

Land and Houses Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2019

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, Q. House Lumpini Building, 37th Floor, South Sathon Road, 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	
			2019 (Percent)	2018 (Percent)
<u>Held by the Company</u>				
Atlantic Real Estate Co., Ltd.	Real estate 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.	Real estate business	Thailand	55.00	55.00
LH Mall & Hotel Co., Ltd. and its subsidiaries	Real estate for lease business	Thailand	99.99	99.99
L&H Property Co., Ltd.	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	99.94

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2019 (Percent)	2018 (Percent)
<u>Held by subsidiary companies</u>				
Siam Tanee Real Estate Co., Ltd. (99.99 percent held by Siam Tanee Property Co., Ltd.)	Real estate business	Thailand	99.99	99.99
L&H Retail Management Co., Ltd. (99.97 percent held by LH Mall & Hotel Co., Ltd.)	Project administration	Thailand	99.99	99.99
L&H Management Co., Ltd. (99.98 percent held by LH Mall & Hotel Co., Ltd.)	Project administration	Thailand	99.99	99.99
L&H Hotel Management Co., Ltd. (2019: 99.99 percent held by LH Mall & Hotel Co., Ltd., 2018: 99.99 percent held by L&H Property Co., Ltd.)	Hotel business	Thailand	99.99	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 Group 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 period, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations 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 adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are 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 Group adopted IFRS 15 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2019, and the comparative information was not restated. The Group elects to apply the following practical expedient.

- Not restate completed contracts as at 1 January 2019 for which the entity has transferred all of the goods or services identified in accordance with the previous accounting policy.

The cumulative effect of the change is described in Note 4.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. 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 except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments 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 Group expects the adoption of these accounting standards to result in the following adjustments.

- Classification and measurement of investments in equity instruments of non-listed companies - The Group is to measure investments in equity instruments of non-listed companies at fair value and to classify the investments as financial assets at fair value, through either profit or loss or through other comprehensive income. If the Group elects to present subsequent changes in the fair value of the investment through other comprehensive income, the election is irrevocable.
- Classification and measurement of investments in available-for-sale equity securities - The Group's available-for-sale investments in listed equity securities are measured at fair value through other comprehensive income. The Group has decided to classify some of these investments as financial assets at fair value through profit or loss. The cumulative gain (or loss) on changes in the value of reclassified available-for-sale investments that were previously presented in other comprehensive income is to be reclassified to retained earnings.
- Recognition of credit losses - The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.
- Recognition of derivatives - The Group is to initially recognise derivatives at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss. Fair value of derivatives is described in Note 39.2.

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Group's assets by approximately Baht 6,826 million (the Company only: approximately Baht 132 million) and the Group's liabilities by approximately Baht 6,826 million (the Company only: approximately Baht 132 million).

4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standard

As described in Note 3 to the financial statements, during the current year, the Group has adopted TFRS 15 using the modified retrospective method of adoption. The cumulative effect of initially applying TFRS 15 is recognised as an adjustment to retained earnings as at 1 January 2019. Therefore, the comparative information was not restated.

The effect of the changes in accounting policies due to the adoption of TFRS 15 on the beginning balance of retained earnings for 2019 comprises:

	(Unit: Million Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Impact on retained earnings as at 1 January 2019		
Costs to obtain contracts with customers	121	121
Related tax	(24)	(24)
Total	<u>97</u>	<u>97</u>

The amounts of adjustments affecting the statements of financial position as at 31 December 2019 and the statements of income and comprehensive income for the year ended 31 December 2019 are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		
	Previous accounting policy	Increase (decrease)	TFRS 15
Statement of financial position			
Assets			
Costs to obtain contracts with customers	-	148	148
Deferred tax assets	589	(30)	559
Shareholders' equity			
Retained earnings - unappropriated	21,529	118	21,647

(Unit: Million Baht)

	Consolidated financial statements		
	Previous accounting policy	Increase (decrease)	TFRS 15
Statement of income			
Revenue from sales of real estate	25,503	(352)	25,151
Selling expenses	1,106	(378)	728
Income tax expense	1,714	5	1,719
Profit for the year	10,027	21	10,048
Attributable to:			
Profit attributable to equity holders of the Company	10,004	21	10,025
Earnings per share (Baht):			
Basic earnings per share	0.84	-	0.84

(Unit: Million Baht)

	Separate financial statements		
	Previous accounting policy	Increase (decrease)	TFRS 15
Statement of financial position			
Assets			
Costs to obtain contracts with customers	-	148	148
Deferred tax assets	499	(30)	469
Shareholders' equity			
Retained earnings - unappropriated	21,529	118	21,647

(Unit: Million Baht)

	Separate financial statements		
	Previous accounting policy	Increase (decrease)	IFRS 15
Statement of income			
Revenue from sales of real estate	24,610	(343)	24,267
Selling expenses	883	(369)	514
Income tax expense	1,059	5	1,064
Profit for the year	10,004	21	10,025
Attributable to:			
Profit attributable to equity holders of the Company	10,004	21	10,025
Earnings per share (Baht):			
Basic earnings per share	0.84	-	0.84

The nature of these adjustments are described below:

- Commission paid to obtain a contract - The Group has 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 Group immediately recorded commission as selling expenses when the transaction occurred.
- Promotion expenses specified in the customer contracts with customers which consider as consideration paid to customer - The Group has determined that these transactions should be recorded as net offsetting with revenue from sales of real estate, not selling expenses as previously recorded.

5. Significant accounting policies

5.1 Revenue recognition

(a) Revenue from sales of real estate

Revenue from sales of land and houses and residential condominium units are recognised at the point in time when control of the real estate is transferred to the customer, generally upon transfer of the legal ownership. Revenue from sales of real estate is measured at the amount of the consideration received after deducting discounts and considerations payable to the customer. The terms of payment are in accordance with the payment schedule specified in the customer contract. Considerations received before transferring control of the real estate to the customer are presented under the caption of “Advances received from customers” in the statement of financial position.

(b) Revenue from hotel operations

Revenue from hotel operations mainly comprises room sales, food and beverage sales and revenue from auxiliary activities. Revenue is recognised at the point in time, when the services are rendered. Sales are the invoice value, excluding value added tax of goods supplied and services rendered after deducting discounts.

(c) Rendering of rental

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

(d) Project management income

Project management income is recognised when services have been rendered. Revenue are the invoice value, excluding value added tax, of service rendered.

(e) Interest income

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

(f) Dividends

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

5.2 Cost of real estate sales

In determining the costs 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 and residential condominium units on the basis of the saleable area.

Selling expenses directly associated with projects, such as specific business tax and transfer fees, are recognised as expenses when the sale occurs.

5.3 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.

5.4 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.

5.5 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.

5.6 Real estate development costs (inventories)

Real estate development costs which are presented as inventories are stated at the lower of cost and net realisable value. Cost consists of the cost of land, land improvement costs, designed fees, utilities, construction costs, capitalised borrowing costs and other related expenses, as well as estimated project development assets.

The Group recognises losses on diminution in value of projects (if any) in profit or loss.

5.7 Cost to obtain a contract with customer

The Group recognises a commission paid to obtain a customer contract as an asset and amortises it to expenses on a systematic basis that is consistent with the pattern of revenue recognition. An impairment loss is recognised to the extent that the carrying amount of an asset recognised exceeds the remaining amount of the consideration that the entity expects to receive less direct costs.

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

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

5.9 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.

5.10 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.

5.11 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, fixtures 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.

5.12 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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5.13 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.

5.14 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.

5.15 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.

5.16 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.

5.17 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.

5.18 Impairment of assets

At the end of each reporting period, the Group 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 Group 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 Group 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 Group 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.

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

Defined benefit plans

The Group have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group 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 Group recognises restructuring - related costs.

5.20 Provisions

Provisions are recognised when the Group 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.

5.21 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 Group recognises 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 Group reviews and reduces 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 Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.22 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.

5.23 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 Group applies 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 Group measures 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 Group determines 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.

6. 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 Group treats real estate development costs (inventories) and land held for development as devaluation when a significant decline in the fair value is noted. The management determines the devaluation based on net realisable value. The determination of what is “significant” and the amount of devaluation requires the management to exercise judgement.

Provision for maintenance of housing and condominium units, and public utilities

In recording provision for maintenance of housing and condominium units and public utilities, the management estimates the expenses expected to be incurred based on past experience of providing maintenance, and/or currently available information relating to maintenance expenses.

Project development costs estimation

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

Contributions to housing estate juristic persons

The Group estimates its contributions to housing estate juristic persons using the rate specified by the law and regulations and the budgeted cost of public utilities as a basis for the calculation.

Impairment of investments

The Group treats available-for-sale investments and other 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 Group has contingent liabilities as a result of litigations. The Group's management 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.

