adjustment	(7,893)	-
Balance as at 31 December 2018	<u>9,605,318</u>	<u>4,000,000</u>

As at 31 December 2018 and 2017, long-term loans of the Company and its subsidiaries from financial institutions are shown below:

	Consolidated financial statements		Separate financial statements		Interest rate per annum (%)	Principal repayments	Guaranteed by
	2018	2017	2018	2017			
The Company	4,000	3,075	4,000	3,075	2.3% (2017: 2.6%)	Within April 2022	Land
Subsidiaries							
LH Mall & Hotel Co., Ltd.*	-	1,200	-	-	MLR - 2.5	First repayment at end of March 2018 to December 2027, totaling 40 periods	Land and premises of project
	2,550	530	-	-	MLR - 2.75	First repayment at end of March 2020 to December 2029	Land and premises of project
Land and Houses U.S.A., Inc.	1,108	1,140	-	-	3% or 5 years Swap Rate (Bloomberg) +1.29 whichever is higher rate	Repayment within 5 years from the first drawdown date (USD 35 million)	Apartment of project
	-	1,779	-	-	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 from the first drawdown date (USD 54.45 million)	Apartment of project
	1,947	-	-	-	3.83%	Repayment within 5 years from the first drawdown date (USD 60 million)	Apartment of project
Total	<u>9,605</u>	<u>7,724</u>	<u>4,000</u>	<u>3,075</u>			
Less: Current portion	(24)	(3,139)	-	(3,075)			
Net	<u>9,581</u>	<u>4,585</u>	<u>4,000</u>	<u>-</u>			

* The Company, as shareholders of LH 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 sell, 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 2018 and 2017, there were available long-term loan facilities from financial institutions as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Undrawdown loan facilities	482	2,900	-	70

23. 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 31 December 2018, the Company has unissued debentures under the above mentioned approval totaling Baht 19,550 million (2017: Baht 18,750 million).

The outstanding balance of debentures as at 31 December 2018 and 2017 are detailed below.

No.	Interest rate per annum	Age	Repayment	Maturity	Consolidated and separate financial statements			
					Number of debenture (Shares)		Amount (Thousand Baht)	
					2018	2017	2018	2017
Unsubordinated and unsecured debentures								
No. 4/2014	Fixed rate 3.70%	3.5 years	At maturity	17 March 2018	-	1,000,000	-	1,000,000
No. 1/2015	Fixed rate 3.02%	3.5 years	At maturity	25 September 2018	-	1,000,000	-	1,000,000
No. 2/2015 (1)	Fixed rate 2.81%	3 years	At maturity	2 April 2018	-	7,000,000	-	7,000,000
No. 2/2015 (2)	Fixed rate 3.31%	5 years	At maturity	2 April 2020	1,000,000	1,000,000	1,000,000	1,000,000
No. 3/2015 (1)	Fixed rate 2.41%	3 years	At maturity	8 October 2018	-	4,000,000	-	4,000,000
No. 3/2015 (2)	Fixed rate 2.66%	4 years	At maturity	8 October 2019	1,000,000	1,000,000	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	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	1,000,000	1,000,000
No. 3/2017	Fixed rate 2.13%	3 years	At maturity	5 October 2020	6,000,000	6,000,000	6,000,000	6,000,000
No. 1/2018	Fixed rate 2.96%	7 years	At maturity	7 March 2025	1,200,000	-	1,200,000	-
No. 2/2018	Fixed rate 1.98%	3 years	At maturity	7 May 2021	6,000,000	-	6,000,000	-
No. 3/2018	Fixed rate 3.02%	3 years	At maturity	5 October 2021	5,000,000	-	5,000,000	-
Total					40,450,000	41,250,000	40,450,000	41,250,000
Less: Current portion of debentures							(14,250,000)	(13,000,000)
Net							26,200,000	28,250,000

Movements in the debentures during the year 2018 are summarised below.

	(Unit: Thousand Baht)
	Consolidated and separate financial statements
Balance as at 1 January 2018	41,250,000
Add: Issue of new debenture	12,200,000
Less: Redemption	(13,000,000)
Balance as at 31 December 2018	<u>40,450,000</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.

