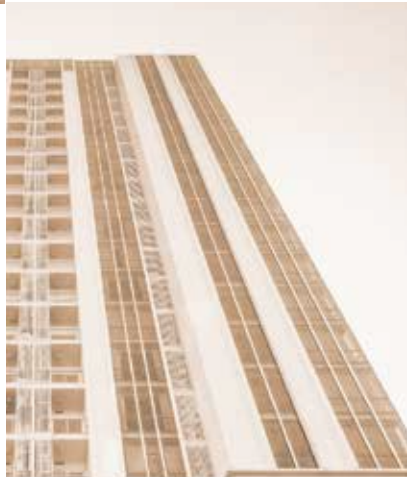




Land and Houses Public Company Limited

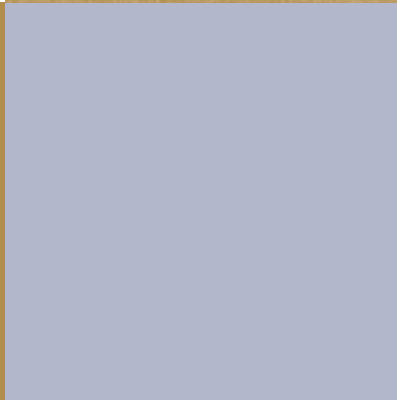
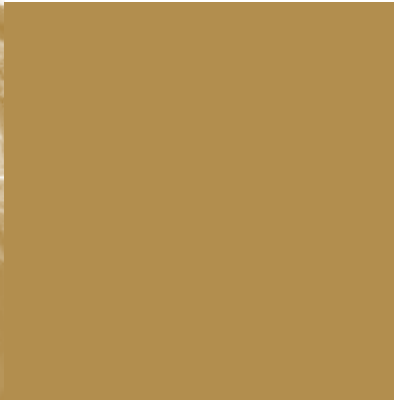
Annual Report
2015



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*Investors can find additional securities issuer
information in the Company's Form 56-1
disclosed at www.sec.or.th or the Company's
website at www.lh.co.th*



2015 Highlight

Land and Houses Public Co., Ltd. & Subsidiaries

	2015	2014	%
Operating Result			
Number of Active Projects	76	85	(10.6)
Earning Ability			
Return on Total Revenues	27.29%	26.38%	3.5
Highlight of The Financial Statement (million baht)			
Total Revenues	29,025	31,932	(9.1)
Net Profit	7,920	8,423	(6.0)
Inventories	48,118	43,487	10.7
Total Assets	98,070	86,888	12.9
Total Shareholders' Equity Including Minority Interest	46,895	44,275	5.9
Per Share Data			
Earning Per Share	0.69	0.80	(13.8)
Book Value	3.89	3.90	(0.2)
Market Price (at year end)	9.45	9.05	4.4
Number of Outstanding Shares (million shares)	11,730	10,986	6.8

Report of the Chairman

Dear Shareholders,

In 2015, the Company booked revenue of 24,700 million baht from the residential business, down 21.6% from the level in 2014. Of the total, 76% were detached houses, 6% were townhouses and 18% were condominium units. Realized revenue from residential unit transfers was 24,223 million baht, down 7% from 2014, with detached houses making up 70%, townhouses 5% and condominium units 25%.

During the year, the Company launched 9 projects, with total value of 26,940 million baht. Of all new projects, 7 were detached house projects worth a combined 25,660 million baht, 2 were townhouse projects worth 1,280 million baht.

Other developments in the past year of the Company and its subsidiaries were:

- Two lots of debentures, totaling 15,000 million baht, were issued, with an average annual average coupon rate of 2.8%.
- An interim dividend was paid for the operation in the first six months of 2015 at 0.25 baht a share.
- Land and Houses USA, Inc., a 100%-owned subsidiary of the Company, bought a 111-unit apartment building in San Mateo, California, on February 12, 2015 for US\$73.625 (2,717.49 million baht). On June 19 of this year, it sold an apartment building in California bought in December 2012 for 607.81 million baht, making a 217.48-million-baht profit.
- L&H Property Co., Ltd., a 60%-owned subsidiary, sold its Grande Centre Point Terminal 21 hotel to a real estate investment trust (REIT) it had set up, generating 3,715 million baht in revenue.
- Pacific Real Estate Co., Ltd., a 99.99%-owned subsidiary, entered into a contract to lease a land plot in Pattaya for 30 years on August 4, 2015. The plot, of 32 rai, 3 ngan and 38 square wah (12.99 acres), will be developed into a hotel and shopping mall complex under the Terminal 21 Pattaya brand. Pacific Real Estate Co., Ltd. also changed its name to LH Mall and Hotel Co., Ltd, with registration taking place on December 24, 2015.

The Company remains committed to constantly developing products and services to ensure quality products and services which are acceptable and trusted by consumers. We also focus on strictly adhering to good corporate governance principle, corporate social responsibility and the environment.

Finally, I would like to express my sincere gratitude to our customers, shareholders, employees, financial institutions, suppliers and contractors, who have always strongly supported us in our efforts to build warm families and create quality communities and the environment under all Land & Houses projects.

Sincerely,



(Anant Asavabhokhin)
Chairman

Report of the Audit Committee

Dear Shareholders,

The Audit Committee of Land and Houses Plc. consists of independent directors with expertise and experiences in law, accounting, finance and management. In 2015, it had three members. Mr. Pakhawat Kovithvathanaphong was appointed chairman, replacing Mr. Prathip Wongnirund who resigned on April 23, 2015. The other members were Mr. Wisanu Subsompon and Mr. Piphob Veeraphong, who joined the committee on February 24 and May 12, 2015 respectively. All of them are not executives or employees of the Company.

In 2015, the Audit Committee held 6 meetings:

Name	Attendance/ Total Number of Meetings	Appointment Date	Resignation Date
1. Mr. Prathip Wongnirund	1/1		April 23, 2015
2. Mr. Pakhawat Kovithvathanaphong	6/6		
3. Mr. Wisanu Subsompon	5/5	February 24, 2015	
4. Mr. Piphob Veeraphong	3/4	May 12, 2015	

The Audit Committee performed its duties assigned by the Board of Directors and Auditors and in line with the Articles of Association on criteria and guidelines for the Audit Committee, which are in accordance with the guidelines of the Stock Exchange of Thailand, by focusing on compliance with good corporate governance and a good internal audit system. To optimize its efficiencies, the external auditors, the senior vice presidents of the Accounting Department and executives from other departments were invited to join the meetings to discuss related issues. The sixth meeting was held exclusively with the external auditors without management or executives from other departments as the Audit Committee wanted to learn about their work environment and to exchange views with them.

The major activities of the Audit Committee were:

1. Reviewing the credibility of the Company's quarterly and annual financial statements for the benefits of investors or financial statements. The Audit Committee was of the opinion the Company's financial reporting was accurate, credible and in line with generally accepted accounting standards.
2. Reviewing and constantly following up on the internal control and audit systems by asking the external auditors and the Company's Internal Audit and System Development Department to regularly report their concerns to the Committee. The objective was to ensure adequate and prompt actions could be taken at all times in line with the rapidly changing situation.

The Audit Committee did not find any significant internal control flaw and the external auditors and Internal Audit and System Development Department shared the same view.

3. Reviewing and following up regularly on important legal disputes of the Company by proposing that the Company adhere to lawful guidelines on securities and the stipulations of the Stock Exchange of Thailand and other laws related to the Company's businesses.

The Audit Committee did not find any irregularity which could lead to significant violations of government rules and regulations or related laws.

4. Reviewing the transactions between the Company and connected parties or items with potential conflicts of interest to promote accurate, conclusive and accountable disclosures in which the interests of all stakeholders had been taken into consideration.

The Committee found the Company had complied with the rules and these transactions were normal and comparable to those conducted with other operators.

5. Selecting the external auditors based on their independence, reputation and past performances, as well as their remuneration, for this year. The Audit Committee proposed the appointment of the external auditors from EY Office Limited to the Board of Directors and the Company's shareholders approved it at the 2015 annual general shareholders meeting.
6. Constantly emphasizing good corporate governance based on the principles of the Stock Exchange of Thailand and the Securities and Exchange Commission to set higher working standards than normally accepted ones. The Committee also proposed that the Company focus on sustainable development by conducting its business with corporate social responsibility. It also proposed that the Company step up its anti-corruption efforts by declaring its intention and determination to fight all forms of corruption.
7. The Audit Committee performed its duties independently throughout the year and evaluated itself at the end of the year to review comprehensiveness and accuracy within the scope defined in the Audit Committee Charter.

The Audit Committee applied its knowledge, capabilities and adequate caution in the best interests of all stakeholders indiscriminately. It was of the opinion that the Company had recognized the importance of the interests of all shareholders and had performed its duty within the framework of the established good corporate governance principles with no significant flaws.



(Pakhawat Kovithvathanaphong)
Chairman of the Audit Committee

Report of The Nomination and Compensation Committee

Dear Shareholders,

The Nomination and Compensation Committee comprises three directors, two of whom are independent directors and one of whom is executive director of the Company namely;

- | | |
|----------------------------------|---|
| 1. Mr. Piphob Veraphong | Chairman of Nomination and Compensation Committee
(appointed on 12 May 2015 replacing
Mr. Pakhawat Kovithvathanaphong who was
appointed to be Chairman of Audit Committee) |
| 2. Mr. Wisanu Subsompon | Member of Nomination and Compensation Committee. |
| 3. Mr. Adisorn Thananan-narapool | Member of Nomination and Compensation Committee. |

In 2015, the Nomination and Compensation Committee held 2 meetings to consider various agendas and proposed the report of meeting together with comments and recommendation to the Board of Directors' Meeting as follows;

1. To nominate qualified person as the company's directors replacing those who resigned.
2. To nominate qualified person as the company's directors replacing those who retired by rotation.
3. To consider and allocate bonus to directors.
4. To determine and fix remuneration for directors.
5. To consider and extend the employment period to Chairman of Executive Committee
6. To review salary increase and bonus to Chairman of Executive Committee.

Yours sincerely,



(Mr. Piphob Veraphong)
Chairman of the Nomination and
Compensation Committee

Report of the Risk Management Committee

Dear Shareholders,

In 2015, the Risk Management Committee met 3 times. All members attended the meetings and executives were invited to join as appropriate. The summary of what the Committee had done is as follows:

1. Considering approving the risk management policy, risk management structure, risk management process and the Company's risk management handbook it had prepared
2. Considering appointing the Risk Management Working Committee, comprising a risk coordinator and risk owner representatives to ensure uninterrupted risk management and optimal efficiencies
3. Considering and providing guidelines and suggestions on how to develop work systems and tools to monitor risk management operations in line with the established risk management process

The Committee took action in 2015 to ensure risks were adequately and properly managed, with continued compliance with the process, so the Company could achieve its business goals and for the utmost benefits of shareholders and all stakeholder groups.



(Wisanu Subsompon)
Chairman, Risk Management Committee

Revenue Structure

Product	Operated by	% Hold	2015		2014		2013	
			Million Baht	%	Million Baht	%	Million Baht	%
1. Real Estate Business								
Detached houses	The Company		16,227	60.1	17,891	62.2	17,341	67.4
	Subsidiary : Atlantic Real Estate Co., Ltd.	100	-	-	187	0.6	625	2.4
	Subsidiary : Land & Houses Northeast Co., Ltd.	100	-	-	8	-	13	0.1
	Subsidiary : LH Muang Mai Co., Ltd.	55	319	1.2	428	1.5	334	1.3
	Subsidiary : LH Asset Co., Ltd.	100	121	0.5	98	0.3	17	0.1
	Subsidiary : Siam Thanee Property	100	-	-	201	0.7		
Total revenue from detached house			16,668	61.8	18,813	65.4	18,330	71.2
Townhouses	The Company		993	3.7	801	2.8	1,160	4.5
	Subsidiary : LH Asset Co., Ltd.	100	37	0.1	394	1.4	427	1.7
	Subsidiary : Land & Houses Northeast Co., Ltd.	100	309	1.2	478	1.7	141	0.5
Total revenue from Townhouses			1,338	5.0	1,673	5.8	1,728	6.7
Condominiums	The Company		6,199	23.0	5,348	18.6	2,882	11.2
Total revenue from Condominiums			6,199	23.0	5,348	18.6	2,882	11.2
Land	The Company		10	0.0	158	0.5	-	-
	Subsidiary : Land & Houses Northeast Co.,Ltd.	100	8	0.0	-	-	-	-
	Subsidiary : LH Asset Co.,Ltd.	100	-	-	5	-	-	-
	Subsidiary : LH Muang Mai Co.,Ltd.	55	-	-	40	0.1	-	-
Total revenue from Land			18	0.1	203	0.7	-	-
Total revenue from Real Estate Business			24,223	89.8	26,037	90.5	22,940	89.1
2. Rental income	Subsidiary : L&H Property Co., Ltd.	60	1,589	5.9	2,002	7.0	2,044	7.9
	Subsidiary : Land and Houses U.S.A. Inc.	100	427	1.5	278	0.9	92	0.4
	Subsidiary : LH Mall and Hotel Co., Ltd.	100	20	0.1	-	-	-	-
Total revenue from Rental income			2,036	7.5	2,280	7.9	2,136	8.3
3. Other income			729	2.7	467	1.6	666	2.6
4. Total revenue (1+2+3)			26,988	100.0	28,784	100.0	25,742	100.0
5. Share of income from investment in associates			2,437	9.0	2,210	7.7	2,108	8.2
6. Gain on sales of assets to REIT	Subsidiary : L&H Property Co., Ltd.	60	2,037	7.5	3,148	10.9	-	-
Total revenue (4+5+6)			31,462	116.5	34,142	118.6	27,850	108.2

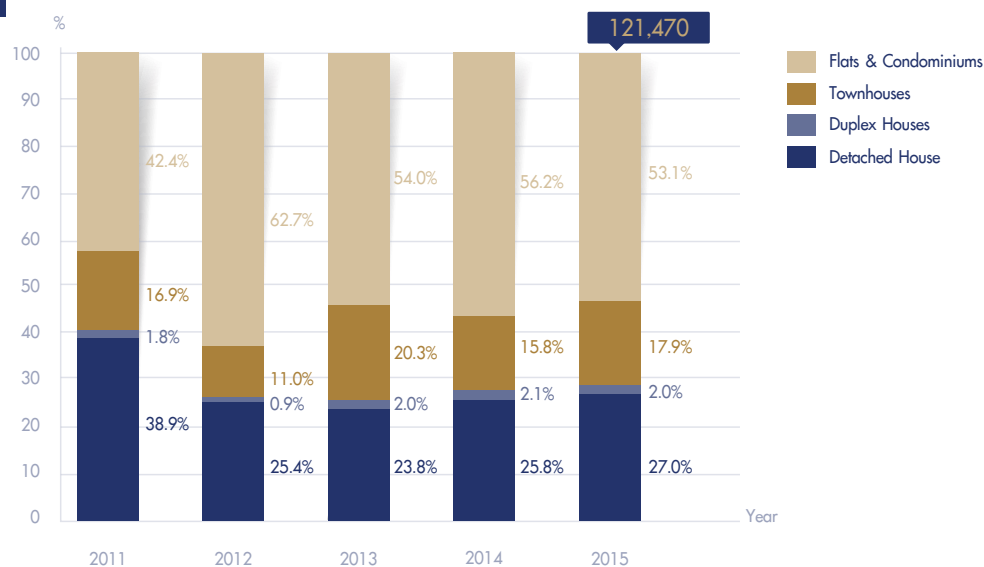
Number of Housing Registered Units in Greater Bangkok During 2011 - 2015

Type	2011	2012	2013	2014	2015
Housing Registered by Built Type					
Owner- Built	20,128	23,437	23,285	24,896	23,000
Developer- built	61,728	101,565	109,017	108,583	98,470
Total Housing Registered (Owner & Developer)	81,856	125,002	132,302	133,479	121,470
Classified by Type - Owner built					
Detached House	17,814	20,858	17,596	21,001	20,251
Duplex Houses	81	104	131	86	95
Townhouses	2,233	2,475	5,558	3,809	2,654
Flats & Condominiums	-	-	-	-	-
Total Housing Registered by Owner - built	20,128	23,437	23,285	24,896	23,000
Classified by Type - by Developer built					
Detached House	13,999	10,887	13,869	13,443	12,598
Duplex Houses	1,381	1,069	2,470	2,776	2,370
Townhouses	11,614	11,218	21,238	17,306	19,048
Flats & Condominiums	34,734	78,391	71,440	75,058	64,454
Total Housing Registered by developer built	61,728	101,565	109,017	108,583	98,470

Source : Housing Registered from Government Housing Bank

Greater Bangkok : Bangkok provinces and 5 Perimeter area included.

Number of Housing
Registered Units in
Greater Bangkok
During 2011-2015



Market and Competition

Policy and marketing

Competitive strategies

The Company has maintained the pre-built policy in which houses are completed before sales are launched for detached houses and townhome projects. For condominiums, it still uses the policy of allowing customers to book units before completing projects to minimize operating risk. This is because a condominium project needs to be completed first before unit ownerships can be transferred. Besides, allowing customers to book units first gives them time to make financial plans. For new detached-house and townhome projects, a pre-booking strategy is used in which customers are allowed to book units 2-3 months before the projects are officially launched. The strategy gives a clear insight into market conditions, which is particularly useful in setting more effective marketing strategies. In any case, before a sale-purchase contract is made with a buyer, every unit is subject to stringent quality control. These strategies have enhanced the Company's competitiveness and bolstered customers' confidence in the Company's products and projects.

To strengthen the position of its products and image, the Company focuses on strategies to enhance the quality of its products, services and employees as part of its core policy. Furthermore, the Company is aware of the importance of adding value to its products and building customer satisfaction. Research has been steadily conducted to innovate in the area of residential living and to meet customers' demands. Innovation has been applied to improving products and services, a sustainable competitive strategy that gives the Company an edge over other players in the industry.

Another key strategy of the Company is to expand the overall market, both by enlarging the customers' base, finding new markets and expanding more to the provinces. Among the key strategies of the Company are:

- The "Breathable House" innovation under the Air Plus campaign, which has already been patented. In the future, the innovation will become a standard of all detached-house brands of the Company.
- The new "EASE" condominium brand, which targets a larger customer base than The Key brand.
- The "Landmark" townhome brand, which combines urban living with residential development that meets the demands of consumers.

Another key factor influencing the implementation of the Company's strategies is the increase of personnel's efficiencies. The Company has constantly improved its work systems to be more flexible and speedy, resulting in quicker launches of products that fulfilled customers' demands.

The core marketing strategy of the Company remains the pre-built strategy, as research has found consumers have more confidence when they see real projects, as well as their surroundings, facilities, plots and house plans. The Company has taken care of every detail so that a house is ready to move in. Customers can appreciate for themselves the quality of units and projects. Importantly, ownerships can readily be transferred and customers can move in immediately. To better serve clients, the Company has coordinated with JVK International Movers Co. Ltd, a professional provider of packing and moving services, to help customers move from their old houses to the Company's projects. In the future, the Company also has plans to improve its services under the "Beyond Services" policy.

The pre-built strategy benefits the Company's operations in several ways. It can control costs and increase the efficiency and effectiveness of house quality and project environment. The strategy also gives the Company a price-setting advantage. Since the Company knows the actual costs before the sale, it can set the selling prices that suit market conditions at the time. The strategy also deters new competitors at a time when labor shortages are the industry's major problem like today and in the foreseeable future.

Based on its ongoing study and research, the pre-built strategy of the Company remains a good strategy, which has drawn a good response from customers. The Company has segmented the residential property market by brand based on prices and target customer groups. More detail on this can be found in "Target Customer Groups".

Apart from the aforementioned strategies, the Company has relied on marketing mix and segmentation to serve the needs of customers based on the following factors:

1. Locations The Company focuses on ideal locations for its projects. They must meet the demands of customers in each segment in terms of commuting convenience, access to utilities and amenities outside projects. In selecting locations, the Company considers spreading projects into all key areas in Bangkok and its vicinities to meet the demand in each area since consumers' residential needs and structure are geographically and demographically linked. The Company also considers segmentation to increase opportunities and meet the demands of various customers' groups.

In addition, the Company recognizes the importance of selecting locations with high potential. It builds a land bank by purchasing plots with high potential for future development. The practice gives the Company an edge in terms of land costs, thereby enhancing its competitiveness and returns.

2. House plans or products Given diverse demands of consumers in different segments or brands, the Company regularly conducts studies and research on the behaviors of each group in a proactive, forward-looking manner. The research is done on customers in its existing projects, visitors to its projects, potential homebuyers, as well as buyers of other projects and the findings are used to develop products or meet new demands to maximize customers' satisfaction. For house plans, new designs have been introduced periodically. The AirPlus innovation also helps differentiates the Company's products.

3. Product quality The Company has stressed the importance of work standards for home construction and utility systems in its projects. It set construction standards and verification procedures based on clear, systematic criteria, practices and examination for quality products. It has a clear policy in writing that "every house must pass quality control (QC) at a good level before being delivered to the customer." The standard of quality products starts at the beginning: from checking construction plans, analyzing soil layers and examining the quality of each step of the construction process. Construction materials must also be of good quality. Apart from the construction, the Company recognizes the importance of project environment-from project planning, selection of durable materials for utility systems and facilities and safety for project residents. The Company also makes sure the projects are well maintained by laying the foundation for project management and maintenance of utility systems before delivering them to the juristic persons of the housing estates so they will be good, cozy communities worth living in for years to come.

4. Selling-price setting The pre-built strategy gives the Company a competitive advantage in terms of knowing actual costs before selling projects. This allows it to set the selling prices in line with competition. In setting prices, the Company takes into consideration market conditions in each location at the time. The Company has no policy of setting prices for customers to bargain down since the practice is not fair to customers. Neither has it the policy of setting prices as a cost leader because the Company values quality of products and services. Setting prices in these manners makes it hard to maintain quality.

5. Sale promotion In communicating with the public, the Company stresses access to project details by consumers, especially through the internet, the media most consumers use to search for information on residential units. Its website has been redesigned to be more trendy and easier to use or search for information. The Company also changed the format of the 1198 single-number hotline from a system linking to the projects customers are interested in to the front line management call-center system in which clients can ask for information and make appointments to visit all of its projects. The Company also controls its communications costs, especially for billboards. The decisions on media are handled by Corporate Communication Department, which has expertise in planning advertisements and other forms of communication with consumers.

Customers and Target Groups

The Company has residential projects spanning different areas in Bangkok and the vicinities, as well as in Chiang Mai, Chiang Rai, Khon Kaen, Nakhon Ratchasima, Phuket, Samut Songkhram, Udon Thani, Maha Sarakham and Ayutthaya. The projects in these provinces are also under the Baan Sabai pre-built concept where customers can readily move in. Thanks to the house quality, project environment and standard checks of its projects, the Company successfully reached the different target customer group of each of its brands and diverse price ranges. The brands under each product category are as follows:

- Single houses
 - Inizio (3.0-4.0 million baht)
 - Villaggio
 - Townhomes (1.8-2.5 million baht)
 - Detached houses (3.0-4.0 million baht)
 - Chonlada, Chaiyapruk, Puklada (3.5-5.0 million baht)
 - Manthana (5.5-15.0 million baht)
 - Nantawan (16-30 million baht)
 - Laddawan (30 million baht or more)
- Townhomes
 - Indy (2.0-3.0 million baht)
 - Villaggio (1.8-2.5 million baht)
 - Baan Mai (3.0-4.0 million baht)
 - Terrace (4.0-5.0 million baht)
- Condominiums
 - Ease (1.5-2.0 million baht)
 - The Key (2.5-4.0 million baht)
 - The Room (6.0-12.0 million baht)
 - The Bangkok (10.0-25.0 million baht)
 - Wan Vayla (Hua Hin) (5.0-30 million baht)

The segmentation strategy has enabled the Company to meet more diverse demands and increased new market opportunities in different customer groups, resulting in higher sale revenue. The Company has expanded its market by targeting new customer groups and launching new projects both in Bangkok and the provinces, especially those with high potential such as Udon Thani and Chiang Rai. In any case, quality continues to be the focus in the new foray.

Besides quality, after-sales services have always been the Company's strength. The Company always takes care of residents in its projects, especially in the areas of security and living conditions. It facilitates communication by setting up a call center and through the internet. Work plans for utility systems have been put in place and their quality checked before delivery to buyers. It also supervises the establishment of the juristic person of each project.

In managing sales, the Company adopted the concept of customer relationship management (CRM), which gives it insights into real demand of each customer group. Activities are also held regularly with customers. The success of these efforts is reflected by the numbers-almost 30% of the Company's customers are customers in its old projects, their relatives or friends. The trend bodes well for the Company's operations and helps lower its costs.

Distribution and distribution channels

The Company sells products through the sales offices at its projects, scattered in key areas across Bangkok and the vicinities. It reaches target customers through advertisements in different media such as TV, print, internet, billboard and direct mail.

To facilitate communication with consumers and analyze their demands, the Company set up an efficient customer relationship management system. Each sales person can access the company's customer database from their notebooks through the internet at any time. E-brochures are also sent to customers by email, which makes its cost in accessing customers lower than other players. Sales staff are also trained regularly so they can effectively present products and meet customers' expectations.

Housing market in 2015

Housing market in 2015

The overall residential market contracted by 9% to 121,470 units in 2015 from 133,479 units in 2014, based on the number of new housing registrations in Bangkok and the vicinities.

Comparative data of newly registered housing units by type from 2012 to 2015

Unit: units

Type	2012	2013	2014	2015	1995*
Self-built	23,437	23,285	24,896	23,000	32,118
Subdivision	101,565	109,017	108,583	98,470	146,735
Total	125,002	132,302	133,479	121,470	178,753
% change	52.7	5.8	0.9	-9.0	27.7

Source: Government Housing Bank

* 1995 is the record year with the highest new registrations since 1987

% change is year-on-year.

New subdivision units fell 9.3% to 98,470 units in 2015 from 108,583 units in 2014. Key changes are:

Comparative data of newly registered housing units by subdivision type from 2012-2015

Unit: units

Type of subdivision	2012	2013	2014	2015	1995*
Detached houses	10,887	13,869	13,443	12,598	20,793
% change	-22.2	27.4	-3.1	-6.3	16.4
Duplexes	1,069	2,470	2,776	2,370	938
% change	-22.6	131.1	12.4	-14.6	336.3
Townhouses and commercial buildings	11,218	21,238	17,306	19,048	58,093
% change	-3.4	89.3	-18.5	10.1	16.0
Condominiums	78,391	71,440	75,058	64,454	66,911
% change	125.7	-8.9	5.1	-14.1	-1.5
Total	101,565	109,017	108,583	98,470	106,735
% change	64.5	7.3	-0.4	-9.3	7.8

Source: Government Housing Bank

Notes: * 1995 is the record year with the highest new registrations since 1987.

% change was year-on-year

- Detached houses fell 6.3% to 12,598 units in 2015 compared to 13,443 units in 2014.
- Duplexes dropped 14.6% to 2,370 in 2015 from 2,776 units in 2014.
- Townhouses and commercial buildings rose 10.1% to 19,048 units in 2015 from 17,306 units in 2014.
- Condominiums declined 14.1% to 64,454 units from 75,058 units in 2014.

Various factors affected the residential market in 2015. Among them were:

- The economy expanded by 2.8% in 2015 compared to 0.9% in 2014. The quarterly economic growth rates in 2015 were 3.0%, 2.8%, 2.9% and 2.8% respectively.
- Inflation was negative throughout 2015, averaging -0.9% for the whole year. The quarterly rates from the first quarter were: -0.5%, -1.1%, -1.1%, -0.9%. Inflation was 1.9% on average in 2014.
The policy interest rate was cut from 1.8% in the first quarter to 1.5% in the remaining months of the year. The minimum lending rate (MLR) of The Siam Commercial Bank was 6.75% in the first 2 months of 2015 before sliding to 6.525% in the remaining months of the year.
- The average construction material prices fell 5.13% from 2014. The overall construction material price index was 120.2 on average in 2015 compared to 126.7 in 2014. The price indices for steel and steel products dropped 15.2% from 114.9 in 2014 to 97.4 in 2015.
- Land prices shot up, affecting the costs of new projects, resulting in a decline in the number of new projects.

2015 Operating Results

In 2015, the Company's booking sales stood at 24,700 million baht, down 21.6% from the previous year. The details are as follows:

By property type		By price	
Type	Share	Price range	Share
Detached houses	76%	Less than 2.0 million baht	1%
Townhouses	6%	2.0-4.0 million baht	13%
Condominiums	18%	4.01-6.0 million baht	23%
		6.01-10.0 million baht	25%
		10.01-25.0 million baht	22%
		25 million baht or more	16%
Total	100%		100%
Bangkok and vicinities	87%		
Provinces	13%		

At the beginning of 2015, the Company had 67 projects. Of the total, 43 were in Bangkok and the vicinities and 24 projects were in the provinces. During the year, 9 more projects were launched, bringing the total number of operating projects in 2015 to 76.

The 9 projects launched in 2015 were valued at 26,940 million baht. The details are:

- Detached houses 7 projects
- Townhomes 2 projects

Operating projects in 2015-2016

January 1	2015	2016*e
Total number of projects	67	68
- Bangkok and its vicinities	43	43
- Provinces	24	25
New project launched during the year/ (provinces)	9(2)	14(5)
Project value (million baht)	26,940	23,500
Total operating projects	76	82
Booking (million baht)	24,700	28,000

The Company's market shares by property type in Bangkok and the vicinities based on the 2015 accumulated total are:

- Single house market 15.3%
- Townhouse market 1.6%
- Condominium market 1.9%

New projects launched in 2015

Project	Type	Size	No. of units	Average price/unit (million baht)	Project value (million baht)	Quarter launched
New projects launched in 2015						
1. Siwalee Maha Sarakham	DH	90.6	323	5.2	1,680	Q1
2. Chaiyaphruek Ram Intra Phraya Surain	DH	53.0	270	4.8	1,300	
3. Siwalee Ayutthaya	DH	16.0	67	5.7	380	Q2
4. Nuntawan Bang Na Km. 7	DH	220.6	371	32.3	12,000	Q4
5. Ladawan Rama 2	DH	82.2	122	57.4	7,000	
6. Chaiyaphruek Bang Na Km. 7	DH	28.9	118	6.7	800	
7. Muntana Bang Na Km. 7	DH	80.1	229	10.9	2,500	
8. Indy Bang Na Km. 7	TH	16.2	160	2.8	450	
9. Indy Pracha Uthit (3)	TH	33.4	377	2.2	830	
Total		621.0	2,037	13.2	26,940	

Residential market outlook in 2016

The overall subdivision housing market will likely expand slightly in 2016 from 2015, with new registrations projected at 108,000 units, up 10% year-on-year. The single house and townhouse markets should expand by 10-15% from 2015 while the condominium market will likely grow slightly from the previously.

The factors influencing the housing market in 2016 are:

- The Thai economy is forecast to grow in a range between 3.5% and 4%, supported by:
 - Consumption stimulus measures
 - Public investment earmarked to be the main driver for private investment
 - Tourism promotion
 - Infrastructure investment by the government worth 1.2 trillion baht
 - Government economic stimulus measures
 - o Consumption spending stimulus
 - o 50 billion baht in soft loans
 - o 5-million-baht village project and small projects
- Oil prices, which are likely to be lower or steady
- Interest rates, which are likely to be flat or inch up by 0.25 percentage points in the latter half of 2016
- Inflation remains at low levels, with negative rates seen in the first and second quarters before turning positive later
- Government measures in stimulating the property sector
- Construction costs, which likely remain at low levels. Some materials will be cheaper.
- Construction of infrastructure by the government, both ongoing and scheduled
- Higher land prices due to infrastructure investments by the government and the past growth of the condominium market where land was bought at high prices
- Drought will affect low farm prices and domestic consumption
- Commercial banks will be more stringent in considering both pre-finance and post-finance loans
- Housing prices may rise in some areas due to higher land costs

Work plans for 2016

At the beginning of 2016, the Company had 68 projects. Of the total, 43 were in Bangkok and the vicinities and 25 projects were in the provinces. During the year, the Company plans to launch 14 projects, worth 23,500 million baht in total. Of the new projects, 9 will be in Bangkok and the vicinities and 5 in the provinces.