7. 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 (99.97 percent held by LH Mall & Hotel Co., Ltd.)
L&H Management Co., Ltd.	Subsidiary (99.98 percent held by LH Mall & Hotel Co., Ltd.)
L&H Hotel Management Co., Ltd.	Subsidiary (99.99 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
L&H Property Co., Ltd.	Subsidiary
Land and Houses U.S.A., Inc.	Subsidiary
Asia Asset Advisory Co., Ltd.	Subsidiary
LH Financial Group Plc.	Associate
Land and Houses Bank Plc.	Associate (99.99 percent held by LH Financial Group Plc.)
Land and Houses Fund Management Co., Ltd.	Associate (99.99 percent held by LH Financial Group Plc.)
Quality Construction Products Plc.	Associate
Home Product Center Plc.	Associate
Land and Houses Property and Loan Fund-II	Associate
Quality Houses Plc.	Associate
Q.H. International Co., Ltd.	Associate (99.99 percent held by Quality Houses Plc.)
Quality Houses Leasehold Property Fund	Associate of Quality Houses Plc.
Muang Mai Property Co., Ltd.	Shareholder of subsidiary
Reco Resorts Pte Ltd.	Shareholder of subsidiary
Siam Retail Development Co., Ltd.	Common shareholder
Land and Houses Freehold and Leasehold Property Fund	Related company
LH Shopping Centers Leasehold Real Estate Investment Trust	Related company

Name of related parties	Relationship
LH Hotel Leasehold Real Estate Investment Trust	Related company
Trinity Securities Company Limited	Common director

During the years, the Group 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		
	2019	2018	2019	2018	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	483	450	3.00% - 4.50% p.a. (2018: 3.00% - 4.00% p.a.)
Management fee income	-	-	9	9	Approximate cost
Dividend income	-	-	1,728	233	Declared rate
Sales of land	-	-	36	56	Approximate cost
Compensation for using of land	-	-	327	86	Approximate cost
Interest expenses	-	-	17	13	1.65% - 2.13% p.a. (2018: 1.65% - 2.00% p.a.)
Purchase of land	-	-	177	-	Approximate cost
<u>Transactions with associates</u>					
Management fee income	-	3	-	-	Contract price
Interest income	53	36	36	23	The interest rate as declared by the bank
Dividend income	2,502	2,267	2,502	2,267	Declared rate
Purchases of goods	102	52	99	50	Cost plus margin
Purchase of land	11	-	11	-	Approximate cost
Property rental fee expenses	176	191	-	-	Contract price
<u>Transactions with related companies</u>					
Property management fee income	261	227	-	-	Contract price
Human-resources management income	31	31	-	-	Contract price
Dividend income	194	178	73	62	Declared rate
IT management fee income	4	4	-	-	Contract price
Interest income	17	16	-	-	3.05% - 3.10% p.a. (2018: 3.10% p.a.)
Sale of assets to REIT	4,155	-	-	-	Contract price
Rental and services expenses	79	79	60	58	Baht 250 - 960 per square meter per month (2018: Baht 250 - 900 per square meter per month)
Property rental fee expenses	816	769	-	-	Contract price

As at 31 December 2019 and 2018, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deposits at financial institution				
(shown under cash and cash equivalents)				
<u>Associate</u>				
Land and Houses Bank Plc.	3,295.9	4,991.1	2,015.9	3,830.0
Current investments (Note 9)				
<u>Associates</u>				
Land and Houses Bank Plc.	70.0	200.2	-	-
Land and Houses Fund Management Co., Ltd.	-	500.4	-	500.4
Total	70.0	700.6	-	500.4
Amounts due from and accounts receivables - related parties (Note 10)				
<u>Subsidiaries</u>				
(Eliminated from the consolidated financial statements)				
L H Asset Co., Ltd.	-	-	1.7	0.1
Land and Houses Northeast Co., Ltd.	-	-	-	13.4
	-	-	1.7	13.5
<u>Related companies</u>				
Quality Houses Leasehold Property Fund	1.6	1.5	-	-
Land and Houses Freehold and Leasehold Property Fund	1.3	4.2	-	-
Siam Retail Development Co., Ltd.	21.1	8.7	-	-
LH Shopping Centers Leasehold Real Estate Investment Trust	12.6	12.3	-	-
	36.6	26.7	-	-
Total	36.6	26.7	1.7	13.5
Short-term loans and accrued interest receivables - related parties				
<u>Subsidiaries</u>				
(Eliminated from the consolidated financial statements)				
Atlantic Real Estate Co., Ltd.	-	-	-	153.1
LH Mall & Hotel Co., Ltd.	-	-	-	2,328.9
L H Asset Co., Ltd.	-	-	-	715.8
Land and Houses Northeast Co., Ltd.	-	-	-	50.2
	-	-	-	3,248.0
<u>Associate</u>				
Land and Houses Bank Plc.	2.2	4.6	0.3	1.6
	2.2	4.6	0.3	1.6
<u>Related company</u>				
Reco Resorts Pte Ltd.	13.8	52.9	-	-
	13.8	52.9	-	-
Total	16.0	57.5	0.3	3,249.6

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Long-term loans and accrued interest receivables - related parties				
<u>Subsidiaries</u>				
(Eliminated from the consolidated financial statements)				
Atlantic Real Estate Co., Ltd.	-	-	30.1	-
L H Asset Co., Ltd.	-	-	2,441.1	-
Land and Houses Northeast Co., Ltd.	-	-	729.8	-
Siam Tanee Property Co., Ltd.	-	-	115.8	-
Land and Houses U.S.A., Inc.	-	-	9,264.0	9,611.1
	-	-	12,580.8	9,611.1
<u>Related company</u>				
Reco Resorts Pte Ltd.	536.2	560.0	-	-
	536.2	560.0	-	-
Total	536.2	560.0	12,580.8	9,611.1
Deposits to related company				
(shown under other non-current assets)				
<u>Related company</u>				
Quality Houses Leasehold Property Fund	15.7	15.7	12.4	12.4
Trade accounts payable - related parties (Note 23)				
<u>Associates</u>				
Quality Construction Products Plc.	6.7	5.6	6.7	5.6
Home Product Center Plc.	0.7	0.4	0.1	0.2
	7.4	6.0	6.8	5.8
<u>Related company</u>				
LH Shopping Centers Leasehold Real Estate Investment Trust	0.7	-	-	-
Total	8.1	6.0	6.8	5.8
Amounts due to related parties (Note 23)				
<u>Associates</u>				
Home Product Center Plc.	7.8	0.3	7.4	0.1
Land and Houses Property and Loan Fund-II	43.5	47.1	-	-
	51.3	47.4	7.4	0.1
<u>Related companies</u>				
Quality Houses Leasehold Property Fund	0.3	0.3	0.3	0.3
LH Hotel Leasehold Real Estate Investment Trust	233.6	178.0	-	-
LH Shopping Centers Leasehold Real Estate Investment Trust	-	0.2	-	-
	233.9	178.5	0.3	0.3
Total	285.2	225.9	7.7	0.4
Short-term loans and accrued interest payables - related parties				
<u>Subsidiary</u>				
(Eliminated from the consolidated financial statements)				
L&H Property Co., Ltd.	-	-	15.0	42.1
Total	-	-	15.0	42.1

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Long-term loan - related party				
<u>Subsidiary</u>				
(Eliminated from the consolidated financial statements)				
L&H Property Co., Ltd.	-	-	840.0	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 to related parties are unsecured loans to subsidiaries in the form of promissory notes without collateral. Interest charged at the rate between 3.40% and 4.50% per annum (2018: between 3.12% and 4.00% per annum). The loans are due at call and within 2022. As at 31 December 2019 loans are presented as long-term loans to related parties because the Company has no intention to call for such loans from subsidiaries within the next 12 months.

Long-term loan from related party is unsecured loan from L&H Property Co., Ltd. without collateral. Interest charged at the rate 2.13% per annum. The loan is repayable by 28 February 2022.

During the year 2019, movements of loans to/loans from between the Company, subsidiaries and related companies were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	1 January 2019	Increase	Decrease	31 December 2019
Short-term loans and accrued interest receivables - related parties				
<u>Associate</u>				
Land and Houses Bank Plc.	4.6	50.7	(53.1)	2.2
<u>Related company</u>				
Reco Resorts Pte Ltd.	52.9	16.7	(55.8)	13.8
Total	57.5	67.4	(108.9)	16.0
Long-term loan - related party				
<u>Related company</u>				
Reco Resorts Pte Ltd.	560.0	-	(23.8)	536.2

(Unit: Million Baht)

	Separate financial statements			31 December 2019
	1 January 2019	Increase	Decrease	
Short-term loans and accrued interest receivables - related parties				
<u>Subsidiaries</u>				
Atlantic Real Estate Co., Ltd.	153.1	-	(153.1)	-
LH Mall & Hotel Co., Ltd.	2,328.9	370.4	(2,699.3)	-
L H Asset Co., Ltd.	715.8	-	(715.8)	-
Land and Houses Northeast Co., Ltd.	50.2	-	(50.2)	-
	<u>3,248.0</u>	<u>370.4</u>	<u>(3,618.4)</u>	<u>-</u>
<u>Associate</u>				
Land and Houses Bank Plc.	1.6	33.3	(34.6)	0.3
Total	<u>3,249.6</u>	<u>403.7</u>	<u>(3,653.0)</u>	<u>0.3</u>
Long-term loans and accrued interest receivables - related parties				
<u>Subsidiaries</u>				
Atlantic Real Estate Co., Ltd.	-	439.4	(409.3)	30.1
L H Asset Co., Ltd.	-	2,666.8	(225.7)	2,441.1
Land and Houses Northeast Co., Ltd.	-	831.1	(101.3)	729.8
Siam Tanee Property Co., Ltd.	-	286.3	(170.5)	115.8
Land and Houses U.S.A., Inc.	9,611.1	337.9	(685.0)	9,264.0
Total	<u>9,611.1</u>	<u>4,561.5</u>	<u>(1,591.8)</u>	<u>12,580.8</u>
Short-term loans and accrued interest payables - related parties				
<u>Subsidiaries</u>				
L&H Property Co., Ltd.	42.1	17.3	(44.4)	15.0
Land and Houses North Co., Ltd.	-	15.0	(15.0)	-
L H Real Estate Co., Ltd.	-	15.0	(15.0)	-
Total	<u>42.1</u>	<u>47.3</u>	<u>(74.4)</u>	<u>15.0</u>
Long-term loan - related party				
<u>Subsidiary</u>				
L&H Property Co., Ltd.	<u>840.0</u>	<u>-</u>	<u>-</u>	<u>840.0</u>

Directors and management's benefits

During the year ended 31 December 2019 and 2018, the Group 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
	2019	2018	2019	2018
Short-term employee benefits	246,393	243,022	164,778	180,238
Post-employment benefits	6,904	9,632	2,264	3,968
Total	<u>253,297</u>	<u>252,654</u>	<u>167,042</u>	<u>184,206</u>

Commitments and contingent liabilities of related parties

The Group had commitments related to project management, consulting, and operating lease and service agreement with related companies as described in Note 37.