24. Provisions

	(Unit: Thousand Baht)						
	Consolidated financial statements						
	After-sale maintenance expenses	Legal cases	Compensation for Housing Estate Juristic Persons	Public utilities maintenance	Damages from projects	Other	Total
As at 1 January 2017	68,575	350,031	162,612	60,620	-	15,000	656,838
Increase during the year	146,921	735,632	33,942	55,371	-	-	971,866
Utilised	(45,423)	(1,002)	(12,880)	(44,050)	-	-	(103,355)
As at 31 December 2017	170,073	1,084,661	183,674	71,941	-	15,000	1,525,349
Increase during the year	62,039	42,161	122,112	111,800	114,419	-	452,531
Reversal of provisions	(78,307)	(273,228)	-	-	(5,016)	-	(356,551)
Utilised	(62,159)	(1,320)	(14,621)	(52,252)	(77,598)	-	(207,950)
As at 31 December 2018	<u>91,646</u>	<u>852,274</u>	<u>291,165</u>	<u>131,489</u>	<u>31,805</u>	<u>15,000</u>	<u>1,413,379</u>

	(Unit: Thousand Baht)						
	Separate financial statements						
	After-sale maintenance expenses	Legal cases	Compensation for Housing Estate Juristic Persons	Public utilities maintenance	Damages from projects	Other	Total
As at 1 January 2017	67,191	350,031	155,752	59,945	-	-	632,919
Increase during the year	145,750	735,632	32,249	54,836	-	-	968,467
Utilised	(45,067)	(1,002)	(12,880)	(43,898)	-	-	(102,847)
As at 31 December 2017	167,874	1,084,661	175,121	70,883	-	-	1,498,539
Increase during the year	60,811	42,161	120,402	111,207	114,419	-	449,000
Reversal of provisions	(78,307)	(273,228)	-	-	(5,016)	-	(356,551)
Utilised	(61,380)	(1,320)	(13,013)	(51,372)	(77,598)	-	(204,683)
As at 31 December 2018	<u>88,998</u>	<u>852,274</u>	<u>282,510</u>	<u>130,718</u>	<u>31,805</u>	<u>-</u>	<u>1,386,305</u>

25. 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		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Provision for long-term employee benefits at beginning of year	353,858	330,868	274,090	260,469
Included in profit or loss:				
Current service cost	23,237	21,740	14,191	13,836
Interest cost	10,653	13,292	8,329	7,814
Past service costs and losses on settlement	126,598	-	100,097	-
Included in other comprehensive income:				
Actuarial loss arising from				
Demographic assumptions changes	5,601	-	5,556	-
Financial assumptions changes	16,307	-	7,530	-
Experience adjustments	15,249	-	11,134	-
Benefits paid during the year	<u>(42,672)</u>	<u>(12,042)</u>	<u>(40,579)</u>	<u>(8,029)</u>
Provision for long-term employee benefits at end of year	<u>508,831</u>	<u>353,858</u>	<u>380,348</u>	<u>274,090</u>

The Company and its subsidiaries expect to pay Baht 29.5 million of long-term employee benefits during the next year (Separate financial statements: Baht 29.5 million) (2017: Baht 38.0 million, separate financial statements: Baht 36.1 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 21 years (Separate financial statements: 19 years) (31 December 2017: 22 years, separate financial statements: 19 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Discount rate	2.8% - 3%	3%	3%	3%
Salary increase rate	6% - 6.5%	6% - 6.5%	6.5%	6.5%
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 2018 and 2017 are summarised below:

(Unit: Million Baht)

	As at 31 December 2018					
	Discount rate		Salary increase rate		Turnover rate	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
	0.5%	0.5%	1%	1%	10%	10%
Consolidated financial statements	(19)	20	40	(35)	(5)	6
Separate financial statements	(12)	13	26	(23)	(4)	4

(Unit: Million Baht)

	As at 31 December 2017					
	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	19	(16)	(6)	7
Separate financial statements	(11)	12	13	(12)	(4)	5

On 13 December 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive not less than 400 days' compensation at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits. The Company and its subsidiaries have recorded the effect of the change by recognising past service costs as expenses in the profit or loss in the current year.

26. Share capital

The increase in share capital of the Company during the year 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		<u>163,167,184</u>	<u>163,167,184</u>			

Reconciliation of number of shares

(Unit: Shares)

	Consolidated and separate financial statements	
	2018	2017
<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 as at beginning of year	11,949,713,176	11,786,545,992
Increased due to exercise of warrants	-	163,167,184
Balance as at ending of year	<u>11,949,713,176</u>	<u>11,949,713,176</u>

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

During the years 2018 and 2017, movement of surplus on changes in value of available-for-sale investments are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Balance as at beginning of year	2,099,808	1,231,959	1,769,098	1,022,641
Changes during the year due to				
- Revaluation	(1,756,737)	1,084,811	(1,919,677)	933,071
- Income taxes	<u>351,347</u>	<u>(216,962)</u>	<u>383,936</u>	<u>(186,614)</u>
Balance as at end of year	<u>694,418</u>	<u>2,099,808</u>	<u>233,357</u>	<u>1,769,098</u>

28. 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.

29. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Purchase of land and land held for development and payment of construction in progress during year	16,637	17,619	15,429	16,967
Changes in land, constructions in progress and land held for development	1,126	1,436	1,646	1,606
Salaries and wages and other employee benefits	1,557	1,363	1,360	1,225
Depreciation and amortisation expenses	616	543	61	54
Rental expenses from operating lease agreements	70	65	57	53

30. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements	statements	statements	statements
	2018	2017	2018	2017
Current income tax:				
Current income tax charge	1,711,694	1,663,225	1,519,124	1,522,332
Deferred tax:				
Relating to origination and reversal of temporary differences	(4,164)	226,805	(26,040)	(188,879)
Income tax expenses reported in the statements of income	1,707,530	1,890,030	1,493,084	1,333,453

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax relating to gain/loss on changes in value of available-for-sale investments	351,347	(216,962)	383,936	(186,614)
Deferred tax relating to actuarial gain/loss	7,431	-	4,844	-
	<u>358,778</u>	<u>(216,962)</u>	<u>388,780</u>	<u>(186,614)</u>

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Accounting profit before tax	<u>12,211,893</u>	<u>13,043,705</u>	<u>11,968,512</u>	<u>11,796,670</u>
Applicable tax rate	20% and 28%	20% and 40%	20%	20%
Accounting profit before tax multiplied by income tax rate	2,505,476	2,510,902	2,393,702	2,359,334
Adjustment in respect of income tax of previous year	(153,339)	-	-	-
Effects of:				
Change in value of investments accounted for the equity method	(680,898)	(854,426)	(903,568)	(1,024,997)
Exempt dividend income	(12,480)	(10,344)	(12,478)	(10,342)
Non-deductible expenses	17,646	22,397	12,358	8,297
Additional expense deductions allowed	(11,965)	(21,781)	(1,554)	(1,759)
Unused tax losses	44	196,427	-	-
Exempt income	2,268	-	-	-
Reversal deferred tax asset as previously recorded	15,960	52,647	-	-
Items treated as revenue under the Revenue Code	3,878	2,942	1,170	2,942
Utilise of tax losses	(8,890)	-	-	-
Others	29,830	(8,734)	3,454	(22)
Total	<u>(644,607)</u>	<u>(620,872)</u>	<u>(900,618)</u>	<u>(1,025,881)</u>
Income tax expenses reported in the statement of income	<u>1,707,530</u>	<u>1,890,030</u>	<u>1,493,084</u>	<u>1,333,453</u>

The components of deferred tax assets and deferred tax liabilities as at 31 December 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax assets				
Allowance for diminution in value of inventories and land held for development	180,689	171,943	175,033	151,010
Allowance for impairment of investments	5,200	5,200	5,200	5,200
Allowance for asset impairment	2,067	2,067	2,067	2,067
Accumulated depreciation - Clubhouse and pool	121,999	108,144	113,447	101,400
Accumulated amortisation - Leasehold rights	985,650	1,030,266	-	-
Accumulated amortisation - Intangible assets	5,464	7,156	-	-
Financial lease liabilities	3,170	3,929	-	-
Provisions	242,003	272,675	238,319	264,684
Provision for long-term employee benefits	98,914	67,972	76,069	54,818
Unused tax losses	309,432	5,442	-	-
Accrued land rental	41,192	39,373	-	-
Total	1,995,780	1,714,167	610,135	579,179
Deferred tax liabilities				
Assets under finance lease	(2,226)	(3,273)	-	-
Gain on change in value of available-for-sale investments	(169,290)	(520,566)	(58,417)	(442,281)
Accumulated depreciation - Investment property	(377,254)	-	-	-
Advance payment	(2,309)	-	-	-
Advance received from sale of assets to REIT	(2,274,399)	(2,382,968)	-	-
Total	(2,825,478)	(2,906,807)	(58,417)	(442,281)
Deferred tax assets (liabilities) - net	(829,698)	(1,192,640)	551,718	136,898

As at 31 December 2018, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 3,767 million (2017: Baht 1,135 million) (The Company only: 2018 and 2017: Nil), 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 2018, the unused tax losses amounting to Baht 1,643 million (2018: 864 million).

31. 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 and separate financial statements					
Profit for the year		Weighted average number of ordinary shares		Earnings per share	
2018	2017	2018	2017	2018	2017
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share					
Profit attributable to equity holders					
of the parent	10,475,429	10,463,217	11,949,713	11,933,035	0.88
Effect of dilutive potential ordinary shares					
Warrants (LH-W3)		-	26,999		
Diluted earnings per share					
Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares					
		10,463,217	11,960,034		0.87

32. Segment information

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

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

- Real estate business segment which consists of houses, townhouses and residence condominium projects for sale.

- Rental and service business segment which consists of shopping mall, hotel and apartment for rent.

The chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss 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 2018 and 2017, respectively.