The projects planned for 2016 divided by type are:

- Detached houses 9 projects
- Townhomes 3 projects (one is a duplex)
- Condominiums 5 projects

Note: Three of the projects under the Villaggio brand comprises both detached houses and townhomes.

The total number of operating projects in 2016 will therefore stand at 82.

Booking proportion of projects in 2016

By type		By price	
Type	Share	Price range	Share
Detached houses	68%	Less than 2 million baht	1%
Townhouses	7%	2.01-4.0 million baht	12%
Condominiums	25%	4.01-6.0 million baht	26%
		6.01-10.0 million baht	20%
Total	100%	10.01-25.0 m	21%
Bangkok and vicinities	88%	More than 25.0 million baht	20%
Provinces	12%	Total	100%

Note: % share is calculated from project value

The Company has set a booking target of 28,000 million baht, up 13.4% from the total booking in 2015. The average price per unit is 7.1 million baht, compared to 7 million baht in the previous year.

A breakdown of the projected booking value for 2016 is as follows:

- Detached houses 68%
- Townhouses 7%
- Condominiums 25%

(Details are in the previous chart)

A budget of 7,000 million baht has been set for land purchases in Bangkok and the vicinities, as well as in the provinces, to support future expansion. In purchasing land, the Company chooses locations where projects can be readily developed and have high potential.

Planned project launches in 2016

Project	Type	Size (rai)	No. of units	Average price/unit (million baht)	Project value (million baht)	Quarter launched
1. Villaggio Ayutthaya	DH	39.9	179	4.5	800	Q1
	TH	13.5	192	2.3	450	
2. The Bangkok Sukhumvit 38	CD	1.0	67	22.4	1,500	Q2
3. The Bangkok Thong Lor	CD	1.5	148	27.0	4,000	
4. The Key Wutthakat (2)	CD	7.0	586	2.9	1,700	
5. Nuntawan Udon Thani	DH	38.4	84	11.9	1,000	
6. Chaipruek Jatuchote Watcharapol	DH	46.0	212	6.6	1,400	
7. Chaipruek Srinakarin	DH	66.0	289	5.3	1,520	Q3
8. North 6 Chiang Mai	CD	5.9	69	2.5	170	
9. Villaggio Pin Klao Salaya	DH	80.1	364	4.9	1,800	
	Semi					
	DH	80.9	558	3.2	1,800	
10. Villaggio Rangsit Khlong 3	DH	28.1	129	4.3	550	Q4
	TH	15.3	206	2.2	450	
11. Manthana Ring Road Bang Bon	DH	96.8	229	9.2	2,100	
12. Nuntawan Serene Lake Chiang Mai	DH	51.0	98	20.5	2,010	
13. North 7 Chiang Mai	CD	2.1	57	2.6	150	
14. Manthana Maha Jetsada Bodin Transorn Bridge	DH	60.0	216	9.7	2,100	
Total		633.6	3,683	6.4 (Average)	23,500	

Note: DH = detached houses, TH = townhomes, CD = condominiums

Bidding schedule for infrastructure projects worth 1.2 trillion baht in 2016

Unit: million baht

January-March 2016

Project	Value
Pattaya-Map Ta Phut Motorway	20,200
Bang Pa-in-Nakhon Ratchasima motorway	84,600
Coastal port A	1,864
Train cargo depot	2,031
Suvarnabhumi airport (Phase 2)	51,607
Prachuap Khiri Khan-Chumphon dual track	17,290
Red Line (Missing Link)	44,157
Total	221,749

April-June 2016

Project	Value
Bang Yai-Kanchanaburi motorway	55,620
Mab Kabao-Jira dual track	29,853
Nakhon Pathom-Hua Hin dual track	20,036
Lop Buri-Pak Nam Pho dual track	24,840
Thailand-China railway (first phase)	229,614
Orange Line (Cultural Center-Min Buri)	110,116
Pink Line (Khae Rai-Min Buri)	56,690
Orange Line (Lat Phrao-Samrong)	54,644
Blue Line operation contract	22.141
Total	603,554

July-September 2016

Project	Value
Purple Line (Tao Pun-Ratburana)	131,004
Total	131,004

October-December 2016

Project	Value
Bangkok-Rayong high-speed railway	152,528
Bangkok-Hua Hin high-speed railway	94,673
Total	247,201

Investment in Subsidiaries and Affiliates

Company	Paid up Capital (mil. bht.)	Holding Share	Par Value	% Hold Direct and Indirect
INVESTMENT IN RELATED PARTIES				
LISTED COMPANY				
1. LAND AND HOUSES FREEHOLD AND LEASEHOLD PROPERTY FUND	3,300	49,500,000	10	15.00
2. QUALITY CONSTRUCTION PRODUCTS PLC.	400	84,627,680	1	21.16
3. QUALITY HOUSES PLC.	10,714	2,675,945,601	1	24.98
4. HOME PRODUCT CENTER PLC.	13,151	3,975,878,432	1	30.23
5. LH FINANCIAL GROUP PLC.	13,639	4,634,761,967	1	33.98
NON-LISTED COMPANY				
1. LAND AND HOUSES PROPERTY FUND. 2	1,486	74,278,549	10	49.99
2. L H MUANG MAI CO., LTD.	900	49,499,995	10	55.00
3. L&H PROPERTY CO., LTD.	2,450	14,699,994	100	60.00
4. ASIA ASSET ADVISORY CO., LTD.	5	499,994	10	99.99
5. ATLANTIC REAL ESTATE CO., LTD.	15	149,979	100	99.99
6. LAND AND HOUSES NORTH CO., LTD.	14	134,998	100	99.99
7. LH MALL AND HOTEL CO., LTD.	1,241	12,409,995	100	99.99
8. SIAM TANEE PROPERTY CO., LTD.	100	999,994	100	99.99
9. L H ASSET CO., LTD.	100	999,994	100	99.99
10. L H REAL ESTATE CO., LTD.	58	579,994	100	99.99
11. LAND AND HOUSES NORTH-EAST CO., LTD.	150	1,499,994	100	99.99
12. LAND AND HOUSES U.S.A., INC. (USD)	20	20,000,000	1	100.00
Holding by SIAM TANEE PROPERTY CO., LTD.				
1. SIAM TANEE REALESTATE CO., LTD.	175	1,749,994	100	99.99
Holding by LH MUANG MAI CO., LTD.				
1. PHUKET FUTURE PLAN CO., LTD.	210	2,099,994	100	55.00
2. DOUBLE THREE CO., LTD.	190	1,899,994	100	55.00
Holding by L&H PROPERTY CO., LTD.				
1. L&H HOTEL MANAGEMENT CO., LTD.	1	99,997	10	60.00
Holding by LH MALL AND HOTEL CO., LTD.				
1. L&H RETAIL MANAGEMENT CO., LTD.	0.10	9,995	10	99.99
2. L & H MANAGEMENT CO., LTD.	0.10	9,993	10	99.99
Holding by LH FINANCIAL GROUP PLC.				
1. LAND AND HOUSES BANK PLC.	14,000	1,399,999,900	10	33.98
2. LAND AND HOUSES SECURITIES PLC.	637	635,900,646	1	33.98
Holding by Subsidiaries of LH FINANCIAL GROUP PLC.				
1. LAND AND HOUSES FUND MANAGEMENT CO., LTD.	300	2,999,995	100	33.98
2. LAND AND HOUSES ADVISORY CO., LTD.	20	1,999,998	10	33.98

	Company Name	Address	Tel. No.	Fax. No.	Type of Business	Authorized Share Capital	% Hold Direct and Indirect
1.	LAND AND HOUSES FREEHOLD AND LEASEHOLD PROPERTY FUND	14 th Floor Q.House Sathon Building, 11 South Sathon Road Thung Maha Mek Sathon Bangkok Thailand 10120 Website : www.lhpf-pf.com	66 2286 3484 66 2679 2155	66 2286 3585	PROPERTY FUND	330 million units OF Baht 10 each	15.00
2.	QUALITY CONSTRUCTION PRODUCTS PLC.	144 Moo 16 Bangpa-in Industrial Estate Udomsornayuth Rd., Bangkrason Bangpa-in, Ayutthaya Thailand 13160. Website : qcon.co.th	(66-35) 221-271	(66-35) 221-270	BUILDING MATERIAL	400 Common million shares OF Baht 1 each	21.16
3.	QUALITY HOUSE PLC.	7 th Floor Q.House Lumpini Building, 1 South Sathon Road Thung Maha Mek Sathon Bangkok Thailand 10120 Website : www.qh.co.th	66 2677 7000	66 2677 7005	PROPERTY DEVELOPMENT	10,714.4 Common million shares OF Baht 1 each	24.98
4.	HOME PRODUCT CENTER PLC.	96/27 Moo 9 Bangkhen Amphoe Muang Nonthaburi Thailand 11000 Website : homepro.co.th	66 2832 1000	66 2832 1400	TRADING OF CONSTRUCTION MATERIAL	13,151.2 Common million shares OF Baht 1 each	30.23
5.	LH FINANCIAL GROUP PLC.	5 th Floor Q.House Lumpini Building, 1 South Sathon Road Thung Maha Mek Sathon Bangkok Thailand 10120 Website : lhfg.co.th	66 2359 0000	66 2677 7223	FINANCIAL BUSINESS	13,638.7 Common million shares OF Baht 1 each	33.98
6.	LAND AND HOUSES PROPERTY FUND 2	130-132 Wireless Road, 15 th , 1 ^{7th} Floor Sindhorn Building Tower III, Bangkok Thailand 10330	66 2688 7777	66 2688 7700	PROPERTY FUND	148.6 million units OF Baht 10 each	49.99
7.	L H MUANG MAI CO., LTD.	9/9 Moo 6 Thepkasadtrees Tumbonratsada Aumphoemuang Phuket Thailand 83000	(66-76) 381-150-2	(66-76) 381-111	PROPERTY DEVELOPMENT	90 Common million shares OF Baht 10 each	55.00
8.	L&H PROPERTY CO., LTD.	15 th Floor Q.House Lumpini Building, 1 South Sathon Road Thung Maha Mek Sathon Bangkok Thailand 10120	66 2343 8899	66 2343 8890	PROPERTY DEVELOPMENT	24.5 Common million shares OF Baht 100 each	60.00
9.	ASIA ASSET ADVISORY CO., LTD.	15 th Floor Q.House Lumpini Building, 1 South Sathon Road Thung Maha Mek Sathon Bangkok Thailand 10120	66 2343 8899	66 2343 8890	INVESTMENT ADVISOR	0.5 Common million shares OF Baht 10 each	99.99
10.	ATLANTIC REAL ESTATE CO., LTD.	37-38 th Floor Q.House Lumpini Building, 1 South Sathon Road Thung Maha Mek Sathon Bangkok Thailand 10120	66 2343 8900	66 2230 8131	PROPERTY DEVELOPMENT	0.15 Common million shares OF Baht 100 each	99.99
11.	LAND AND HOUSES NORTH CO., LTD.	319 Moo 4 ThumbonnongJom Aumphoesansang Chiang Mai Thailand 50210	(66-53) 498-911-3	(66-53) 354-349 (66-53) 111-111	PROPERTY DEVELOPMENT	0.14 Common million shares OF Baht 100 each	99.99
12.	LH MALL AND HOTEL CO., LTD.	16 th Floor Q.House Lumpini Building, 1 South Sathon Road Thung Maha Mek Sathon Sathon Bangkok Thailand 10120	66 2343 8899	66 2343 8890	PROPERTY DEVELOPMENT	12.41 Common million shares OF Baht 100 each	99.99
13.	SIAM TANEE PROPERTY CO., LTD.	37-38 th Floor Q.House Lumpini Building, 1 South Sathon Road Thung Maha Mek Sathon Bangkok Thailand 10120	66 2343 8900	66 2230 8131	PROPERTY DEVELOPMENT	1 Common million shares OF Baht 100 each	99.99

	Address	Address	Tel. No.	Fax. No.	Type of Business	Authorized Share Capital	% Hold Direct and Indirect
14.	L H ASSET CO., LTD.	37-38 th Floor Q.House Lumpini Building, 1 South Sathon Road Thung Maha Mek Sathon Bangkok Thailand 10120	66 2343 8900	66 2230 8131	PROPERTY DEVELOPMENT	1 Common million shares OF Baht 100 each	99.99
15.	L H REAL ESTATE CO., LTD.	37-38 th Floor Q.House Lumpini Building, 1 South Sathon Road Thung Maha Mek Sathon Bangkok Thailand 10120	66 2343 8900	66 2230 8131	PROPERTY DEVELOPMENT	0.58 Common million shares OF Baht 100 each	99.99
16.	LAND AND HOUSES NORTH-EAST CO., LTD.	114/39 Ratchasima-Pakthongchai Road Tumbonhnongjabok Aumphoemuang Nakhonratchasima Thailand 30000	(66-44) 465-294 (66-43) 258-282-3	(66-44) 349-344-5 (66-43) 258-282-3	PROPERTY DEVELOPMENT	1.5 Common million shares OF Baht 100 each	99.99
17.	LAND AND HOUSES U.S.A., INC.	17485 Monterey Road Suite 308 Morgan Hill, CA 95037 USA	408 796 7337		PROPERTY INVESTMENT	20 Common million shares OF USD 1 each	100.00
18.	SIAM TANEE REAL ESTATE CO., LTD.	37-38 th Floor Q.House Lumpini Building, 1 South Sathon Road Thung Maha Mek Sathon Bangkok Thailand 10120	66 2343 8900	66 2230 8131	PROPERTY DEVELOPMENT	4.75 Common million shares OF Baht 100 each	100.00
19.	PHUKET FUTHER PLAN CO., LTD.	9/17 Moo 6 Thepkasadtrees Tumbonratsada Aumphoemuang Phuket Thailand 83000	(66-76) 381-150-2	(66-76) 381-111	PROPERTY DEVELOPMENT	2.1 Common million shares OF Baht 100 each	55.00
20.	DOUBLE THREE CO., LTD.	9/17 Moo 6 Thepkasadtrees Tumbonratsada Aumphoemuang Phuket Thailand 83000	(66-76) 381-150-2	(66-76) 381-111	PROPERTY DEVELOPMENT	1.9 Common million shares OF Baht 100 each	55.00
21.	L & H HOTEL MANAGEMENT CO., LTD.	15 th Floor Q.House Lumpini Building, 1 South Sathon Road Thung Maha Mek Sathon Bangkok Thailand 10120	66 2343 8899	66 2343 8890	HOTEL	100,000 Common shares OF Baht 10 each	60.00
22.	L & H RETAIL MANAGEMENT CO., LTD.	15 th Floor Q.House Lumpini Building, 1 South Sathon Road Thung Maha Mek Sathon Bangkok Thailand 10120	66 2343 8899	66 2343 8890	RETAIL	10,000 Common shares OF Baht 10 each	99.99
23.	L & H MANAGEMENT CO., LTD.	15 th Floor Q.House Lumpini Building, 1 South Sathon Road Thung Maha Mek Bangkok Thailand 10120	66 2343 8899	66 2343 8890	MANAGEMENT	10,000 Common shares OF Baht 10 each	99.99
24.	LAND AND HOUSES BANK PLC.	G, 1 st , 5 th , 6 th Floor Q.House Lumpini Bldg., No. 1 South Satorn Road, Thung Maha Mek Satorn Bangkok Thailand 10120 Website : www.lhbank.co.th	66 2359 0000	66 2677 7223	BANK	1,400 Common million shares OF Baht 10 each	33.98
25.	LAND AND HOUSES FUND MANAGEMENT CO., LTD.	14 th Floor Q.House Sathon Building, 11 South Sathon Road Thung Maha Mek Sathon Bangkok Thailand 10120 Website : www.lhfund.co.th	66 2286 3484 66 2679 2155	66 2286 3585	MANAGEMENT FUND	3 Common million shares OF Baht 100 each	33.98
26.	LAND AND HOUSES SECURITIES PLC.	14 th Floor Q.House Sathon Building, 11 South Sathon Road Thung Maha Mek Bangkok Thailand 10120 Website : www.lhsec.co.th	66 2286 3484 66 2679 2155	66 2286 3585	MANAGEMENT FUND	637.2 Common million shares OF Baht 1 each	33.98
27.	LAND AND HOUSES ADVISORY PLC.	14 th Floor Q.House Sathon Building, 11 South Sathon Road Thung Maha Mek Sathon Bangkok Thailand 10120	66 2286 3484 66 2679 2155	66 2286 3585	ADVISORY	2 Common million shares OF Baht 10 each	33.98

Risk Factors

1. Operating risks

Risk incurred by pre-built construction

The Company and its subsidiaries operate real-estate development businesses, with house construction for sale being their core business. In 2000, the Company shifted its policy from built-to-order houses to pre-built houses. Pre-built houses gradually represented a larger portion in 2001 and 2002, and since 2003 the Company and its subsidiaries have operated the business of developing pre-built houses for sale. The only exception is the residential condominiums and townhouses under the Indy brand, of which policy the Company changed in September 2010 from developing pre-built units to selling before building them.

The shift in policy from built-to-order to pre-built houses and condominiums has called for higher construction budgets since the Company no longer received advance payments from its customers, which could be used as revolving funds during construction periods.

Other factors that may potentially affect home-buying decisions in the future include: (1) higher prices of residential units in line with rising construction material costs; and (2) the slower pace of economic growth.

These factors may affect the purchasing power and home-buying decisions of the Company's target customer. The Company is therefore exposed to the risk of not being able to sell all the residential units after they have been built, resulting in a high level of inventory cost and eventually affecting its liquidity and profitability. However, the Company expects to sell all pre-built houses and avoid a heavy inventory burden due to the following reasons:

(1) The Company has studied consumer behaviors by conducting surveys on visitors of its housing projects in such areas as budgets, land-plot sizes and house plans, etc. Besides, sales statistics of old projects have been taken into consideration in analyzing customers' demand. These precautions have enabled the Company to construct pre-built houses that sell.

(2) Most customers today prefer pre-built houses, as they are confident the units will be handed over to them by contractual schedules. During the financial crisis of 1997-1998, many operators could not build houses and deliver them to customers by contractual terms.

(3) As a major property developer with a strong presence in the market for more than 20 years, the Company has an advantage in terms of both marketing information and an insight into the demand of its target customer groups. Therefore, it is able to develop residential units that meet the demand of customers, resulting in the residential projects developed under the Land & Houses brand being widely accepted among the target customer groups in terms of both quality and locations.

(4) While there exist today risk factors influencing homebuyers' decisions, demand for quality residential units among the Company's target customer groups remains steady since they expect good after-sales services.

2. Production risks

Risk incurred by shortages of construction materials and labor, and higher construction-material costs

A steadily increasing supply of new projects in the market today has spurred higher demand for construction materials and labor. The higher demand could lead to shortages in construction materials and workers and result in higher construction-material costs. While the overall construction-material price index fell by 5.1% on average in 2015 from 2014, construction-material and labor shortages could aggravate and the construction costs could be higher in the future due to an increase in construction work. Under such a scenario, the Company's project-development time could be longer and its construction cost higher, eventually affecting its liquidity and profitability.

However, as of December 31, 2015, the Company and its subsidiaries had 67 ongoing projects, giving them relatively high bargaining power when dealing with contractors and construction-material suppliers. Furthermore, the shift in policy to building houses and residential condominiums before selling them instead of after the customers made reservations (except for condominiums and townhouses under the Indy brand which the Company has allowed the customers to

book units before construction begins since September 2010) has enabled the Company and its contractors to plan the construction and place material orders in advance. This strategy has helped prevent a construction-material shortage and given the Company a better control of its construction cost and development time.

3. Financial risks

(1) Risk incurred by the impairment of long-term investments

As of December 31, 2018, long-term investments of the Company and its subsidiaries totaled 5,210 million baht, representing 5.3% of total assets (Details in Item 14 of the Analysis and Explanations of Management). Most of them were in equity securities. Among the major items are: (1) Starmall Inc. in the Philippines (3,662.2 million baht); (2) Land and Houses Property Fund (403.4 million baht); (3) Quality Houses Property Fund (298.3 million baht); (4) Bangkok Mass Transit System Plc. (178.2 million baht); (5) LH Shopping Centers Leasehold Real Estate Investment Trust (461.2 million baht); and (6) LH Hotel Real Estate Investment Trust (280.9 million baht). The Company is therefore exposed to the risk incurred by the impairment of these investments.

When investing in equity securities, the Company focuses primarily on real-estate businesses and those related to its core business, as well as on interesting businesses which it deems having potential to generate appropriate returns. A decision to do so is subjected to the scrutiny of the Board of Directors.

For investments in long-term equity securities, the Company set aside investment impairment allowances of 100.5 million baht under the unrealized profit (loss) from investments in other companies in the balance sheets.

(2) Risk incurred by lending to subsidiaries

As of December 31, 2015, the Company extended short-term loans to 6 of its subsidiaries. The principal and outstanding interest of these loans totaled 946.1 million baht. They were in the form of unsecured promissory notes payable at call, the details of which are as follows:

Subsidiary	% of shares held by the Company	Loan extended to subsidiaries (million baht)	Interest rate (%)
Land and Houses U.S.A., Inc. Northeast Co., Ltd.	100.00	180.5	4.0
LH Mall and Hotel Co., Ltd.	99.99	381.0	4.0
Atlantic Real Estate Co., Ltd.	99.99	50.2	4.0
LH Asset Co., Ltd.	99.99	95.8	4.0
Land & Houses Northeast Co., Ltd.	99.99	130.4	4.0
LH Muang Mai Co., Ltd.	55.00	108.2	5.5
Total		946.1	

Long-term loans to subsidiaries As of December 31, 2015, the Company had extended a long-term loan with accrued interest receivable as follows:

Subsidiary	% of shares held by the Company	Loan extended to subsidiaries (million baht)	Interest rate (%)
Land and Houses U.S.A. Inc.	100	4,194.5	4.0

As of December 31, 2015, the Company had an outstanding long-term loan extended to Land and Houses U.S.A. Inc. (LH USA), one of its 100%-owned subsidiaries. It lent US\$122.6 million at a 4% annual interest rate, due to be repaid on December 7, 2017. The outstanding amount as of December 31, 2015 was 4,194.5 million baht.

The Company is therefore exposed to the risk of debt defaults by its subsidiaries. The subsidiaries have invested in the following properties:

LH USA borrowed from the Company to buy 2 apartments for rent in California, which will generate a long-term return for the Company in future.

LH Muang Mai Co., Ltd. (LHM), which owed the Company 108.2 million baht, has operational projects in Phuket. It also launched another project in 2014, which, when sold, will enable it to repay the loan to the Company.

Land & Houses Northeast Co., Ltd. (LHNE), which owed an outstanding 130.4 million baht to the Company, launched another project in 2014 and has sufficient cash flow to repay the Company.

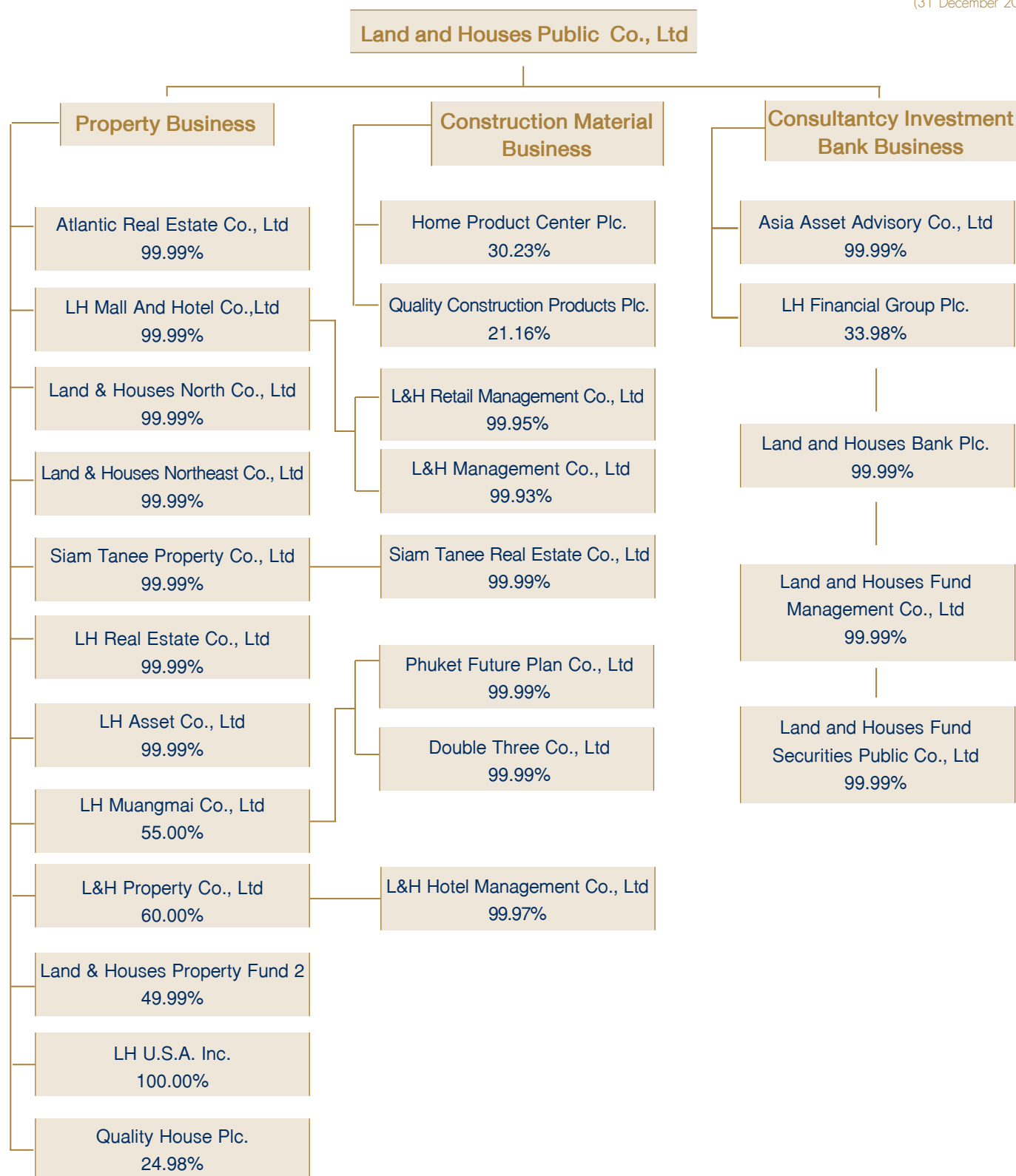
Besides, the Company has a policy to keep a close watch on the operations of its subsidiaries by sending its representatives to sit on their boards to take part in determining their policies and closely monitor their operations, including prompt repayments of debts and interest owed to the Company. As a result, the Company believes the subsidiaries are unlikely to face any problem repaying their debts owed to the Company and has not allocated an allowance for doubtful accounts for the amount lent to its subsidiaries.

(3) Risk incurred by lawsuits

As of Dec 31, 2015, the major lawsuits faced by the Company were those in which the juristic persons of two subdivision villages sued it for failing to inform them of the servitude rights of access to main roads, demanding damages totaling 1,212.3 million baht. The Company estimated losses in the form of damages if it loses the case at 185 million baht. In the other case, residents of a housing estate filed a lawsuit against the Company involving the construction of a kindergarten, demanding damages totaling 492.1 million baht. The Company estimated the damages of 127.1 million baht if it loses the case. All in all, the maximum damages the Company may have to pay were 1,704.4 million baht, affecting its net profit. In any case, the Company believes the estimates are sufficient. Both cases are now in the Supreme Court.

Overall Picture of Businesses of The Company and Its Subsidiaries and Associates

(31 December 2015)



Policy and Overall Business

1. Vision, objectives or strategies

The Company has set an objective to retain its leadership in Thailand's property development industry by focusing on the development of quality residential units in the forms of detached houses, townhouses and condominiums to be sold to its target customer groups in different price ranges to match their varying demands.

2. Key changes and developments

Land & Houses Plc. was set up on August 30, 1983 to conduct property development business with initial registered capital of 5 million baht. The majority shareholders during the inception were Mr. Anant Asavabhokhin and Ms. Piangjai Harnpanij. The Company was approved to list on the Stock Exchange of Thailand on February 17, 1989 and became a listed company on April 1, 1991.

From 1998 to 1999, the Company faced financial problems in the wake of Thailand's financial crisis and the flotation of foreign exchange rates. It completed debt restructuring in 1999 through a capital increase among existing shareholders and a new majority shareholder, Government of Singapore Investment Corporation (GIC). As of the latest register-book closing date on August 31, 2015, the Asavabhokhin family remained the largest shareholder group, with 31.36% of all shares, while GIC controlled 16.55%.

From 2011 to the latest register-book closing date on August 31, 2015, there were key changes and developments in the shareholding structure and capital as follows:

Shareholder	Shareholding (%)				
	August 2011	November 2012	August 2013	September 2014	August 2015
1. Mr. Anant Asavabhokhin's group					
1.1 Mr. Anant Asavabhokhin	23.76	23.76	23.76	22.07	24.43
1.2 Mayland Co., Ltd.*	5.62	5.62	5.62	5.22	5.78
1.3 Ms. Piangjai Harnpanij**	1.14	1.14	1.14	1.03	1.15
Total: Mr. Anant's group	30.52	30.52	30.52	28.32	31.36
2. GIC Private Limited C.	16.27	16.01	16.12	14.96	16.55
3. Others	52.93	53.47	53.36	56.72	52.09
Total	100.00	100.00	100.00	100.00	100.00
Paid-up capital (million baht)	10,025.90	10,025.90	10,025.90	10,798.20	11,694.90

Notes: * The company is 100% owned by Mr. Achanan Asavabhokhin, Mr. Anant's son, and related companies.

** Mr. Anant Asavabhokhin's mother

3. Shareholding structure of the group

The Company directly holds shares in 11 subsidiaries. It also indirectly holds shares in 7 other subsidiaries through its subsidiaries (see chart "Shareholding structure in subsidiaries and associated companies" on page 3). They all operate property development businesses. In developing property projects, the Company and its subsidiaries develop residential projects for sale, ranging from detached houses and townhouses to condominiums. They focus primarily on developing projects in Bangkok and its perimeter, and in large cities; namely, Chiang Mai, Chiang Rai, Nakhon Ratchasima, Khon Kaen, Maha Sarakham, Udon Thani, Prachuap Khiri Khan and Phuket. In 2000, the Company adopted a pre-built strategy, which has drawn a good response from its customers.

The Company has 5 associated companies:

- (1) Two of its associated companies operate property development businesses. They are Land & Houses Property Fund 2 and Quality Houses Plc.
- (2) Two of its associated companies operate businesses related to property development. They are Quality Construction Products Plc, which produces and distributes autoclaved aerated concrete used in construction, and Home Product Center Plc., which operates a retail business.
- (3) One of its associated companies engages in other businesses. LH Financial Group Plc is a holding company with subsidiaries that operate commercial banking, asset management and securities businesses.

Policy on separating the operations of the Company and its subsidiaries and associated companies

The Company has a clear policy of separating the operations of the companies within its group as follows:

- (1) The Company, its 10 subsidiaries and 2 of its associated companies operate property businesses.
- (2) Two of its associated companies operate businesses related to property development such as the production and retailing of construction materials.
- (3) Two of its subsidiaries engage in interesting businesses with potential to yield appropriate returns. They are investment consultancy services and a holding company whose subsidiaries operate commercial banking, asset management and securities businesses.

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Policy on separating the operations of the Company and its subsidiaries and associated companies

The Company has the policy of investing in subsidiaries and associated companies which develop real estate and conduct businesses related to the Company's core business such as retail and construction material manufacturing businesses, as well as commercial banks with the policy of extending loans to retail homebuyers. The Company may also consider investing in any interesting, high-return business but such investments will need to be considered by the Board of Directors.

As for the policy of managing subsidiaries and associated companies, the Company sends directors representing it to join the management of its subsidiaries and associated companies based on its shareholding. The objective is to help determine key policies and control the operations of the subsidiaries and associated companies to ensure they are in the right directions and generate profit for the Company.

Legal disputes

As of December 31, 2015, the Company and its subsidiaries did not have legal disputes in cases which might have a negative impact on the assets of the Company and its subsidiaries in an amount exceeding 5% of shareholders' equity.

Equities and Shareholders

Equities and Shareholders

1. Registered and Paid-up Capital

(1) As of December 31, 2015, the Company had registered capital of 12,031,105,282 baht, of which 11,730,034,787 baht was paid up, divided into 11,730,034,787 ordinary shares with a par value of one baht each.