The Company had outstanding guarantee obligations with its related parties, as described in Note 37.3.

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cash	7,546	7,669	2,380	2,395
Bank deposits	2,293,875	3,034,728	1,335,606	1,986,106
Cheques in transit	8,842	668,428	5,314	665,673
Fixed deposits receipt	2,243,775	3,420,979	1,500,000	3,000,000
Total	4,554,038	7,131,804	2,843,300	5,654,174

As at 31 December 2019, bank deposits and fixed deposits receipt carried interests between 0.10% and 1.30% per annum (2018: between 0.10% and 1.25% per annum).

9. Current investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Fixed deposits over three months but not over one year	70,000	200,242	-	-
Investments in LH Money Market Fund - Cost	-	500,000	-	500,000
Add: Unrealised gain on changes in value of investments	-	390	-	390
Trading securities - fair value	-	500,390	-	500,390
Total	70,000	700,632	-	500,390

10. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<u>Trade receivables - unrelated parties</u>				
Not yet due	116,422	101,797	-	-
Past due				
Less than 3 months	11,525	45,932	-	-
3 - 6 months	3,442	5,502	-	-
6 - 9 months	247	345	-	-
9 - 12 months	-	2	-	-
Over 12 months	11	98	-	-
Total trade receivables - unrelated parties	131,647	153,676	-	-
<u>Other receivables</u>				
Amounts due from and accounts receivable - related parties	36,591	26,724	1,683	13,524
Others	55,602	48,167	39,241	41,963
Total other receivables	92,193	74,891	40,924	55,487
Total trade and other receivables	223,840	228,567	40,924	55,487

11. Real estate development costs (inventories)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Land	32,019,672	29,197,053	28,120,317	27,694,092
Land improvements	2,333,771	2,287,059	2,032,965	2,161,169
Construction in progress	13,077,720	10,732,624	12,176,752	10,417,488
Interest cost	2,380,389	2,615,581	2,252,163	2,533,761
Public utilities	3,604,891	3,509,468	3,086,640	3,238,885
Houses held for sales	271,244	242,455	91,354	77,598
Total	53,687,687	48,584,240	47,760,191	46,122,993
Less: Allowance for loss on diminution in project value	(314,082)	(340,967)	(219,844)	(222,658)
Inventories - net	53,373,605	48,243,273	47,540,347	45,900,335

In 2018, the Company transferred-in land held for development with net book value of Baht 1,171 million to inventories (2019: Nil).

During the years, the Group 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	
	2019	2018	2019	2018
Borrowing costs included in cost of land				
and construction in progress (Million Baht)	558	540	511	530
Capitalisation rate (Percent)	2.4	2.3	2.4	2.3

As at 31 December 2019 and 2018, the Group has mortgaged land and structures thereon to secure the Group's loans and the subsidiary's overdraft facilities with net book values as follows:

	Consolidated		(Unit: Million Baht) Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Net book value of land and structures				
thereon mortgaged as collateral	7,388	6,484	6,687	5,826

Movements of allowance for loss on diminution in value of projects during the year ended 31 December 2019 are summarised below.

	Consolidated		(Unit: Thousand Baht) Separate	
	financial statements		financial statements	
Balance as at 1 January 2019	340,967		222,658	
Add: Additional set up	13,756		13,756	
Less: Reversal due to sales	(40,641)		(16,570)	
Balance as at 31 December 2019	314,082		219,844	

12. Cost to obtain contracts with customers

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2019	-	-
Addition from retain earning adjustment	121,089	121,089
Addition during the year	54,246	54,246
Record as selling expenses during the year	(27,718)	(27,718)
Balance as at 31 December 2019	<u>147,617</u>	<u>147,617</u>

13. Restricted bank deposit

The balance as at 31 December 2019 and 2018 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 in advance of Grande Centre Point Hotel Ratchadamri Project. The subsidiary sold this project to LHHOTEL in June 2017.

14. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht)	
							Carrying amounts based on equity method	
	2019	2018	2019	2018	2019	2018	2019	2018
			(Percent)	(Percent)				
Atlantic Real Estate Co., Ltd.	15,000	15,000	99.99	99.99	14,998	14,998	(31,972)	(26,037)
LH Mall & Hotel Co., Ltd. and it subsidiaries	2,000,000	2,000,000	99.99	99.99	2,000,000	2,000,000	4,122,736	2,864,514
Land and Houses North Co., Ltd.	13,500	13,500	99.99	99.99	13,500	13,500	15,798	15,781
Land and Houses Northeast Co., Ltd.	150,000	150,000	99.99	99.99	149,999	149,999	346,781	325,691
Siam Tanee Property Co., Ltd. and its subsidiary	100,000	100,000	99.99	99.99	64,859	64,859	165,544	163,257
L H Real Estate Co., Ltd.	58,000	58,000	99.99	99.99	25,000	25,000	18,681	18,802
L H Asset Co., Ltd.	100,000	100,000	99.99	99.99	52,734	52,734	570,859	471,656
L.H. Muang Mai Co., Ltd.	900,000	900,000	55.00	55.00	495,000	495,000	672,246	689,871
L&H Property Co., Ltd.	130,000	130,000	60.00	60.00	174,000	174,000	209,326	306,851
Land and Houses U.S.A., Inc.	(a)	(a)	100.00	100.00	1,343,127	1,343,127	1,100,626	1,516,259
Asia Asset Advisory Co., Ltd.	100	100	99.94	99.94	100	100	876	993
					<u>4,333,317</u>	<u>4,333,317</u>	<u>7,191,501</u>	<u>6,347,638</u>

(a) As at 31 December 2019 and 2018, Land and Houses U.S.A., Inc. had paid-up capital amounted to USD 40 million.

14.2 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	
	2019	2018	2019	2018	2019	2018
Atlantic Real Estate Co., Ltd.	(5,935)	(14,823)	-	-	-	-
LH Mall & Hotel Co., Ltd. and its subsidiaries	2,612,746	210,668	265,477	125,481	1,620,001	-
Land and Houses North Co., Ltd.	17	5	-	-	-	-
Land and Houses Northeast Co., Ltd.	21,090	151,701	-	-	-	232,499
Siam Tanee Property Co., Ltd. and its subsidiary	2,287	7,538	-	-	-	-
L H Real Estate Co., Ltd.	(121)	(148)	-	-	-	-
L H Asset Co., Ltd.	99,203	(20,808)	-	-	-	-
L.H. Muang Mai Co., Ltd.	(17,625)	3,468	-	(48)	-	-
L&H Property Co., Ltd.	10,894	39,147	-	(3,234)	108,419	-
Land and Houses U.S.A., Inc.	(326,031)	736,763	(89,602)	(22,543)	-	-
Asia Asset Advisory Co., Ltd.	(117)	(165)	-	-	-	-
Total	<u>2,396,408</u>	<u>1,113,346</u>	<u>175,875</u>	<u>99,656</u>	<u>1,728,420</u>	<u>232,499</u>

14.3 Significant changes in investments in subsidiary

L&H Hotel Management Company Limited

On 1 September 2019, LH Mall & Hotel Company Limited ("LHMH"), the Company's 99.99% owned subsidiary, purchased 99,997 shares, or 99.997% of the paid-up capital of L&H Hotel Management Company Limited ("LHH") from L&H Property Company Limited ("LHP"), the Company's 60% owned subsidiary, at a purchasing price of Baht 706 per share or a total amount of Baht 70.60 million. As a result of the acquisition transaction, LHH will no longer be a subsidiary of LHP and become a subsidiary of LHMH instead. The transaction is considered a business combination under common control; therefore, there is no impact on the profit or loss in the consolidated financial statements of the Company.

Subsequently, on 26 September 2019, the Extraordinary Meeting of the Shareholders of LHH passed a resolution approving an increase in its registered share capital amounting to Baht 9 million by issuing additional 0.9 million ordinary shares with a par value of Baht 10 each. LHH has already received share subscription from LHMH. LHH registered the increase in its registered share capital with the Ministry of Commerce on 1 October 2019.