(Unit: Million Baht)

	For the year ended 31 December 2018					Consolidated financial statements
	Real estate business	Rental and service business	Others	Total reportable segments	Adjustments and eliminations	
Revenue from external customers	30,514	3,733	-	34,247	-	34,247
Inter-segment revenue	55	229	-	284	(284)	-
Interest revenue	498	40	-	538	(464)	74
Infrastructure service income	327	-	-	327	-	327
Interest expense	(556)	(610)	-	(1,166)	435	(731)
Depreciation and amortisation	(63)	(553)	-	(616)	-	(616)
Loss on diminution in value of project and land held for development	62	-	-	62	-	62
Loss on sales of assets	(1)	(3)	-	(4)	-	(4)
Share of profit from investments in associates accounted for by the equity method	961	66	2,377	3,404	-	3,404
Segment profit	8,317	1,099	2,377	11,793	72	11,865
Unallocated revenue and expenses:						
Other income						347
Income tax expenses						(1,708)
Non-controlling interests of the subsidiaries						(29)
Profit for the year						10,475

The following table present assets information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2018.

(Unit: Million Baht)

	Real estate business	Rental and service business	Others	Total reportable segments	Unallocated assets	Consolidated financial statements
Segment assets	50,785	21,389	-	72,174	39,307	111,481
Investments in associates accounted for by the equity method	7,817	419	15,337	23,573	-	23,573
Increase (decrease) in non-current assets other than financial instruments and deferred tax assets	(1,786)	491	-	(1,295)	(28)	(1,323)

(Unit: Million Baht)

For the year ended 31 December 2017

	Real estate business	Rental and service business	Others	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	31,724	3,198	-	34,922	-	34,922
Inter-segment revenue	-	216	-	216	(216)	-
Interest revenue	467	21	-	488	(435)	53
Infrastructure service income	279	-	-	279	-	279
Interest expense	(510)	(566)	-	(1,076)	435	(641)
Depreciation and amortisation	(56)	(487)	-	(543)	-	(543)
Loss on diminution in value of project and land held for development	(9)	-	-	(9)	-	(9)
Gain on change in shareholders' equity of an associate	-	-	1,135	1,135	-	1,135
Gain on sales of assets	93	2,058	-	2,151	24	2,175
Share of profit from investments in associates accounted for by the equity method	866	57	2,214	3,137	-	3,137
Segment profit	7,832	1,896	3,349	13,077	46	13,123
Unallocated revenue and expenses:						
Other income						223
Other expenses						(303)
Income tax expenses						(1,890)
Non-controlling interests of the subsidiaries						(690)
Profit for the year						10,463

The following table present assets information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2017.

	(Unit: Million Baht)					
	Real estate business	Rental and service business	Others	Total reportable segments	Unallocated assets	Consolidated financial statements
Segment assets	51,573	21,348	-	72,921	36,570	109,491
Investments in associates accounted for by the equity method	7,438	442	14,698	22,578	-	22,578
Increase (decrease) in non-current assets other than financial instruments and deferred tax assets	12,615	3,388	-	16,003	(10,026)	5,977

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>2018</u>	<u>2017</u>
Revenue from external customers		
Thailand	35,732	38,114
United States of America	715	672
Total	<u>36,447</u>	<u>38,786</u>
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	9,085	6,993
United States of America	14,238	17,199
Total	<u>23,323</u>	<u>24,192</u>

Major customers

For the years 2018 and 2017, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

33. Provident fund

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Contribution to provident fund	55	49	36	33

34. Dividends

Dividends	Approved by	Approved dividend per share	Interim dividend per share	Additional dividend paid per share	Total additional dividend paid	Portion belonging to shareholders		Net dividend paid
						not entitled to dividend		
		(Baht)	(Baht)	(Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
Final dividend for 2016	Annual General Meeting of the shareholders on 27 April 2017	0.65	(0.35)	0.30	3,575	(12)		3,563
Interim dividend for 2017	Board of Directors' Meeting on 11 August 2017	0.40	-	0.40	4,780	(17)		4,763
Total for 2017								8,326
Final dividend for 2017	Annual General Meeting of the shareholders on 26 April 2018	0.75	(0.40)	0.35	4,182	(1)		4,181
Interim dividend for 2018	Board of Directors' Meeting on 14 August 2018	0.40	-	0.40	4,780	-		4,780
Total for 2018								8,961

35. Commitments and contingent liabilities

35.1 Commitments

35.1.1 As at 31 December 2018 and 2017, the Company and its subsidiaries have commitments under construction contracts as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Commitments under construction contracts	3,586	3,369	3,359	1,478
Commitment in respect of the installation of central utilities of projects on hand	1,225	1,200	1,182	1,127