According to Thai NVDR Co. Ltd.'s February 29, 2016 data, 1,961,523,961 of the Company's ordinary shares were held by investors investing through non-voting depository receipts (NVDRs), representing 16.70% of all 11,747,583,203 paid-up shares as of February 29, 2016. Since such shares are not entitled to a voting right (except for a decision to delist the stock), the holders of non-NVDR shares have 20.00% more of the voting right. As a result, holders of only 20.83% of the paid-up ordinary shares will have a voting right equal to 25% of all voting shares. Investors can check the latest number of shares held through NVDR at the Stock Exchange of Thailand's website at www.set.or.th

(2) Other types of shares

- None -

2. Warrants

The details of warrants that can be exercised to buy the Company's ordinary shares as of December 31, 2015 are as follows:

Name:	Warrants to Purchase the Newly Issued Ordinary Shares of Land and Houses Public Company Limited No. 3 (LH-W3)
Issue date:	May 6, 2014
Allocated to:	Existing shareholders whose names were on the May 6, 2014 register book closing date at the ratio of 5 existing shares for 1 warrant
Offer price:	-0- baht
Exercise ratio:	1 Unit of warrants shall be entitled to purchase 1 ordinary share
Exercise price:	3.50 baht
Conditions:	The right can be exercised on the last working day of March, June, September and December throughout the term of the warrants. The last exercise date is May 4, 2017
Maturity:	3 years
Number:	1,998,184,856 units
Number of underlying ordinary shares:	2,005,184,305 shares
Maturity Date:	May 4, 2017
Outstanding Number:	276,523,176 units
Outstanding number of underlying ordinary shares:	283,522,625

3. Shareholders

On the latest register book-closing date on August 31, 2015, the 10 largest shareholders of the Company were:

Rank	Individual/Juristic person	Number of shares held	Percentage of all sold shares
1.	Mr. Anant Asavabhokhin*	2,859,167,547	24.43
2.	Thai NVDR Co., Ltd.	2,357,482,590	20.15
3.	GIC Private Limited - C.	1,936,827,012	16.55
4.	Chase Nominees Limited	696,503,242	5.95
5.	Mayland Co., Ltd.*	676,289,269	5.78
6.	Social Security Office (two instances)	305,665,300	2.61
7.	State Street Bank and Trust Company	211,440,281	1.81
8.	The Bank of New York Mellon	146,682,219	1.25
9.	Miss Piangjai Harnpanij	134,900,000	1.15
10.	Krungsri Dividend Stock LTF Fund	127,285,680	1.09
	Total	9,452,243,140	80.77

Notes: * The shareholders under Mr. Anant Asavabhokhin's group held a combined 31.36%.

** The nominee entities were not related as defined under Section 258 to the shareholders under Mr. Anant Asavabhokhin's group and/or directors or executives of the Company, including their shares held through NVDR.

4. Other securities

4.1 Debentures

The Company had outstanding senior unsecured debentures worth 32,500 million baht as of December 31, 2015:

Debentures	Amount (million baht)	Coupon rate per year	Maturity/Due Date
Series 1/2556	3,500	3.59%, paid every 6 months	3 years/March 31, 2016
Series 2/2556	3,500	4.03%, paid every 6 months	3 years/September 30, 2016
Series 1/2557	500	3.63%, paid every 6 months	3 years/February 27, 2017
Series 2/2557	3,500	3.59%, paid every 6 months	3 years/April 4, 2017
Series 3/2557	1,500	3.25%, paid every 6 months	3 years/May 9, 2016
Series 4/2557	1,000	3.70%, paid every 6 months	3 years and 6 months/ March 17, 2018
Series 5/2557	4,000	3.50%, paid every 6 months	3 years/October 6, 2017
Series 1/2558	1,000	3.02% paid every 6 months	3 years and 6 months/ September 25, 2018
Series 2/2558 Lot 1	7,000	2.81% paid every 6 months	3 years/April 2, 2018
Series 2/2558 Lot 2	1,000	3.31% paid every 6 months	5 years/April 2, 2020
Series 3/2558 Lot 1	4,000	2.41% paid every 6 months	3 years/October 8, 2018
Series 3/2558 Lot 2	1,000	2.66% paid every 6 months	4 years/October 8, 2019
Series 3/2558 Lot 3	1,000	2.99% paid every 6 months	5 years/October 8, 2020

All debentures were last rated A+ stable by TRIS Rating Co., Ltd. on August 28, 2015.

As a condition of the issuances, the Company must maintain its debt-to-equity ratio at not more than 1.50:1.

4.2 Short-term bills of exchange/financial institution borrowings in the form of bills of exchange

As of December 31, 2015, outstanding short-term bills of exchange/short-term borrowings from financial institutions in the form of bills of exchange stood at 200 million baht.

5. Dividend payment policy

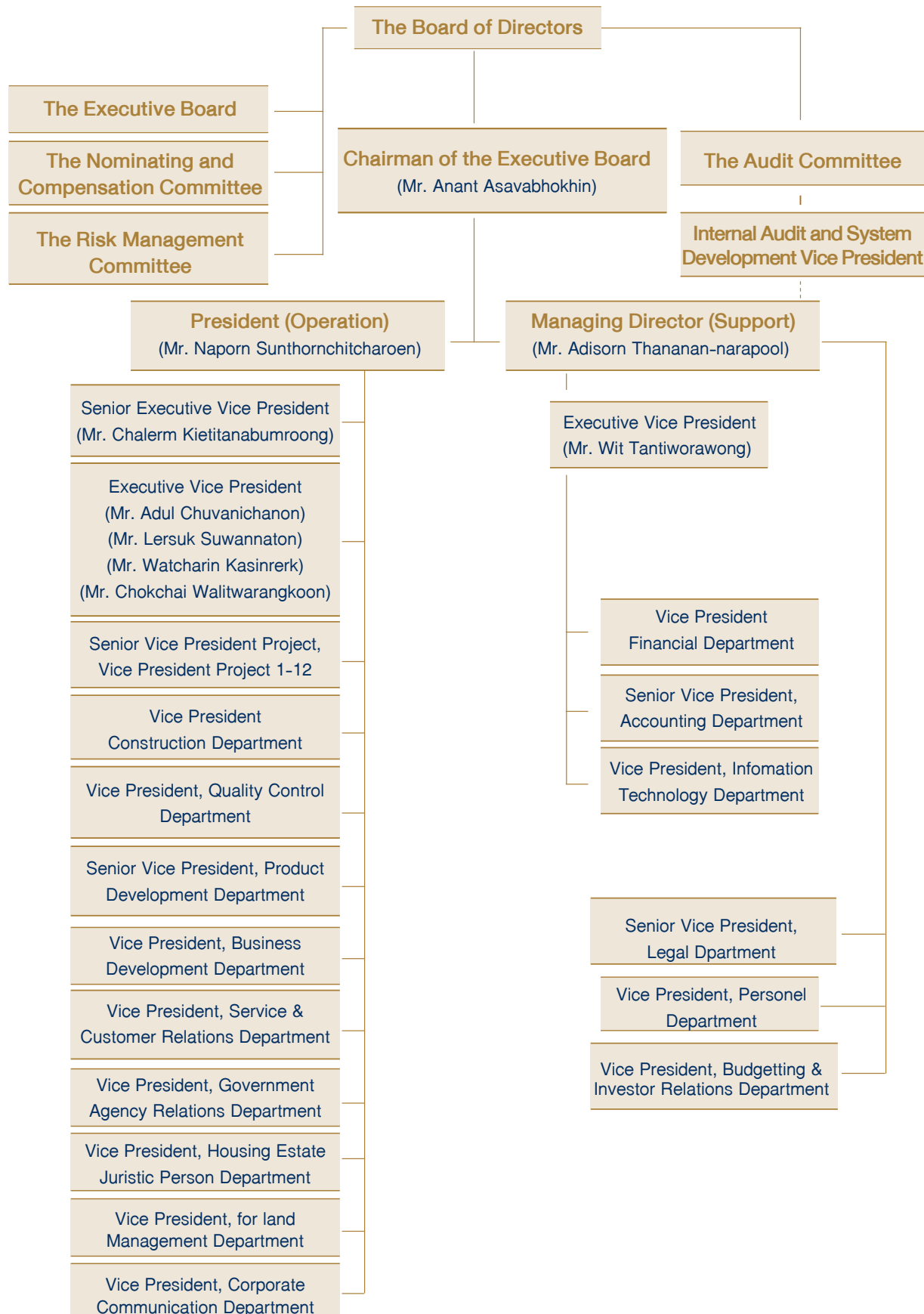
At present, the Company has a policy to pay dividends from net profit to its shareholders every year. In considering the payments, the following factors are taken into consideration: the Company's operating results and financial position, liquidity, expansion plans and other management-related factors. Any dividend payment is also subjected to the approval(s) of the Company's Board of Directors and/or shareholders' meetings. The shareholders' extraordinary meeting No. 1/2547 on January 26, 2004 resolved to amend Article 42 on Dividend Payments of its Articles of Association.

Under the amended Article No. 42 on Dividend Payments: "Dividends shall be paid from the Company's profit. In the event that the Company has an accumulated loss, dividends shall not be paid. In the event the Company has a profit, the Board of Directors shall propose a dividend payment in an amount that will not cause damages to the Company's capital".

As for the dividend payment policies of its subsidiaries, the subsidiaries pay the Company dividends from their net profits, taking into consideration their operating results, financial positions, liquidity, expansion plans and other management-related factors.

The Organization Plan of Executive Officers Land & Houses Plc.

(31 December 2015)



Board of Directors

1. Board of Directors

The Company had 5 boards as of December 31, 2015. They were the Board of Directors, Audit Committee, Nominating and Compensation Committee, Risk Management Committee and Executive Board.

According to its Articles of Association, the Board of Directors consists of at least 5 directors, at least half of whom are domiciled in Thailand. In conducting business, the directors must perform their duties according to laws, the objectives and the Articles of Association of the Company, as well as the resolutions of shareholders' meetings, with integrity and care in protecting the Company's interests.

The composition of the boards, committees and management was designed with adequate checks and balances:

a) The Board of Directors has 3 independent directors, or 44% of all directors, and 5 executive directors.

b) The Audit Committee has 3 members with independence and duties as stipulated by the Stock Exchange of Thailand's regulations and the Audit Committee Charter.

c) Clear delegation and authorization has been established as detailed and disclosed in the Corporate Governance section.

As of December 31, 2015, the names and meeting-attendance records of the directors in 2013, 2014 and 2015 were as follows:

Name	Position	Number of attended meetings/all meetings		
		2013	2014	2015
1. Mr. Anant Asavabhokhin	Chairman and Chief Executive Officer	7 / 8	6 / 8	9 / 9
2. Mr. Pratip Wongnirund	Director, chairman of the Audit Committee and independent director (resigned on April 23, 2015)	8 / 8	8 / 8	1 / 1
3. Mr. Pakhawat Kovithvathanaphong	Director, Chairman of the Audit Committee, independent director	8 / 8	8 / 8	8 / 9
4. Mr. Soong Hee Sang	Director (resigned on April 23, 2015)			
5. Mr. Chalerm Kietitanabumroong	Director, Risk Management director	4 / 8	4 / 8	0 / 1
6. Mr. Adisorn Thananan-narapool	Director and secretary to the Nominating and Compensation Committee	8 / 8	8 / 8	9 / 9
7. Mr. Naporn Sunthornchitcharoen	Director	8 / 8	8 / 8	9 / 9
8. Mr. Nantawat Pipatwongkasem	Director and company secretary	8 / 8	7 / 8	9 / 9
9. Mr. Chadchart Sittipunt	Risk Management director, director, Audit director and independent director (appointed on August 14, 2014 and resigned on December 23, 2014)	8 / 8	8 / 8	9 / 9
		-	4 / 4	-
10. Mr. Wisanu Subsompon	Director, Audit director, independent director and Nominating and Compensation director and Chairman of the Risk Management Committee (resigned on July 1, 2014 and rejoined on February 24, 2015)	8 / 8	4 / 4	8 / 8

Name	Position	Number of attended meetings/all meetings		
		2013	2014	2015
11. Mr. Piphob Veeraphong*	Director, Audit director, independent director, Chairman of the Nominating and Compensation Committee	-	-	8 / 8
12. Mr. Bundit Pitaksit**	Director and independent director	-	-	8 / 8
Total number of meetings		8	8	9

* Mr. Piphob Veeraphong was named director on April 23, 2015 and was appointed Audit director, independent director and Nominating and Compensation director on May 12, 2015.

** Mr. Bundit Pitaksit was named director on April 23, 2015 and was appointed independent director on May 12, 2015.

Authorized signatories

One of the following directors may sign to bind the Company: Mr. Anant Asavabhokhin, Mr. Adisorn Thananan-narapool, Mr. Naporn Sunthornchitcharoen, Mr. Nantawat Pipatwongkasem, or Mr. Chalerm Kietitanabumroong.

Scope of authority and duties of the Board of Directors

To enable the Board of Directors to perform its duties efficiently, a guideline on its duties was laid down as follows:

1. Manage the Company in compliance with its objectives and regulations, as well as the resolutions of shareholders' meetings in line with the laws on integrity and apply caution to protect the interests of the Company.
2. Approve key policies, objectives, guidelines and work plans of the Company and follow up on execution according to laid-down plans
3. Monitor and supervise the administration and management of the Executive Board to ensure full compliance with the laid-down policies. The Board of Directors has the authority to approve the following:
 - 3.1 Borrowings or loan application from financial institutions
 - 3.2 Annual budget and work plans of the Company
 - 3.3 Interim dividend payments for shareholders when the Company has sufficient profit to do so
 - 3.4 Significant transactions such as and asset purchases or sales and other actions required by law
 - 3.5 Connected transactions and asset acquisitions and disposals except those requiring shareholders' approval. Such endorsements shall be in line with the announcements, requirements and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

This applies to all matters except those required by law that the Board of Directors seek shareholders' approval before proceeding.

4. Convene at least 5 times a year.
5. Set clear meeting agenda in advance throughout the year.
6. Submit detailed meeting agenda at least 5 days ahead of the meeting dates so that the directors have time to study and consider them.
7. In consider each meeting agenda items, the interests of shareholders and stakeholders shall be fairly taken into account.

8. Allow free expression of opinions at meetings
9. Allocate adequate time for each agenda item to allow for careful debate and expression of opinions.
10. Supervise to ensure management is in line with good governance policy and to prevent conflicts of interest

Roles and Duties of the Chairman of the Board of Directors

1. Take responsibility as leader of the Board of Directors in monitoring, following up on and supervising the management of the Board of Directors and other subcommittees to achieve the objectives based on laid-down work plans
2. Preside over the meetings of the Board of Directors and shareholders, manage the meetings in line with the Articles of Association and manage time appropriately
3. Promote expression of opinions in an independent and transparent manner at meetings
4. Supervise to ensure efficient communication between the directors and shareholders
5. Give the casting vote in the event the votes are tied at Board of Directors meetings

2. Executives

As of December 31, 2015, the Company had 9 executives:

Mr. Anant Asavabhokhin	Chairman of the Executive Board
Mr. Adisorn Thananan-narapool	President
Mr. Naporn Sunthornchitcharoen	President
Mr. Chalerm Kietitanabumroong	Senior Executive Vice President and top executive for operations
Mr. Wit Tantiworawong	Executive Vice President and top executive for finance
Mr. Adul Chuvanichanon	Executive Vice President
Mr. Lersuk Suwannaton	Executive Vice President
Mr. Watcharin Kasinrerak	Executive Vice President
Mr. Chokchai Walitwarangkoon	Executive Vice President

3. Company Secretary

The Board of Director appointed Mr. Nantawat Pipatwongkasem, a director with appropriate knowledge, qualifications and experience, as company secretary. A barrister-at-law, he holds a law bachelor's degree and an MBA degree from Thammasat University. His roles and duties are to give advice on laws and regulations that the Board of Directors must be aware of and comply with, organize meetings of shareholders and Board of Directors in compliance with laws, the Company's Articles of Association and other guidelines. He also records meeting minutes, follows up on the implementation of meeting resolutions, contacts and communicates with shareholders so that they are aware of their rights and company news, coordinates the Board of Directors' activities, as well as archive documents as required by law.

4. Executive compensation

(a) Cash compensation

- Compensation for directors

The Company has set a clear policy on compensation for presidents and directors. They are appropriately remunerated based on their responsibilities. The Nominating and Compensation Committee also considers and screen the packages for the Board of Directors to consider. Factors to take into account are suitability, as well as the size, business expansion and profit growth of the Company. Its compensation is at the same level as the industry. For directors, the compensation is approved at a shareholders' meeting each year. The compensation comes in the form of annual remuneration, meeting allowances, director bonuses and bonuses. The details for 2014 and 2015 are as follows:

			2014		2015	
Name of director	Position		Meeting attendance rate %	2014 Compensation (million baht)	Meeting attendance rate %	Compensation (million baht)
1. Mr. Anant Asavabhokhin	President		75%	0.80	100%	2.60
	Chairman of the Executive Board					
2. Mr. Pratip Wongnirund*	Director, chairman of the Audit Committee and independent director		100%	1.98	100%	1.62
3. Mr. Pakhawat Kovithvathanaphong	Director, member of the Audit Committee, independent director and chairman of the Nominating and Compensation Committee		100%	1.60	89%	2.14
4. Mr. Soong Hee Sang*	Director		50%	0.40	0%	0.90
5. Mr. Chalerm Kietitanabumroong	Director		100%	0.40	100%	1.30
6. Mr. Adisorn Thananan-narapool	Director and Secretary to the Nominating and Compensation Committee		100%	0.40	100%	1.30
7. Mr. Naporn Sunthornchitcharoen	Director		88%	0.40	100%	1.30
8. Mr. Nantawat Pipatwongkasem	Director and company Secretary		100%	0.40	100%	1.30
9. Mr. Chadchart Sittipunt**	Director, member of the Audit Committee, independent director and member of the Nominating and Compensation Committee		100%	0.23	-	-
10. Mr. Wisanu Subsompon***	Director, member of the Audit Committee, independent director, member of the Nominating and Compensation Committee					
	Chairman of the Risk Management Committee		100%	1.18	100%	1.11
11. Mr. Piphob Veeraphong****	Director, member of the Audit Committee, independent director, Chairman of the Nominating and Compensation Committee		-	-	100%	0.73
12. Mr. Bundit Pitaksit*****	Director and independent director		-	-	100%	0.58
Total				7.79		14.88

* Mr. Pratip Wongnirund and Mr. Soong Hee Sang resigned on April 23, 2013.

** Mr. Chadchart Sittipunt was appointed director and member of the Audit Committee and the Nominating and Compensation Committee on August 14, 2014 and resigned on December 23, 2014.

*** Mr. Wisanu Subsompon resigned on July 1, 2014 and reappointed director and member of the Audit Committee, independent director and member of the Nominating and Compensation Committee on February 24, 2015.

**** Mr. Piphob Veeraphong was appointed director on April 23, 2015 and named member of the Audit Committee, independent director, and member of the Nominating and Compensation Committee on May 12, 2015.

***** Mr. Bundit Pitaksit was appointed director on April 23, 2015 and named independent director on May 12, 2015.

The details of directors' compensation by category in 2015 are as follows:

(Unit: baht)

Position	Name	Compensation		Total
		Annual pay	Bonus	
Audit/independent directors	1. Mr. Pratip Wongnirund	360,000	1,260,000	1,620,000
	2. Mr. Pakhawat Kovithvathanaphong	680,000	980,000	1,660,000
	3. Mr. Wisanu Subsompon	680,000	-	680,000
	4. Mr. Piphob Veeraphong	400,000	-	400,000
	5. Mr. Bundit Pitaksit	400,000	-	400,000
Executive directors	1. Mr. Anant Asavabhokhin	1,200,000	1,400,000	2,600,000
	2. Mr. Naporn Sunthornchitcharoen	600,000	700,000	1,300,000
	3. Mr. Adisorn Thananun-narapool	600,000	700,000	1,300,000
	4. Mr. Chalerm Kietitanabumroong	600,000	700,000	1,300,000
	5. Mr. Nantawat Pipatwongkasem	600,000	700,000	1,300,000
	6. Mr. Soong Hee Sang	200,000	700,000	900,000
Total				13,460,000

Meeting allowances

(unit: baht)

Name	Meeting allowances				Total
	Board of Directors	Audit Committee	Nominating and Compensation Committee	Risk Management Committee	
1. Mr. Pakhawat Kovithvathanaphong	210,000	160,000	110,000	N/A	480,000
2. Mr. Wisanu Subsompon	210,000	120,000	60,000	40,000	430,000
3. Mr. Piphob Veeraphong	210,000	120,000	-	N/A	330,000
4. Mr. Bundit Pitaksit	180,000	N/A	N/A	N/A	180,000
Total	810,000	400,000	170,000	40,000	1,420,000

- Executive compensation in the form of salaries and bonuses linked to the operating results of the Company and individual job evaluation in 2014 and 2015 is as follows:

	2014		2015	
	Number of executives	Total amount (million baht)	Number of executives	Total amount (million baht)
Salary	7	58.86	9	74.67
Bonuses*	7	57.53	9	65.04
Total	7	116.39	9	139.71

*Note * Bonuses are paid in January of every year*

(b) Non-cash compensation

1. The Company set up a provident fund for its employees to which the staff voluntarily contributes at the rates of 5-7% of their monthly salaries while Company matches the contribution at the same rate. The registered fund is managed by a licensed fund manager in compliance with the Act on Provident Funds B.E. 2542 (1999). In 2015, the Company contributed 2.71 million baht to the portion owned by the 9 executives.

2. Welfare is provided in various forms such as medical care, health insurance, annual physical checkups by age groups, life insurance for all employees, allowances for weddings and funerals of employees' family members, uniforms, annual vacation trips and parties, as well as discounts on company products based on established criteria and conditions.

5. Human resources (as of December 31, 2015)

- Total number of employees 778
Number of employees in each line
 - Management 12
 - Operations 639
 - Support 127
- Total compensation and types of compensation
Salary, bonuses and other compensation in 2015 totaled 1,045.6 million baht
Benefits on health care and recreation, as well as a provident fund and discounts for purchases of company products, were also provided.
- Total number of employees at subsidiaries 563
Divided by company
 - L H Muang Mai Co. Ltd. 28
 - Land and Houses U.S.A., Inc. 4
 - L H Mall and Hotel Co., Ltd. 27
 - L&H Hotel Management Co., Ltd. 348
 - L&H Retail Management Co., Ltd. 109
 - L&H Management Co., Ltd. 47

Corporate governance

1. Policy

The Board of Directors is determined to manage the Company efficiently to achieve objectives. It is firmly convinced that good corporate governance will bolster the Company's operating result growth sustainably. It is also the key to success, which is to maximize value for its shareholders. Therefore, the Board of Directors strictly complies with the principles of good corporate governance, which are:

- Integrity
- Transparency
- Independence
- Accountability
- Fairness
- Social responsibility

These corporate-governance principles are reflected in the values, guidelines and directions of the practices internally adopted by the Company. They should provide assurances that the business can compete effectively under the business ethics in compliance with international standards, laws and the principles of good corporate governance set forth by the Securities and Exchange Commission and the Stock Exchange of Thailand.

Results

The Company complied with good corporate governance principles throughout 2015, except with regards to the following issues:

(1) The policies on limiting the number of listed companies of which each director holds a position and on the chief executive officer serving as director in other companies since the CEO and all directors have performed their duties very well and can help develop the Company. Setting such limits may result in losses or lost opportunities to have competent persons serve as directors. The Board of Director reviews the performance, knowledge, capabilities and qualifications of each director every year.

(2) The chairman of the Board of Directors is not an independent director as the Company still needs a person with knowledge, competence, long experience and leadership to lead it so it can achieve its goals. In any case, the Company adheres to good governance principles, the composition of the Board of Directors is well balanced and all operations are in line with the Company's regulations and under the supervision of the Board.

(3) The policy on setting a quorum at not less than two thirds of all directors at meetings where a vote is required since it may affect management flexibility in the event of emergencies. In any case, not less than two thirds of all directors attended the meetings in 2015 and in previous years.

(4) The Company has not set up a corporate governance committee since it assigned related units to ensure compliance with good corporate principles and they have performed well.

2. Subcommittees

The Board of Directors appointed 4 subcommittees: the Audit Committee, the Nominating and Compensation Committee, the Risk Management Committee and the Executive Board.

(a) Audit Committee

The Audit Committee comprises 3 independent directors, all of whom are independent and meet all of the qualifications set by the Securities and Exchange Commission and the Stock Exchange of Thailand. All Audit Committee members have respectable knowledge and working experiences. With backgrounds in accounting or financial degrees and experiences, Mr. Pratip Wongnirund and Mr. Pakhawat Kovithathanaphong have the knowledge and competency required to review creditability of financial statements. The names and meeting attendance records of the Audit Committee in 2013, 2014 and 2015 are as follows:

Name	Position	Number of attended meetings/ all meetings		
		2013	2014	2015
1. Mr. Pratip Wongnirund*	Chairman of the Audit Committee	6 / 6	6 / 6	1 / 1
2. Mr. Pakhawat Kovithvathanaphong**	Member of the Audit Committee	6 / 6	6 / 6	6 / 6
4. Mr. Wisanu Subsompon***	Member of the Audit Committee	6 / 6	2 / 2	5 / 5
5. Mr. Piphob Veeraphong****	Member of the Audit Committee	-	-	3 / 4
Total number of meetings		6	6	6

* Mr. Pratip Wongnirund resigned in April 23, 2015.

** Mr. Pakhawat Kovithvathanaphong was appointed chairman on May 12, 2015.

*** Mr. Wisanu Subsompon resigned on July 1, 2014 and was re-appointed on February 24, 2015.

**** Mr. Piphob Veeraphong was appointed on May 12, 2015.

Mr. Pornchai Ketkhajornvirach, vice president, Internal Audit and System Development Department, is the Secretary to the Audit Committee.

Scope of authority and duties of the Audit Committee

The Audit Committee has the following duties and responsibilities to report to the Board of Directors:

1. Review the Company's financial reports to ensure accuracy and adequate disclosure
2. Review the Company's internal control and audit system to ensure suitability and effectiveness
3. Review the operations of the Company to ensure compliance with the laws on securities and the stock exchange or those relating to the Company's businesses
4. Approve the appointment, transfer and employment termination of the Internal Audit and System Development vice president
5. Screen, nominate, reinstate and terminate the employment of external auditors and propose their compensation
6. Determine proper and adequate disclosure of the Company's information on connected transactions or lists with potential conflicts of interests to ensure comprehensiveness and accuracy as required by related regulations
7. Consider and review operation reports of the Internal Audit Department and approve its annual internal audit plan
8. Supervise to ensure the independency of auditors and the Internal Audit Department in performing their duties
9. Organize meetings with auditors without management present at least once a year
10. Determine key risks faced by the Company and propose preventive measures or inform the Board of Director to find measures to alleviate them
11. Prepare reports on the activities of the Audit Committee and include them in the Company's annual reports, to be signed by the Chairman of the Audit Committee
12. Perform other duties assigned by the Board of Directors and approved by the Audit Committee

(b) Nominating and Compensation Committee

The Nominating and Compensation Committee consists of 3 members, 2 of whom are independent directors. The names and meeting-attendance records of the Nominating and Compensation Committee for 2013, 2014 and 2015 are as follows:

Name	Position	Number of attended meetings /all meetings		
		2013	2014	2015
1. Mr. Piphob Veeraphong*	Chairman of the Nominating and Compensation Committee	-	-	0/1
2. Mr. Pakhawat Kovithvathanaphong**	Chairman of the Audit Committee	2/2	3/3	1/1
3. Mr. Chadchart Sittipunt***	Member of the Nominating and Compensation Committee			
4. Mr. Adisorn Thananan-narapool	Member of the Nominating and Compensation Committee	-	1/1	-
5. Mr. Wisanu Subsompon****	Member of the Nominating and Compensation Committee	2/2	3/3	2/2
	Chairman of the Risk Management Committee	2/2	2/3	1/1
Total number of meetings		2	3	2

* Mr. Piphob Veeraphong was appointed on May 12, 2015.

** Mr. Pakhawat Kovithvathanaphong resigned on May 12, 2015.

*** Mr. Chadchart Sittipunt was appointed on August 14, 2014 and resigned on December 23, 2014.

****Mr. Wisanu Subsompon resigned on July 1, 2014 and was reappointed on Feb 24, 2015.

Scope of authority and duties of the Nominating and Compensation Committee

1. Set the policy on nominating the Company's directors, subcommittees and high-level executives, as well as their compensation, to be proposed to the Board of Directors for approval
2. Screen for persons with suitable qualifications and value to the business to replace the directors whose terms are expiring or to fill vacant positions to be proposed to the Board of Directors for approval and to seek the approvals for their replacements/appointments from the shareholders
3. Determine compensation as necessary and appropriate, both in the form of cash and non-cash rewards, for the directors and high-ranking executives based on their duties, responsibilities and performances
4. Report to the Board of Directors results from its meetings which are significant and beneficial to the Company
5. Provide explanations or answer questions in case doubts emerge involving the Company's policy on nominating and remunerating its directors, sub-committees and high-ranking executives at shareholders' meetings
6. Perform any other duty assigned by the Board of Directors involving significant nominations and compensation

(c) Risk Management Committee

The Board of Directors passed a resolution at its 3/2556 meeting on May 13, 2013 to appoint 3 persons to the Risk Management Committee. The names and meeting records of the Risk Management Committee's members in 2013, 2014 and 2015 are as follows:

Name	Position	No. of attended meetings/all meetings		
		2013	2014	2015

1. Mr. Wisanu	Subsompon*	Chairman of the Risk Management Committee	3 / 3	1 / 1	2/2
2. Mr. Chadchart	Sittipunt**	Chairman of the Risk Management Committee	-	1 / 1	-
3. Mr. Chalerm	Kietitanabumroong	Member of the Risk Management Committee	3 / 3	2 / 2	2/2
3. Mr. Nantawat	Pipatwongkasem	Member of the Risk Management Committee	3 / 3	2 / 2	2/2
Total number of meetings during the year			3	2	2

* Mr. Wisanu Subsompon resigned on July 1, 2014 and reappointed on February 24, 2015.

** Mr. Chadchart Sittipunt was appointed on August 14, 2014 and resigned on December 23, 2014.

Scope of authority and responsibilities of the Risk Management Committee

1. Consider the risk management policies, guidelines and framework to be proposed to the Board of Directors for approval
2. Study and evaluate probable risks; propose measures to prevent and alleviate the risks at acceptable levels; monitor, evaluate and improve work plans to ensure the risks are managed adequately and properly
3. Promote and support the improvement and development of the Company's internal risk management system consistently and uninterruptedly
4. Communicate and exchange information, as well as coordinate on issues related to risks and internal audit, with the Audit Committee at least once a year
5. Report to the Board of Directors meeting results of significance and benefits to the Company
6. Perform other duties related to essential risk management assigned by the Board of Directors

(d) Executive Board

The Executive Board consists of 5 directors whose names and meeting attendance records in 2013, 2014 and 2015 are as follows:

Name	Position	Number of attended meetings/ all meetings		
		2013	2014	2015
1. Mr. Anant Asavabhokhin	President	10 / 11	11 / 11	12 / 12
2. Mr. Adisorn Thananan-narapool	Executive Director	11 / 11	10 / 11	12 / 12
3. Mr. Naporn Sunthornchitcharoen	Executive Director	11 / 11	11 / 11	12 / 12
4. Mr. Vidhya Tantivorawong	Executive Director	11 / 11	10 / 11	11 / 12
5. Mr. Soong Hee Sang*	Executive Director	4 / 11	4 / 11	0 / 1
Total number of meetings during the year		11	11	12

* Mr. Soong Hee Sang resigned on February 24, 2015

Scope of authority and duties of the Executive Board

The Executive Board, which includes the chief executive officer, handles routine operations. Any other transaction which constitutes or potentially constitutes a conflict of interest in any manner with the Company or its subsidiaries must be submitted to the meetings of the Audit Committee and the Board of Directors for approval.

Delegation of authority and duties from the Board of Directors

The Board of Directors sets the objectives, guidelines, policies, work plans and budgets of the Company. It also monitors and supervises the administration and the management of the Executive Board to ensure compliance with assigned policies. The Executive Board shall comply with the policies, work plans and budgets approved by the Board of Directors.