14.4 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	
	2019	2018	2019	2018	2019	2018	2019	2018
	(%)	(%)						
L.H. Muang Mai Co., Ltd.	45	45	550	564	(14)	3	-	-
L&H Property Co., Ltd.	40	40	170	205	37	26	72	-

14.5 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.		L&H Property Co., Ltd.	
	2019	2018	2019	2018
Current assets	1,621	1,209	470	1,041
Non-current assets	131	135	1,408	1,446
Current liabilities	(114)	(73)	(141)	(551)
Non-current liabilities	(416)	(17)	(1,314)	(1,424)

Summarised information about comprehensive income

(Unit: Million Baht)

For the year ended 31 December

	L.H. Muang Mai Co., Ltd.		L&H Property Co., Ltd.	
	2019	2018	2019	2018
Revenue	236	427	1,572	2,043
Profit (loss)	(32)	6	93	72
Other comprehensive income	-	-	-	(7)
Total comprehensive income	(32)	6	93	65

Summarised information about cash flow

(Unit: Million Baht)

For the year ended 31 December

	L.H. Muang Mai Co., Ltd.		L&H Property Co., Ltd.	
	2019	2018	2019	2018
Cash flow from (used in) operating activities	(695)	168	(162)	(151)
Cash flow from (used in) investing activities	4	64	157	(1,476)
Cash flow from (used in) financing activities	443	-	(181)	-
Net increase (decrease) in cash and cash equivalents	(248)	232	(186)	(1,627)

15. Investments in associates

15.1 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	
			2019	2018	2019	2018	2019	2018
LH Financial Group Plc.	Holding company	Thailand	21.88	21.88	4,538,712	4,538,712	9,015,458	8,697,404
Quality Construction Products Plc.	Manufacture of construction materials	Thailand	21.16	21.16	179,178	179,178	423,709	391,700
Home Product Center Plc.	Trading of construction materials	Thailand	30.23	30.23	1,489,020	1,489,020	7,009,218	6,639,182
Land and Houses Property and Loan Fund-II	Real estate business	Thailand	49.99	49.99	743,925	743,925	383,297	419,337
Quality Houses Plc.	Real estate business	Thailand	24.98	24.98	3,282,682	3,282,682	7,573,685	7,425,351
					<u>10,233,517</u>	<u>10,233,517</u>	<u>24,405,367</u>	<u>23,572,974</u>

15.2 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		Share of other comprehensive income		Dividend received	
	2019	2018	2019	2018	2019	2018
LH Financial Group Plc.	703,321	680,040	(14,486)	(126,268)	370,781	301,260
Quality Construction Products Plc.	38,018	12,117	(931)	2,706	5,078	2,539
Home Product Center Plc.	1,867,480	1,696,818	(26,369)	1,982	1,471,075	1,312,040
Land and Houses Property and Loan Fund-II	56,808	66,284	-	-	92,848	89,134
Quality Houses Plc.	716,883	949,234	(6,600)	(20,841)	561,949	561,948
Total	<u>3,382,510</u>	<u>3,404,493</u>	<u>(48,386)</u>	<u>(142,421)</u>	<u>2,501,731</u>	<u>2,266,921</u>

15.3 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	
	2019	2018
LH Financial Group Plc.	6,303	6,303
Quality Construction Products Plc.	440	374
Home Product Center Plc.	63,614	60,433
Quality Houses Plc.	6,797	6,958
Total	77,154	74,068

15.4 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.	
	2019	2018	2019	2018	2019	2018
Current assets	240,731	245,933	15,696	19,006	27,503	29,845
Non-current assets	-	-	36,353	35,805	23,395	24,303
Current liabilities	(199,568)	(206,224)	(22,289)	(23,560)	(10,860)	(14,223)
Non-current liabilities	-	-	(8,622)	(11,337)	(13,178)	(13,656)
Net assets	41,163	39,709	21,138	19,914	26,860	26,269
Shareholding percentage (%)	21.88	21.88	30.23	30.23	24.98	24.98
Share of net assets	9,006	8,688	6,390	6,020	6,710	6,561
Goodwill	9	9	619	619	864	864
Carrying amounts of associates based on equity method	9,015	8,697	7,009	6,639	7,574	7,425

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.	
	2019	2018	2019	2018	2019	2018
Revenue	7,904	7,060	67,424	66,050	12,876	18,118
Profit for the year	3,214	3,108	6,176	5,613	2,853	3,800
Other comprehensive income	(66)	(577)	(87)	6	(26)	(83)
Total comprehensive income	3,148	2,531	6,089	5,619	2,827	3,717

15.5 Aggregate amount of share of comprehensive income from other associates (exclude associates named in Note 15.4)

	(Unit: Million Baht)	
	For the year ended 31 December	
	2019	2018
Share of comprehensive income:		
Profit from continuing operations	95	78
Other comprehensive income	(1)	3
Total comprehensive income	94	81

15.6 The Company's consolidated and separate financial statements for the years ended 31 December 2019 and 2018 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	
	2019	2018	2019	2018
Audited by auditor and other auditors of the same firm				
LH Financial Group Plc.	9,015,458	8,697,404	703,321	680,040
Home Product Center Plc.	7,009,218	6,639,182	1,867,480	1,696,818
Land and Houses Property and Loan Fund-II	383,297	419,337	56,808	66,284
Quality Houses Plc.	7,573,685	7,425,351	716,883	949,234
Audited by other auditor				
Quality Construction Products Plc.	423,709	391,700	38,018	12,117
Total	24,405,367	23,572,974	3,382,510	3,404,493

16. Other long-term investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
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	2,381,276	1,091,343	1,091,343
Add: Changes in fair value of securities	1,192,952	863,631	289,171	291,696
Available-for-sale securities - net	<u>5,942,932</u>	<u>5,613,611</u>	<u>3,749,218</u>	<u>3,751,743</u>
Other investments				
Equity securities - Domestic	204,239	204,239	26,000	26,000
Unit trust - Domestic	165	165	-	-
Less: Allowance for impairment	<u>(110,500)</u>	<u>(110,500)</u>	<u>(26,000)</u>	<u>(26,000)</u>
Other investments - net	<u>93,904</u>	<u>93,904</u>	<u>-</u>	<u>-</u>
Total	<u>6,036,836</u>	<u>5,707,515</u>	<u>3,749,218</u>	<u>3,751,743</u>

As at 31 December 2019, a subsidiary has pledged domestic unit trust of approximately Baht 2,275 million (2018: Baht 1,862 million) to secure credit facilities from a financial institution.

17. Land held for development

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Land held for development	2,061,503	2,057,336	1,860,169	1,860,169
Less: Allowance for loss on diminution in value	<u>(724,301)</u>	<u>(720,134)</u>	<u>(652,509)</u>	<u>(652,509)</u>
Land held for development - net	<u>1,337,202</u>	<u>1,337,202</u>	<u>1,207,660</u>	<u>1,207,660</u>

During the year 2018, the Company transferred-out land held for development with net book value of Baht 1,171 million to inventories (2019: Nil).

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 Group, 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 2019 and 2018, 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	
	2019	2018
Net book value of mortgaged land held for development to secure loans	689	689

Movements in the allowance for loss on diminution in value of land held for development during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2019	720,134	652,509
Add: Additional set up	4,167	-
Balance as at 31 December 2019	724,301	652,509

18. Investment properties

The net book value of investment properties as at 31 December 2019 and 2018 is presented below.

	Consolidated financial statements			Separate financial statements		
	Vacant Land	Apartments	Total	Vacant Land	Apartments	Total
As at 31 December 2019:						
Cost	211,753	14,002,566	14,214,319	211,753	-	211,753
Less: Accumulated depreciation	-	(950,106)	(950,106)	-	-	-
Net book value	211,753	13,052,460	13,264,213	211,753	-	211,753
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

In May 2018, Land and Houses U.S.A., Inc. which is the Company's 100% owned subsidiary, 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 in 2018.

A reconciliation of the net book value of investment properties for the years 2019 and 2018 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Net book value at beginning of year	14,406,733	17,397,423	211,432	210,048
Acquisition of assets - at cost	171,666	581,368	321	1,384
Disposals - net book value	-	(3,118,424)	-	-
Depreciation charged	(314,719)	(354,111)	-	-
Translation adjustment	(999,467)	(99,523)	-	-
Net book value at end of year	<u>13,264,213</u>	<u>14,406,733</u>	<u>211,753</u>	<u>211,432</u>

The fair value of the investment properties as at 31 December 2019 and 2018 stated below:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Vacant land	220	220	220	220
Apartments	13,482 ⁽¹⁾	14,508 ⁽¹⁾	-	-

⁽¹⁾ As at 31 December 2019, the fair value is USD 447 million (2018: USD 447 million).

As at 31 December 2019 and 2018, the fair values of investment properties have been determined using the following approach.

- 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.
- Vacant land and 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.

The apartments with a total net book value as at 31 December 2019 of Baht 5,486 million (2018: Baht 5,995 million) have been pledged as collateral for long-term loans from overseas financial institutions.

19. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements								
	Land	Building and improvement	Office equipment	Furniture, fixture and equipment	Motor vehicles	Others	Assets under construction	Total
<u>Cost</u>								
1 January 2018	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
Additions	-	109	8,624	19,721	13,301	22,284	61,192	125,231
Disposals/write-off	-	(7,954)	(7,662)	(178,285)	(13,882)	(74,511)	-	(282,294)
Transfer in (out)	-	-	-	56,406	-	32	(56,438)	-
Translation adjustment	-	-	(35)	(72)	-	-	(1,591)	(1,698)
31 December 2019	28,857	63,038	200,059	548,167	147,864	203,905	161,508	1,353,398
<u>Accumulated depreciation</u>								
1 January 2018	-	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
Depreciation for the year	-	5,139	23,222	102,472	22,761	45,885	-	199,479
Depreciation on disposals/write-off	-	(4,793)	(5,093)	(115,121)	(9,588)	(48,148)	-	(182,743)
Translation adjustment	-	-	(26)	(128)	-	-	-	(154)
31 December 2019	-	40,156	142,784	273,278	102,406	106,693	-	665,317
<u>Allowance for impairment</u>								
1 January 2018	334	-	-	-	-	-	-	334
Increase	-	-	-	-	-	-	-	-
31 December 2018	334	-	-	-	-	-	-	334
Increase	-	-	-	-	-	-	-	-
31 December 2019	334	-	-	-	-	-	-	334
<u>Net book value</u>								
31 December 2018	28,523	31,073	74,451	364,342	59,212	147,144	158,345	863,090
31 December 2019	28,523	22,882	57,275	274,889	45,458	97,212	161,508	687,747
<u>Depreciation for the year</u>								
2018 (Baht 72 million included in cost of hotel operations and the balance in administrative expenses)								143,787
2019 (Baht 110 million included in cost of hotel operations and the balance in administrative expenses)								199,479

(Unit: Thousand Baht)

Separate financial statements

	Land	Building and improvement	Office equipment	Furniture, fixture and equipment	Motor vehicles	Other	Assets under construction	Total
<u>Cost</u>								
1 January 2018	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
Additions	-	-	6,367	16,207	13,044	1,358	45,570	82,546
Disposals/write-off	-	-	(1,242)	(17,807)	(10,719)	(551)	-	(30,319)
Transfer in (out)	-	-	-	27,063	-	32	(27,095)	-
31 December 2019	1,860	47,752	125,499	316,889	114,217	59,157	154,060	819,434
<u>Accumulated depreciation</u>								
1 January 2018	-	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
Depreciation for the year	-	1,778	9,359	34,307	16,308	2,703	-	64,455
Depreciation on disposals/write-off	-	-	(1,240)	(15,027)	(7,518)	(518)	-	(24,303)
31 December 2019	-	32,333	110,692	204,544	76,613	52,724	-	476,906
<u>Allowance for impairment</u>								
1 January 2018	334	-	-	-	-	-	-	334
Increase	-	-	-	-	-	-	-	-
31 December 2018	334	-	-	-	-	-	-	334
Increase	-	-	-	-	-	-	-	-
31 December 2019	334	-	-	-	-	-	-	334
<u>Net book value</u>								
31 December 2018	1,526	17,197	17,801	106,162	44,069	7,779	135,585	330,119
31 December 2019	1,526	15,419	14,807	112,345	37,604	6,433	154,060	342,194
<u>Depreciation for the year</u>								
2018 (The balance included in administrative expenses)								56,868
2019 (The balance included in administrative expenses)								64,455

As at 31 December 2019, the subsidiary had vehicles with net book value of Baht 6 million (2018: Baht 11 million) which were acquired under financial lease agreements.

As at 31 December 2019 and 2018, certain items of building and equipment of the Group 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	
	2019	2018	2019	2018
Building and equipment items have been fully depreciated but are still in use	431	399	382	327

20. Leasehold rights

(Unit: Thousand Baht)

Consolidated financial statements							
Project	Remaining periods of leasehold rights (years)	1 January			Disposals net		31 December 2019
		2019	Increase	Transfer out	book value	Amortisation	
Grande Centre Point Hotel Sukhumvit 55	-	1,530,384	-	-	(1,482,158)	(48,226)	-
Grande Centre Point Hotel Pattaya	29	1,263,748	2,053	(10,307)	-	(41,749)	1,213,745
Terminal 21 Shopping Center Pattaya	29	3,172,660	15,807	(51,620)	-	(104,208)	3,032,639
Terminal 21 Shopping Center Rama III	33	445,167	436,367	-	-	(12,004)	869,530
Vacant land	7, 30 and 39	240,642	387,326	-	-	(8,100)	613,868
Total		6,652,601	835,553	(61,927)	(1,482,158)	(214,287)	5,729,782

The amortisation of leasehold rights for the year 2019 of Baht 214 million (2018: Baht 109 million) included in cost of rental and services.

During the year ended 31 December 2019, the subsidiary included borrowing costs in leasehold rights totaling Baht 0.04 million (2018: Baht 40 million) with the capitalisation rate of 3.3 percent (2018: 3.3 percent)

As at 31 December 2019 and 2018, a subsidiary has pledged its land leasehold rights with construction thereon of Grande Centre Point Hotel Pattaya, Terminal 21 Shopping Center Pattaya and Terminal 21 Shopping Center Rama III project as collateral for bank overdrafts and long-term loans.

Grande Centre Point Hotel Sukhumvit 55

On 22 November 2019, LH Mall & Hotel Company Limited (“LHMH”), the Company’s 99.99% owned subsidiary, entered into an agreement to transfer the leasehold rights (lease agreement has a term of 27 years) and an agreement to sell movable assets of Grande Centre Point Hotel Sukhumvit 55 Project to LH Hotel Leasehold Real Estate Investment Trust (“LHHOTEL”) at a total price of Baht 4,155 million. The management of LHMH considered the selling prices was appropriated, considering to the equivalent

assets. LHMH had gains on such transactions totaling Baht 2,418 million (net of relevant expenses), and recognised such transactions in the profit or loss for the current year.

In addition, the Company provided letter of comfort to the lenders of LHHOTEL, relating to maintain the percentage of unit holding in LHHOTEL by LHMH 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.

21. Other intangible assets

The net book value of intangible assets (computer software) as at 31 December 2019 and 2018 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
Cost	100,827	95,515	56,112	54,059
Less: Accumulated amortisation	(59,554)	(50,229)	(40,909)	(37,414)
Net book value	<u>41,273</u>	<u>45,286</u>	<u>15,203</u>	<u>16,645</u>

A reconciliation of the net book value of intangible assets for the years 2019 and 2018 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
Net book value at beginning of year	45,286	34,716	16,645	17,835
Acquisition of computer software	8,394	22,685	2,375	2,585
Disposal and write-off during the year				
- net book value as at disposal date	(549)	(2,725)	-	-
Amortisation	(10,620)	(9,335)	(3,817)	(3,775)
Translation adjustment	(1,238)	(55)	-	-
Net book value at end of year	<u>41,273</u>	<u>45,286</u>	<u>15,203</u>	<u>16,645</u>
Amortisation for the year charged to				
Administrative expenses	10,620	9,335	3,817	3,775

22. Short-term loans from financial institution

(Unit: Thousand Baht)

	Interest rate		Consolidated	
	(percent per annum)		financial statements	
	2019	2018	2019	2018
Promissory notes	2.50 - 2.75	2.50 - 2.75	470,000	609,000
Total short-term loans from financial institution			<u>470,000</u>	<u>609,000</u>

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.

23. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Trade payables - unrelated parties	2,129,647	2,032,859	1,493,519	1,622,130
Trade payables - related parties	8,093	6,087	6,821	5,810
Other payables - related parties	285,216	225,930	7,733	420
Accrued expenses	1,211,131	1,266,542	939,210	1,009,771
Others	171,853	169,789	70,510	32,546
Total trade and other payables	<u>3,805,940</u>	<u>3,701,207</u>	<u>2,517,793</u>	<u>2,670,677</u>

24. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Long-term loans	10,221,585	9,605,318	4,000,000	4,000,000
Less: Current portion	(1,203,187)	(24,166)	-	-
Net	<u>9,018,398</u>	<u>9,581,152</u>	<u>4,000,000</u>	<u>4,000,000</u>

As at 31 December 2019 and 2018, long-term loans of the Group from financial institutions are shown below:

	Consolidated		Separate		Interest rate per annum (%)	Principal repayments	Guaranteed by
	financial statements		financial statements				
	2019	2018	2019	2018			
The Company	4,000	4,000	4,000	4,000	2.3%	Within April 2022	Land and premises of project
Subsidiaries							
LH Mall & Hotel Co., Ltd.*	2,950	2,550	-	-	MLR - 2.75	First repayment at end of March 2020 to December 2029	Leasehold and premises of project
	5	-	-	-	MLR - 2.75	First repayment at end of March 2025 to December 2032	Leasehold and premises of project
Land and Houses U.S.A., Inc.	1,007	1,108	-	-	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
	1,809	1,947	-	-	3.83%	Repayment within 5 years from the first drawdown date (USD 60 million)	Apartment of project
L H Muangmai Co., Ltd.	450	-	-	-	MLR - 2.25	Repayment of principal upon transfer of house of the project to customer or within 5 years from the first drawdown date	Land and premises of project
Total	10,221	9,605	4,000	4,000			
Less: Current portion	(1,203)	(24)	-	-			
Net	9,018	9,581	4,000	4,000			

* 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.

Movements of the long-term loans account during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2019	9,605,318	4,000,000
Add: Additional borrowings	855,000	-
Less: Repayment	(24,290)	-
Less: Translation adjustment	(214,443)	-
Balance as at 31 December 2019	10,221,585	4,000,000

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 2019 and 2018, there were available long-term loan facilities from financial institutions as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Undrawdown loan facilities	3,030	810	-	-

25. 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 2019, the Company has unissued debentures under the above mentioned approval totaling Baht 20,800 million (2018: Baht 19,550 million).

The outstanding balance of debentures as at 31 December 2019 and 2018 are detailed below.