35.1.2 As at 31 December 2018 and 2017, L&H Property Company Limited (“LHP”), the Company’s 60% owned subsidiary, and LH Mall & Hotel Company Limited (“LHMH”), the Company’s 99.99% owned subsidiary, 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	<p>From 1 June 2008, the following rental is to be paid on monthly basis</p> <p>1st - 5th year, total rental payment of Baht 33 million (Full amount has been paid)</p> <p>6th - 10th year, total rental payment of Baht 42 million (Full amount has been paid)</p> <p>11th - 15th year, total rental payment of Baht 54 million (As at 31 December 2018: already paid Baht 6 million in total)</p> <p>16th - 20th year, total rental payment of Baht 69 million</p> <p>21st - 25th year, total rental payment of Baht 88 million</p> <p>26th - 30th year, total rental payment of Baht 112 million</p>

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

In addition, as at 31 December 2018 and 2017, 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*	<p>Land leasing fee is to be monthly paid as follows:</p> <p>1st - 5th year, total rental of Baht 20 million (Full amount has been paid)</p> <p>6th - 10th year, total rental of Baht 23 million (As at 31 December 2018: already paid Baht 14 million in total)</p> <p>11th - 15th year, total rental of Baht 27 million</p> <p>16th - 20th year, total rental of Baht 31 million</p> <p>21st - 25th year, total rental of Baht 35 million</p> <p>26th - 30th year, total rental of Baht 41 million</p>

* The agreement runs from 1 September 2010 to 31 August 2040. However, the lessor consented to allow 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*	31 March 2047	<p>From 1 April 2017, the following rental is to be paid annually</p> <p>1st - 7th year, total rental payment of Baht 35 million (As at 31 December 2018: already paid 9 million in total)</p> <p>8th - 17th year, total rental payment of Baht 100 million</p> <p>18th - 27th year, total rental payment of Baht 150 million</p> <p>28th - 30th year, total rental payment of Baht 75 million</p>

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

In addition, LHMH is committed to pay commission at Baht 5 million per year in the second and third years of construction period.

d) Land lease agreements - LHMH

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

* 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 years of construction period and Baht 1,980,000 per month in the third year of construction period.

e) Land lease agreements - LHMH

Agreement date	Agreement period	Rental rate
1 August 2017	40 years*	<p>Land leasing fee is to be annually paid as follows:</p> <p>1st - 3rd year, total rental payment of Baht 15 million</p> <p>4th - 6th year, total rental payment of Baht 17 million</p> <p>7th - 9th year, total rental payment of Baht 19 million</p> <p>10th - 12th year, total rental payment of Baht 21 million</p> <p>13th - 15th year, total rental payment of Baht 23 million</p> <p>16th - 18th year, total rental payment of Baht 25 million</p> <p>19th - 21st year, total rental payment of Baht 27 million</p> <p>22nd - 24th year, total rental payment of Baht 30 million</p> <p>25th - 27th year, total rental payment of Baht 33 million</p> <p>28th - 30th year, total rental payment of Baht 36 million</p> <p>31st - 33rd year, total rental payment of Baht 40 million</p> <p>34th - 36th year, total rental payment of Baht 44 million</p> <p>37th - 39th year, total rental payment of Baht 48 million</p> <p>40th year, total rental payment of Baht 18 million</p>

* The agreement runs from 1 April 2019. However, the lessor consented to allow LHMH to develop or construct on the leased land between 1 August 2017 and 31 March 2019

f) Land lease agreements - LHMH

Agreement date	Agreement period	Rental rate
18 January 2018	33 years*	<p>Land leasing fee is to be annually paid as follows</p> <p>1st - 3rd year, total rental payment of Baht 30 million</p> <p>4th - 6th year, total rental payment of Baht 33 million</p> <p>7th - 9th year, total rental payment of Baht 36 million</p> <p>10th - 12th year, total rental payment of Baht 45 million</p> <p>13th - 15th year, total rental payment of Baht 50 million</p> <p>16th - 18th year, total rental payment of Baht 55 million</p> <p>19th - 21st year, total rental payment of Baht 60 million</p> <p>22nd - 24th year, total rental payment of Baht 66 million</p> <p>25th - 27th year, total rental payment of Baht 73 million</p> <p>28th - 30th year, total rental payment of Baht 80 million</p> <p>31st - 33rd year, total rental payment of Baht 135 million</p>

* The agreement runs from 18 January 2021. However, the lessor consented to allow LHMH to develop or construct on the leased land between 18 January 2018 and 17 January 2021.

35.1.3 As at 31 December 2018 and 2017, the subsidiary, is committed to pay a fixed rental fee and variable rental fee to fund and/or REIT 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 2019 to 31 December 2021
LH Hotel Leasehold Real Estate Investment Trust	Grande Centre Point Hotel Terminal 21	From 16 December 2018 to 15 December 2021
	Grande Centre Point Hotel Ratchadamri	From 15 June 2017 to 14 June 2020

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

	(Unit: Million Baht)	
	Consolidated financial statements	
	2018	2017
Payable:		
In up to 1 year	599	588
In over 1 and up to 3 years	809	356

35.1.4 As at 31 December 2018 and 2017, the Company has commitment related to purchase of land as follows.

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	2018	2017
Commitment to purchase of land	1,481	3,917

35.1.5 As at 31 December 2018, the subsidiaries have servitude over land of approximately 100 rai (2017: 93 rai) of which the cost is included in the cost of projects.