For important decisions such as land acquisitions, project development and investment, the Executive Board shall seek the approval to the Board of Directors on a case-by-case basis.

As for the delegation of financial authority involving the normal operations of the Company, one of the signatory directors - Mr. Anant Asavabhokhin, Mr. Adisorn Thananan-narapool, Mr. Naporn Sunthornchitcharoen, Mr. Nantawat Pipatwongkasem, or Mr. Chalerm Kietitanabumroong - may sign to bind the Company, provided that the approved transactions do not constitute a conflict of interest with himself or persons with potential conflicts of interests, or may constitute a potential conflict of interest in any manner with the Company or its subsidiaries.

3. Selection of Directors and Top Executives

The Nominating and Compensation Committee selects qualified persons to be candidates for directors and top executives based on their skills, knowledge and competency. They should have acceptable experiences, transparent work records, maturity and stability. In addition to having appropriate qualifications in line with the Company's Articles of Association and business strategies, they should have special knowledge and expertise, as well as the necessary skills to enhance the strengths and effectiveness of the Board of Directors. These criteria were set to ensure a diversity of professional directors, taking into account the structure, size and composition of the board. The Nominating and Compensation Committee also allows directors and shareholders to propose qualified candidates in line with the criteria and selection method.

(a) Independent directors

The Company redefined the term "independent director" to be in line with the principles of good corporate governance and guidelines set by the Securities and Exchange Commission and the Stock Exchange of Thailand to help bolster confidence among investors and to maintain a good management balance.

The definition stipulates that an "independent director" is a director who has no managerial role in the Company, its subsidiaries, or associated companies. He is therefore independent from the management and shareholders with controlling power and does not have any business relationship with the Company in a manner that may restrict his expression of opinions. He must also have the following qualifications:

1. holds shares not exceeding 1% of all voting shares in the Company, its subsidiaries or associated companies.
2. is not involved in the management, or is not a staff or employee or advisor who receives regular salaries or a provider of professional audit or legal service or any other professional service that may restrict his expression of opinions with regards to the Company, its subsidiaries or associated companies, or has control over the Company, its subsidiaries or associated companies, or is the person with potential conflicts of interest. He must also have lost his status or position that may constitute such conflicts for 2 years or more.

3. has no business relationship in a manner that may limit his independence in performing his duty as a director in a significant amount or value in proportion to the Company's revenue as defined in the criteria, has no benefit or interest, whether direct or indirect, in the finance and management of the Company, its subsidiaries or associated companies or any other person with potential conflicts of interest in a manner that may compromise his independence.

4. is not a close relative of any member of management or majority shareholder of the Company, its subsidiaries or associated companies or any person with potential conflicts of interest and has not been appointed their nominee to protect the interest of directors or majority shareholders

5. is not appointed as nominee to protect the interest of any director, majority shareholder or shareholder who is related to a majority shareholder of the Company.

6. can independently perform his duties and express opinions or report the operating results as assigned by the Board of Directors without being under the control or influence of any executive or majority shareholder, including his related persons or close relatives.

(b) Selection of directors and top executives

The criteria and procedure to select director candidates are as follows:

(1) The Company allows one or more shareholders with combined shares of not less than 0.1% of the Company's paid-up capital to propose eligible director candidates through the Company's website or by mail to the Secretary to the Board of Directors, who will forward the proposals to the Nominating and Compensation Committee. The Company will notify the timeframe for accepting such proposals through the Stock Exchange of Thailand.

(2) Majority shareholders may propose suitable director candidates to the Nominating and Compensation Committee.

(3) The Nominating and Compensation Committee will consider submitting the names of suitable director candidates to the Board of Directors, to be subsequently proposed at a shareholders' meeting.

(4) The shareholders' meeting shall elect the directors using a majority vote based on the following criteria and methods:

4.1) One share is entitled to one vote.

4.2) Shareholders vote to elect one by one the candidates proposed to be nominated directors.

4.3) The candidates are ranked in descending order and are appointed as directors in that order until all the director positions are filled. Where the votes of candidates are tied, the chairman of the meeting has the casting vote.

(5) At each annual ordinary shareholders' meeting, one third of the directors shall be removed from duties. If the number of directors to be removed is not exactly one third, the closest number shall apply. The procedure for the selection of their substitutes shall be according to (1) - (4).

As for directors who were to resign in the first and second years after registering the Company, a draw was held to select who would resign. In each subsequent year, the longest-serving directors shall resign. The directors who resign after fulfilling their terms may be re-elected to resume the positions.

Selection of top executives

In selecting top executives, the Executive Board will initially consider suitable qualified persons, with knowledge, competencies, experiences, leadership, management skills and good understanding of the Company's business. Their names will be proposed to the Nominating and Compensation Committee for endorsement and then to the Board of Directors for approval.

(c) Number of directors from majority shareholders

Five directors came from majority shareholders. The directors from Mr. Anant Asavabhokhin's group are: Mr Anant Asavabhokhin, Mr Adisorn Thananan-narapool, Mr Naporn Sunthornchitcharoen, Mr. Nantawat Pipatwongkasem and Mr. Chalerm Kietitanabumroong.

There is no director representing The Government of Singapore Investment Corporation (GIC).

4. Supervision of subsidiaries and associated companies

The management nominates and votes to appoint directors of the Company's subsidiaries and associated companies. They must also be approved by the Board of Directors. The appointed directors of the subsidiaries or associated companies shall perform their duties for the utmost benefits of their respective subsidiaries or associated companies.

The Company supervises its subsidiaries to ensure comprehensive disclosures of their financial positions and operating results, transactions with connected persons, asset acquisitions and disposals, or other important transactions. Regulations on connected transactions and disclosures are in accordance with the Company's criteria. The Company also ensures they have maintained accurate, complete data and accounting records for accountability and collected information in time for financial statement consolidation.

5. Supervision of the use of insider information

The Company has a clear policy on appropriate use of power through several channels such as good corporate governance, corporate ethics, announcements of the Security and Exchange Commission and related agencies, corporate culture, etc. so that employees of all levels recognize the importance of equal treatment of shareholders without exploiting insider information.

(a) Reporting of shareholding

The Company has set a measure to prevent the use of insider information by its directors and executives for personal gains. They are informed of their duty to report the holdings of the Company's shares by them and their spouses and minor children. They have also been made aware of the requirement by the Securities and Exchange Commission and the Stock Exchange of Thailand to report changes in their holdings every time they buy, sell, transfer or accept the share transfers within 3 days after the transaction dates. Each time, they must also send copies to the company secretary to be submitted to Board of Directors meetings, of which an agenda item is shareholdings acknowledgment.

(b) Reporting of conflicts of interest

The Company has required its directors and executives submit reports on their conflicts of interest, as well as those of their connected persons, if they involve the management of the Company or its subsidiaries. The first form-filled reports must be submitted to the company secretary within 30 days after they have been appointed directors or executives. They need to be submitted again within 30 days after changes occur. The company secretary shall send copies to the chairmen of the Executive Board and the Audit Committee in compliance with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

6. Auditors' compensation

6.1 Audit fee In 2015, the Company made the following payments to EY Co. Ltd.

Audit fee of the Company	1,440,000 baht
Audit fee of subsidiaries	2,420,000 baht
Total	3,860,000 baht

6.2 Risk Management fee in the Company made the following payments to EY Co. Ltd. 2015, 2,240,000 baht.

Each year, the Company invites audit companies to make offers for their services for price comparisons. The Company hires independent auditors with acceptable qualifications as its auditors. They must be approved by the Securities and Exchange Commission and be rotated every 5 years in line with the SEC's regulations.

7. Compliance with good governance principles

(a) Shareholders' rights

Before the meeting date

The Company recognizes and values the rights of shareholders. It has strived to encourage them to exercise their fundamental rights and protect them. It also facilitates the exercise of the shareholders' rights that they are entitled to indiscriminately. Among them are adequate access to information, the opportunities to propose agenda items, nominate candidates for directorship and send questions ahead of shareholders' meeting dates, the exercise of voting rights on important issues, including the approval of dividends. The Company has refrained from any act that violates or restricts shareholders' rights. Besides, it encourages shareholders, particularly institutional investors, to attend shareholders' meetings through coordination with its investors' relations unit.

In 2015, the Company held one shareholders' meeting. The 2015 annual general shareholders' meeting, at 13.30 on April 23, 2015. The Company posted the invitation letter, along with documents related to each agenda item, on its website at www.lh.co.th 30 days ahead of the meeting date so that the shareholders had adequate time to study the information on each agenda item before receiving hard copies of the same documents by mail. The information made available on the Company's website was the same as what was sent to the shareholders in hard copies. The invitation letter and related documents were sent 21 days ahead of the meeting date. The invitation letter contained the details of each agenda item and related information, as well as the opinions of the Board of Directors, voting method and details of the documents the shareholders needed to bring with them on the meeting date. In cases where the shareholders were unable to attend the meetings, the Company arranged for independent directors to be authorized to act on their behalf. Proxy forms approved by the Commerce Ministry and the biographies of the independent directors assigned to act as proxies were also sent to the shareholders so that the shareholders who could not attend the meeting could authorize anyone or the independent directors to represent them at the meeting.

On the meeting date

Recognizing the importance of shareholders' meetings, the Company held the meeting at the place and time most convenient for shareholders to attend. Appropriate and ample time was also allocated. As a result, the Company held the meeting at its head office at 1 Satorn Road, Thung Mahamek sub-district, Sathon district, Bangkok, which is located near the Lumpini subway station, a convenient location with easy access by bus, the BTS skytrain and the MRT subway. The meeting was also scheduled during normal working hours.

On the meeting date

The Company asked the shareholders to register at least one hour in advance and assigned registration officials to provide convenience for the attending shareholders and proxies. Registration software with the ability to search shareholders by name, family name or identification number was also deployed to speed up the registration process. The shareholders would then receive a voting ticket for each agenda item. Vote counting was done electronically by using barcode readers on the voting tickets, making vote-counting accurate and speedy whereby the shareholders could view the result of each agenda item immediately after the votes were cast.

At the shareholders' meeting, the Chairman acted as the chairman of the meeting. The chairmen of the sub-committees and directors also attended the meeting. The chairman of the meeting then explained the voting method, vote-counting procedure, use of voting tickets and disclosure of the vote-counting result for each agenda item to ensure transparency. The shareholders were also given an equal opportunity to express their opinions and proposals and to ask questions. The Chairman answered the questions and provided adequate information and ample time for debates. Since 2009, the Board of Directors has also allowed the shareholders to send questions ahead of the meeting date.

After the meeting

The 1/2558 annual general shareholders' meeting was attended by 961 shareholders and proxies, representing 5,872,770,794 shares, or 53.10%, more than one third of all 10,996,212,032 shares. Mr. Anant Asavabhokhin was the chairman of the meeting and Mr. Nantawat Pipatwongkasem, secretary to the Company and its Board of Directors, was the secretary of the meeting. Eight directors attended the meeting. They were:

1. Mr. Anant	Asavabhokhin	Chairman
2. Mr. Pratip	Wongnirund	Chairman of the Audit Committee and Independent Director
3. Mr. Pakhawat	Kovithvathanaphong	Independent director, Audit Director and Chairman of the Nominating and Compensation Committee
4. Mr. Wisanu	Subsompon	Independent Director, Audit Director, Chairman of the Risk Management Committee, and Nominating and Compensation Director
5. Mr. Naporn	Sunthornchitcharoen	Director and President
6. Mr. Adisorn	Thananan-narapool	Director, President and Nominating and Compensation Director
7. Mr. Chalerm	Kietitanabumroong	Director, Senior Executive Vice President and Risk Management Director
8. Mr. Nantawat	Pipatwongkasem	Director, Risk Management Director, and Secretary to the Board of Directors

Mr. Soong Hee Sang, who could not attend the meeting on that day due to other business, informed the chairman of the meeting in advance of his absence. An auditor from EY Co. Ltd., Ms Roongnapa Lertsuwannakul, who was the Company's auditor, also attended the meeting.

As for the minutes of the meeting, the Company recorded comprehensive details, including the names of the attending directors, questions brought up at the meeting and significant explanations, as well as the resolution in detail on each agenda item. The minutes were disclosed on the next day after the meeting through the SET Portal of the Stock Exchange of Thailand and sent to various units within 14 days after the meeting date. They were also made available both in Thai and English at the Company's website at www.lh.co.th so that the shareholders could readily access them without having to wait until the next meeting. They would be proposed for endorsement at the next shareholders' meeting.

(b) Equal treatment of shareholders

The Company has a policy to support and emphasize equal and fair treatment of shareholders to protect the fundamental rights of the shareholders, especially minority ones whose rights are prone to be violated and who should have a chance to be compensated. As a result, the Company resolved to adopt the following measures:

1. At shareholders' meetings, each agenda item will be strictly followed in the order published in the invitation letters. No additional agenda item shall be added without advance notice to the shareholders. The measure is to ensure that the shareholders have enough time to study relevant information before making decisions.

2. The Board of Directors resolved to give minority shareholders a chance to propose agenda items in advance, starting from the 1/2551 ordinary shareholders' meeting. The resolution was notified on the Company's website at www.lh.co.th and that of the Stock Exchange of Thailand, complete with the procedure to propose an agenda item and clear criteria in considering it. The Company's independent directors will consider and screen the proposed agenda items before submitting them to the Board of Directors. The agenda items approved by the Board of Directors shall be included in the next meeting's agenda. For the proposed agenda items not approved by the Board of the Directors, the Company will notify the shareholders, along with the reasons and explanations for the rejections, on the Company's website.

3. The Board of Directors resolved to allow minority shareholders to nominate directors. The candidates must meet all the qualifications laid down by the Company and give their consent to the nominations. The Nominating and Compensation Committee will then proceed according to the procedures to nominate, screen and select the proposed candidates to be submitted to the Board of Directors for further consideration. The names approved by the Board of Directors shall then be included as candidates in the agenda item on the election of directors at the following meeting. For the proposed candidates rejected by the Board of Directors, the Company will notify the shareholders, along with reasons and explanations for the rejections, on its website or through other appropriate communication channels. In 2015, no shareholder proposed an additional agenda item or nominate a director.

4. The Company proposes the names of all of its independent directors as a choice for proxies. A shareholder may choose to be represented by any of them. The proxy forms are also in line with the forms recommended by the Ministry of Commerce, with the formats that allow the shareholders to dictate the directions of their votes. The measure is to encourage the shareholders to exercise their rights to attend the meetings and vote on each agenda item.

5. All independent directors are proposed as a choice for proxies. Shareholders can choose to authorize any one of them to represent them at the meetings. The supplied proxy form is also in line with the Ministry of Commerce's guidelines, with a choice that allows the shareholders to vote in any direction. The purpose is to encourage shareholders to exercise their rights on each agenda item.

6. The Company promotes the use of voting tickets for all agenda items by printing them separately for each major issue. The shareholders can therefore vote as they deem appropriate. The voting tickets will be kept in the meeting room so that they may be counted and added to the votes cast in advance in the proxy forms before the results of the votes are announced at the meeting.

7. The Company allows the shareholders to exercise their right to elect directors individually to replace those whose terms end each year.

8. The Company has laid down measures to prevent the use of insider information for personal gains by directors and executives. They are required to submit reports on their conflicts of interest and those of their connected persons, as well as their shareholdings and those of their spouses and minor children. They must also submit a report each time such shareholdings change. The measure is detailed under "Supervision on the Use of Insider Information."

(c) Rights of stakeholders**Protection of stakeholders' rights**

The Company values the rights of all groups of stakeholders such as the employees and executives of the Company and its subsidiaries, as well as outsiders such as trading partners, the public sector, partners, the society, communities and the environment to ensure their fundamental rights are well protected and recognized based on the laws and related rules and regulations. The Company has also laid down the framework on morality and business ethics, which is published on its website. As well, it has refrained from committing any act that may violate the rights of its stakeholders, a key contribution to its long-term success. The details are as follows:

- **Employees**

The Company regards its employees as a major element of its success and has treated them indiscriminately and equally. They are entitled to appropriate and fair compensation and welfare. The remuneration is suitable for their duties and responsibilities and in line with the labor market's mechanisms. It also matches the Company's operating results in both the short term and long term. Incentives are taken into consideration to encourage employees to perform duties to their full knowledge and capacities. Performance evaluation is done by supervisors and a portion of the compensation is allocated as bonuses to the employees based on the operating results and sustainable growth of the Company.

The Company provides the following welfare and benefits:

- The Company set up a provident fund for its employees to which the employees and the Company voluntarily contribute at the rate of 5-7% of the employees' monthly salaries. Registered and managed by a licensed fund manager, the fund is in compliance with the Act on Provident Funds B.E. 2542 (1999).
- Group health-insurance policies were bought for the employees and their legitimate spouses and children.
- Group life insurance policies were bought for the employees with coverage between 500,000 and 1,500,000 baht depending on the terms of each policy.
- Discounts are given to the employees who wish to purchase the Company's products. To exercise the right, the employees must comply with the criteria and terms determined by the Company. The Human Resource Department and the Administration will verify their qualifications and calculate the discounts for them.
- Other forms of assistance and welfare such as:
 - Outpatient medical fee claims
 - Dental care claims
 - Annual physical checkup
 - Funeral hosting for the employees and their family members
 - Financial support for wedding ceremonies
 - Maternity gifts
 - Scholarships for employees' children who meet the criteria set by the Company
 - Support for annual departmental vacation trips
 - Support for annual departmental parties
 - Free uniforms for both male and female employees
- Additional aids for contingencies as appropriate
- A mental development project is held improve efficiencies and content in the workplace through meditation. The project provides fundamental training for the senses and mind applicable to every day's life, both at work and at home. The project is open to the employees of all levels and is considered a fundamental course for normal operations. In 2015, two such trainings were held.
- Educational scholarships are awarded yearly to children of the employees at the operational level.

- Master's degree scholarships are awarded to executives to promote and support their learning and self-improvement to their maximum potential.
- Certificates and gold are given every year to the employees who have served 10, 20 and 30 years as a gesture of gratitude and to honor dedicated staff.

The Company set up the Welfare Committee to represent the employees in talks on welfare with the Company. The body acts as a medium to express the employees' demands, propose appropriate forms of benefits and welfare, and monitor the provision of the benefits and welfare the Company has prepared for its employees.

Work safety and sanitation

The Company emphasizes the importance of maintaining, improving and developing security and sanitary systems, as well as work environment, to ensure safety for life, health and assets of the employees and sanitation. It also supports and promotes good culture and atmosphere at the workplace and is determined to develop human resources with knowledge and conscience about safety and sanitation. Trainings on operational standards for construction supervision are regularly held for site engineers and related staff, as well as other employees at all levels. The Company also encouraged staff at all levels to learn and build conscience about the importance of work safety and sanitation. Fire drills are held every year at the head office and access to offices is allowed only through finger-scanning. A physical checkup is also provided each year. In 2015, there was no lost-time accident.

Policy on human resource training and development

The Company is aware of the importance of human resources on its success. It recognizes that in order to achieve goals, the employees must be trained and developed systematically and steadily and this is the responsibility of not only the Company but also every employee. The Company provides opportunities for its staff to learn and develop themselves for their personal growth. At the same time, the employees must take responsibility for their own success by taking advantage of such opportunities to train and develop themselves with sincere determination. To realign training and human resource development with the Company's management and to achieve the laid-down policy, the Company set up the "human resource development center" to take charge of activities necessary for training and development. It has also set the following policy:

- 1) The Company regards human resources as the most valuable of all management resources. Each employee shall be trained and developed methodically and continually until he masters the knowledge, attitude and skill sets that meet his job requirements so he can advance in his career. In so doing, the readiness of each employee is the key consideration.
- 2) The Company views that the expenses on training and human resource development are an investment in its personnel. This is vital to efficient implementation to achieve core missions and operating objectives while keeping up with rapidly changing modern technologies used in the operations.
- 3) The Company stresses the need for various training projects, both line and function programs, at the supervisory and executive levels. It also holds special & supporting programs to prepare the employees for both present and future challenges and responsibilities.
- 4) The Company is aware of the importance of human resource training and development as tools for improvements. It therefore promotes and supports the organization of trainings and seminars to address problems involving the operations of each department and project groups.
- 5) The Company recognizes that all levels of supervisors play a critical role in training and developing their subordinates through on-the-job training and/or coaching. In evaluating these supervisors, their ability to help subordinates grow is taken into consideration.

6) The Company supports cooperation with educational institutions and other organizations in the areas of training and development such as welcoming observation tours, accepting interns and engaging in academic cooperation. This form of social responsibility helps bolster its corporate image.

For new recruits, the Company holds an orientation on their first day at work so they are aware of the policies, regulations, rules and orders, as well as corporate structure and fundamental corporate culture. This is also a chance for them to learn about the Company's welfare and benefits. Each year, a New Friends seminar is held so the new employees have a chance to know their colleagues and executives, which will strengthen the relationship among the employees, help build corporate ties and allow them to learn about teamwork.

In 2015, the Company steadily supported skill and competency development by organizing training at all levels - from holding internal training, inviting experts to conduct training at the Company and sending employees to receive training outside the Company to organizing overseas training and observation trips. These enhanced the potential, knowledge and capabilities of the employees in developing the organization to sustainable success. In 2015, the Company provided 16 hours of training per employee on average.

- **Trading partners**

The Company has laid down business ethics to be used as the guideline on appropriately treating its trading partners. It selects trade partners indiscriminately and fairly. Criteria are set in selecting trading and contract partners by taking into account their qualifications, work quality, reputation, experiences, business expertise, financial stability, past records and the ability to deliver by schedule for the utmost benefits of the Company. The Company always prepares clear agreements or contracts with trading partners, without stipulating any unfair conditions. In purchasing goods and services from trading partners, the Company has complied with trading terms and fulfilled its contractual obligations. Good relationships are also established for mutual benefits. Moreover, a supply chain system has been adopted in ordering goods to improve convenience and speed while reducing paperwork. This helps cut costs and allows trading partners to prepare goods in advance.

- **Creditors**

The Company has strictly complied with the terms of loan contracts and has never violated them or concealed any information or facts that potentially cause damages to its creditors. These practices have always bolstered confidence among its creditors. In most borrowing contracts, certain conditions and restrictions apply such as the ratio of shareholding by majority shareholders, changes in the Board of Directors, debt guarantees or bill of exchange avails for individuals or juristic persons, dividend payments, business consolidation or mergers with other companies, maintenance of certain financial ratios and written notification to creditors of court cases which may affect debt repayment ability. The Company has also put up some of its assets as collateral for bank loans. In the past year, the Company fully complied with all terms with its creditors and did not miss any repayment.

- **Customers**

The Company is determined to improve the quality of its products and services to meet standards. To learn about the problems, suggestions, opinions and demands of its customers, the Company set up a dedicated unit to serve as a customer contact center. The information is then used to improve its products and services to maximize customers' confidence and satisfaction. The determination paid off when Land and Houses Plc. won the Trusted Brand Award for 8 consecutive years in a survey by Reader's Digest magazine, the awards that measure the satisfaction of customers in both Asia and Thailand. More detail on this can be found in "Social Responsibility" under "Responsibility to Consumers".

• Competitors

The Company competes with its rivals within the framework of ethics, professionalism, transparency and rule of law. It does not fraudulently obtain secrets or trade secrets of its rivals and always adheres to the policy and treatments of competitors outlined in its Code of Conducts. Furthermore, viewing its competitors as trade allies, the Company allows them to visit and observe its operations and IT system to establish good relationship. Over the past year, the Company was not involved in any dispute with its rivals.

• Communities and the environment

The Company is always aware of its responsibilities towards communities and the environment. These values are embedded in its core work process, from product design, choice of materials and resources, quality control, services, delivery time and product development for better quality of life. It also strictly complies with impact alleviation guidelines in environment impact assessment reports and rigorously monitors compliance with the law. Efficient use of resources is promoted while projects and activities are regularly held for communities. More information on these can be found in “Social responsibility” under “Environment Protection”, “Participation in Community and Social development” and “Innovation and CSR Innovation Propagation”.

Intellectual property or copyright

The Company has a policy to abide by intellectual property and copyright laws. It does not support its employees to commit any act which violates intellectual property or copyright of others without authorization. The precaution was included as a guideline for employees in using computer networks and announced through the Company’s intranet.

Whistle-blowing measures and informant protection

The Company has a policy to protect all groups of its stakeholders by putting into practice a whistle-blowing procedure and a mechanism to protect informants. It accepts information on rights violations or breaches of laws or ethics, recommendations and opinions, as well as reports of behaviors that border on corruption or malfeasance of people in the organization, including its employees and other stakeholders. The Company disclosed the procedure and channels on its website and in the Annual Report. All stakeholders may submit the information directly to the Chairman of the Audit Committee through the following channels:

- E-mail : Auditcommittee@lh.co.th
- Mail to “Chairman of the Audit Committee, 1 Q House Lumpini, 37th-38th floors, South Saton Road, Thung Maha Mek, Saton, Bangkok 10120”.

For employees, the Company arranged a channel to give information directly to the head of the Internal Control Department or management when they learn about issues that may be wrong or unethical that may affect them, other stakeholders and the Company. Procedures were in place to take care of the tip-offs, protect the informers and find facts to ensure justice for all parties. In each case, it will be established whether the case really involves wrongdoing and, if so, at what level, so that appropriate punishment may apply. A unit or team will look into all facts and summarize the detail to be reported to the Audit Committee for further consideration.

To protect informers, the Company keeps confidential their identities and data, as well as those of the accused, and reveals such information only when necessary and strictly to responsible parties. Throughout the process, the safety and potential damage to the informers and related persons are taken into consideration to assure informers. The Audit Committee or independent directors will take care of the information and report to the Board of Directors.

(d) Disclosures and transparency

1. Aware of the importance of adequate, accurate, inclusive, timely and transparent disclosure, the Company publishes its important information including financial and non-financial data on the websites of the Stock Exchange of Thailand (SET) at www.set.or.th and the Security and Exchange Commission (SEC) at www.sec.or.th according to the criteria set by the SET and SEC. In addition, the information that has been made public and known to its stakeholders is made available at the Company's website at www.lh.co.th. It is updated regularly to ensure users have convenient access to timely news and information for their utmost benefits.

2. The financial statements disclosed to stakeholders must be approved first by the Audit Committee and the Board of Directors of the Company.

3. The Board of Directors has included the Accountability Report for Financial Statements of the Board of Directors, along with the Audit Report, starting from the 2006 Annual Report onward.

4. The Company has complied with good corporate governance principles and published the summarily approved corporate governance policy and the results of the implementation of the policy in its Annual Report and on its website, starting from the 2007 Annual Report onward.

5. The roles and duties of the Board of Directors and the subcommittees, as well as their meeting attendance records, are disclosed under Item 9, "Management structure" and "Subcommittees". Also disclosed is the report of the chairman of each committee.

Furthermore, the Company recognizes the importance of maintaining good relationships with shareholders, general investors and stock analysts. It therefore made clear that the disclosure of its information to the investors, both existing and potential ones, is within the authority of the president, who has been assigned chief investor relations officer. It also set up an investors' relations unit to represent the Company in communication with shareholders, investors and stock analysts. The Investors' Relations Office can be contacted at

- Tel: 0-2230-8306 or e-mail: investor@lh.co.th.

From 2012 to 2015, the Company's high-ranking executives, along with the Investors' Relations Office, disclosed information to shareholders, investors and stock analysts several times as follows:

	2013	2014	2015
Domestic, international road shows	10	9	7
Analyst meetings	5	5	5
Company visits	107	60	57
Conference calls	8	7	8

(e) Accountability of the Board of Directors**1. Structure of the Board of Directors**

The election of the Company's directors is made in accordance with the resolution at shareholders' meetings based on the criteria and methods set by law and the Company's Articles of Association. The directors hold a 3-year term and each year the 3 longest-serving directors shall resign to pave the way for the election of new directors. At the end of 2015, the Board of Directors consists of 9 members:

Executive directors	5
Independent directors	4

The independent directors are independent from the Company's management and majority shareholders. They do not have any business relationship with the Company in a manner that may restrict their expression of opinions and are qualified based on the definition of independent directors as detailed under "Independent directors".

Separation of roles, duties and responsibilities

The Company has separated the roles, duties and responsibilities of the Board of Directors and management. The Board of Directors determines policies and supervises the management, which manage operations in several areas according to the laid-down policies. The chairman of the Board of Directors is not the same person as the president. Reports on non-routine operations are reviewed by the Board of Directors, of which at least one third of all members are independent directors.

Composition of the Board of Directors

The Board of Directors focuses on skill diversity when screening its members. The criteria involve necessary skills and the expertise which is lacking. The structure and composition of the Board of Directors at present consists of directors with expertise in diverse fields; namely, engineering, business administration, economics and law. The diversity of their professions and experiences benefits the Company's operations and provides a fine balance among the directors.

2. Subcommittees

The Board of Directors set up 4 subcommittees to help follow up on and supervise the Company's operations more closely by regularly reporting to the Board of Directors. The subcommittees are the Executive Board, the Audit Committee, the Nominating and Compensation Committee and the Risk Management Committee. The Board of Directors clearly defined the authority, duties and responsibilities of each subcommittee.

3. Roles and duties of the Board of Directors

3.1 The Company's Board of Directors has knowledge, skills and extensive experiences in several fields and can apply them at their discretion independently. They also have leadership and the duty to determine the strategies, directions, policies, objectives and missions of the Company, as well as follow up on its performances in order to achieve the objectives and ensure compliance with the policies, rules, laws and related regulations. They are also responsible for managing risks at an appropriate level within the framework of the law, objectives and resolutions of the shareholders with integrity in the best interest of the Company while having full responsibilities to the shareholders and all stakeholders. Furthermore, to enhance efficiencies, effectiveness, transparency and accountability, the Company regularly assesses the performance of the Board of Directors.

3.2 The Board of Directors puts the Company's corporate governance policy in writing, approves it and reviews it at least once a year.

3.3 The Board of Directors promotes ethics by adopting the following measures:

The Company has abided by a business practice that is transparent, honest and fair. The Code of Conduct for the Board of Directors, executives and employees was issued to be used in the implementation of their duties according to the Company's missions within the framework of the laws and the Company's regulations on a professional basis. All employees are instructed to follow the Code of Conduct, which is made available on its website at www.lh.co.th and the Company's central database. The Company also holds activities to promote compliance with the Code of Conduct and foster the culture of good corporate governance. It effectively communicates the guidelines among employees and follows up on their compliance with the Code of Conduct. Such activities include:

- During the orientation of new employees, the principles of good corporate governance and the Code of Conduct are included for better understanding and practice.
- Communicating to the employees via email about the guidelines based on the Code of Conduct.
- Organizing activities through internal electronic media or intranet, especially public relations on ethics and the principles of good corporate governance on the Welcome Page
- Following up on compliance through the supervision of the head of each unit and the mechanisms of the Internal Audit and System Development Department in monitoring and evaluating

The Company follows up on compliance with the Code of Conduct every year. The Internal Audit and System Development Department has been assigned to monitor the compliance and report to the Audit Committee for acknowledgement with suggestions on how to address the issues. In 2015, the Company's auditors, an independent unit outside the organization evaluated ethical compliance and had no recommendations.

3.4 Conflicts of interests

The Company has complied with the principles of good corporate governance, which prevent conflicts of interest. All employees were instructed to strictly abide by the principles.

4. Measures to eliminate conflicts of interest

The Company's Board of Directors properly considers transactions which may constitute conflicts of interest, connected transactions or related transactions within an ethical framework after they have been scrutinized by the Audit Committee. It enforces compliance with the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission. Disclosures of transactions with potential conflicts of interest are also made. In setting the policies, regulations and the approval procedure of transactions with potential conflicts of interest to be followed by the executives, employees and related parties, the Company has used the following criteria:

4.1 For any transaction in which a director, employee or connected party has a conflict of interest with the Company, the director or employee may not take part in approving it. Prices must also be set appropriately, as if the transactions were made with a third party.

4.2 In setting a price to prevent a potential conflict of interest, a fair, appropriate price in line with normal trade practices shall be used.

4.3 In conducting a connected-party transaction in line with the principles of good corporate governance, the transaction must be submitted to the Audit Committee for consideration first, in line with the criteria set by the Stock Exchange of Thailand. Only after the Audit Committee gives its opinion on the transaction can it be sent to the Board of Directors for approval in keeping with good corporate governance principles.