No.	Interest rate per annum	Age	Repayment	Maturity	Consolidated and separate financial statements			
					Number of debenture (Shares)		Amount (Thousand Baht)	
					2019	2018	2019	2018
<u>Unsubordinated and unsecured debentures</u>								
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 (2)	Fixed rate 2.66%	4 years	At maturity	8 October 2019	-	1,000,000	-	1,000,000
No. 3/2015 (3)	Fixed rate 2.99%	5 years	At maturity	8 October 2020	1,000,000	1,000,000	1,000,000	1,000,000
No. 1/2016	Fixed rate 1.82%	3 years	At maturity	29 April 2019	-	5,000,000	-	5,000,000
No. 2/2016	Fixed rate 2.23%	3 years	At maturity	28 October 2019	-	7,250,000	-	7,250,000
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
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	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	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	5,000,000	5,000,000
No. 1/2019	Fixed rate 2.62%	3 years	At maturity	26 April 2022	6,000,000	-	6,000,000	-
No. 2/2019	Fixed rate 2.12%	3 years	At maturity	15 October 2022	7,000,000	-	7,000,000	-
Total					<u>39,200,000</u>	<u>40,450,000</u>	<u>39,200,000</u>	<u>40,450,000</u>
Less: Current portion of debentures							<u>(14,000,000)</u>	<u>(14,250,000)</u>
Net							<u>25,200,000</u>	<u>26,200,000</u>

Movements in the debentures during the year 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated and separate financial statements
Balance as at 1 January 2019	40,450,000
Add: Issue of new debenture	13,000,000
Less: Redemption	(14,250,000)
Balance as at 31 December 2019	<u>39,200,000</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.

26. Provisions

	(Unit: Thousand Baht)						
	Consolidated financial statements						
	After-sale maintenance expenses	Legal cases	Contributions to housing estate juristic persons	Public utilities maintenance	Damages from projects	Other	Total
As at 1 January 2018	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	91,646	852,274	291,165	131,489	31,805	15,000	1,413,379
Increase during the year	77,320	18,933	32,309	117,048	-	10,000	255,610
Reversal of provisions	-	(352,702)	-	-	(493)	-	(353,195)
Utilised	(73,332)	(57,041)	(29,881)	(88,654)	(13,756)	-	(262,664)
As at 31 December 2019	<u>95,634</u>	<u>461,464</u>	<u>293,593</u>	<u>159,883</u>	<u>17,556</u>	<u>25,000</u>	<u>1,053,130</u>
							(Unit: Thousand Baht)
							Separate financial statements
	After-sale maintenance expenses	Legal cases	Contributions to housing estate juristic persons	Public utilities maintenance	Damages from projects	Other	Total
As at 1 January 2018	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	88,998	852,274	282,510	130,718	31,805	-	1,386,305
Increase during the year	75,581	18,933	30,289	115,497	-	-	240,300
Reversal of provisions	-	(352,702)	-	-	(493)	-	(353,195)
Utilised	(71,260)	(57,041)	(27,574)	(87,860)	(13,756)	-	(257,491)
As at 31 December 2019	<u>93,319</u>	<u>461,464</u>	<u>285,225</u>	<u>158,355</u>	<u>17,556</u>	<u>-</u>	<u>1,015,919</u>

27. 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	
	2019	2018	2019	2018
Provision for long-term employee				
benefits at beginning of year	508,831	353,858	380,348	274,090
Included in profit or loss:				
Current service cost	37,395	23,237	22,031	14,191
Interest cost	13,739	10,653	10,269	8,329
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>(32,272)</u>	<u>(42,672)</u>	<u>(32,272)</u>	<u>(40,579)</u>
Provision for long-term employee				
benefits at end of year	<u>527,693</u>	<u>508,831</u>	<u>380,376</u>	<u>380,348</u>

On 13 December 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which was announced in the Royal Gazette on 5 April 2019. 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, with such employees 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 Group has additional long-term employee benefits liabilities of Baht 127 million (the Company only: Baht 100 million). The Group has recorded the effect of the change by recognising past service costs as expenses in the profit or loss in 2018.

The Group expects to pay Baht 15.1 million of long-term employee benefits during the next year (separate financial statements: Baht 14.7 million) (2018: Baht 29.5 million, separate financial statements: Baht 29.5 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 21 years (separate financial statements: 19 years) (2018: 21 years, separate financial statements: 19 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Discount rate	2.8% - 3%	2.8% - 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 2019 and 2018 are summarised below:

	(Unit: Million Baht)					
	As at 31 December 2019					
	Discount rate		Salary increase rate		Turnover rate	
	Increase 0.5%	Decrease 0.5%	Increase 1%	Decrease 1%	Increase 10%	Decrease 10%
Consolidated financial statements	(25)	27	59	(51)	(11)	11
Separate financial statements	(16)	17	38	(34)	(6)	6

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

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

During the years 2019 and 2018, movement of surplus on changes in value of available-for-sale investments are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Balance as at beginning of year	694,418	2,099,808	233,357	1,769,098
Changes during the year due to				
- Revaluation	329,321	(1,756,737)	(2,525)	(1,919,677)
- Income taxes	(65,864)	351,347	505	383,936
Balance as at end of year	<u>957,875</u>	<u>694,418</u>	<u>231,337</u>	<u>233,357</u>

29. Statutory reserve

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

According to the Thai Civil and Commercial Code, the subsidiaries are required to set aside to a statutory reserve an amount equal to at least five percent of its net profit each time the subsidiaries pay out a dividend, until such reserve reaches ten percent of their registered share capital. The statutory reserve cannot be used for dividend payment.

30. Revenue from contracts with customers

30.1 Disaggregated revenue information

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Type of goods or service:				
Revenue from sales of real estate	25,151,365	30,513,635	24,267,048	29,419,473
Revenue from hotel operations	2,970,202	2,543,526	-	-
Infrastructure service income	349,501	327,272	317,495	295,513
Project management income	296,325	265,111	-	-
Total revenue from contracts with customers	<u>28,767,393</u>	<u>33,649,544</u>	<u>24,584,543</u>	<u>29,714,986</u>
Rental income	1,639,995	924,685	-	-
Dividend	230,496	227,891	100,208	103,337
Interest income	75,827	74,024	523,809	490,652
Gain on sales of project	-	115,726	-	115,726
Gain on sales of properties	2,418,306	1,335,486	-	-
Others	175,332	119,783	67,908	87,537
Total Revenue	<u>33,307,349</u>	<u>36,447,139</u>	<u>25,276,468</u>	<u>30,512,238</u>
Timing of revenue recognition:				
Revenue recognised at a point in time	28,121,567	33,057,161	24,267,048	29,419,473
Revenue recognised over time	645,826	592,383	317,495	295,513
Total revenue from contracts with customers	<u>28,767,393</u>	<u>33,649,544</u>	<u>24,584,543</u>	<u>29,714,986</u>

Set out below is a reconciliation of the revenue from contracts with customers with the amounts disclosed in Note 34 relating to the segment information:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
External customers	28,767,393	33,649,544	24,584,543	29,714,986
Inter-segment	431,050	283,556	33,783	54,948
Total	29,198,443	33,933,100	24,618,326	29,769,934
Adjustments and eliminations	(431,050)	(283,556)	(33,783)	(54,948)
Total revenue from contracts with customers	<u>28,767,393</u>	<u>33,649,544</u>	<u>24,584,543</u>	<u>29,714,986</u>

30.2 Revenue recognised in relation to contract balances

During the current year, The Group has revenue recognised that was included in advances received from customers at the beginning of the year totaling Baht 919 million (Separate financial statements: Baht 899 million).

30.3 Revenue to be recognised for the remaining performance obligations

As at 31 December 2019, revenue totaling Baht 8,301 million is expected to be recognised in the future in respect of performance obligations under contracts with customers that are unsatisfied (Separate financial statements: Baht 8,202 million). The Group expects to satisfy these performance obligations within 3 years.

31. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Purchase of land and land held for development and payment of construction in progress during year	20,386	16,637	16,358	15,429
Changes in land, constructions in progress and land held for development	(5,130)	1,126	(1,640)	1,646
Salaries and wages and other employee benefits	1,398	1,557	1,203	1,360
Depreciation and amortisation expenses	737	616	68	61
Rental expenses from operating lease agreements	70	70	57	57

32. Income tax

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Current income tax:				
Current income tax charge	1,380,115	1,711,694	1,005,235	1,519,124
Deferred tax:				
Relating to origination and reversal of temporary differences	338,679	(4,164)	58,969	(26,040)
Income tax expenses reported in the statements of income	1,718,794	1,707,530	1,064,204	1,493,084

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax relating to gain/loss on changes in value of available-for- sale investments	(65,864)	351,347	505	383,936
Deferred tax relating to actuarial gain/loss	-	7,431	-	4,844
	(65,864)	358,778	505	388,780

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Accounting profit before tax	<u>11,766,487</u>	<u>12,211,893</u>	<u>11,089,110</u>	<u>11,968,512</u>
Applicable tax rate	20% and 28%	20% and 28%	20%	20%
Accounting profit before tax multiplied by income tax rate	2,318,256	2,505,476	2,217,822	2,393,702
Adjustment in respect of income tax of previous year	(5,433)	(153,339)	-	-
Effects of:				
Change in value of investments accounted for the equity method	(676,502)	(680,898)	(1,155,784)	(903,568)
Exempt dividend income	(10,495)	(12,480)	(10,484)	(12,478)
Non-deductible expenses	17,141	17,646	14,223	12,358
Additional expense deductions allowed	(20,518)	(11,965)	(1,208)	(1,554)
Unused tax losses	5,761	44	-	-
Exempt income	-	2,268	-	-
Reversal deferred tax asset as previously recorded	2,839	15,960	-	-
Items treated as revenue under the Revenue Code	86,019	3,878	-	1,170
Utilise of tax losses	(11)	(8,890)	-	-
Others	1,737	29,830	(365)	3,454
Total	<u>(594,029)</u>	<u>(644,607)</u>	<u>(1,153,618)</u>	<u>(900,618)</u>
Income tax expenses reported in the statement of income	<u>1,718,794</u>	<u>1,707,530</u>	<u>1,064,204</u>	<u>1,493,084</u>