35.1.6 Operating lease commitments

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

As at 31 December 2018 and 2017, the future minimum lease payments required under these non-cancellable contracts were as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Payable:				
In up to 1 year	56	56	47	46
In over 1 and up to 3 years	63	82	54	73

35.2 Bank guarantees

As at 31 December 2018 and 2017, there were the following outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Letter of guarantees for arrangement and maintenance of public utilities	4,183	2,998	3,956	2,769
Letter of guarantees for electricity usage	68	62	49	49
	<u>4,251</u>	<u>3,060</u>	<u>4,005</u>	<u>2,818</u>

35.3 Guarantees

35.3.1 As at 31 December 2018 and 2017, the Company has the following obligations in respect of guarantees.

(Unit: Million Baht)			
Guarantor	Guarantee	2018	2017
Land and Houses Plc.	Customers	<u>7</u>	<u>7</u>

35.3.2 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 for loans and guarantee facilities obtained for development of the subsidiaries' projects. As at 31 December 2018, the subsidiaries have outstanding loans related to guarantee portion of the Company as specified in the letter of comfort amounting to Baht 3,159 million (2017: Baht 1,730 million).

35.4 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 to be Baht 800 million. The Court of First Instance and the Appeal Court dismissed the lawsuit on 24 July 2014 and 24 April 2017, respectively. At present, the case is under the process of the Supreme Court.

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 Baht 310 million while waiting for the Court decision of the civil case Baht 800 million.
 - b) On 10 August 2012, the Court of First Instance issued a verdict on a civil case with the amount in dispute of Baht 102 million. 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 Appeal 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.
- 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 in project demanding claim 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.

In 2018, a housing estate juristic persons and housing residents filed additional 2 lawsuits against the Company, involving the construction of a kindergarten in project demanding claim totaling Baht 23 million. At present, the case is under the process of the Court of First Instance.

- 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. Currently, the Company and the plaintiffs signed settlement agreements to settle the outstanding disputes in relation to these cases. The Court of First Instance has rendered its judgement as per the settlement agreements.
- 4) In July 2017, the Company has been sued by condominium juristic persons in civil lawsuits (Consumer Protection legal cases) for breach of agreements, claiming for compensation total of Baht 81 million. Currently, the Company and the plaintiffs signed settlement agreements to settle the outstanding disputes in relation to these cases. The Court of First Instance has rendered its judgement as per the settlement agreements.
- 5) As at 31 December 2018, the Company has been sued for breach of agreements, claiming for a total of Baht 160 million (2017: Baht 151 million).

As at 31 December 2018, the Company has set aside a provision of Baht 852 million for liabilities arising as a result of the legal cases (2017: Baht 1,085 million).

36. Fair value hierarchy

As at 31 December 2018 and 2017, 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 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments - Trading securities	-	500	-	500
Other long-term investments - Available-for-sale securities				
Equity securities - Overseas	2,644	-	-	2,644
Investment units - Domestic	2,970	-	-	2,970

(Unit: Million Baht)

Consolidated financial statements				
As at 31 December 2018				
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investments in associates that are listed				
companies on the Stock Exchange	74,068	-	-	74,068
Investment properties	-	-	14,508	14,508
Favourable cross currency and interest rate				
swap agreements	-	248	-	248
Liabilities for which fair value are disclosed				
Long-term loans	-	-	9,605	9,605
Debentures	-	38,003	-	38,003

(Unit: Million Baht)

Consolidated financial statements				
As at 31 December 2017				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments - Trading securities	-	500	-	500
Other long-term investments - Available-for-sale securities				
Equity securities - Overseas	4,584	-	-	4,584
Investment units - Domestic	2,479	-	-	2,479
Assets for which fair value are disclosed				
Investments in associates that are listed				
companies on the Stock Exchange	67,916	-	-	67,916
Investment properties	-	-	18,268	18,268
Favourable cross currency and interest rate				
swap agreements	-	426	-	426
Liabilities for which fair value are disclosed				
Long-term loans	-	-	7,724	7,724
Debentures	-	38,691	-	38,691

(Unit: Million Baht)

Separate financial statements				
As at 31 December 2018				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments - Trading securities	-	500	-	500
Other long-term investments - Available-for-sale securities				
Equity securities - Overseas	2,644	-	-	2,644
Investment units - Domestic	1,108	-	-	1,108
Assets for which fair value are disclosed				
Investments in associates that are listed				
companies on the Stock Exchange	74,068	-	-	74,068
Investment properties	-	-	211	211
Favourable cross currency and interest rate				
swap agreements	-	248	-	248
Liabilities for which fair value are disclosed				
Long-term loans	-	-	4,000	4,000
Debentures	-	38,003	-	38,003