4.4 Disclosures of transactions with potential conflicts of interest or connected-party transactions as defined by the Securities and Exchange Commission and the Stock Exchange of Thailand are made in Form 56-1 and the Annual Report. They are also included in the financial statements in line with accounting standards.

4.5 Risk policy

Risk management: The Company's Board of Directors places great importance on risk management and has determined and evaluated risks of the business. Measures have been adopted to prevent and manage the risks, including those affecting the Company's operations as detailed under "Risk factors". The Company also set up the Risk Management Committee of which scope of authority, duties and responsibilities were clearly defined in the Risk Management Committee Charter approved by the Board of Director. The details are under "Risk Management Committee".

5. Risk management policy

5.1 As owners of risks, the Company's Board of Directors, all executives, employees and units have the duty to take responsibility of, proceed, evaluate, follow up and support the establishment of an efficient risk-management procedure.

5.2 Each business unit of the Company must set up its own risk management procedure and evaluate and follow up on its progress and results systematically and constantly. The procedure must be revised to better suit the changing business environment on a regular basis at least once a year.

5.3 Risk evaluation shall be included as part of the annual work plan of each unit by considering all risks at the organizational level and taking into consideration both internal and external risk factors. Risks must be managed and an appropriate early-warning system set up.

5.4 The Risk Management Committee is responsible for evaluating risk management and giving its opinions on the issue to the Company's Board of Directors.

5.5 An organizational culture has been fostered to promote a common understanding and conscience on risks by building a knowledge base, as the Company believes risks can be alleviated or acceptable when the executives and staff of all units are aware of the damages they can potentially unleash. As a result, the Company is determined to develop databases both internally and externally by investing in information technology and embracing modern technologies so that staff at all levels can access the information and share their experiences. This will eventually lead to the development and improvement of the risk-management procedure into an efficient mechanism.

6. Board of Directors' meetings

The Company informed the Board of Directors of the meeting schedules in advance to allow them to find time to attend the meetings. The invitation letter, agenda items and related information are sent at least 5 days ahead of the meeting date. The meeting attendance record of each committee member is disclosed under "Management structure".

7. Self-evaluation of the Board of Directors

The Company has a policy to ask its Board of Directors to evaluate its performance at least once a year to allow them to consider and review their performances and identify issues and obstacles over the year and to increase its effectiveness in line with good corporate governance principles.

Procedures of evaluating the performance of the Board of Directors collectively and individually

The company secretary gives the Board of Directors evaluation forms to all members so they can evaluate the performances during the year both collectively and individually. After they complete the forms, they send them to the company secretary who collects the results of each member, summarizes and analyzes the performances of the Board of Directors during the year. The company secretary later submits the results to the Board of Directors for consideration in line with the aforementioned objectives. In 2015, the performance of the Board of Directors was evaluated at its 9/2558 meeting on December 21, 2015. The criteria are calculated as percentage in each area. Scores above 85 are considered “Excellent”, 75-85 “Good”, 65-75 “Moderately Good”, 50-65 “Average” and “Needs Improvements” for scores below 50.

The evaluation of the Board of Directors’ performances is done in 2 manners:

7.1 Collective performance evaluation At the Board of Directors’ meeting on December 21, 2015, the following areas were evaluated: (1) structure and qualifications of the directors (2) roles, duties and responsibilities of the Board (3) meetings (4) performances of directors (5) relationship with management (6) self-improvement of directors and executive development.

7.2 Individual performance evaluation The areas assessed are: (1) readiness (2) determination of strategies and business planning (3) risk management and internal control (4) supervision to prevent conflicts of interest (5) following up on financial reports and operations (6) board meetings (7) others.

8. Performance evaluation of subcommittees

Each year, the Board of Directors evaluates the performance of subcommittees such as the Audit Committee to be used as a framework for reviewing the performance of the past year and improve the efficiency. The results are submitted to the Board of Directors for acknowledgment.

9. Compensation

The Company has clearly determined its policy on the remuneration of directors and president, to be considered and screened by the Nominating and Remuneration Committee before being submitted to the Board of Directors for consideration. Directors’ compensation is approved at a shareholders’ meeting every year. The remuneration and meeting attendance records of each director are disclosed in “Executive Compensation” under “Management structure”.

10. Development of directors and executives

The Board of Directors recognizes the importance of director development. It does so by sending directors to attend courses on knowledge and competency improvements held by the Thai Institute of Directors and other institutions every year to help them improve themselves and enhance their visions to be applied to the Company’s business. In 2015, the Company held an internal training organized by trainers from EY Corporate Services Co., Ltd.

Director	Date	Course
Dr. Wisanu Subsompon (director), Mr. Chalerm Kietitanabumroong, executive director and director,	March 5, 2015	Risk Management Workshop at department and support levels
Mr. Nantawat Pipatwongkasem, Executive Vice President, Support executives, senior vice presidents and vice presidents, totaling 32	March 10, 2015	Risk Management Workshop at department and operation levels
	May 8, 2015	Corporate Risk Workshop at Executive Vice President level
	October 1, 2015	Workshop on processes, structure and risk management handbook

In 2015, the following executives attended the following seminars:

Name	Date	Seminar title
Mr. Naporn Sunthornchitcharoen	August 4, 2015	Speaker on “The Next Real” to create new generation of real estate developers of Sripatum University
Mr. Pakhawat Kovithvathanaphong and Mr. Wisanu Subsompon	November 24, 2015	“Several Points for Audit Directors” by EY Office Limited

The Company has a policy to steadily develop its human resource to upgrade the knowledge and capabilities of its employees and enable them to keep up with the highly competitive business world. In 2018, the Company sent its executives to attend courses both inside and outside the Company, including meditation and dharma courses. Furthermore, the Company sent its executives to attend long-term courses such as master’s degree on business administration or executive MBA (9 executives).

11. Orientation of new directors

As the Company is aware of the importance of the performances of new directors, an orientation program has been organized to introduce them to the Company’s overall operations, the organization structures of subsidiaries, associated companies and related companies. The goal is to provide them with insights into work procedures and cross-shareholding structures. They are also given essential information necessary for their performances as the directors such as the internal work flow, Articles of Association, company objectives, code of conduct of directors, handbook of listed companies, corporate governance policy, related laws, financial statements and notes to the financial statements. They are also introduced to the Chairman, the Board of Directors and subcommittees to learn about the Company’s business operations.

12. Non-executive directors’ meetings

The Company requires that its non-executive directors meet among themselves at least once a year to freely consider management problems without management or the administration. In 2015, they met once on December 18.

13. Meetings between audit directors and auditors

To allow audit directors to fully perform their duty of assisting the Board of Directors and give them freedom to propose corporate governance guidelines, the Company encourages audit directors to meet without executives or management present. In 2015, the Audit Committee met with auditors on December 18 to discuss their independence and exchange views on the internal control system.

Corporate Social Responsibility Report

The Company recognizes the importance of complying with good corporate governance in line with the Principles of Good Corporate Governance for Listed Companies of the Stock Exchange of Thailand. It involves rights of shareholders, equitable treatment of shareholders, role of stakeholders, disclosure and transparency, and responsibilities of the Board (more detail in “Corporate Governance”). In conducting its business, the Company also places importance on communities, society and the environment. The Board of Directors is always well aware that good corporate governance and social responsibility sustainably improves its operating results and is the key to its success. The Board of Directors therefore laid down a policy on good corporate governance and business ethics in writing. In designing its core work process, the Company takes into account and pays attention to stakeholders, communities, society and the environment while strictly complying with the laws and regulations related to its business.

1. Fair business operations

The Company emphasizes operating business by promoting free and fair competition within the framework of the law and its business ethics. It avoids activities which may constitute conflicts of interests, has measures to supervise the use of insider information for personal gains or others’ and respects the rights and equality of all groups of stakeholders - from shareholders, customers, employees, trade partners, competitors, creditors, as well as communities, society and the environment. Guidelines on the rights and benefits that the stakeholders should be entitled to are included in the Company’s Code of Conduct and business ethics so that owners, executives and employees can adhere to. They are also posted on the Company’s website and central database. More information can be found in “Roles of Stakeholders” under “Corporate governance”.

2. Anti-corruption and bribery

The Company has an anti-corruption policy and prohibits bribery. Under its Code of Conduct, an employee must not solicit benefits and avoid accepting any asset which may illegitimately persuade him to perform or refrain from performing any duty, or cause the Company to lose its legitimate benefits. All employees must not commit any act which may constitute conflicts of interest against the Company. They must not use the Company’s assets to seek commercial gains for themselves or others, refrain from doing anything illegitimately, or abuse their positions. The Company disseminates its Code of Conduct to all employees so they are aware of the importance of performing their duties with integrity. It also aims to enhance morality and ethics among its employees by holding meditation training and sermons.

Guidelines on managing and evaluating corruption risk

- Preventive measures include restructuring the organization to make it suitable for management and control. The structure enhances transparency and efficiencies and is in line with goals, business nature through separation of duties and balance of power. Work process and command line are clear for each unit. Corporate culture also focuses on morality and ethics, with checks and balances and regular operation evaluation. Adequate and suitable communication and training are provided, with guidelines disseminated through the Company’s intranet and website.
- Code of Conduct for executives and employees is in writing. The Company also promotes compliance with it and arrange for communication channels such as the intranet and website. It also plans a follow-up to appropriately evaluate compliance with the Code of Conduct.

- A procedure was set to evaluate internal corruption risk and policy compliance evaluated through the Committee of Sponsoring Organizations of the Treadway Commission (COSO)'s model at the director level. Evaluation of internal control at the department level, work mechanisms of the Risk Management Committee and the Internal Control Department is also in place.
- Supervision is also done at the department level, with the head of each unit supervising his unit by assessing internal control and corruption risk at the unit level. An efficient and effective internal control was laid down to plug any corruption loophole. The adequacy of internal control in preventing, monitoring and detecting corruption risk is reviewed and upgraded regularly. Each department head monitors, reviews and follows up on the operation of his unit and assigns his subordinates to do the same.
- The internal control unit checks compliance with regulations and work procedures and ethics. It also evaluates corruption risks, early-warning warnings, adequacy of the internal control system in preventing, monitoring and detecting corruption risk. It reports the audit review at least once every quarter.
- The Risk Management Committee also tests and evaluates corruption risk regularly and reports the results to the Board of Directors.
- Channels are provided to report wrongdoing or corrupt practices as are measures to protect and mitigate negative impacts on whistleblowers, complainers or collaborators under the whistleblower policy. Details are in "Measures of reporting wrongdoing and mechanisms to protect informers".
- In the event a wrongdoing is found based on evidence, fact-finding and complaints, an ad-hoc committee will be set up to provide justice for the accused and protect the whistleblower appropriately.
- Each case will be used as a case study to find preventive and investigative measures and to educate unit heads on how to prevent internal corruption.

New employees are informed of the standards on good behaviors and ethics on their first days at work and through employee orientations. In 2015, the Company held an in-house training for directors, executives and all unit heads on risk management, conducted by EY Corporate Services Co., Ltd. Two independent directors also attended the annual seminar of EY Office Co., Ltd. of which corruption (types, motives, case study and preventive/mitigating measures) was one of the areas covered.

3. Human rights observation

The Company complies with human rights principles. Its directors, executives and all employees follow these principles closely and regard them as core values. They take it to heart equality, freedom, dignity and rights of other people. Discrimination is not tolerated, whether it involves race, nationality, languages, religions, sex, age and education. The Company does not support any act deemed in violation of universal human rights.

Guidelines

1) Tighten supervision to ensure the Company's business does not involve human rights violations such as child labor or sexual harassment.

2) Take care of employees and their well-being by giving them fair compensation, provide welfare, promote education and training continually both in the short and long term, take good care of health and sanitation, provide them with asset and work security and watch out for unfair treatments.

3) Respect the privacy of customers, trade partners and employees by not transferring or disseminating personal information to unrelated parties and agencies. Disclosures or transfers of private data can only be done with prior consent of their owners.

4) Terms and conditions in employment contracts are appropriate and fair.

5) Treat employees and all stakeholders equally, indiscriminately and respectfully. Respect other people's opinions.

6) Stipulate in the Code of Conduct of employees that they must behave in a manner suitable for their duties and positions and refrain from speaking ill of other people or organizations without grounds.

4. Fair treatment of labor

The Company believes that employees are the most important element of its success. It therefore takes care of and fairly treats them in various areas such as:

1) Respect the rights of employees based on human rights principles. More details are under "Human rights observation".

2) Determine compensation that matches their duties, responsibilities and price mechanisms in the labor market by taking into consideration incentives so that employees are motivated to perform their duties to their full capacity. Performances are evaluated by supervisors and part of the compensation is allocated as their reward based on the Company's operating results.

3) Various forms of welfare are provided. The Company has the policy on safety and sanitation and promote good work environment. More information is in "Rights of Stakeholders and Employees" under "Corporate Governance".

4) Promote the development of employees' potential by organizing training and educating employees at all levels.

5) The Company set up a welfare committee to represent employees in talks with the Company so that the Company knows what the employees really want. It also supervises the distribution and access to such welfare.

5. Responsibility to consumers

The Company is determined to improve the quality of its products and services to meet standards including setting up a contact center to listen to consumers' suggestions and opinions. Armed with such knowledge, the Company can improve their products and services to meet customers' satisfaction and bolster their confidence. The efforts paid off when Land and Houses Plc. won the Trusted Brand award for eight consecutive years based on a consumer survey by Reader's Digest magazine. The award measures consumers' satisfaction in both Thailand and Asia in six areas: (1) creditability and trust (2) quality (3) value (4) insights into consumers' demand (5) creativity (6) social responsibility. Land & Houses is the only property development brand that won the Platinum Award.

Guidelines

1) Manufacture products with the "Baan Sabai" concept, which focuses on coolness, comfort, energy efficiency, space usage maximization, convenience and safety.

1.1 Cool and energy-efficient

Baan Sabai walls

House walls are divided into two categories: those made of Q-CON's autoclaved aerated concrete and those made of reinforced concrete. The choice depends on house plans. Both types are strong and long-lasting, with heat-blocking properties.

Baan Sabai roofs

Roofs are designed and constructed carefully using high-quality tiles. Every roof passes quality control so leaking is very rare. Besides, heat-reflective sheets are installed under them to reflect sunlight.

Under-roof laths

Under-roof laths are narrow strips of materials installed with small space in between below roof tiles around the structure to allow hot air under the roofs to ventilate. The Company uses ready-made laths made of long-lasting materials, eliminating the termite problem. They are also non-decaying, non-swelling, robust, unbending, non-fading, long-lasting and easy to clean.

Ceilings

Ceilings are panels put under the roofs or upper floors to conceal untidy view of the structure. The Company uses high-quality, lightweight and fire-resistant gypsum sheets as ceilings to ventilate heat, block noises upstairs and decorate rooms.

Light-blocking green glass

The Company uses light-blocking green glass that prevents UV ray and absorbs 35-50% of sun heat. It helps reduce the workload of air-conditioners and conserve energy.

Special aluminum and vinyl door/window frames

Door and window frames are made of special aluminum and vinyl, which help prevent termites and are long-lasting. They withstand sunlight, wind and rain. They do not bend, twist, swell or contract from humidity or water leaks and are easy to clean.

1.2 Versatile usable space

Bathrooms of Baan Sabai

Baan Sabai's bathrooms are designed for sanitation, with separate wet and dry sections, good ventilation and skylights to help kill germs and reduce pollution.

Side garden doors

Baan Sabai provides easy access to beautiful gardens around the house with additional doors to verandas along the sides, giving an airy, unobstructed view.

Glass lofts in sitting room and/or bathrooms, master bedroom

The airy view is enhanced by glass lofts to help reduce energy use.

Special fiber mosquito nets

Mosquito nets are rust-proof, long-lasting and beautiful. They do not absorb heat and are black in color to prevent reflection and are easy to clean.

Praying rooms or separate praying shelves

A praying room or praying shelf is included in the design, in keeping with the commonly believed auspicious corner.

1.3 Security, convenience and safety

Emergency light and circuit breaker system

An emergency light and circuit breaker system includes down lights in key areas such as master bedrooms and staircases during blackouts or overloads.

Underground water tank and pumping system

The underground water tank and pumping system is securely built with piling to support weight. Quality tanks, connections, taps, valves are used with pipes connecting to pumps, which dispenses water automatically. A system is in place to prevent motors from overheating and pressure diaphragm tanks help extend motor life.

Termite control system

The Company prepares an underground termite control system by laying PE pipes around ground beams, eliminating the need to make holes on floors for chemical injections. This means there is no chemical residue in the house.

Garbage cans near fences and specially designed mailboxes

Space is provided for garbage cans, as well as mailboxes with well-designed slots.

Garden decoration

Gardens are prepared and groomed by landscape architects, ready for home owners to move in.

House plans

To accommodate extensions, the Company digitizes house plans and put the data on CD-ROM for ease of use.

Pre-built houses

Baan Sabai is pre-built before they are sold to customers, allowing customers to set their house-moving schedules conveniently.

- 2) Sells quality products and services to customers at fair prices.
- 3) Creates a green environment for each project, with large common gardens for cool atmosphere for residents.
- 4) Provides data on projects and products, gives advice to residents and contact customers with courtesy and no exaggerated claims.
- 5) Guarantees products and has an after-sale service to serve residents and provides house checks during warranty periods.
- 6) Sets up a customer relation system to directly communicate with residents at the Company's website or at the 1198 call center. It accepts complaints about houses and condominiums and provides home tips. The computer system was upgraded to accommodate online booking for repairs and checking service for houses under warranty where customers can submit their requests around the clock. Project residents can follow up on the status of their repairs requests and find information on their houses by themselves.
- 7) Respect customer privacy and does not reveal their data or exploit them illegitimately.
- 8) Holds activities to strengthen ties among project residents, as well as their relationship with the Company in the long run.

6. Environment conservation

The Company recognizes the importance of impacts on the environment. It therefore designs and makes quality, energy-friendly products. This is the concept behind designs and the choice of quality, energy-efficient and environmentally friendly materials. It has a system to control construction standards. Gardens are prepared around each house and the appropriate environment is arranged as detailed under “Responsibilities to Consumers”.

Its strenuous environment and energy conservation efforts in every production stage paid off in 2015 when the Company won the Energy Conservation Award in the housing estate category as detailed under “Innovation and Innovative CSR propagation.”

The Company conducts environmental impact assessments (EIAs) as required by the Office of Natural Resources and Environmental Policy and Planning, Ministry of Natural Resources and Environment, and complied with the guidelines on mitigating the impacts stipulated in the EIAs. It also takes action and ensures compliance with all related laws.

The Company places importance on energy conservation and conserve the environment. Executive cars are the hybrid type, and electric golf cars, which are energy-efficient and help reduce air pollution, are used in projects. Energy-efficient light bulbs are also used at its offices.

Promotion of efficient resource use and environment education for employees

The Company is determined to use resources efficiently by taking into consideration social and environmental impacts. It encourages and educates employees to create a good environment at work by using resources effectively and efficiently and to take into account their responsibility to the environment while performing their duties. The conscience is instilled through the activities and trainings in which they constantly participate, starting from basic, everyday activity such as the reduction of paper use, more use of recycled paper, re-use of document files and regular maintenance of equipment, campaigns to conserve water and electricity, etc. Moreover, the Company arranges for training both internally and externally to propagate knowledge on energy conservation and the environment such as energy-efficient home designs, energy-saving technology, AirPlus technology and energy conservation including clean-energy alternatives to mitigate the impacts on the environment. Activities were also held so staff could take part in environment conservation. Details are in “Participation in social and community development”.

7. Participation in social and community development

The Company is aware of its responsibilities toward the environment and communities and routinely holds projects and activities for communities and society. In 2015, it organized the following activities:

- Giving second-hand computers to Ban Nong Wah Ain School

On January 4, 2014, the Company gave second-hand computer PCs to Ban Nong Wah Ain School under zone 6 of Nakhon Ratchasima educational area, which had asked for them in writing as the school was in need of them.

- “Releasing Aquatic Animal Breeds for the Ecosystem” social activity

On August 5, 2015, the Company held the “Releasing Aquatic Animals Breeds for the Ecosystem” activity at the Sirindhorn International Environment Park, Phetchaburi province, to restore abundance and rehabilitate the coastal ecosystem, an essential natural resource for men. As part of the activity, speakers from the Office of Tourism Activities gave a talk on the coastal ecosystem to instil nature preservation conscience.

- Scholarships for children and rewards for good workers

Scholarships are given every year to help support education for the children of construction workers in all projects and to reward hard-working workers. In 2015, 236 scholarships were given.

8. Innovation and innovative CSR propagation

The Company intends to improve houses and upgrade the quality of life of their residents under “LH SMART: A Concept for Better Life”. The concept is reflected by the adoption of concepts involving conveniences, safety and reduction of maintenance burden. These concepts have been integrated into the “Baan Sabai” standards since 1999. Houses under these standards are pre-built, easy to maintain, beautiful and modern. The Company continues to develop quality houses by conducting research, and collecting data on usage behaviors and problems and feedback of residents on new items. Based on the data on modern lifestyles and behaviors, one interesting finding stands out. People spend less time at home on weekdays. This means conveniences and good quality of life are what everybody needs and this led to the development of the AirPlus technology, which was registered as the No. 0601006065 patent.

“AirPlus, an air-ventilating system that enables a house to breathe,” took more than 5 years to develop and has since been used in the Company’s projects. The technology applied the knowledge of traditional Thai house design to modern home technologies. Clean energy is used as the system relies on solar cells for electricity. The “AirPlus” system is based on the following concepts:

1. Smart and convenient (automation)
2. Continuous ventilation (non-stop air circulation)
3. Easy maintenance and long lifetime (easy to maintain and durable)
4. Solar energy (main source of power)
5. Adaptive to modern lifestyle (matching the needs of the new generation)
6. Live-in with good nature (good environment)

AirPlus is designed to work automatically 24 hours a day by allowing air to circulate continually. The use of solar cells means the system is energy-efficient and environmentally friendly. While the system works automatically, users can turn it on or off through a controller unit.

The AirPlus technology can manage energy in three manners:

1. Solar power, which is clean energy
2. Hybrid, a mix of electricity and solar energy
3. Sufficient, efficient use of electricity

On March 2, 2015, the Company won the Outstanding Energy Efficiency Award for Housing Estates in the category of large single houses with more than 300 square meters for its Marigold (231GO) design of the Ban Mantana Project Lake Watcharapol at the Outstanding Energy Efficiency Award 2014 held by the Department of Alternative Energy Development and Efficiency, Ministry of Energy. Its Modern Skyhall design of the Landmark Project Ekamai-Ram Intra also won the Outstanding Energy-Efficiency Award for Housing Estates in the category of townhouses with more than 120 square meters.

- > The Marigold (231GO) design at the Ban Mantana project Lake Watcharapol won the Outstanding Energy-Efficiency Award for Housing Estates on innovation. In terms of architecture, the design uses green light-blocking glass exclusively and features extended eaves to block sunlight. In terms of landscape, the house is built in the North-South orientation, surrounded by large trees to provide cool shades. Most of the space is open, covered by shrubs and groundcover, which helps lower temperature around the house. For engineering work, energy-efficient LED light bulbs, No. 5 air-conditioners and an in-house ventilation system are used. An easy-to-use automated solar-powered ventilation system moves air thoroughly, reducing accumulated heat and air-conditioning workload. It also clears damp air, leaving only healthy clean air.
- > The Modern Skyhall design at the Landmark project Ekamai-Ram Intra also won the Outstanding Energy-Efficiency Award for Housing Estates. Architecturally, it mainly uses light-blocking green glass and fiber-optic thermal insulators were installed above the ceiling. Environmentally, large trees are grown to provide cool shades. Most of the space is open, covered by shrubs and groundcover, which help reduce temperature around the house. In terms of engineering, LED light bulbs and No. 5 air-conditioners are used. A lighting control system is also installed in halls and hallways. An easy-to-use automated solar-powered ventilation system moves air thoroughly, reducing accumulated heat and air-conditioner workload. It also clear damp air, leaving only healthy clean air.

Board and Executives

Mr. Anant Asavabhokhin Age 65 years old

Position

- Chairman of the Board of Directors and Chairman of the Executive Board
- Director and authorized signatory

Appointed Date 12 December 1992

Education

- Bachelor of Civil Engineering Chulalongkorn University
- M.S. Industrial Engineering, Illinois Institute of technology, Chicago, USA
- M.B.A. Thammasat University
- Director Certification Program DCP 52/2004 by Thai Institute Of Directors (IOD)

% of Shareholding as 31-Dec-15

- 24.40

Relationship

-

Working Experience

Listed Company

May 13-Present	Chairman of the Board of Directors Land and Houses PCL. (Real Estate) Chairman of the Executive Board
1985-Apr 13	President Land and Houses PCL. (Real Estate)
1988-Apr 13	Chief Executive Officer Land and Houses PCL. (Real Estate)
2005-Present	President Land and Houses Bank PCL. (Bank)
1995-Present	President Home Product Center PCL. (Trading of construction materials)
1994-Present	President Quality Construction Products PCL. (Building Material)
1983-Present	President Quality Houses PCL. (Real Estate)

Non-Listed Company

2005-Present	Director L&H PROPERTY CO., LTD. (Real Estate)
2004-Present	Director L H Realestate Co., Ltd. (Real Estate)
2004-Present	Director LH Asset Co., Ltd. (Real Estate)
2000-Present	Director Asia Asset Advisory Co., Ltd. (Advisor)

Mr. Adisorn Thananan-Narapool Age 61 years old

Position

- Managing Director
- Director and authorized signatory

Appointed Date 12 December 1992

Education

- Bachelor of Accounting Thammasat University
- M.B.A. Thammasat University
- Director Accreditation Program DAP 7/2004
Director Certification Program DCP 41/2004
by Thai Institute Of Directors (IOD)
- Stanford Executive Programme (SEP)
Graduate School of Business, Stanford University

% of Shareholding as 31-Dec-15

- 0.71

Relationship

-

Working Experience

Listed Company

May 13-Present	Managing Director Land and Houses PCL. (Real Estate)
2002-Apr 13	Director & Executive Director & Senior Executive Vice President Support Land and Houses PCL. (Real Estate)
1992-2001	Executive Vice President Land and Houses PCL. (Real Estate)
2003-Present	Director Quality Houses PCL. (Real Estate)
Non-Listed Company	
2005-Present	Director L&H Property Co., Ltd. (Real Estate)
2001-Present	Director LH Muang Mai Co., Ltd. (Real Estate)
2000-Present	Director Land and Houses Property Fund I (Property Fund)
2002-Present	Director Land and Houses Property Fund II (Property Fund)
2004-Present	Director L H Realestate Co., Ltd. (Real Estate)
2004-Present	Director LH Asset Co., Ltd. (Real Estate)
2011-Present	Director Land and Houses Fund Management Co., Ltd. Fund Management
2012-Present	Director Land And Houses U.S.A., INC. (Real Estate)

Mr. Naporn Sunthornchitcharoen Age 57 years old**Position**

- President
- Director and authorized signatory

Appointed Date 12 December 1992**Education**

- Bachelor of Civil Engineering Chiangmai University
- M.B.A. Thammasat University
- Director Accreditation Program DAP 25/2004
Director Certification Program DCP 53/2005
by Thai Institute Of Directors (IOD)
- National Defense College
- Financial Institutions Governance Program
- Stanford Executive Programme (SEP), Graduate School
of Business, Stanford University

% of Shareholding as 31-Dec-15

- 0.23

Relationship

-

Working Experience**Listed Company**

May 13-Present	President Land and Houses PCL. (Real Estate)
2002-Apr 13	Executive Director & Senior Executive Vice President Operation Land and Houses PCL. (Real Estate)
1991-2001	Executive Vice President Land and Houses PCL. (Real Estate)
1994-Present	Director Quality Construction Products PCL. (Building Material)
1995-Present	Director Home Product Center PCL. (Trading of construction materials)
2005-Present	Director Land and Houses Bank PCL. (Bank)
Dec 2013-Present	Director Land and Houses Securities PCL. (Securities)

Non-Listed Company

1995-Present	Director Land and Houses Northeast Co., Ltd. (Real Estate)
1995-Present	Director Land and Houses North Co., Ltd. (Real Estate)
1995-Present	Director LH Muang Mai Co., Ltd. (Real Estate)
2004-Present	Director L H Realestate Co., Ltd. (Real Estate)
2004-Present	Director LH Asset Co., Ltd. (Real Estate)
2005-Present	Director Phuket Future Plan Co., Ltd. (Real Estate)
2005-Present	Director Double Three Co., Ltd. (Real Estate)
2012-Present	Director Land And Houses U.S.A., INC. (Real Estate)

Mr. Chalerm Kietitanabumroong Age 63 years old**Position**

- Senior Executive Vice President & Chief Operation Officer
- Risk Management Director

Appointed Date 11 July 2011**Education**

- Bachelor of Civil Engineering Chulalongkorn University
- MBA Chulalongkorn University
- Director Certification Program DCP 54/2005
Director Diploma Examination 16/2005
by Thai Institute Of Directors (IOD)

% of Shareholding as 31-Dec-15

- 0.08

Relationship

-

Working Experience**Listed Company**

May 13-Present	Senior Executive Vice President & Chief Operation Officer Land and Houses PCL. (Real Estate)
2014-Present	Risk Management Director Land and Houses PCL. (Real Estate)
1988-Apr 13	Executive Vice President Subsidiary and Associated Companies Land and Houses PCL. (Real Estate)
2011-Present	Director Land and Houses PCL. (Real Estate)

Non-Listed Company

2005-Present	Director Phuket Future Plan Co., Ltd. (Real Estate)
2005-Present	Director Double Three Co., Ltd. (Real Estate)
2001-Present	Director LH Muang Mai Co., Ltd. (Real Estate)
2004-Present	Director L H Realestate Co., Ltd. (Real Estate)
2004-Present	Director LH Asset Co., Ltd. (Real Estate)

Mr. Nantawat Pipatwongkasem Age 56 years old**Position**

- Senior Vice President, Legal Department
- The Member of The Risk Management Committee
- Director and authorized signatory & Company Secretary

Appointed Date 12 December 1992**Education**

- Bachelor of Law, Barrister at Law
- M.B.A. Thammasat University
- Director Accreditation Program DAP 18/2004
Director Certification Program DCP 62/2005
Finance for Non-Finance Director FN 13/2004
by Thai Institute Of Directors (IOD)

% of Shareholding as 31-Dec-15

- -

Relationship

-

Working Experience**Listed Company**

1992-Present	Director Land and Houses PCL. (Real Estate)
Jul 13-Present	Senior Vice President, Legal Department Land and Houses PCL. (Real Estate)
2014-Present	Risk Management Director Land and Houses PCL. (Real Estate)
1990-Jun 13	Vice President, Legal Department Land and Houses PCL. (Real Estate)

Non-Listed Company

1995-Present	Director Land and Houses North Co., Ltd. (Real Estate)
1995-Present	Director Land and Houses Northeast Co., Ltd. (Real Estate)
2001-Present	Director LH Muang Mai Co., Ltd. (Real Estate)
2012-Present	Director Land And Houses U.S.A., INC. (Real Estate)

Mr. Pakhawat Kovithvathanaphong Age 66 years old**Position**

- Director
- Independent Director
- Chairman of The Audit Committee

Appointed Date 3 December 1999**Education**

- M.B.A. In Marketing & Finance, Wharton School, University of Pennsylvania, USA
- B.A. in Economics (First Class Honors), Thammasat University
- Director Certification Program DAP 4/2003
Director Certification Program DCP 58/2005
by Thai Institute Of Directors (IOD)
- National Defense College Class 344
- Capital Market Academy Class 5

% of Shareholding as 31-Dec-15

- 0.0013

Relationship

-

Working Experience**Listed Company**

Present	Chairman of The Audit Committee Land and Houses PCL. (Real Estate)
1999-Present	Director, Independent Director, Audit Director Land and Houses PCL. (Real Estate)
2001-Present	Chief Executive Officer and Director Trinity Watthana PCL. (Holding Company)
2011-Present	Director of Independent, Risk Management and The Nominating and Compensation Thai Rubber Latex Corporation (Thailand) Plc. (Rubber Business)
2010-Present Committee	Director and Chairman of Corporate Strategy TSFC Securities Plc. TSFC : Thailand Securities Finance Corporation (Securities)

Non-Listed Company

2001-Present	Director and Chairman Trinity Securities (Securities)
2011-Present	Director and Chairman Trinity Advisory 2001 Co., Ltd. (Advisor)
2010-Present	Advisor Association of Thai Securities Companies
2011-Present	Director The Thai Bond Market (Association)
2009-Present	Advisor Thai Listed Companies (Association)

Associate Professor Dr. Wisanu Subsompon Age 47 years old

Position

- Director
- Independent Director
- Member of Audit Committee
- Member of Nomination and Compensation Committee and Chairman of Risk Management Committee

Appointed Date 24 February 2015

Education

- Ph.D. in Civil Engineering, Carnegie Mellon Universities, U.S.A.
- M.S. in Civil Engineering, Carnegie Mellon Universities, U.S.A.
- B.Eng. (1st Class Honor, Gold Medal), Chulalongkorn Universities
- Executive Program on Strategic Intellectual Property Management, WIPO Academy - Switzerland
- Director Certification Program DAP 83/2010
Director Certification Program DCP 132/2010
Director Certification Program ACP 32/2010
by Thai Institute Of Directors (IOD)

% of Shareholding as 31-Dec-15

- -

Relationship

-

Working Experience

Listed Company

May 2015-Present	Director, Independent Director & Member of Audit Committee, Member of Nomination and Compensation Committee & Chairman of Risk Management Committee
2013-Present	Land and Houses PCL. (Real Estate)
2010-2011	Independent Director
	Airports of Thailand Public Co., Ltd.
	Independent Director and Member of Audit Committee
	BFIT Securities PCL.