The components of deferred tax assets and deferred tax liabilities as at 31 December 2019 and 2018 are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax assets				
Allowance for diminution in value of inventories and land held for development	184,334	180,689	174,470	175,033
Allowance for impairment of investments	5,200	5,200	5,200	5,200
Allowance for asset impairment	1,774	2,067	1,067	2,067
Accumulated depreciation - Clubhouse and pool	132,700	121,999	124,544	113,447
Accumulated amortisation - Leasehold rights	1,240,745	985,650	-	-
Accumulated amortisation - Intangible assets	3,772	5,464	-	-
Financial lease liabilities	2,294	3,170	-	-
Provisions	169,468	242,003	163,699	238,319
Provision for long-term employee benefits	102,853	98,914	76,075	76,069
Unused tax losses	316,435	309,432	-	-
Accrued land rental	71,044	41,192	-	-
Accrued interest payable	104,953	-	-	-
Interest expenses capitalised as costs of projects	11,339	-	11,339	-
Total	<u>2,346,911</u>	<u>1,995,780</u>	<u>556,394</u>	<u>610,135</u>
Deferred tax liabilities				
Rental income received in advance	(835)	-	-	-
Assets under finance lease	(1,128)	(2,226)	-	-
Gain on change in value of available-for-sale investments	(235,076)	(169,290)	(57,834)	(58,417)
Accumulated depreciation - Investment property	(366,016)	(377,254)	-	-
Advance payment	(1,079)	(2,309)	-	-
Advance received from sale of assets to REIT	(2,971,713)	(2,274,399)	-	-
Cost to obtain contracts with customers	(29,523)	-	(29,523)	-
Total	<u>(3,605,370)</u>	<u>(2,825,478)</u>	<u>(87,357)</u>	<u>(58,417)</u>
Deferred tax assets (liabilities) - net	<u>(1,258,459)</u>	<u>(829,698)</u>	<u>469,037</u>	<u>551,718</u>

As at 31 December 2019, the Group has deductible temporary differences and unused tax losses totaling Baht 840 million (2018: Baht 2,124 million) (The Company only: 2019 and 2018: Nil), on which deferred tax assets have not been recognised as the Group believes that the temporary differences and unused tax losses will not be used.

As at 31 December 2019, the unused tax losses amounting to Baht 41 million (2018: 1,643 million) will expire by 2022.

33. 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.

Consolidated and separate financial statements					
Profit for the year		Weighted average number of ordinary shares		Earnings per share	
2019	2018	2019	2018	2019	2018
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share					
Profit attributable to equity holders of the parent					
10,024,906	10,475,429	11,949,713	11,949,713	0.84	0.88

34. 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 Group are recognise 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, apartment for rent, hotel and project management.

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 Group' 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 Group, operating segments for the year ended 31 December 2019 and 2018, respectively.

(Unit: Million Baht)

For the year ended 31 December 2019						
	Real estate business	Rental and service business	Others	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	25,151	4,907	-	30,058	-	30,058
Inter-segment revenue	220	211	-	431	(431)	-
Interest income	528	48	-	576	(500)	76
Infrastructure service income	350	-	-	350	-	350
Finance cost	(710)	(625)	-	(1,335)	500	(835)
Depreciation and amortisation	(66)	(662)	-	(728)	-	(728)
Reversal of provision for legal cases	353	-	-	353	-	353
Gain on sales of properties	-	2,418	-	2,418	-	2,418
Share of profit from investments in associates accounted for by the equity method	755	57	2,571	3,383	-	3,383
Segment profit	5,598	2,797	2,571	10,966	407	11,373
Unallocated revenue and expenses:						
Other income						406
Other expenses						(12)
Income tax expenses						(1,719)
Non-controlling interests of the subsidiaries						(23)
Profit for the year						10,025

The following table present assets information regarding the Group operating segments for the year ended 31 December 2019.

(Unit: Million Baht)

	Real estate business	Rental and service business	Others	Total reportable segments	Unallocated assets	Consolidated financial statements
Segment assets	55,928	19,314	-	75,242	37,897	113,139
Investments in associates accounted for by the equity method	7,997	383	16,025	24,405	-	24,405
Increase (decrease) in non-current assets other than financial instruments and deferred tax assets	846	(1,927)	-	(1,081)	-	(1,081)

(Unit: Million Baht)

For the year ended 31 December 2018

	Real estate business	Rental and service business	Others	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	30,514	3,733	-	34,247	-	34,247
Inter-segment revenue	55	229	-	284	(284)	-
Interest income	498	40	-	538	(464)	74
Infrastructure service income	327	-	-	327	-	327
Finance cost	(556)	(610)	-	(1,166)	435	(731)
Depreciation and amortisation	(63)	(553)	-	(616)	-	(616)
Reversal of provision for legal cases	270	-	-	270	-	270
Gain on sales of properties	-	1,335	-	1,335	-	1,335
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 Group operating segments for the year ended 31 December 2018.

	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)

Geographic information

Revenue from external customers is based on locations of the customers of the Group which are summarised as follow:

	(Unit: Million Baht)	
	<u>2019</u>	<u>2018</u>
Revenue from external customers		
Thailand	29,413	33,532
United States of America	645	715
Total	<u>30,058</u>	<u>34,247</u>
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	8,225	9,085
United States of America	13,148	14,238
Total	<u>21,373</u>	<u>23,323</u>

Major customers

For the years 2019 and 2018, the Group has no major customer with revenue of 10% or more of an entity's revenues.

35. 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 Group contributed to the provident fund as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	<u>financial statements</u>	<u>financial statements</u>	<u>financial statements</u>	<u>financial statements</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Contribution to provident fund	58	55	35	36

36. 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	
						not entitled to dividend	Net dividend paid
		(Baht)	(Baht)	(Baht)	(Million Baht)	(Million Baht)	(Million Baht)
Final dividend for 2017	Annual General Meeting of the shareholders on 26 April 2018	0.75	(0.40)	0.35	4,183	(1)	4,182
Interim dividend for 2018	Board of Directors' Meeting on 14 August 2018	0.40	-	0.40	4,779	-	4,779
Total for 2018							<u>8,961</u>
Final dividend for 2018	Annual General Meeting of the shareholders on 25 April 2019	0.75	(0.40)	0.35	4,183	(1)	4,182
Interim dividend for 2019	Board of Directors' Meeting on 14 August 2019	0.30	-	0.30	3,585	(1)	3,584
Total for 2019							<u>7,766</u>

37. Commitments and contingent liabilities

37.1 Commitments

37.1.1 As at 31 December 2019 and 2018, the Group has commitments under construction contracts as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
Commitments under construction contracts	5,385	3,586	3,228	3,359
Commitment in respect of the installation of public utilities of projects on hand	1,389	1,210	1,287	1,182

37.1.2 As at 31 December 2019 and 2018, 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 2019: already paid Baht 16 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 2019 and 2018, LHP is committed to pay security expenses at the rate of Baht 16,740 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 2019: already paid Baht 20 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 2019: already paid Baht 14 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.

The rentals under the above land lease agreement are recognised as liabilities in the consolidated financial statements, at present value, as part of relevant expenses in the sales of assets of Grande Centre Point Hotel Sukhumvit 55 Project to REIT as described in Note 20.

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 (As at 31 December 2019: already paid Baht 24 million in total)</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 (As at 31 December 2019: already paid Baht 4 million in total)</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.

g) Land lease agreements - LHMH

Agreement date	Agreement period	Rental rate
15 August 2019	30 years*	Land leasing fee is to be monthly paid as follows 1st - 3rd year, total rental payment of Baht 25 million 4th - 6th year, total rental payment of Baht 28 million 7th - 9th year, total rental payment of Baht 32 million 10th - 12th year, total rental payment of Baht 36 million 13th - 15th year, total rental payment of Baht 40 million 16th - 18th year, total rental payment of Baht 45 million 19th - 21st year, total rental payment of Baht 50 million 22nd - 24th year, total rental payment of Baht 56 million 25th - 27th year, total rental payment of Baht 63 million 28th - 30th year, total rental payment of Baht 70 million

* The agreement runs from 1 September 2022. However, the lessor consented to allow LHMH to develop or construct on the leased land between 1 September 2019 and 31 August 2022.

37.1.3 As at 31 December 2019 and 2018, the subsidiaries are 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 July 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
	Grande Centre Point Hotel Sukhumvit 55	From 22 November 2019 to 31 December 2022

The subsidiaries have the following minimum lease payments required under the lease agreements for the fixed rental.

	(Unit: Million Baht)	
	Consolidated	
	financial statements	
	2019	2018
Payable:		
In up to 1 year	690	599
In over 1 and up to 3 years	791	809

37.1.4 As at 31 December 2019 and 2018, the Company has commitment related to purchase of land as follows.

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	2019	2018
Commitment to purchase of land	2,522	1,481

37.1.5 As at 31 December 2019, the subsidiaries have servitude over land of approximately 126 rai (2018: 100 rai) of which the cost is included in the cost of projects.

37.1.6 Operating lease commitments

The Group has entered into lease agreements in respect of office building space. The terms of the agreements are 3 years.