(Unit: Million Baht)

Separate financial statements				
As at 31 December 2017				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments - Trading securities	-	500	-	500
Other long-term investments - Available-for-sale securities				
Equity securities - Overseas	4,584	-	-	4,584
Investment units - Domestic	780	-	-	780
Assets for which fair value are disclosed				
Investments in associates that are listed				
companies on the Stock Exchange	67,916	-	-	67,916
Investment properties	-	-	210	210
Favourable cross currency and interest rate				
swap agreements	-	426	-	426
Liabilities for which fair value are disclosed				
Long-term loans	-	-	3,075	3,075
Debentures	-	38,691	-	38,691

37. Financial instruments

37.1 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 investments, 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 2018 and 2017, 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						Effective interest rate (% p.a.)
	2018						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	
	At call	Within 1 year	1 - 5 years				
<u>Financial assets</u>							
Cash and cash equivalents	73	3,348	-	2,798	913	7,132	Note 7
Current investments	-	200	-	-	500	700	1.30 and 1.50
Trade and other receivables	-	-	-	-	229	229	-
Restricted bank deposit	-	-	-	10	-	10	0.375
Other investments							
- Available-for-sale securities	-	-	-	-	5,614	5,614	-
Loans to related party	-	20	560	-	-	580	3.10 and 3.05

(Unit: Million Baht)

Consolidated financial statements						
2018						
Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
At call	Within 1 year	1 - 5 years				
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	3,701	3,701	-
Short-term loans	-	609	-	-	609	Note 20
Long-term loans	-	-	5,947	3,658	9,605	Note 22
Debentures	-	14,250	26,200	-	40,450	Note 23

(Unit: Million Baht)

Separate financial statements						
2018						
Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
At call	Within 1 year	1 - 5 years				
<u>Financial assets</u>						
Cash and cash equivalents	-	3,000	-	1,939	5,654	Note 7
Current investments	-	-	-	500	500	-
Trade and other receivables	-	-	-	55	55	-
Loans to related parties	3,216	-	9,582	-	12,798	3.12 - 4.00
Other investments	-	-	-	-	-	-
- Available-for-sale securities	-	-	-	3,752	3,752	-
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	2,671	2,671	-
Loans from related party	-	30	840	-	870	1.65 and 2.13
Long-term loans	-	-	4,000	-	4,000	Note 22
Debentures	-	14,250	26,200	-	40,450	Note 23

(Unit: Million Baht)

Consolidated financial statements						
2017						
Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
At call	Within 1 year	1 - 5 years				
<u>Financial assets</u>						
Cash and cash equivalents	177	810	-	3,191	4,783	Note 7
Current investments	-	-	-	500	500	-
Trade and other receivables	-	-	-	163	163	-
Restricted bank deposit	-	-	-	10	10	0.375
Other investments	-	-	-	-	-	-
- Available-for-sale securities	-	-	-	7,063	7,063	-
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	3,400	3,400	-
Long-term loans	-	3,075	-	4,649	7,724	Note 22
Debentures	-	13,000	28,250	-	41,250	Note 23

(Unit: Million Baht)

	Separate financial statements						Effective interest rate (% p.a.)
	2017						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	
	At call	Within 1 year	1 - 5 years				
Financial assets							
Cash and cash equivalents	-	600	-	942	330	1,872	Note 7
Current investments	-	-	-	-	500	500	-
Trade and other receivables	-	-	-	-	29	29	-
Loans to related parties	1,313	5,059	8,465	-	-	14,837	3.00 - 4.85
Other investments							
- Available-for-sale securities	-	-	-	-	5,364	5,364	-
Financial liabilities							
Trade and other payables	-	-	-	-	2,215	2,215	-
Loans from related parties	160	-	-	-	-	160	2.00
Long-term loans	-	3,075	-	-	-	3,075	Note 22
Debentures	-	13,000	28,250	-	-	41,250	Note 23

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.

As at 31 December 2018 and 2017, the balances of financial assets and liabilities denominated in foreign currencies are summarised below:

Foreign currencies	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	2018	2017	2018	2017	2018	2017
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Philippines Peso	2,699	4,674	-	-	0.6183	0.6556
US Dollar	2	5	93	90	32.4498	32.6809

Foreign currencies	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	2018	2017	2018	2017	2018	2017
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Philippines Peso	2,699	4,674	-	-	0.6183	0.6556
US Dollar	299	420	-	-	32.4498	32.6809

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 22. The details of the Cross Currency and Interest Rate Swap agreements outstanding as at 31 December 2018 and 2017 are as follows:

Consolidated financial statements				
As at 31 December 2018				
Currency and Interest Revenue Rate		Currency and Interest Expense Rate		
Swap agreement		Swap agreement		
Principal amount	Interest rate	Principal amount	Interest rate	Termination date
Baht 1,984.2 million	Fixed rate 2.60%	USD 60.0 million	Fixed rate 3.02%	31 January 2019
Baht 1,733.4 million	Fixed rate 2.00%	USD 54.0 million	Fixed rate 3.29%	29 May 2020
Baht 1,745.9 million	Fixed rate 2.50%	USD 54.8 million	Fixed rate 3.569%	14 December 2021
Baht 2,385.2 million	Fixed rate 3.00%	USD 67.0 million	Fixed rate 3.31%	14 December 2021
Baht 2,017.2 million	Fixed rate 3.00%	USD 61.0 million	Fixed rate 3.45%	16 November 2022
Baht 580.0 million	Fixed rate 1.65%	USD 18.5 million	Fixed rate 3.10%	28 February 2019

Separate financial statements				
As at 31 December 2018				
Currency and Interest Revenue Rate		Currency and Interest Expense Rate		
Swap agreement		Swap agreement		
Principal amount	Interest rate	Principal amount	Interest rate	Termination date
Baht 1,984.2 million	Fixed rate 2.60%	USD 60.0 million	Fixed rate 3.02%	31 January 2019
Baht 1,733.4 million	Fixed rate 2.00%	USD 54.0 million	Fixed rate 3.29%	29 May 2020
Baht 1,745.9 million	Fixed rate 2.50%	USD 54.8 million	Fixed rate 3.569%	14 December 2021
Baht 2,385.2 million	Fixed rate 3.00%	USD 67.0 million	Fixed rate 3.31%	14 December 2021
Baht 2,017.2 million	Fixed rate 3.00%	USD 61.0 million	Fixed rate 3.45%	16 November 2022

Consolidated and separate financial statements				
As at 31 December 2017				
Currency and Interest Revenue Rate		Currency and Interest Expense Rate		
Swap agreement		Swap agreement		
Principal amount	Interest rate	Principal amount	Interest rate	Termination date
Baht 1,950.8 million	Fixed rate 3.00%	USD 54.8 million	Fixed rate 2.915%	16 May 2018
Baht 3,075.1 million	Floating rate MLR - 2.25%	USD 95.8 million	Floating rate LIBOR 6 months plus 3.19%	16 May 2018
Baht 1,984.2 million	Fixed rate 2.60%	USD 60.0 million	Fixed rate 3.02%	31 January 2019
Baht 2,385.2 million	Fixed rate 3.00%	USD 67.0 million	Fixed rate 3.31%	14 December 2021
Baht 2,017.2 million	Fixed rate 3.00%	USD 61.0 million	Fixed rate 3.45%	16 November 2022

37.2 Fair values of financial instruments

The estimated fair values of financial instruments as at 31 December 2018 and 2017, 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	
	2018	2017	2018	2017	2018	2017	2018	2017
<u>Financial assets</u>								
Cash and cash equivalents	7,132	4,783	7,132	4,783	5,654	1,872	5,654	1,872
Current investment	700	500	700	500	500	500	500	500
Trade and other receivables	229	163	229	163	55	29	55	29
Restricted bank deposit	10	10	10	10	-	-	-	-
Loans to related parties	580	-	580	-	12,798	14,837	12,798	14,837
Other investments								
- Available-for-sale securities	5,614	7,063	5,614	7,063	3,752	5,364	3,752	5,364
<u>Financial liabilities</u>								
Trade and other payables	3,701	3,400	3,701	3,400	2,617	2,215	2,617	2,215
Loans from related parties	-	-	-	-	870	160	870	160
Short-term loans	609	-	609	-	-	-	-	-
Long-term loans	9,605	7,724	9,605	7,724	4,000	3,075	4,000	3,075
Debentures	40,450	41,250	38,003	38,691	40,450	41,250	38,003	38,691

The estimated fair values of the derivatives are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	Fair value	Fair value	Fair value	Fair value
	Gain	Gain	Gain	Gain
<u>Cross Currency and Interest</u>				
Rate Swap agreements	248	426	248	426

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

- For financial assets and liabilities which have short-term maturity, including cash and deposit at financial institutions, accounts receivable and accounts payable, 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 year, there were no transfers within the fair value hierarchy.

38. 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 2018, the Group's debt-to-equity ratio was 1.22:1 (2017: 1.15:1) and the Company's was 1.04:1 (2017: 1.02:1).

39. Subsequent events after reporting period

On 27 February 2019, 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 2018 of Baht 0.75 per share. However, since the Board of Directors previously approved an interim dividend from profit of the year 2018 amounting to Baht 0.40 per share, the Board will propose the remaining dividend payment of Baht 0.35 per share, amounting to Baht 4,182 million. The payment of such dividend shall be made within May 2019.

40. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2019.