Non-Listed Company

2006-Present	Managing Director
	Jamjuree Innovations, Co., Ltd. (Holding Company)
2002-Present	Associate Professor, Dept. of Civil Engineering Chulalongkorn Universities

Professor Piphop Veraphong Age 53 years old

Position

- Director
- Independent Director
- Member of Audit Committee & Chairman of Nominating and Compensation Committee

Appointed Date 12 May 2015

Education

- LL.M. Harvard University
- LL.M. Taxation, Boston University
- Certificate of International Taxation, Harvard University
- Bachelor of Law (Honors), Chulalongkorn University
- Barrister - at - Law
Director Accreditation Program by Thai Institute Of Directors (IOD)

% of Shareholding as 31-Dec-15

- -

Relationship

-

Working Experience

Listed Company

2015-Present	Director, Independent Director & Member of Audit Committee & Chairman of Nominating and Compensation Committee
	Land and Houses PCL. (Real Estate)
2005-2008	Independent Director & Member of Audit Committee
	Land and Houses Retail Bank PCL. (Banking)
2004-Present	Independent Director & Member of Audit Committee
	Bangkok Chain Hospital PCL. (Health Care Service)
2003-2010	Independent Director & Member of Audit Committee
	Quality Construction Products PCL. (Produce and Trade Construction Materials)

Non-Listed Company

2002-Present	Partner
	LawAlliance Ltd.
1998-2002	Partner
	Linklaters, Bangkok

Mr. Bandit Pitaksit Age 50 years old

Position

- Independent Director

Appointed Date 12 May 2015

Education

- B.(Eng.), Civil Engineer, Chulalongkorn University
- Politics and Democracy for Executive, King Prajadhipok's Institute (KPI 14th)
- Program Executives Capital Market Academy (CMA. 12nd)
- The Program for Senior Executives on Justice Administration Batch 17th
- The National Defence Collage (NDC 57th)

% of Shareholding as 31-Dec-15

- -

Relationship

-

Working Experience

Listed Company

2015-Present	Independent Director Land and Houses PCL. (Real Estate)
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Non-Listed Company

Present	Chairman of the Advisory Isuzu Sanguanthai Group
Present	Chief Advisor Siam Car Rent Co., Ltd.
2005-2009	Director Isuzu Sanguanthai Sraburi Co., Ltd.

Mr. Wit Tantiworawong Age 57 years old

Position

- Executive Director
- Executive Vice President and Chief Finance Officer

Appointed Date 24 April 2013

Education

- Bachelor of Administration Bangkok University
- M.B.A. Thammasat University

% of Shareholding as 31-Dec-15

- 0.013

Relationship

-

Working Experience

Listed Company

May 13-Present	Executive Vice President and Chief Finance Officer Land and Houses PCL. (Real Estate)
2009-Apr 13	Senior Vice President Financial Department Land and Houses PCL. (Real Estate)
1991- 2008	Vice President Financial Department Land and Houses PCL. (Real Estate)

Non-Listed Company

2007-Present	Director L&H PROPERTY CO., LTD. (Real Estate)
2000-Present	Director Asia Asset Advisory Co., Ltd. (Advisor)
2012-Present	Director Land And Houses U.S.A., INC. (Real Estate)

Mr. Lersuk Suwannaton Age 57 years old**Position**

- Executive Vice President

Appointed Date 1 January 2014**Education**

- Bachelor of Civil Engineering Kasetsart University

% of Shareholding as 31-Dec-15

- 0.016

Relationship

-

Working Experience**Listed Company**

Jan 2014-Present	Executive Vice President Land and Houses PCL. (Real Estate)
Aug 2009-2013	Senior Vice President Project 1 Land and Houses PCL. (Real Estate)
Jan 2007-Present	Vice President Project 1 Land and Houses PCL. (Real Estate)
Oct 1996-Present	Vice President Business Development Department Land and Houses PCL. (Real Estate)
Apr 2008-Present	Acting Vice President Customer Relation Department Land and Houses PCL. (Real Estate)

Mr. Adul Chuvanichanon Age 60 years old**Position**

- Executive Vice President

Appointed Date 1 January 2014**Education**

- Bachelor of Civil Engineering Chiangmai University
- M.B.A. Thammasat University

% of Shareholding as 31-Dec-15

- 0.007

Relationship

-

Working Experience**Listed Company**

Jan 2014-Present	Executive Vice President Land and Houses PCL. (Real Estate)
Aug 2009-2013	Senior Vice President Project 10 Land and Houses PCL. (Real Estate)
2003- 2008	Vice President Project 10 Land and Houses PCL. (Real Estate)

Mr. Watcharin Kasinrerak Age 54 years old**Position**

- Executive Vice President

Appointed Date 1 January 2015**Education**

- Bachelor of Civil Engineering Chiangmai University
- M.B.A. Thammasat University

% of Shareholding as 31-Dec-15

- -

Relationship

-

Working Experience**Listed Company**

Present	Executive Vice President Land and Houses PCL. (Real Estate)
2013-2014	Senior Vice President Project 2 Land and Houses PCL. (Real Estate)

Mr. Chokchai Walitwarangkoon Age 53 years old**Position**

- Executive Vice President

Appointed Date 1 January 2015**Education**

- Faculty of Commerce and Accountancy
(Marketing), Chulalongkorn University

% of Shareholding as 31-Dec-15

- -

Relationship

-

Working Experience**Listed Company**

Present	Executive Vice President Land and Houses PCL. (Real Estate)
2013-2014	Senior Vice President Corporate Communication Department Land and Houses PCL. (Real Estate)

Mr. Teera Benjasilarak Age 56 years old

Position

- Senior Vice President Accounting Department

Appointed Date 1 January 2013

Education

- Bachelor of Science Kasetsart University
- M.B.A. Thammasat University

% of Shareholding as 31-Dec-15

- 0.011

Relationship

-

Working Experience

Listed Company

Present	Senior Vice President Accounting Department Land and Houses PCL. (Real Estate)
1991-2012	Vice President Accounting Department Land and Houses PCL. (Real Estate)

Mr. Visit Tantichaipakorn Age 56 years old

Position

- Vice President Finance Department

Appointed Date 22 January 2014

Education

- Bachelor of Communication Arts
Sukhothai Thammathirat Open University

% of Shareholding as 31-Dec-15

- 0.0001

Relationship

-

Working Experience

Listed Company

Present	Vice President Finance Department Land and Houses PCL. (Real Estate)
2002-2013	Senior Vice President Finance Department Land and Houses PCL. (Real Estate)

Shareholdings of Directors and Executives (2015)

Rank	Name	Position	Number of shares held as of 31/12/2014	Number of shares held as of 31/12/2015	Change	% shareholding	Appointment Date
1	Mr. Anant Asavabhokhin	Chairman of the Executive Board	2,382,639,623	2,862,167,547	479,527,924	24.40	12/12/1992
	Spouse and minor children						
2	Mr. Adisorn Thananan-narapool	Managing Director	69,289,500	83,233,106	13,943,606	0.71	12/12/1992
	Spouse and minor children						
3	Mr. Naporn Sunthornchitcharoen	President	22,908,216	27,487,859	4,579,643	0.23	12/12/1992
	Spouse and minor children						
4	Mr. Chalerm Kietitanabumroong	Senior Executive Vice President	7,456,692	9,048,030	1,591,338	0.08	11/7/2011
	Spouse and minor children						
5	Mr. Nantawat Pipatwongkasem	Director and Secretary	10,099	12,099	2,000	0.0001	12/12/1992
	Spouse and minor children						
6	Mr. Pakhawat Kovithvathanaphong	Independent Director	52,998	152,998	100,000	0.001	3/12/1999
	Spouse and minor children						
7	Mr. Wisanu Subsompon	Independent Director	-	-	-	-	24/2/2015
	Spouse and minor children						
8	Mr. Piphob Veraphong	Independent Director	-	-	-	-	12/5/2015
	Spouse and minor children						
9	Mr. Bandit Pitaksit	Independent Director	-	-	-	-	12/5/2015
	Spouse and minor children						
10	Mr. Wit Tantiworawong	Executive Vice President	1,100,101	1,477,101	377,000	0.013	24/4/2013
	Spouse and minor children						
11	Mr. Lersuk Suwannaton	Executive Vice President	1,200,000	1,914,000	714,000	0.016	1/1/2014
	Spouse and minor children						
12	Mr. Adul Chuvanichanon	Executive Vice President	879,280	879,280	-	0.007	1/1/2014
	Spouse and minor children						
13	Mr. Watcharin Kasinrerk	Executive Vice President	-	-	-	-	1/1/2015
	Spouse and minor children						
14	Mr. Chokchai Walitwarangkoon	Executive Vice President	-	795	795	0.000	1/1/2015
	Spouse and minor children						
15	Mr. Teera Benjasilarak	Senior Vice President, Accounting Department	1,510,917	1,260,417	(250,500)	0.011	1/1/2013
	Spouse and minor children						
16	Mr. Visit Tantichaipakorn	Vice President, Financial Department	8,000	15,000	7,000	0.0001	22/1/2014
	Spouse and minor children						

Internal Controls and Risk Management

The Board of Directors and the executives are responsible for the efficiency of the internal control system. They are also in charge of reviewing and monitoring the system regularly to enhance its efficiency to minimize operating losses amid the changing situation. Internal and external factors, government rules and regulations, as well as people related to the organization, are risk factors for the business. Well aware of this fact, the Board of Directors always pays attention to the importance of internal control. It requires that all units of the Company consider comprehensive internal control - from management, resource management, finance and accounting, human resources, procurement, and information technology to legal issues. The objective is to prevent severe damages and/or disputes that may result from violations and offences against the Company or a third party, which could lead to both civil and criminal lawsuits. The Company implements the measures through the following channels:

1. Through the organization's structure

The organization was designed with the nature of work in mind. The scopes of authority and duties were clearly defined to optimize operating flexibility and speed within internationally accepted restrictions. For instance, a board of director was set up to supervise policies and take responsibility for parties related to the Company. The Executive Board is responsible for operating results based on established objectives. Subcommittees - the Audit Committee, the Risk Management Committee and the Nominating and Compensation Committee - are in charge of missions assigned by the Board of Directors. Departments are grouped into two lines - operation and support - and were set up appropriately and adequately to ensure good management of supervision and checks and balances of authority among the operators in each department or line. A process was also put in place to manage overall risks at acceptable levels.

2. Through the Audit Committee

The Board of Directors assigned the three members of the Audit Committee to supervise, monitor and consider the appropriateness and adequacy of the internal control system since the dynamic environment makes it necessary to evaluate the system every year. The Audit Committee was also structured to report directly to the Board of Directors.

Each year, the Audit Committee meets with the Company's external auditors from EY Office Limited and internal auditors at least once every quarter to follow up on and enquire about the Company's internal control. They have found no significant flaw in the Company's internal control system. Only a few areas needed improvements in terms of information and supplementary documents and responsible departments already took action to address the issues.

At the Company's Board of Directors' meeting No. 9/2558 on Dec 21, 2015, the Board of Directors considered the preliminary report on the evaluation of the adequacy of the internal control system in 2015 submitted by the Audit Committee. The Board of Directors was of the opinion that the Company's internal control system was adequate and suitable for the current situation based on the framework of the Security and Exchange Commission and the Stock Exchange of Thailand, which covered 5 key areas defined by the Committee of Sponsoring Organization of the Treadway Commission (COSO)'s international standards. They are internal environment, risk assessment, control activities, information and communication, and monitoring. After considering it, the Board of Directors agreed with the Audit Committee's opinions and findings.

At the department level, the Company adopted a self-evaluation control system implemented every year to review operations and improve work systems, ensure internal control is more effective and efficient, and promote continual development.

3. Through corporate culture

Corporate culture can immunize an organization and lay down a good foundation in the long term through a mechanism called corporate culture by using personnel as the model to connect through various means. They include training, instilling of ethics and morality of the Company, top-down transfers of good conscience, regular organization of dharma practices for both employees and their families and the care that is passed on from generation to generation. The Company believes that there is no such thing as the best system all around and that nothing beats having the personnel that think good, act good and have lofty conscience about their assigned authority and responsibilities. These qualities can exist only when corporate culture is strong.

The Audit Committee takes the supervising role so that the Internal Audit and System Development Department can perform its duties independently, fairly and ethically. The chief audit executive of the Company is Mr. Pornchai Ketkhajornvirach, Senior Vice President, Internal Audit and System Development. The Audit Committee found Mr. Pornchai Ketkhajornvirach qualified, knowledgeable and competent, with experiences and understanding of the Company's business and work systems, and able to perform his duties efficiently. The consideration of the appointment, transfer, employment termination of the chief audit executive must be approved by the Audit Committee.

Related-party Transactions

1. Related-party transactions

The Company and its subsidiaries entered into the following related-party transactions among themselves or with individuals or juristic persons with potential conflicts of interests (for more details, please refer to “Notes to the Financial Statement”):

Individual/ juristic person	Relationship (as of Dec. 31, 2015)	Nature of transaction	Value (million baht)		Opinion of directors
			2014	2015	
Quality Construction Product Plc. (Q-CON)	<ul style="list-style-type: none"> - Land & Houses Plc. (LH) is a majority shareholder of Q-CON (21.16% of all sold shares). - Mr. Naporn Sunthornchitcharoen serves on the Boards of Directors of both companies. 	<ul style="list-style-type: none"> - LH its subsidiaries bought construction materials from Q-CON. Goods purchases Trade accounts payable Other accounts payable Dividends receivable 	48.6 8.1 - 21.2	44.3 7.1 - 11.8	<ul style="list-style-type: none"> - According to the evaluation by the Audit Committee and executives, the terms and prices were normal business practices and comparable to similar transactions with outsiders. - The dividends were in proportion to the Company's holding.
Home Product Center Plc. (HMPRO)	<ul style="list-style-type: none"> - LH is the majority shareholder of HMPRO (30.23%). - Mr. Anant Asavabhokhin and Mr. Naporn Sunthornchitcharoen serve on the Boards of Directors of both companies. 	<ul style="list-style-type: none"> - LH and its subsidiaries bought home-decoration items from HMPRO. Goods purchases Trade accounts payable Other accounts payable Dividends receivable 	50.8 0.5 0.6 92.1	50.2 0.8 0.4 670.9	<ul style="list-style-type: none"> - According to the evaluation by the Audit Committee and executives, the terms and prices were normal business practices, comparable to the same transactions with outsiders. - The dividends were in proportion to the Company's holding and at the same rate as paid to other shareholders.
Quality Houses Property Fund (QHPF)	<ul style="list-style-type: none"> - Mr. Anant Asavabhokhin's group Mr. Anant Asavabhokhin / Mayland Co., Ltd. / and Ms. Piangjai Harnpanij - holds a combined 31.36% in QHPF as of August 31, 2015. - The Company is the majority shareholder of QH (24.98%). - QH is the majority shareholder of QHPF (25.66%). - Mr. Anant Asavabhokhin and Mr. Adisorn Thananan-narapool serve on the boards of both the Company and QH. 	<ul style="list-style-type: none"> - Handits subsidiaries rented office building space from QHPF for their head offices. Rentals and service fees Advance payments Dividends receivable 	43.8 9.3 21.5	54.9 15.8 21.7	<ul style="list-style-type: none"> - According to the evaluation by the Audit Committee and executives, the rentals were comparable to the rates QHPF charged its other customers. - The dividends are in proportion to the Company's holding.

Individual/ juristic person	Relationship (as of Dec. 31, 2015)	Nature of transaction	Value (million baht)		Opinion of directors
			2014	2015	
Land and Houses Bank Plc. (LH Bank)	<ul style="list-style-type: none"> - LH is the majority shareholder (33.98%) of LH Financial Group (LHFG), which owns 99.99% of LH Bank and Land and Houses Fund Management Co., Ltd. (LH Fund) - Quality Houses Plc., an associated company of LH, holds 21.43% of shares in LHFG. - Ms. Piangjai Harnpanij, Mr. Anant Asavabhokhin's mother, holds 16.20% of shares in LHFG 	<ul style="list-style-type: none"> - The Company and its subsidiaries had savings and current accounts with LH Bank. - Short-term bills of exchange and deposits <ul style="list-style-type: none"> Interest income 24.9 Accrued interest 6.8 Dividends 144.5 	3,152.2	4,996.2	<ul style="list-style-type: none"> - According to the evaluation of the Audit Committee and executives, the deposits were normal business practice and the interest earned was of the same rates as what other companies unrelated to LH Bank received from it. There was no obligation for the deposits. - The dividends were in proportion to the Company's holding.
Land and Houses Fund Management Co., Ltd. (LH Fund)		Investment in funds	301.4	601.8	<ul style="list-style-type: none"> - Returns were the same as what other investors got.
Quality Houses Plc. (QH)	<ul style="list-style-type: none"> - LH holds 24.98% of shares in QH. Mr. Anant Asavabhokhin and Mr. Adisorn Thananan-narapool are directors of both LH and QH. - Government of Singapore Investment Corporation Pte. Ltd. (GIC) is a majority shareholder in both LH (16.55%) and QH (10.77%). 	<ul style="list-style-type: none"> Dividends receivable 367.0 Management and accounting fees 41.5 Brokerage fees 0.5 Trade accounts payable 8.8 Other accounts payable - 	367.0	176.3	<ul style="list-style-type: none"> - The dividends were in proportion to the Company's holding and at the same rate as paid to other shareholders. - The Company's Board of Directors on November 14, 2011 approved a connected transaction worth 75.7 million baht in which QH is hired to manage the Grande Centre Point Hotel & Residence Sukhumvit Terminal 21 for 3 years and 2 months, from November 1, 2011 to December 31, 2014. - QH was hired to manage the Grande Centre Point Ratchadamri Hotel for 1 year, from January 1 to December 31, 2014.
Asia Asset Advisory Co., Ltd. (AAA) and L&H Property Co., Ltd. (LHP)	<ul style="list-style-type: none"> - L&H Property Co., Ltd. (LHP) and Asia Asset Advisory Co., Ltd. (AAA) are related. Government of Singapore Investment Corporation Pte. Ltd. (GIC) is a major shareholder of LH (16.55%) and LHP (40%). - Mr. Anant Asavabhokhin serves as a director of both LHP and AAA. - LH held 99.99% in AAA as of November 11, 2014. 	<ul style="list-style-type: none"> - AAA provides property procurement and management services for LHP, a subsidiary of LH. Management fees 36.7 Expenses on setting up LHSC 17.7 Service fees at Terminal 21 shopping center - 	36.7	62.9	<ul style="list-style-type: none"> - The Company's Board agreed at its meeting on May 12, 2014 that the fees were fair and in line with normal business practices. They consisted of: <ul style="list-style-type: none"> - A management fee of 0.25% of the net asset value (NAV) for operational projects. - Completed-asset sale service charges not more 0.75% of the value of sold assets. (Mr. Soong Hee Sang, who represented GIC, did not attend the meeting and vote on this agenda item). - The Board of Directors of the Company resolved at its December 22, 2014 meeting that the fee of not more than 65 million baht was appropriate for one-year management from January-December 2015.

Individual/ juristic person	Relationship (as of Dec. 31, 2015)	Nature of transaction	Value (million baht)		Opinion of directors
			2014	2015	
Mr. Pittaya Tantipiriyakit	<ul style="list-style-type: none"> - Mr. Pittaya is a director of LH Muang Mai Co., Ltd. (LM), a subsidiary of LH. - The Company holds 55% of shares in LM. 	<ul style="list-style-type: none"> - Mr. Pittaya lent to LM in proportion to his holding. Short-term loans and accrued interest Interest expenses 	55.4 2.0	57.4 2.0	<ul style="list-style-type: none"> - According to the evaluation of executives, the interest rate charged for the loans was a market rate of (5.5%)
Siam Retail Development Co., Ltd. (SRD), LH Property Co., Ltd. (LHP) and its subsidiaries and LH Retail Management Co., Ltd. (LHR) LH owns LHR (99.99%).	<ul style="list-style-type: none"> - Mr. Anant Asavabhokhin holds 24.43% in LH and a majority stake of in SRD 27%. 	<ul style="list-style-type: none"> - Office common-area fee - Terminal 21 shopping center management fee - Brokerage fee - Trade accounts payable - Other accounts payable 	- 23.3 14.8 7.2 9.0	- 28.4 16.4 - 9.8	<ul style="list-style-type: none"> - The Board of Directors' meetings on May 12 and December 22, 2014 were of the opinion that the transactions and their terms were normal trade practices. - The Audit Committee also shared the same opinion.
Land and Houses Freehold and Leasehold Property Fund (LHPF)	<ul style="list-style-type: none"> - Government of Singapore Investment (GIC) has 16.55% in LH and 15% in LHPF. - LH holds 15% in LHPF. 	<ul style="list-style-type: none"> - Dividends receivable - Realized provision for guaranteed income of the fund - Unrealized provision for guaranteed income of the fund 	34.6 33.7 42.5	34.6 32.1 18.2	<ul style="list-style-type: none"> - In line with shareholding - The income guarantee was in proportion to the assets sold to the fund by LH and Reco Plaza Pte. Ltd, a subsidiary of GIC, at 52:48 for 3 years from 2013 to 2015 as detailed in the prospectus.
Land and Houses Freehold and Leasehold Property Fund 2 (LHPF 2) and L&H Hotel Management Co., Ltd. (LHH)	<ul style="list-style-type: none"> - GIC owns 50% of LHPF 2 and 16.55% in LH. - LHH is a subsidiary of LH (60%) and GIC (40%). 	<p>LHH leased Centre Point Ploenchit Hotel from LHPF 2 for 1 year and 4 months, from September 1, 2014 to December 31, 2015 for not more than 151.09 million baht. The contract was extended by another 3 years from January 1, 2016 to December 31, 2018 for a rent not more than 500 million baht.</p> <ul style="list-style-type: none"> - Rentals payable - Advance rentals - Trade payables - Other creditors 	 11.1 11.4 - 1.1	 120.0 - 5.7 17.7	<ul style="list-style-type: none"> - The Board of Directors of the Company on August 14, 2014 viewed the transaction was based on general trade terms. The Audit Committee also shared the same view. - The Board of Directors on December 21, 2015 was of the opinion that transaction was done at a fair price. The Audit Committee shared the same view.

Individual/ juristic person	Relationship (as of Dec. 31, 2015)	Nature of transaction	Value (million baht)		Opinion of directors
			2015	2015	
L&H Hotel Management Co., Ltd. (LHH) and LH Mall and Hotel (LHMH) LHH is 99.99% owned by LH.	<ul style="list-style-type: none"> - GIC is a majority shareholder in LH (16.55%). - LHH is a subsidiary of LH in which it indirectly owns 60%. GIC owns 40% in LHH. 	<ul style="list-style-type: none"> - LHH was hired to manage Centre Point Phloenchit Hotel by LHH for 1 year and 2 months, from November 1, 2014 to December 31, 2015, for a fee of 16.2 million baht. The contract was extended by 3 years from January 1, 2016 to December 31, 2018 for the following fees: <ul style="list-style-type: none"> - Consultant and hotel management fee of not more than 100 million baht - Consulting and management fee for Grande Centre Point Terminal 21 for three years, from December 16, 2015 to December 15, 2018, totaling not more than 200 million baht. 	1.9	15.4	<ul style="list-style-type: none"> - The Board of Directors of the Company on November 11, 2014 viewed the transaction was based on general trade terms. The Audit Committee also shared the same view. - The Board of Directors of the Company on December 21, 2015 viewed the transaction was based on general trade terms. The Audit Committee also shared the same view
L&H Property Co., Ltd. (LHP); L&H Management Co., Ltd. (LHM) and QH International Co., Ltd. QHI is a subsidiary of QH.	<ul style="list-style-type: none"> - GIC is a majority shareholder of LHP (40%) and of QH (10.77%). - LH owns 60% of LHP and 99.99% of LHM. 	<ul style="list-style-type: none"> - LHP hired QHI to manage 2 hotels for 1 year, from Jan 1-Dec 31, 2015 at 2% of total revenue and 4% of net revenue, totaling 54.1 million baht <ul style="list-style-type: none"> - Paid by LHP - Paid by LHM 	-	22.4 9.2	The Board of Directors of the Company on November 11, 2014 viewed the transaction was based on general trade terms. The Audit Committee also shared the same view.
L&H Property Co., Ltd. (LHP) and L&H Hotel Management Co., Ltd. (LHH)	<ul style="list-style-type: none"> - GIC is a majority shareholder of LHP (40%) and LH (16.55%). - LHH is owned by LH (60%) and GIC (40%). - LHP is indirectly 	LHH was hired to provide staff for the operations of 2 hotels for LHP - Grande Centre Point Ratchadamri and Grande Centre Point Terminal 21 - for 3 years, from January 1, 2015 to December 31, 2017 for a fee not more than 540 million baht, calculated from actual personnel expenses plus a 10% service fee.	-	150.5	<ul style="list-style-type: none"> - The Board of Directors of the Company on November 11, 2014 viewed the transaction was based on general trade terms. The Audit Committee also shared the same view. - On December 16, 2015, some parts of the Grande Centre Point Terminal 21 contract worth 266.8 million baht were cancelled, effective on December 16, 2015 since the hotel was sold.

Individual/ juristic person	Relationship (as of Dec. 31, 2015)	Nature of transaction	Value (million baht)		Opinion of directors
			2014	2015	
L&H Management Co., Ltd. (LHM) and QH International Co., Ltd. (QHI)	<ul style="list-style-type: none"> - LH indirectly holds 99.99% in LHM. - GIC holds 16.55% in LH and 10.77% in QH. - QHI is a subsidiary of QH. 	LHM agreed to procure staff for QHI for 3 years - January 1, 2015 to December 31, 2017- for a fee not more than 8 million baht	-	0.5	- The Board of Directors on December 22, 2014 viewed the price as appropriate and the Audit Committee shared the same view.
L&H Property Co., Ltd (LHP) and LH Mall and Hotel Co., Ltd. (LHMH)	<ul style="list-style-type: none"> - GIC is a majority shareholder of LH (16.55%). - LHP is owned by LH (60%) and GIC (40%). - LHMH is a 99.99% of LH. 	LHP hired LHMH to manage the Grande Centre Point Hotel Terminal 21 and Grande Centre Point Hotel Ratchadamri from April 1, 2015 to December 31, 2017 for a fee not more than 161 million baht. - On December 21, 2015, the contract was extended to December 31, 2018. An additional fee for 2016-2018 was not more than 110 million baht.	-	36.5	<ul style="list-style-type: none"> - The Board of Directors on February 2015 viewed the price as appropriate and the Audit Committee shared the same view. - The Board of Director on December 21, 2015 viewed the price as appropriate and the Audit Committee shared the same view.
L&H Management Co., Ltd. (LHM) and Land and Houses Freehold and Leasehold Property Fund (LHPF)	<ul style="list-style-type: none"> - GIC is a majority shareholder of LH (16.55%). - GIC owns 15% of LHPF - LH indirectly holds 99.99% in LHM. 	LHM was hired to recruit staff for the implementation of 3 property projects for LHPF for 3 years (April 1, 2015 to December 31, 2018) for a fee not more than 81 million baht. - Actual recruitment costs, plus a 15% service fee - Advances	- 1.8	23.6 3.4	- The Board of Directors of the Company on February 24, 2015 viewed the transaction was based on general trade terms. The Audit Committee also shared the same view.

Individual/ juristic person	Relationship (as of Dec. 31, 2015)	Nature of transaction	Value (million baht)		Opinion of directors
			2014	2015	
L&H Property Co., Ltd. (LHP) and Land and Houses Freehold and Leasehold Property Fund 2 (LHPF2)	<ul style="list-style-type: none"> - GIC is a majority shareholder of LH (16.55%) and of LHPF (50%). - LHP is owned by LH (60%) and GIC (40%). 	- LHP bought a 781.82-square-meter condominium unit of the River Haven project for 23 million baht.	-	23.0	- The Board of Directors of the Company on August 13, 2015 viewed the price, assessed by an independent appraiser, was appropriate. The Audit Committee also shared the same view.
LH Mall and Hotel Co., Ltd. (LHMH) and QH International Co., Ltd. (QHI) LHMH is 99.99% owned by LH QHI is a subsidiary of QH	<ul style="list-style-type: none"> - GIC is a majority shareholders of LH 16.55% and of QH 10.77%. 	- Project management fees payable	-	7.2	- Management views the management fee of 3 hotels from April 1 to December 31, 2015 as appropriate and in line with normal trade practise.

* Pacific Real Estate Co., Ltd. changed its name to LH Mall and Hotel Co., Ltd.

2. Necessity and justification of the transactions

The related-party transactions were necessary and justified, and were conducted in the best interests of the Company. The Audit Committee was of the opinion that they were in line with common business practices and consistent with what was offered to other customers, and that the Company paid and were compensated at fair market prices.

3. Measures or procedures of approving related-party transactions

A related-party transaction must be considered at a meeting of the Board of Directors attended by audit directors and approved at shareholders' meetings, depending on each case. The Board of Directors or those authorized by it may not approve any transaction with its members or parties with potential conflicts of interests with the Company or its subsidiaries. It must also be in compliance with laws on securities and the stock exchange, regulations, notifications, orders and requirements of the Stock Exchange of Thailand and the requirements pursuant to disclosure of related-party transactions and the acquisitions and disposals of assets.

4. Policy or trend of related-party transactions

The Company has a policy to continue making existing related-party transactions in the future. It also plans to keep the terms consistent with normal trade practices and the prices comparable with those offered by other suppliers. In any case, the Company will have the Audit Committee, its auditors or independent experts scrutinize all related-party transactions and give opinions on appropriate prices and justification of the transactions.

If the Company or its subsidiaries is to make related-party transactions with parties with potential conflicts of interest or stakeholders in the future, it will seek the opinions of the Audit Committee on the necessity and appropriateness of the transactions. In a case where the Audit Committee has no expertise to consider them, the Company will seek the opinions of independent experts or its auditors. The opinions will subsequently be used in making related decisions by the Board of Directors or shareholders, whichever the case. In any case, the Company will also include such transactions in the notes to the audited financial statements, except for the following transactions which the Management has the mandate to approve:

4.1 Normal business transactions or those supporting normal business transactions with trade terms similar to what a sensible person would make with his co-party under the same circumstance and with trade bargaining power free of the influence of his status as a director, executive or related party.

4.2 Transactions conducted under an employee' rights project of which the rights are made available to all employees without discrimination and not to a specific person.

5. Reasons why parties with potential conflicts of interests hold more than 10% of shares in subsidiaries or associated companies

LH Financial Group Plc. (LHFG)

As of December 31, 2015, the shareholders of LHFG, which holds 100% of shares in Land and Houses Bank Plc. were:

- (1) Land and Houses Plc. (33.98%)
- (2) Quality Houses Plc. (21.34%)
- (3) Ms. Piangjai Harnpanij (16.20%)
- (4) Groups of executives and other retail shareholders (28.48%)

Under the shareholding structure, Ms. Piangjai Harnpanij is a person with potential conflicts of interest with LH and QH, as she is related to Mr. Anant Asavabhokhin. A group led by Mr. Anant is the majority shareholder of LH, with 31.36% (as of August 31, 2015). Mr. Anant is also a director of both LH and QH.