As at 31 December 2019 and 2018, the future minimum lease payments required under these non-cancellable contracts were as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Payable:				
In up to 1 year	61	56	48	47
In over 1 and up to 3 years	21	63	14	54

37.1.7 On 19 December 2019, LH Mall & Hotel Co., Ltd. (“LHMH”), the Company’s 99.99% owned subsidiary, entered into a Memorandum of Understanding (MOU) in relation to land lease agreement with a company. LHMH had commitment under the MOU totaling Baht 2,130 million, comprising Baht 585 million for commission and Baht 150 million of which was already paid as at the MOU date with the remainder of Baht 435 million to be paid, and commission for land lease agreement during the annual rental fee totaling Baht 1,545 million.

37.2 Bank guarantees

As at 31 December 2019 and 2018, there were the following outstanding bank guarantees issued by the banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Letter of guarantees for arrangement and maintenance of public utilities	4,474	4,183	3,996	3,956
Letter of guarantees for electricity usage	70	68	40	49
	<u>4,544</u>	<u>4,251</u>	<u>4,036</u>	<u>4,005</u>

37.3 Guarantees

37.3.1 As at 31 December 2019 and 2018, the Company has the following obligations in respect of guarantees.

(Unit: Million Baht)

Guarantor	Guarantee	2019	2018
Land and Houses Plc.	Customers	<u>7</u>	<u>7</u>

37.3.2 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 2019, the subsidiaries have outstanding loans related to guarantee portion of the Company as specified in the letter of comfort amounting to Baht 3,425 million (2018: Baht 3,159 million).

37.4 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, claiming 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. Subsequently, in September 2019, the Supreme Court overruled the judgement of the Appeal Court and ordered the Company and Atlantic Real Estate Co., Ltd., to

transfer 2 plots of the disputed land which is the public thoroughfares of the project to the plaintiffs. Currently, the Company is under the process of transferring 2 plots of the disputed land to the two housing estate juristic persons.

In February 2009, the Company and the 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) The Appeal Court has suspended the civil case of Baht 310 million while waiting for the Court decision of the civil case of Baht 800 million. Subsequently, on 21 October 2019, the plaintiffs requested to withdraw the case. Currently, the case is withdrawn and dismissed by the Court.
 - b) On 10 August 2012, the Court of First Instance pronounced its judgement 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 overruled the judgement of the Court of First Instance and ordered 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. In October 2019, the Supreme Court overruled the judgement of the Appeal Court and ordered the Company to pay for damages of Baht 31 million plus interest at a rate of 7.5% per annum commencing from 10 December 2008 until the full amount is paid. On 15 November 2019, the Company had already paid for damages of Baht 57 million to the plaintiff.
- 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) As at 31 December 2019, the Company has been sued for breach of agreements, claiming for a total of Baht 155 million (31 December 2018: Baht 153 million).

As at 31 December 2019, the Company has set aside a provision of Baht 461 million for liabilities arising as a result of the legal cases (31 December 2018: Baht 852 million).

38. Fair value hierarchy

As at 31 December 2019 and 2018, the Group 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 2019			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Other long-term investments - Available-for-sale securities				
Equity securities - Overseas	2,579	-	-	2,579
Investment units - Domestic	3,364	-	-	3,364
Assets for which fair value are disclosed				
Investments in associates that are listed				
companies on the Stock Exchange	77,154	-	-	77,154
Investment properties	-	-	13,702	13,702
Favourable cross currency and interest rate				
swap agreements	-	913	-	913
Liabilities for which fair value are disclosed				
Long-term loans	-	-	10,222	10,222
Debentures	-	36,783	-	36,783

(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
Assets for which fair value are disclosed				
Investments in associates that are listed				
companies on the Stock Exchange	74,068	-	-	74,068
Investment properties	-	-	14,728	14,728
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)

Separate financial statements				
As at 31 December 2019				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Other long-term investments - Available-for-sale securities				
Equity securities - Overseas	2,579	-	-	2,579
Investment units - Domestic	1,170	-	-	1,170
Assets for which fair value are disclosed				
Investments in associates that are listed				
companies on the Stock Exchange	77,154	-	-	77,154
Investment properties	-	-	220	220
Favourable cross currency and interest rate				
swap agreements	-	897	-	897
Liabilities for which fair value are disclosed				
Long-term loans	-	-	4,000	4,000
Debentures	-	36,783	-	36,783

(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	-	-	220	220
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

39. Financial instruments

39.1 Financial risk management

The Group' 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 Group are exposed to credit risk primarily with respect to trade and other receivables and loans. The Group 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 Group' 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 Group' 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 2019 and 2018, 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						
	2019						
	Fixed interest rates			Floating	Non-interest	Total	Effective interest rate
	At call	Within 1 year	1 - 5 years	interest rate	bearing		
							(% p.a.)
<u>Financial assets</u>							
Cash and cash equivalents	214	2,030	-	2,068	242	4,554	Note 8
Current investment	-	70	-	-	-	70	1.90
Trade and other receivables	-	-	-	-	224	224	-
Restricted bank deposit	-	-	-	11	-	11	0.375
Other investments							
- Available-for-sale securities	-	-	-	-	5,943	5,943	-
Loans to related party	-	-	536	-	-	536	3.10
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	3,806	3,806	-
Short-term loans	-	470	-	-	-	470	Note 22
Long-term loans	-	-	4,000	6,222	-	10,222	Note 24
Debentures	-	14,000	25,200	-	-	39,200	Note 25

(Unit: Million Baht)

	Separate financial statements						
	2019						
	Fixed interest rates			Floating	Non-interest	Total	Effective interest rate
	At call	Within 1 year	1 - 5 years	interest rate	bearing		
							(% p.a.)
<u>Financial assets</u>							
Cash and cash equivalents	-	1,500	-	1,320	23	2,843	Note 8
Trade and other receivables	-	-	-	-	41	41	-
Loans to related parties	-	-	12,137	-	-	12,137	3.12 - 4.50
Other investments							
- Available-for-sale securities	-	-	-	-	3,749	3,749	-
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	2,518	2,518	-
Loans from related party	-	-	840	-	-	840	2.13
Long-term loans	-	-	4,000	-	-	4,000	Note 24
Debentures	-	14,000	25,200	-	-	39,200	Note 25

(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 assets</u>							
Cash and cash equivalents	73	3,348	-	2,798	913	7,132	Note 8
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
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	3,701	3,701	-
Short-term loans	-	609	-	-	-	609	Note 22
Long-term loans	-	-	5,947	3,658	-	9,605	Note 24
Debentures	-	14,250	26,200	-	-	40,450	Note 25

(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	715	5,654	Note 8
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 24
Debentures	-	14,250	26,200	-	-	40,450	Note 25

Foreign currency risk

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

As at 31 December 2019 and 2018, 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	
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Philippines Peso	2,629	2,699	-	-	0.5946	0.6183
US Dollar	3	2	93	93	30.1540	32.4498

Foreign currencies	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Philippines Peso	2,629	2,699	-	-	0.5946	0.6183
US Dollar	309	299	-	-	30.1540	32.4498

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 24. The details of the Cross Currency and Interest Rate Swap agreements outstanding as at 31 December 2019 and 2018 are as follows:

Consolidated financial statements				
As at 31 December 2019				
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 1,733.4 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 1,894.8 million	Fixed rate 2.60%	USD 60.0 million	Fixed rate 3.725%	29 May 2020
Baht 560.0 million	Fixed rate 2.13%	USD 17.9 million	Fixed rate 3.05%	28 February 2022

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As at 31 December 2019

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 1,733.4 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 1,894.8 million	Fixed rate 2.60%	USD 60.0 million	Fixed rate 3.725%	29 May 2020

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

39.2 Fair values of financial instruments

The estimated fair values of financial instruments as at 31 December 2019 and 2018, 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	
	2019	2018	2019	2018	2019	2018	2019	2018
<u>Financial assets</u>								
Cash and cash equivalents	4,554	7,132	4,554	7,132	2,843	5,654	2,843	5,654
Current investments	70	700	70	700	-	500	-	500
Trade and other receivables	224	229	224	229	41	55	41	55
Restricted bank deposit	11	10	11	10	-	-	-	-
Loans to related parties	536	580	536	580	12,137	12,798	12,137	12,798
Other investments								
- Available-for-sale securities	5,943	5,614	5,943	5,614	3,749	3,752	3,749	3,752
<u>Financial liabilities</u>								
Trade and other payables	3,806	3,701	3,806	3,701	2,518	2,617	2,518	2,617
Loans from related parties	-	-	-	-	840	870	840	870
Short-term loans	470	609	470	609	-	-	-	-
Long-term loans	10,222	9,605	10,222	9,605	4,000	4,000	4,000	4,000
Debentures	39,200	40,450	36,783	38,003	39,200	40,450	36,783	38,003

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
	2019	2018	2019	2018
	Fair value	Fair value	Fair value	Fair value
	Gain	Gain	Gain	Gain
<u>Cross Currency and Interest</u>				
Rate Swap agreements	913	248	897	248

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

- a) For financial assets and liabilities which have short-term maturity, including cash and deposit at financial institutions, accounts 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.

40. 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 2019, the Group's debt-to-equity ratio was 1.13:1 (2018: 1.22:1) and the Company's was 0.95:1 (2018: 1.04:1).

41. Subsequent events after reporting period

On 27 February 2020, 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 2019 of Baht 0.70 per share. However, since the Board of Directors previously approved an interim dividend from profit of the year 2019 amounting to Baht 0.30 per share, the Board will propose the remaining dividend payment of Baht 0.40 per share, amounting to Baht 4,780 million. The payment of such dividend shall be made within May 2020.

42. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2020.