The indirect holding of more than 10% in LH Bank, an associated company of LH and QH, by Ms. Piangjai is not in keeping with the notification of the Securities and Exchange Commission of Thailand on the maintaining of the status as a listed company on the Stock Exchange of Thailand B.E. 2544 (2001). Item 6 of the notification provides: "A listed company and its subsidiaries must not have conflicts of interest as defined by the criteria under the notifications of the Securities and Exchange Commission of Thailand". The reason, necessity and background of such a shareholding structure dated back to when LHFG filed a request to set up a commercial bank under the LH Bank name. According to the Finance Ministry's announcement on the criteria, procedure and conditions in applying to establish a commercial bank dated January 23, 2004, Item 4.6 on the qualifications of an eligible applicant stipulates: "An entity which has the right to submit the application must not have any other person become a new majority shareholder from the date the Minister signed this announcement to the date the license to operate a bank is granted or the date it is notified that its application

has been turned down, whichever is applicable". The majority shareholder in this case means a person with controlling power who holds 20% or more of all shares. Holding more than 5% in a commercial bank requires an approval from the Bank of Thailand and the Finance Ministry, and Ms. Piangjai was granted the approval. As of April 29, 2014, Ms Piangjai indirectly held a 16.20% stake in LH Bank.

On the shareholding structure which may constitute a conflict of interest, the Stock Exchange of Thailand decided that the structure was part of the condition in setting up LH Bank, which had already been approved by the Finance Ministry. The stake held by Ms. Piangjai will be reduced under the public offering plans and obligations with the Bank of Thailand and Finance Ministry. Furthermore, by nature LH Bank's core business does not compete with that of the Company or allows for a transfer of benefits at a disadvantage of the small shareholders of LH and QH. As a result, the Stock Exchange of Thailand was of the opinion that such a shareholding structure should not disqualify LH and QH on the basis of conflicts of interest (as shown in the letter issued by the Stock Exchange of Thailand No. 462/2548 on the subject "Response to the enquiry on the maintaining of the status of a listed company" dated May 9, 2005).

In addition, other guidelines to eliminate potential conflicts of interest were adopted as follows:

(a) LH Bank, which operates a commercial banking business, by nature does not compete with LH and QH, whose core businesses involve property development.

(b) Ms. Piangjai must reduce her indirect holding in the retail commercial bank to not more than 5% within the relaxation timeframe set forth by the Bank of Thailand and the Finance Ministry.

(c) Ms. Piangjai is not a director or executive of LH Bank.

(d) LH Bank has 3 independent and audit directors to consider issues which may constitute conflicts of interest. Besides, as listed companies on the Stock Exchange of Thailand, LH and QH are required to have independent and audit directors to consider issues with potential conflicts of interests.

Explanations and Analysis of Financial Position and Operating Results

(a) Overall picture of past performances

Operating results

In 2013, the Company retained revenue growth at similar levels in the first six months of the year before it slid in the latter half in the wake of a political turmoil. In any case, the Company managed to show growth at a comparable level to the previous year's, with revenue of 22,939.49 million baht, up 2.84% or 634.12 million baht from the previous year. For 2014, revenue rose 13.50%, or 3,097.21 million baht, to 26,036.70 million baht as purchasing power recovered after a slump in late 2013. It was also boosted by realized revenue from the transfers of 2 condominium projects in the fourth quarter of 2014 - The Room-Wong Wian Yai and Wan Wela-Hua Hin - worth 1,254.29 million baht and 1,312.42 million baht respectively. In 2015, sales revenue slowed down amid dwindling purchasing power and a lack of confidence in the country's overall economy. Sales revenue fell 6.97%, or 1,813.56 million baht, to 24,223.14 million baht during the year.

Gross profit margin In 2013, the Company booked gross profit of 9,085.41 million baht and gross profit margin of 36.23%, up 1.75% from 2012. In 2014, gross profit was 10,110.88 million baht, representing an 11.28% margin, down 0.52% from the previous year. In 2015, gross profit totaled 8,946.67 million baht while gross profit margin stood at 34.07%, down 1.64% from the previous year.

In 2013, consumer confidence and purchasing power continued to grow due to the government's measures to increase liquidity and public investment. These developments bolstered confidence and prompted more upbeat economic growth projections. The optimism, however, evaporated as political conflicts intensified in the second half.

In 2014, the purchasing power improved after a slowdown triggered by political conflicts in the latter half of 2013.

In 2015, the purchasing power declined again in line with the lackluster world economy, resulting in a slowdown in domestic spending.

Past performance of each business group

More than 90% of the consolidated revenue of the Company and its subsidiaries came from the property business. In 2013, the share of property business in total revenue slid slightly to 89.11%. In 2014, the share of property in the consolidated revenue was 81.54%. The group also booked a profit from selling its leasehold rights at Terminal 21 shopping center to the LH Shopping Centers Leasehold Real Estate Investment Trust, accounting for 9.86% of total revenue. In 2015, property revenue made up 83.46% to total revenue. The Company and its subsidiaries booked a profit from the sale of the leasehold right of the Grande Centre Points Terminal 21 hotel to the LH Hotel Real Estate Investment Trust, which made up 7.02% of total revenue. The sale of an apartment in California also made up 0.82% of total revenue.

Sales Revenue: Booking revenue consists of revenue from the sales of detached houses, townhouses and condominiums. The revenue is realized when ownerships have been transferred to buyers. Most sales revenue from 2013 to 2015 came from the sales of single houses (79.9%), townhouses (72.3%) and condominiums (68.9%). While the Company and its subsidiaries focus on building detached houses for sale, they have expanded their customer bases by developing for sale other types of residential units - townhouses and condominiums - to meet customers' demand. The shift was reflected in the declining share of detached-house sales. In 2015, revenue was realized from detached houses (68.8%), townhouses (5.5%) and condominiums (25.6%).

Booking revenue increased steadily in 2013 and 2014 but slowed down in 2015.

In 2013, booking revenue grew by 2.84%, or 634.12 million baht, from the previous year to 22,939.49 million baht.

In 2014, booking revenue increased by 13.50%, or 3,097.21 million baht, from the previous year to 26,036.70 million baht.

In 2015, booking revenue dropped 6.97%, or 1,813.56 million baht, from the previous year to 24,223.14 million baht.

Lease revenue: In 2013, lease revenue was 2,135.96 million baht, or 8.30% of total revenue, up 18.85%, or 338.81 million baht, from the previous year.

In 2014, lease revenue was 2,279.88 million baht, representing 7.14% of total revenue, up 6.74% or 143.92 million baht from the previous year. The increase was due to lease revenue of 186 million baht from the Company's two apartments in the United States, while domestic lease revenue dropped by 42 million baht.

In 2015, lease revenue was 2,036.49 million baht, accounting for 7.02% of total revenue and down 10.67%, or 243.39 million baht, from the previous year.

Share in the earnings (losses) of investments in associated companies: In 2013 and 2014, the share in the earnings (losses) of the Company's investments in associated companies was 2,108.76 million baht and 2,210.22 million baht respectively, down 7.70% or 175.97 million baht from 2012. The decline was mainly due to the disposal of assets in the Land and Houses Property and Loan Fund-II in 2013. In 2014, the share in the earnings (losses) of the Company's investments in associated companies was 2,210.22 million baht, up 4.81% or 101.46 million baht from 2013. In 2015, the share in the earnings (losses) of the Company's investments in associated companies rose 10.24%, or 226.38 million baht, from the previous year to 2,436.60 million baht.

Share of profit from investments in associated companies (2013-2015)

Unit: thousand baht

Company	2013	2014	2015
LH Financial Group Plc.	288,222	408,868	561,293
Quality Construction Product Plc.	49,501	27,139	1,528
Home Product Center Plc.	927,113	1,001,709	1,057,823
Asia Asset Advisory Co., Ltd.	3,900	(121)	-
Land and Houses Property and Loan Fund-II	15,963	(54,917)	38,013
Quality Houses Plc.	824,061	831,543	777,941
Starmalls, Inc.	-	-	-
Total	2,108,760	2,210,221	2,436,598

Other incomes: Other incomes consist of profits from the disposal of investments, reversals of investment impairment, reversals of losses from project impairment, interest income, utility services fee incomes, dividends receivable and other incomes. In 2013, other incomes rose by 338.50 million baht to 666.25 million baht due largely to the sale of the right to buy land in the North Park project of 202.28 million baht and dividends of 126.66 million baht, up 78.46 million from 2012. In 2014, other incomes jumped by 442.28%, or 2,946.72 million baht, year-on-year, to 3,614.97 million baht due to profit from the sale of leasehold rights at Terminal 21 shopping center to the LH Shopping Centers Leasehold Real Estate Investment Trust worth 3,148.20 million baht. In 2015, other incomes fell 23.49%, or 849.28 million baht, to 2,765.69 million baht, mainly due to profits from the sale of the leasehold right at the Grande Centre Point Terminal 21 hotel to the LH Hotel Real Estate Investment Trust (2,036.88 million baht) and from the sale of an apartment in California (239.95 million baht).

In 2013, other incomes of 668.25 million consisted of utility fee incomes (226.32 million baht), dividends (126.66 million baht) and other incomes, including the income from selling the right to buy land in the North Park project (315.27 million baht).

In 2014, other incomes of 3,614.97 million baht comprised profits from asset sales to a real estate investment trust (3,148.20 million baht), utility fee incomes (255.53 million baht), dividends (63.42 million baht), interest and other incomes (147.82 million baht).

In 2015, other incomes of 2,765.69 million baht consisted of profit from the asset sale to a real estate investment trust (2,036.88 million baht), profit from the sale of an apartment in California (239.95 million baht), utility fee income (254.53 million baht), dividends (81.34 million baht), interest and other incomes (392.94 million baht).

Gross profit margin: In 2013, gross profit margin stood at 36.23% of revenue, up from 2012. The gross profit margin of revenue from building and land sales was 35.75% and that of lease revenue stood at 41.33%. In 2014, gross profit margin fell to 35.71% of revenue. The gross profit margin of revenue from building and land sales was 35.38% and that of lease revenue stood at 39.45%. In 2015, gross profit margin dropped further to 34.07% of revenue. The gross profit margin of revenue from building and land sales was 33.93% and that of lease revenue stood at 35.72%.

Management expenses: Management expenses in 2013 and 2014 were 1,645.06 million baht and 2,014.89 million baht, representing 6.39% and 6.31% of total revenue respectively. In 2015, management expenses were 1,807.51 million baht, or 6.23% of total revenue, down 10.29%, or 207.38 million baht, year-on-year, due to declines in asset repair costs (90.16 million baht) and consultant and management fees (99.02 million baht).

Sales expenses: Sales expenses, excluding special business taxes and transfer fees, in 2013 and 2014 stood at 908.37 million baht and 997.56 million baht, representing 3.53% and 3.12% of revenue respectively. In 2014, they rose 9.82%, or 89.19 million baht, from 2013. In 2015, the expenses stood at 887.71 million baht, or 3.06% of revenue, down 11.01%, or 109.84 million baht, from the previous year as a result of lower advertising and promotion expenses.

Special business taxes and transfer fees: In 2013, special business taxes and transfer fees stood at 882.37 million baht, representing 3.43% of total revenue. They rose by 2.33%, or 20.14 million baht, compared to the previous year in line with slightly higher sales than in 2013. In 2014, special business taxes and transfer fees were 992.58 million baht, or 3.11% of total revenue. Compared to 2013, they increased by 110.21 million baht, or 12.49%, in line with higher sales. In 2015, special business taxes and transfer fees stood at 878.51 million baht, or 3.03% of revenue. They fell 11.49%, or 114.07 million baht, from the previous year due to declining sales and the tax break and transfer fee reduction in late 2015.

Losses from project impairment: Losses from project impairment from 2013 to 2015 stood at 79.98 million baht, 33.12 million baht and 2.50 million baht respectively.

Earnings before interest and corporate income tax: Earnings before interest and corporate income tax in 2013, 2014 and 2015 stood at 6,150.14 million baht, 9,685.97 million baht and 8,136.13 million baht respectively. In 2013, earnings before interest and corporate income tax rose by 22.03%, or 1,110.50 million baht, from the previous year. In 2014, earnings before interest and corporate income tax jumped by 57.49%, or 3,535.83 million baht, year-on-year due to profit from the sale of its leasehold rights at Terminal 21 shopping center of 3,148.20 million baht. In 2015, earnings before interest and corporate income tax dropped 16%, or 1,549.84 million baht, from the previous year due to an 871.37-million-baht decline in profit from asset sales and lower booking revenue.

Earnings before corporate income tax: Earnings before corporate income tax in 2013, 2014 and 2015 were 7,689.14 million baht, 11,393.12 million baht and 10,268.03 million baht respectively. In 2013, earnings before corporate income tax rose 12.47% or 852.80 million baht from the previous year. In 2014, they surged by 48.17%, or 3,703.98 million baht, year-on-year. For 2015, earnings before corporate income tax fell 9.87%, or 1,125.09 million baht, from the previous year.

Net profit: Net profit of the Company and its subsidiaries from 2013 to 2015 was 6,478.40 million baht, 8,423.08 million baht and 7,920.23 million baht respectively. In 2015, net profit dropped by 5.97% or 502.85 million baht.

Based on the aforementioned operating results and the profitability ratios of the Company in 2013, 2014 and 2015, its gross profit margin stood at 36.23%, 35.71% and 34.07% respectively. Net profit margin was 25.17%, 26.38% and 27.28% respectively.

Earnings per share: Based on the average number of shares in 2013 and 2014 at 10,025.92 million and 10,465.15 million shares respectively, basic earnings per share were 0.65 and 0.80 baht respectively. In 2015, based on the average number of shares used in the calculation of 11,535.50 million, basic earnings per share were 0.69 baht. Adjusted earnings per share for 2014 and 2015 were 0.74 baht and 0.67 baht respectively.

Dividends payable: Based on the operating results, the Company considered paying dividends for its performances in 2013, 2014 and 2015 as follows:

	Dividend rate (%)	Dividends (million baht)	Payment date
Dividends for 2013 operations	61.89	2,506	September 12, 2013
		1,504	May 22, 2014
Dividends for 2014 operations	84.27	2,700	September 12, 2014
		4,678	May 2015
Dividends for 2015 operations	88.85	2,926	September 10, 2015
		4,111	May 2016

Dividend payment for 2013 operations The Board of Directors approved on August 13, 2013 the payment of an interim dividend of 0.25 baht per share (at one-baht par), totaling 2,506 million baht. It also approved on February 27, 2014 an interim dividend of 0.15 baht a share, totaling 1,504 million baht. Total dividends paid for 2013 operations were therefore 4,010 million baht, or 61.89% of net profit.

Dividend payment for 2014 operations The Board of Directors approved on August 14, 2014 the payment of an interim dividend of 0.25 baht per share (at one-baht par), totaling 2,700 million baht. It approved on February 24, 2015 the total dividend of 0.65 baht a share for 2014 operations, leaving outstanding dividend to be paid in May 2015 of 0.40 baht a share or 4,398 million baht. Total dividends paid for 2014 operations were 84.27% of net earnings.

Dividend payment for 2015 operations The Board of Directors approved on August 13, 2015 the payment of an interim dividend of 0.25 baht per share (at one-baht par) for the 2015 operations, totaling 2,926 million baht. The board approved on February 29, 2016 the total dividend for the 2015 operations at the rate of 0.60 baht (at one-baht par) to be approved at the shareholders' meeting, leaving the outstanding dividend to be paid in May 2016 of 0.35 baht a share or 4,111 million baht. Total dividends paid for 2015 operations was 88.85% of net earnings.

(b) Financial position

Assets

Total assets of the Company and its subsidiaries as of the end of 2013, 2014 and 2015 stood at 75,369.11 million baht, 86,887.56 million baht and 98,069.75 million baht respectively. Since the Company operates the business of developing real estate by building pre-built houses and launching new projects regularly, its core assets are in the form of inventories, comprising land and projects under development. Next in importance are long-term investments, investments in subsidiaries and associated companies, real estate for investment and leasehold rights and properties under leasehold rights. Details of the Company's assets are as follows:

Inventories: Outstanding inventories as of the end of 2013, 2014 and 2015 were valued at 38,496.08 million baht, 43,486.57 million baht and 48,117.96 million baht, representing 51.08%, 50.05% and 49.07% of total assets respectively. The Company separated the accounts of undeveloped land of its own and its subsidiaries, as well as its related expenses, totaling 4,126.21 million baht, 4,131.68 million baht and 4,093.70 million baht as of the end of 2013, 2014 and 2015 respectively. The amounts were booked as land pending development and shown under non-current assets. They will be booked as inventories once development begins.

Net accounts receivable Net accounts receivable of the Company as of the end of 2013, 2014 and 2015 were 136.25 million baht, 172.13 million baht and 184.02 million baht respectively and were under the leasing business.

Investment in associated companies Investments in associated companies under the equity method as of December 31 of 2013, 2014 and 2015 are as follows:

Unit: thousand baht			
Company	2013	2014	2015
LH Financial Group Plc.	5,137,099	5,543,973	6,109,613
Quality Construction Products Plc.	419,878	425,860	412,906
Home Product Center Plc.	4,463,111	5,365,640	5,728,752
Asia Asset Advisory Co., Ltd.	9,042	-	-
Land and Houses Property Fund	32,402	32,402	-
Land and Houses Property and Loan Fund-II	537,126	482,209	466,998
Quality Houses Plc.	5,179,520	5,646,905	6,245,449
Total	15,778,178	17,496,989	18,963,718
% of total assets	20.93	20.14	19.34

Long-term investments: Long-term investments at the end of 2013, 2014 and 2015 were valued at 2,849.62 million baht, 5,380.54 million baht and 5,209.97 million baht, accounting for 3.78%, 6.19% and 5.31% of total assets, respectively.

In 2013, the Company had long-term investment of 2,849.62 million baht, down 358.94 million baht from the previous year, due to downward adjustments of the fair value of its investments in Land and Houses Property Fund of 56.92 million baht, the Quality Houses Property Fund of 71.66 million baht and Starmalls, Inc. of 121.26 million baht, a write-off of 45.65 million baht as a result of Bangkok Mass Transit System Plc. (BTSC)'s capital reduction and an allowance for permanent price discount of BTSC of 63.44 million baht.

In 2014, long-term investments stood at 5,380.54 million baht, up 2,530.92 million baht from the previous year, mainly due to higher valuation of Starmall Inc. shares (2,118.09 million baht) and investment in LH Shopping Centers Leasehold Real Estate Investment Trust (LHSC) (443.65 million baht).

In 2015, long-term investments stood at 5,209.97 million baht, down 170.57 million baht from the previous year. Among the key items were an investment in Starmall Inc. in the Philippines of 3,662.20 million baht and investments in property funds and real estate investment trusts totaling 1,444.02 million baht

Land pending development: As of the end of 2013, 2014 and 2015, land pending development was valued at 4,126.21 million baht, 4,131.68 million baht and 4,093.70 million baht, representing 5.47%, 4.76% and 4.17% of total assets respectively.

At the end of 2013, land pending development totaled 4,126.21 million baht after an impairment allowance of 802.86 million baht

At the end of 2014, land pending development totaled 4,131.68 million baht after an impairment allowance of 801.17 million baht.

At the end of 2015, land pending development totaled 4,093.70 million baht after an impairment allowance of 802.93 million baht.

In 2015, the Company hired an independent appraiser to evaluate the fair value of some land under development using the market comparison approach. The appraiser estimated the prices were higher than the net accounting value of the projects.

As of December 31, 2015 and 2014, the Company and its subsidiaries put up some land under development as collateral for long-term loans with net accounting value of 3,496 million baht (2014: 3,496 million baht).

Real estate for investment: In 2013, 2014 and 2015, the Company had immovable assets for investment worth 3,758.71 million baht, 3,726.50 million baht and 6,418.44 million baht respectively. In 2012, the Company sold the LH Villa Sathorn to the Land and Houses Freehold and Leasehold Property Fund. As of the end of 2012, the Company's immovable asset for investment was apartments in California, bought by its subsidiary Land and Houses U.S.A. Inc. (LH USA) in December 2012. The fair value of real estate for investment as of December 31 of 2013 and 2014 was 7,003.0 million baht (US\$194 million) and 3,618 million baht (US\$110.25) respectively. The fair value of immovable assets for investment was calculated based on the following criteria:

- For vacant plots and apartments for rent bought in 2015, the fair value was based on purchase prices. Management believed there was no significant difference in the purchase prices and the fair value.
- The apartments for rent bought before 2015 were appraised in 2015 by an independent appraiser using the market comparison approach and the income approach.

Land, buildings and equipment: In 2013, the net value of land, buildings and equipment was 616.29 million baht, down 34.70 million baht from the end of 2012. The Company and its subsidiaries still used a number of fully depreciated buildings and equipment. Their accounting value before accumulated depreciation was 548 million baht, compared to 536 million baht in 2012.

In 2014, the net value of land, buildings and equipment stood at 288.33 million baht, down 327.96 million baht from the previous year, as clubs at projects were booked as inventories.

In 2015, the net value of land, buildings and equipment was 310.86 million baht, up 22.53 million baht from the end of 2014.

Leasehold rights: In 2013, 2014 and 2015, the Company and its subsidiaries had leasehold rights worth 6,280.25 million baht, 3,667.33 million baht and 2,402.47 million baht respectively. As of December 31, 2015, the Company held the leasehold rights for the Grande Centre Point Ratchadamri hotel (1,604.67 million baht), the Grande Centre Point Thong Lor hotel (701.76 million baht) and vacant plots (96.04 million baht).

The 1,264.86-million-baht decline in leasehold rights was the result of the disposal of the leasehold right of the Grande Centre Point Terminal 21 hotel to LH Hotel Real Estate Investment Trust (LHHOTEL) in December 2015. For the leasehold rights of land and buildings of the Grande Centre Point Ratchadamri hotel and the Grande Centre Point Thong Lor hotel project, which had accounting value of 1,605 million baht and 702 million baht respectively as of December 31, 2015, the Company's subsidiaries pledged them as collateral for overdraft and long-term loans. (2014: The Grande Centre Point Ratchadamri hotel was valued at 1,679 million baht)

Asset Quality

(1) Inventories

As of December 31, 2013, net outstanding inventories stood at 38,663.63 million baht, up 6,013.37 million baht from the end of 2012, due to project development. Product impairment allowances were 167.55 million baht and outstanding inventories had a net book value of 38,496.08 million baht.

As of December 31, 2014, net outstanding inventories stood at 43,646.48 million baht, up 4,822.94 million baht from the end of 2013, due to project development. Product impairment allowances were 159.90 million baht and outstanding inventories had a net book value of 43,486.58 million baht.

As of December 31, 2015, net outstanding inventories stood at 48,278.40 million baht, up 4,631.92 million baht from the end of 2014, due to project development. Product impairment allowances were 160.44 million baht and outstanding inventories had a net book value of 48,117.96 million baht.

(2) Long-term investments: Long-term investments as of the end of 2015 are as follows:

Unit: million baht

	Securities available for sale	General investments	Total
Equity securities	3,882.62	204.39	4,087.01
Less: Allowances for revaluation	1,223.45	-	1,223.45
Less: Allowances for impairment of investments	-	100.50	100.50
Total	5,106.07	103.89	5,209.96

Liquidity

The Company is prudent in its spending in order to maintain its liquidity by investing in housing projects, such as buying land and constructing more projects to suit the business environment and repaying its debts. The Company has a policy of managing its cash and cash equivalents to match the operating environment.

Unit: million baht

	2013	2014	2015
Cash flow from operating activities	612.35	2,301.42	1,557.02
Cash flow from investing activities	(2,817.25)	5,636.82	1,873.97
Cash flow from financing activities	1,944.68	(2,649.51)	(752.96)

In 2013, cash and cash equivalents dropped by 260.22 million baht due to declining investing activities while cash flow from operating and financing activities rose.

In 2014, cash and cash equivalents rose by 5,559.21 million baht from increases in operating activities (2,301.42 million baht) and investing activities (5,636.82 million baht). It was spent on financing activities (2,649.51 million baht).

In 2015, cash and cash equivalents rose by 2,520.30 million baht from operating activities (1,557.02 million baht) and investing activities (1,873.97 million baht). It was spent on financing activities (752.96 million baht).

In 2013, cash flow from operating activities was 612.35 million baht in surplus, mainly profit before income tax expenses (7,689.14 million baht), an increase in inventory (5,299.17 million baht) and non-cash share of profit from investment in associated companies (2,108.76 million baht), as well as profit from land purchase right sales of 202.28 million baht.

In 2014, cash flow from operating activities was 2,301.42 million baht in surplus, mainly profit before income tax expenses (11,393.11 million baht), an increase in inventory (3,701.21 million baht) and non-cash share of profit from investment in associated companies (2,210.22 million baht), as well as profit from the sale of leasehold right at the Terminal 21 shopping center (3,148.20 million baht), which was not operating profit.

In 2015, cash flow from operating activities was 1,557.02 million baht in surplus, mainly profit before income tax expenses (10,268.03 million baht), an increase in inventories (3,689.09 million), non-cash share of profit from investment in associated companies (2,436.60 million baht) and profit from the sale of the leasehold rights of the Grande Centre Point Terminal 21 (2,036.88 million baht), which was not operating profit. A corporate income tax of 1,162.45 million baht was also paid.

Cash flow from investing activities in 2013 was minus 2,817.25 million baht, mainly due to purchases of real estate for investment and leasehold rights (3,731.24 million baht) and investments in subsidiaries and associated companies (321.68 million baht).

Cash flow from investing activities in 2014 was 5,636.83 million baht in surplus, mainly from the sales of immoveable assets and leasehold rights (5,808.62 million baht), dividends from associated companies (629 million baht), additional investments in subsidiaries and associated companies (139.96 million baht), long-term investments (448.05 million baht) and investments in immoveable assets and leasehold rights (315.13 million baht).

Cash flow from investing activities in 2015 was 1,873.97 million baht in surplus, mainly from the sales of immoveable assets and leasehold rights (4,394.04 million baht), dividends from associated companies (875.64 million baht), additional long-term investments (282.30 million baht) and investments in immoveable assets and leasehold rights (3,319.91 million baht).

Cash flow from financing activities in 2013 was 1,944.68 million baht in surplus, mainly due to dividend payments (3,976.68 million baht), net receipts from debenture issues (3,000 million baht) and net long-term borrowings (2,700 million baht).

Cash flow from financing activities in 2014 was minus 2,649.51 million baht, mainly due to dividend payments (4,192.35 million baht) and short-term loan repayments (2,690 million baht). The Company received 7,100 million baht from debenture issues and repaid a net 3,491.7 million baht in long-term loans. It received 3,396.01 million baht from capital increase and paid 1,537.95 million baht in interest and 931.01 million baht in dividend payments to minority shareholders.

Cash flow from financing activities in 2015 was minus 752.96 million baht, mainly dividend payments (7,582.75 million baht), debenture redemption (7,600 million baht), net repayments of long-term loans (2,379.01 million baht) and interest payments (1,356.93 million baht). It received 2,568.38 million baht from capital increase, raised 15,000 million baht from debenture issues and drew 1,356.93 million baht in long-term borrowings.

Important liquidity ratios

Liquidity ratios in 2013 and 2014 were 3.02 times and 3.21 times while quick ratios over the two years were 0.10 and 0.43 times respectively. The liquidity and quick ratios rose in 2013 before improving in the following year due to an increase in current assets, especially cash. In 2015, the liquidity and quick ratios climbed to 3.54 and 0.61 respectively.

In 2013, the liquidity ratio was 3.02 times while the quick ratio stood at 0.10 times. They dropped from the levels in 2012 due to an increase in current assets, especially inventories, which grew by 5,959.45 million baht.

In 2014, the liquidity ratio was 3.21 times while the quick ratio stood at 0.43 times. They rose due to an increase in current assets, especially cash and inventories, which grew by 5,270.91 million baht and 4,990.49 million baht respectively while current liabilities climbed by only 2,538.23 million baht from the previous year. The quick ratio increased from 2013 as a result of a cash increase of 5,270.91 million baht.

In 2015, the liquidity ratio was 3.54 times while the quick ratio was 0.61. The liquidity ratio rose as a result of year-on-year increases in current assets, especially cash (2,520.31 million baht) and inventories (4,631.39 million baht) while current liabilities grew by only 855.69 million baht. The quick ratio also climbed from 2014 as a result of an increase of cash by 2,520.31 million baht.

The creditor ratio in 2013 was 5.95 times before dropping to 5.71 times in the following year, with repayment periods standing at 60 and 63 days respectively.

In 2015, the creditor ratio was 5.07 times, while the repayment period stood at 70 days.

Investment expenses

Over the past few years, the Company invested more in land plots with high potential at reasonable prices for development into housing projects, which is its core business, and in companies engaged in operations related to its core business.

In 2013, the Company received a dividend of 139.88 million baht from LH Financial Group Plc. It also received dividends from Home Product Center Plc. in the form of 355 million ordinary shares and 40 million baht in cash on April 30, 2013. The Company averaged the cost of its investment in Home Product Center by combining the dividend shares it received during the year with the shares it already had. On October 22, 2013, Home Product Center Plc's shareholders approved at its extraordinary meeting dividends in the form of ordinary shares at the ratio of 6 existing shares for 1 new share, or the equivalent of 0.1667 baht a share, and cash at the rate of 0.0186 baht a share. The Company received 414 million dividend shares and 46 million baht in cash dividend on November 15, 2013. The Company averaged the cost of its investment in Home Product Center by combining the dividend shares it received during the year with the shares it already had. Also during the year, the Company received cash dividend of 434.54 million baht from Quality Houses Plc.

In 2014, the Company received cash dividends from Atlantic Real Estate Co. Ltd. (70.49 million baht), Land and Houses North Co., Ltd. (8 million baht) and L&H Property Co., Ltd. (1,396.50 million baht). The Company also paid 614 million baht for 6.14 million new shares of Pacific Real Estate Co., Ltd. at 100-baht par under the company's capital increase program.

On April 21, 2014, LH Financial Group Plc approved at its annual general shareholders' meeting proportionate allocation of new shares to existing shareholders under its capital increase program at the ratio of 30 existing ordinary shares for 1 new share at one baht (30:1). The Company fully exercised its right and bought 145 million new shares for 145 million baht.

On April 10, 2014, Home Product Center Co., Ltd. approved at its general shareholders' meeting a share dividend at the ratio of 7 existing share for 1 dividend share, the equivalent of 0.1429 baht a share, and a cash dividend at the rate of 0.0159 baht a share. The Company received 414 million dividend shares and 46 million baht in cash on May 8, 2014. The Company averaged the cost of its investment in Home Product Center by combining the dividend shares it received during the year with the shares it already had. On October 15, 2014, Home Product Center Co., Ltd. also approved at its general shareholders' meeting a share dividend at the ratio of 8 existing share for 1 dividend share, the equivalent of 0.1250 baht a share, and a cash dividend at the rate of 0.013889 baht a share. The Company received 414 million dividend shares and 46 million baht in cash dividend on November 13, 2014. The Company averaged the cost of its investment in Home Product Center by combining the dividend shares it received during the year with the shares it already had.

On November 11, 2014, the Board of Directors of the Company approved the purchase of 300,000 more shares at 10-baht par in Asia Asset Advisory Co., Ltd., a 40%-owned associated company, from 2 existing shareholders, totaling 3 million baht. The transaction transformed Asia Asset Advisory Co., Ltd. into a 99.99%-owned subsidiary of the Company.

In 2015, the Company received a dividend from Atlantic Real Estate Co., Ltd. (59.99 million baht), Siam Tanee Property Co., Ltd. (99.99 million baht) and L&H Property Co., Ltd. (1,381.80 million baht). It also fully paid for 13.8 million new shares issued by LH Mall & Hotel Co., Ltd. (formerly Pacific Real Estate Co., Ltd.) at 45 baht each, totaling 621 million baht.

On December 31, 2015, LH Muang Mai Co., Ltd. pledged the ordinary shares of its subsidiaries (Phuket Future Plan Co., Ltd. and Doubletree Co., Ltd.) as collateral for its long-term borrowing.

In November 2015, L&H Property Co., Ltd. sold all of its investment worth 1.7 million baht in its subsidiaries (L&H Management Co., Ltd. and L&H Retail Management Co., Ltd.) to LH Mall & Hotel Co., Ltd. (formerly Pacific Real Estate Co., Ltd.). The transaction resulted in an increase in the Company's indirect holdings in L&H Management Co., Ltd. and L&H Retail Management Co., Ltd. from 60% to 99.99%.

Fund sources

The Company's debt-to-equity ratio as of the end of 2013, 2014 and 2015 was 1.16, 0.96 and 1.09 times respectively. The upward trend was the result of higher borrowings for more investments in the subsidiaries and associated companies and investments in leasehold rights of immovable assets in 2013, resulting in a gradual increase of its debt-to-equity ratio. It began to decline as the Company received capital-increase funds through the exercise of warrants and retained earnings increased, bringing down the ratio to 0.96 times.

As of the end of 2013, shareholders' equity was 34,843.03 million baht, up 2,240.49 million baht, on net operating profit (6,478.40 million baht). Shareholders' equity fell after dividend payments (3,976.68 million baht).

As of the end of 2014, shareholders' equity was 44,274.95 million baht, up 9,431.92 million baht, on net operating profit (8,423.08 million baht). The shareholders' equity fell after dividend payments (4,192 million baht), a dividend payment to minority shareholders (931 million baht), an increase of unrealized profit/loss of investment in Starmalls Inc. (1,666.30 million baht) and a capital increase (3,396.01 million baht).

As of the end of 2015, shareholders' equity stood at 46,895.12 million baht, up 2,620.18 million baht. The increase came from net operating profit (7,920.23 million baht) and capital increase (2,629.80 million baht). It dropped after dividend payments (7,582.75 million baht).

Liabilities

Consolidated liabilities as of the end of 2013 and 2014 stood at 40,526.08 million baht and 42,612.62 million baht respectively. As of the end of 2015, they were 51,174.63 million baht. Major liabilities were long-term borrowings (8,489.26 million baht), debentures (24,000 million baht), current portion of long-term debts (6,874.40 million baht) and trade accounts payable (3,218.43 million baht). So far, the Company and its subsidiaries have repaid debts on time.

Liabilities of the Company and its subsidiaries as of December 31, 2015

Unit: million baht

Company	Type	Amount	Interest rate	Collateral	Due date
LH	Overdraft	19.8	MOR	None	Upon call
	Promissory notes	200.0	MOR-1.5	None	Upon call
	Long-term loans (5 contracts)	3,275.0	Years 1-3 = 3.95% Years 4-5 = 3.85%	None	Within 3 years from the date the first lot is drawn
	Long-term loan	361.0	Years 1-5 = 4.5% Subsequent years = MLR-2.25%	Land	Within 5 years from the date the first lot is drawn
	Long-term loan	3,330	Years 1-4 = 4.5% Subsequent years = MLR-2.25%	Land	Within 4 years from the date the first lot is drawn
	Local debenture 1/2013	3,500.0	Fixed at 3.59%	None	3 years to be redeemed on March 30, 2016
	Local debenture 2/2013	3,500.0	Fixed at 4.03%	None	3 years to be redeemed on March 31, 2016
	Local debenture 1/2014	500.0	Fixed at 3.63%	None	3 years to be redeemed on February 27, 2017
	Local debenture 2/2014	3,500.0	Fixed at 3.59%	None	3 years to be redeemed on April 4, 2017
	Local debenture 3/2014	1,500.0	Fixed at 3.25%	None	2 years to be redeemed on April 9, 2016
	Local debentures 4/2014	1,000.0	Fixed at 3.30%	None	3.5 years to be redeemed on March 17, 2018
	Local debenture 5/2014	4,000.0	Fixed at 3.50%	None	3 years to be redeemed on October 6, 2017
	Local debenture 1/2015	1,000.0	Fixed at 3.02%	None	3.5 years to be redeemed on September 25, 2018
	Local debenture 2/2015 - 1	7,000.0	Fixed at 2.81%	None	To be redeemed on April 2, 2018
	Local debenture 2/2015 - 2	1,000.0	Fixed at 3.31%	None	To be redeemed on April 2, 2020
	Local debenture 3/2015 - 1	4,000.0	Fixed at 2.41%	None	To be redeemed on October 8, 2018
	Local debenture 3/2015 - 2	1,000.0	Fixed at 2.66%	None	To be redeemed on October 8, 2019
	Local debenture 3/2015 - 3	1,000.0	Fixed at 2.99%	None	To be redeemed on October 8, 2020
MH	Long-term loan	5.0	MLR-2.5	Project land and buildings	March 2018 - December 2027 (40 installments)

Company	Type	Amount	Interest rate	Collateral	Due date
LHM & subsidiaries	Long-term loan	159.0	MLR-1.5%	Project land and buildings	- Repaid 60% of home and land selling prices - Principal to be repaid in 5 years from the date the first lot is drawn
	Long-term loan	260.0	MLR-2.0%	Project land and buildings	- Repaid 60% of home and land selling prices - Principal to be repaid in 5 years from the date the first lot is drawn
	Long-term loan	207.0	Year 1 = MLR-1.5% Years 2-4 = MLR-1.0% Year 5 = MLR-1.25%	Project land and shares of the company and related companies	Repaid at 70% of land selling price
LH-USA	Long-term loan	1,263.0	3- or 5-year swap rate (Bloomberg) + 1.2 whichever is lower	Apartments for rent of project	Repaid in full in 5 years from the first drawing date
	Total	41,579.8			

LH = Land & Houses Plc.,

MH = LH Mall & Hotel Co., Ltd.,

LHM = LH Muang Mai Co., Ltd.,

LH-USA = Land and Houses U.S.A., Inc

(d) Major factors and influences that may affect future operations or financial position

Future obligations and liabilities

1. As of December 31, 2015, the Company and its subsidiaries had obligations under construction contracts worth 6,371 million baht.

2. As of December 31, 2015, L&H Property Co., Ltd. and its subsidiaries had obligations under land and buildings lease contracts to construct buildings for rent as follows:

(a) Lease agreement for land with buildings

Agreement date	Agreement period	Maturity date	Rental rate
June 7, 2005	30 years*	May 31, 2038	From June 1, 2008 but if the construction of buildings completes before this date, the rental period shall begin immediately in which case the following progressive monthly rental rates shall apply: 1 st - 5 th year, total rental payment of 33.15 million baht (31.12 million baht already paid) 6 th - 10 th year, total rental payment of 42.31 million baht 11 th - 15 th year, total rental payment of 54.00 million baht 16 th - 20 th year, total rental payment of 68.92 million baht 21 st - 25 th year, total rental payment of 87.97 million baht 26 th - 30 th year, total rental payment of 112.27 million baht

* The lease term started from June 1, 2008 (3 years after construction).

As of December 31, 2015 and December 31, 2014, L&H Property Co., Ltd., one of the Company's subsidiaries, was committed to paying security fees at the rate of 11,160 baht a month throughout the construction period and the lease term.

(b) Land lease agreement

Agreement date	Agreement period	Maturity date	Rental and leasehold rights fee
March 10, 2006	30 years*	May 31, 2038	Leasehold rights fee of 500 million baht (already paid in lump sum) Rental fee is to be monthly paid as follows: 1 st - 5 th total rental of 20.16 million baht (9.41 million baht already paid) 6 th - 10 th total rental of 23.18 million baht 11 th - 15 th total rental of 26.66 million baht 16 th - 20 th total rental of 30.66 million baht 21 st - 25 th total rental of 35.25 million baht 26 th - 30 th total rental of 40.54 million baht

**Although the lease term is from September 1, 2010 to August 31, 2040, the lessor agreed to allow L&H Property Co., Ltd. to enter the plot to develop and construct buildings from September 1, 2007 to August 31, 2010, with L&H Property agreeing to pay 160,000 baht a month as an additional leasehold rights fee.*

As of December 31, 2015, the subsidiary booked 46 million baht of the liabilities and obligations under land lease contracts in the financial statements based on current prices (December 31, 2014: 35 million baht) since the rents are considered part of the expenses in selling assets to a real estate investment trust.

(c) Land lease contract

Agreement date	Agreement period	Ending Date	Rentals and leasehold rights fees
October 3, 2013	30 years*	March 31, 2047	Starting from April 1, 2017, rentals are paid annually: 1 st -7 th total rental of 35.0 million baht 8 th -17 th total rental of 100.0 million baht 18 th - 27 th total rental of 150.0 million baht 28 th -30 th total rental of 75 million baht

** Lease term starts from April 1, 2017 (3 years after construction).*

As of December 31, 2015 and December 31, 2014, Pacific Real Estate Co., Ltd., one of the Company's subsidiaries, was obliged to pay a contract fee of 5 million baht a year in the second and third years of the construction.

(d) Land lease contract

Agreement date	Agreement period	Ending Date	Rentals
August 4, 2015	30 years*	March 31, 2047	Rentals are paid monthly: 1 st - 3 th total rental of 71.0 million baht 4 th - 6 th total rental of 78.0 million baht 7 th - 9 th total rental of 86.0 million baht 10 th - 12 th total rental of 95.0 million baht 13 th - 15 th total rental of 104 million baht 16 th - 18 th total rental of 115 million baht 19 th - 21 st total rental of 126 million baht 22 nd - 24 th total rental of 139 million baht 25 th - 27 th total rental of 153 million baht 28 th - 30 th total rental of 168 million baht

** Lease term starts on the date after the 3-year construction is completed. The lessor agreed to allow LH Mall & Hotel Co., Ltd. (formerly Pacific Real Estate Co., Ltd.), one of the Company's subsidiaries, to enter the plot to develop and construct buildings for 3 years after the land is handed over and the lease is registered. The subsidiary is obliged to pay the lessor 1,716,000 baht a month in the first and second years of the construction and 1,980,000 baht a month in the third year.*

The subsidiary was also obliged on December 31, 2015 to pay compensation for the cancellation of the previous contract and the remaining leasehold rights fee of 100 million baht and 150 million baht respectively on the date the land is handed over and the lease registered.

3. As of December 31, 2015, L&H Hotel Management, one of the Company's subsidiaries, was obliged to pay fixed and variable rentals under contracts with funds and/or trusts as follows:

Fund and/or trust	Project	Agreement period
Land and Houses Property and Loan Fund-II	Grande Centre Point Hotel Phloenchit	January 1, 2016 to December 31, 2018
LH Hotel Real Estate Investment Trust	Grande Centre Point Hotel Terminal 21	January 1, 2016 to December 31, 2018

The subsidiary has to pay minimum fixed rentals under the contracts:

(Unit: million baht)

	2015	2014
Payable :		
In 1 year	317	68
More than 1 year but not more than 3 years	633	-

4. As of December 31, 2015, the Company was obliged to pay its share of the unpaid capital in L&H Property Co., Ltd. of 90 million baht (2017: 90 million baht) and in LH Mall and Hotel Co., Ltd. (formerly Pacific Real Estate Co., Ltd.) of 759 million baht (2014: None).

5. As of December 31, 2015, the Company and its subsidiaries were obliged to buy land worth 582.0 million baht (2014: 988 million baht).

6. As of December 31, 2015, the Company and its subsidiaries were obliged to develop common utility systems at 67 operating projects at the cost of 1,283 million baht (2014: 1,282 million baht for 64 projects).

7. As of December 31, 2015, the subsidiaries had projects with public servitudes totaling 90 rai. The cost of the servitude land was added to the project costs (2014: 89 rai).

8. The Company and its subsidiaries had to enter into a servitude 3-year operating lease and service contracts when it rented building space.

(Unit: million baht)

	Consolidated financial statement	
	December 31, 2015	December 31, 2014
Payable in:		
1 year	50	40
1-3 years	51	71

9. As of December 31, 2015 and 2014, the Company and its subsidiaries had the following guarantee letters issued by banks on behalf of the Company and its subsidiaries. They involved normal obligations.

(Unit: million baht)

	Consolidated financial statement	
	December 31, 2015	December 31, 2014
Guarantee letters for the provision and maintenance of utilities	2,301	2,417
Guarantee letters for electricity usage	70	59
	2,005	2,478

As of December 31, 2015, the Company had a guarantee burden for its customers worth 7 million baht.

10. The Company had liabilities involving financial support in the form of letters of comfort when two of its subsidiaries borrowed from banks and bank guarantee letters to be used for projects of its subsidiaries. As of December 31, 2015, the two subsidiaries had outstanding debts worth 3 million baht in proportion to the Company's guarantee. (December 31, 2014: 715 million baht)

Maintenance of debt to equity ratio

In issuing the 1/2556 debenture, the Company was required to maintain its debt-to-equity ratio at not exceeding 1.50:1, which was calculated as follows:

(Unit: million baht)

	Consolidated financial statements as of December 31		
	2013	2014	2015
Liabilities (including third-party guarantees)	38,702.76	40,811.81	49,095.79
Shareholders' equity	34,843.03	44,274.95	46,895.13
Debt-to-equity ratio	1.11	0.92	1.05
Liabilities under consolidated financial statements	40,526.08	42,612.62	51,174.63
Plus guarantee for customers borrowing from banks	7.00	7.00	7.00
Minus accounts payable	1,830.32	1,807.81	2,085.84
Total liabilities	38,702.76	40,797.87	49,095.79
Accounts payable - unrelated businesses	1,799.04	1,783.10	2,071.13
Accounts payable - related businesses	31.28	24.71	14.71
Total accounts payable	1,830.32	1,807.81	2,085.84

From the No. 2/2556 debenture onward, the calculation has been based only on liabilities with interest burden.

(Unit: million baht)

Consolidated financial statements as of December 31

	2013	2014	2015
Liabilities with interest burden	34,611.07	35,171.06	41,579.80
Shareholders' equity	34,843.03	44,274.95	46,895.13
Debt-to-equity ratio	0.99	0.79	0.89

In the consolidated financial statements as of December 31 in 2013, 2014 and 2015, the Company maintained the debt-to-equity ratio within the required levels for debenture issuances.

Calculated as of December 31

Debenture	Required rate	2013	2014	2015
1/2556 debenture due March 31, 2016	1.50	1.11	0.92	1.05
Debentures issued after No. 2/2556	1.50	0.99	0.79	0.89

Summary of factors that may affect future operations or financial position

1. Revenue The lackluster economic growth in 2015, which is likely continue into 2016, may affect the Company's booking and land sales revenue in the future due to eroding consumers' confidence. Its rental business may also be impacted as foreign tourists are not confident of their safety when travelling to Thailand.

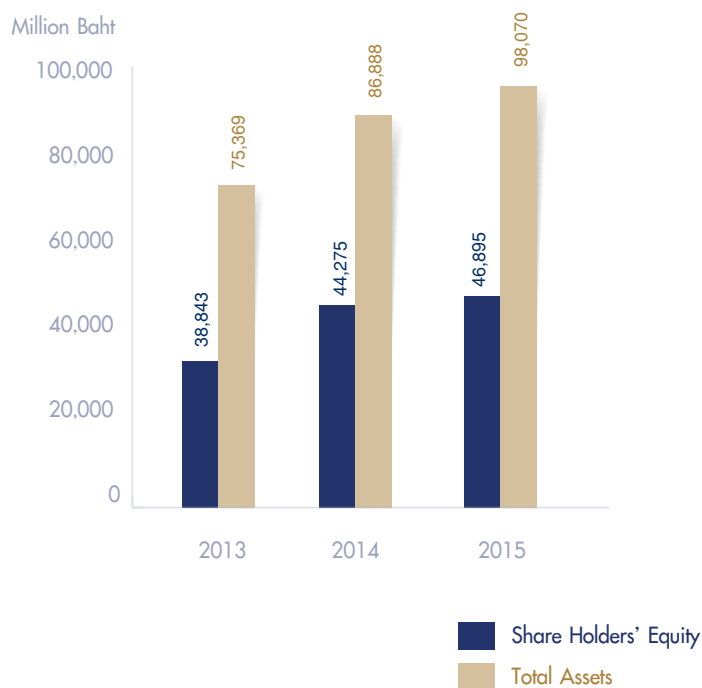
2. Returns from investments in associated companies The Company invested 18,963.72 million baht, or 19.34% of its total assets, in associated companies as of December 31, 2015. Profits from these associated companies made up 30.76% of the Company's net profit. If these companies face problems, the Company's operations may be affected. However, the Company is well diversified in its investments in associated companies in line with its policy of diversifying risks.

3. The juristic persons of two subdivision estates filed lawsuits against the Company involving public access, seeking damages totaling 1,212 million baht. The Company set aside an allowance of 185 million baht for the item. If the court rules against the Company and orders it to pay for the damages in full, its future operating results may be affected.

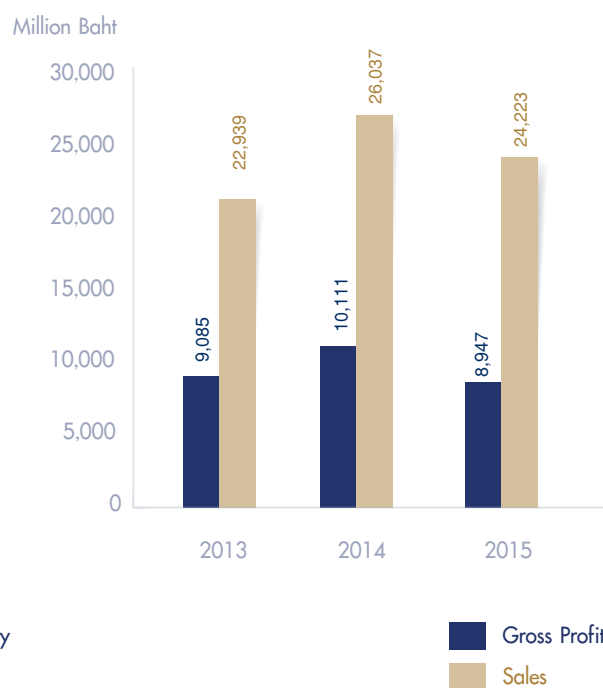
4. The Company and its subsidiaries were sued in other cases with damages totaling 529 million baht. The first and appeal courts ruled that they pay damages plus interest totaling 141 million baht. The Company had allocated an allowance of 141 million baht for the lawsuits as suggested by its legal department (2014: 138 million baht).

Comparative 3 Years Financial Statistics

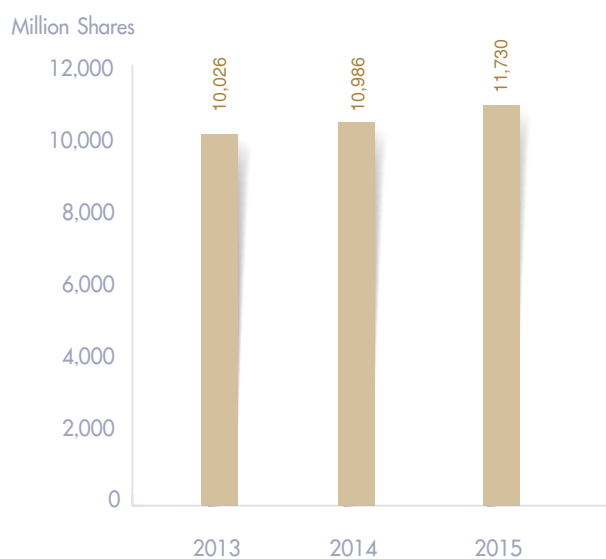
Total Assets and Share Holders' Equity



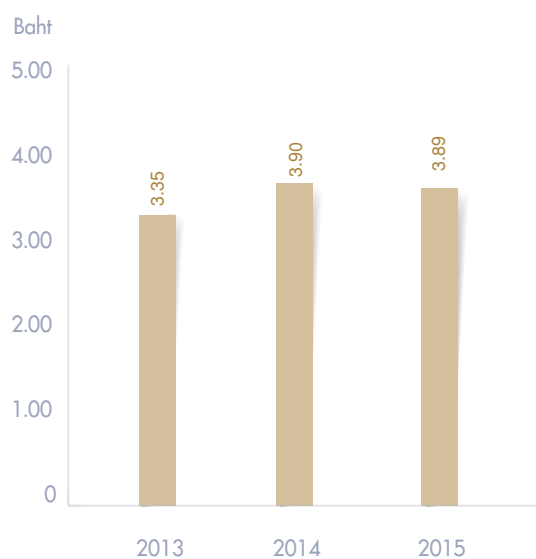
Result of Poeration



Number of Outstanding shares



Book Value



Asset (Million Baht)	2015	2014	2013
Total Assets	98,070	86,888	75,369
Inventories	48,118	43,487	38,496
Investment	24,174	22,878	18,628
Liabilities and share Holders' Equity (Million Baht)			
Short Term Loan (Interest Bearing Debt)	9,162	9,965	8,507
Long Term Loan (Interest Bearing Debt)	32,489	25,206	26,104
Total Liabilities	51,175	42,613	40,526
Paid up Share Capital	11,730	10,986	10,026
Share Holders' Equity	46,895	44,275	34,843
Result of Operation (Million Baht)			
Sales	24,223	26,037	22,939
Rental Income	2,037	2,280	2,136
Total Revenues	29,025	31,932	25,742
Gross Profit	8,947	10,111	9,085
Net Profit	7,920	8,423	6,478
Per Share Figure (Baht)			
Book Value	3.89	3.90	3.35
Earning	0.69	0.80	0.65
Ratio			
Current Ratio	3.54	3.21	3.02
Quick Ratio	0.61	0.43	0.10
Profitability Ratio			
Gross Profit Margin	34.07%	35.71%	36.23%
Operation Profit Margin	20.45%	21.44%	21.87%
Net Profit Margin	27.29%	26.38%	25.17%
Return on Equities	17.91%	22.05%	19.93%
Efficiency Ratio			
Return on Assets	8.56%	10.38%	9.23%
Finacial Policy Ratio			
Debt / Equities Ratio	1.09	0.96	1.16
Interest Coverage Ratio	2.22	2.84	2.04
Number of Outstanding Shares (million shares)	11,730	10,986	10,026

Land and Houses Public Company Limited and its subsidiaries
Financial Ratio
As at 31 December 2015, 2014 and 2013

		31-Dec-15	31-Dec-14	31-Dec-13
Liquidity Ratio				
Current Ratio	(Times)	3.54	3.21	3.02
Quick Ratio	(Times)	0.54	0.41	0.10
Quick Ratio (Cash Basis)	(Times)	0.16	0.28	0.15
Account Receivable Turnover	(Times)	136	169	179
Average Collection Period	(Days)	2.65	2.13	2.01
Inventory Turnover	(Times)	0.35	0.41	0.41
Average Sales Period	(Days)	1,030	877	868
Account Payable Turnover	(Times)	5.07	5.71	5.95
Payment Period	(Days)	71	63	60
Cash Cycle	(Days)	962	816	809
Profitability Ratio				
Gross Profit Margin	(%)	34.07%	35.71%	36.23%
Operating Profit Margin	(%)	20.45%	21.44%	21.87%
Other Profit Margin	(%)	17.92%	18.24%	10.78%
Operating Profit Margin (Cash Basis)	(%)	50.64%	68.57%	34.60%
Net Profit Margin	(%)	27.29%	26.38%	25.17%
Return On Equity	(%)	17.91%	22.05%	19.93%
Basic Earnings Per Share	(Baht/Share)	0.69	0.80	0.66
Diluted Earnings Per Share	(Baht/Share)	0.67	0.74	0.66
Efficiency Ratio				
Return On Asset	(%)	8.56%	10.38%	9.23%
Return On Fixed Asset	(%)	98.75%	98.13%	77.47%
Total Assets Turnover	(Times)	0.31	0.39	0.37
Financial Policy Ratio				
Debt to Equity Ratio	(Times)	1.09	0.96	1.16
Interest Coverage Ratio	(Times)	2.22	2.84	2.04
Obligation Coverage Ratio	(Times)	0.67	1.40	1.05
Dividend Payout	(%)	88.85%	84.27%	81.57%

Accountability report of the Board of Directors for Financial Reporting

The Board of Directors is responsible for the consolidated financial statement of Land and Houses Plc. and its subsidiaries, as well as the financial information in the Annual Report. These financial statements were prepared based on generally accepted accounting standards. An appropriate accounting policy was adopted and adhered to consistently. Discretion was applied cautiously and reasonable projections were made. Adequate disclosures of significant information were also made in the Notes to the Financial Statement for the benefits of shareholders and general investors. The financial statement had been audited by independent auditors, who issued an unqualified opinion.

The Board of Directors set up and has maintained an appropriate and effective risk management system and internal control system so it can be reasonably confident the Company's accounting information is accurate, comprehensive and adequate to maintain assets and prevent corruption or significant irregularities. The Board of Directors also set up the Audit Committee comprising 3 independent directors to supervise and review the quality of financial reporting, internal control and internal audit. The Audit Committee also considers disclosing connected transactions. Its opinions on these matters are expressed in the Audit Committee report in the Annual Report.

The Board of Directors is of the opinion that the internal control system of the Company is adequate and appropriate, which should inspire reasonable confidence that the consolidated financial statement of the Company and its subsidiaries and the separate financial statement of the Company for the year ending December 31, 2015 is credible and in line with generally accepted accounting standards, as well as relevant laws and regulations.



(Mr. Anant Asavabhokhin)
Chairman of the Executive Board

Independent Auditor's Report

To the Shareholders of Land and Houses Public Company Limited

I have audited the accompanying consolidated financial statements of Land and Houses Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2015, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Land and Houses Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Land and Houses Public Company Limited and its subsidiaries and of Land and Houses Public Company Limited as at 31 December 2015, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards



Sophon Permsirivallop
Certified Public Accountant (Thailand) No. 3182
EY Office Limited
Bangkok: 29 February 2016

Statement of financial position

Land and Houses Public Company Limited and its subsidiaries

As at 31 December 2015

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
Assets					
Current assets					
Cash and cash equivalents	6, 7	8,956,752,456	6,436,444,284	7,108,991,052	5,028,260,293
Current investments	6, 8	1,201,839,366	301,415,213	1,201,839,366	301,415,213
Trade and other receivables	9	184,022,380	172,127,805	32,622,554	27,377,151
Short-term loans and accrued interest receivables					
- related parties	6	6,388,321	6,927,323	951,082,657	275,312,177
Inventories	10	48,117,960,983	43,486,576,049	46,355,530,484	41,920,567,728
Advance payment for constructions		1,047,650,091	1,103,527,336	930,369,272	1,069,109,075
Deposits for purchase of land and others		301,396,914	72,227,852	111,340,229	68,316,656
Other current assets		565,772,281	433,864,928	80,141,567	74,237,210
Total current assets		60,381,782,792	52,013,110,790	56,771,917,181	48,764,595,503
Non-current assets					
Restricted deposit at financial institutions		12,000,000	-	12,000,000	-
Investments in subsidiaries	11	-	-	4,194,516,531	3,573,516,531
Investments in associates	12	18,963,717,536	17,496,988,871	10,233,517,237	10,295,613,992
Other long-term investments	13	5,209,973,662	5,380,537,041	4,373,959,336	5,286,599,951
Long-term loans and accrued interest receivables - related party	6	-	-	4,238,932,078	3,154,145,413
Land held for development	14	4,093,701,900	4,131,681,413	3,019,159,171	3,057,138,684
Investment properties	15	6,418,436,095	3,726,501,100	207,853,417	-
Property, plant and equipment	16	310,861,748	288,334,748	227,594,061	179,882,643
Leasehold rights	17	2,402,474,577	3,667,331,669	-	-
Other intangible assets	18	41,061,373	34,114,885	23,067,908	25,221,316
Deferred tax assets	32	212,116,245	118,728,076	135,553,600	43,534,037
Other non-current assets		23,633,059	30,236,136	12,270,207	9,274,272
Total non-current assets		37,687,976,195	34,874,453,939	26,678,423,546	25,624,926,839
Total assets		98,069,758,987	86,887,564,729	83,450,340,727	74,389,522,342

The accompanying notes are an integral part of the financial statements.

Statement of financial position (continued)

Land and Houses Public Company Limited and its subsidiaries
As at 31 December 2015

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
Liabilities and shareholders' equity				
Current liabilities				
Bank overdrafts and short-term loans from				
financial institutions	19	219,798,663	119,160,575	-
Trade and other payables	20	3,218,437,639	3,088,835,216	2,862,152,842
Retention guarantees		503,448,490	441,093,959	471,626,177
Short-term loans and accrued interest				
payables				
- related parties	6	71,467,293	68,975,793	-
Current portion of financial lease liabilities		3,241,417	-	-
Current portion of long-term loans	21	371,155,130	2,176,646,000	-
Current portion of debentures	22	8,500,000,000	7,600,000,000	8,500,000,000
Income tax payable		498,385,984	337,814,549	488,753,434
Short-term provisions	23	389,600,222	400,164,210	388,424,091
Advance received from customers		2,446,548,609	1,567,806,436	2,398,469,718
Other current liabilities		828,166,041	394,066,263	659,664,203
Total current liabilities		17,050,249,488	16,194,563,001	15,769,090,465
Non-current liabilities				
Financial lease liabilities -				
net of current portion		20,235,950	-	-
Long-term loans - net of current portion	21	8,489,265,870	7,706,283,000	6,966,486,000
Debentures - net of current portion	22	24,000,000,000	17,500,000,000	24,000,000,000
Provision for long-term employee benefits	24	280,529,631	261,038,047	236,233,403
Long-term provisions	23	259,094,102	297,566,066	235,287,934
Deferred tax liabilities	32	1,004,292,596	608,087,615	-
Other non-current liabilities		70,964,804	45,079,349	-
Total non-current liabilities		34,124,382,953	26,418,054,077	31,438,007,337
Total liabilities		51,174,632,441	42,612,617,078	47,207,097,802

The accompanying notes are an integral part of the financial statements.

Statement of financial position (continued)

Land and Houses Public Company Limited and its subsidiaries

As at 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
Liabilities and shareholders' equity					
Share capital	25				
Registered					
12,031,105,828 ordinary shares of Baht 1 each		12,031,105,828	12,031,105,828	12,031,105,828	12,031,105,828
Issued and paid-up					
11,730,034,787 ordinary shares of Baht 1 each (2014: 10,985,568,017 ordinary shares of Baht 1 each)		11,730,034,787	10,985,568,017	11,730,034,787	10,985,568,017
Premium on ordinary shares		14,903,658,244	13,042,491,319	14,903,658,244	13,042,491,319
Cash receipts from share subscription	27	61,419,456	37,254,053	61,419,456	37,254,053
Retained earnings					
Appropriated - Statutory reserve	29	1,203,110,583	1,203,110,583	1,203,110,583	1,203,110,583
Unappropriated		15,287,288,650	14,953,981,884	5,873,814,611	6,722,869,502
Other components of shareholders' equity		2,440,879,066	2,609,011,009	2,471,205,244	2,842,881,575
Equity attributable to the shareholders of the Company		45,626,390,786	42,831,416,865	36,243,242,925	34,834,175,049
Non-controlling interests of subsidiaries	11.3	1,268,735,760	1,443,530,786	-	-
Total shareholders' equity		46,895,126,546	44,274,947,651	36,243,242,925	34,834,175,049
Total liabilities and shareholders' equity		98,069,758,987	86,887,564,729	83,450,340,727	74,389,522,342

The accompanying notes are an integral part of the financial statements.

Income statement

Land and Houses Public Company Limited and its subsidiaries

For the year ended 31 December 2015

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014	2015	2014
Revenues					
Sales income		24,223,136,705	26,036,700,869	23,428,979,635	24,197,171,278
Rental and services income		2,036,489,284	2,279,881,151	-	-
Other income					
Dividend from subsidiaries and associates	11.1, 12.3	-	-	2,417,426,816	2,103,986,768
Dividend from other companies		81,344,621	63,423,128	74,040,259	56,118,766
Interest income		78,043,791	76,978,522	274,206,836	238,980,717
Infrastructure service income		254,533,991	255,529,951	216,121,221	214,968,219
Gain on sales of assets to REIT	6, 17	2,036,883,236	3,148,195,916	-	-
Gain on sales investment		12,248,731	2,871,551	53,293,999	2,871,551
Gain on exchange rate		278,426	-	133,520,580	-
Gain on disposal of property, plant and equipment and investment properties		239,946,872	-	8,219,304	-
Others		62,412,479	67,964,340	47,270,886	47,320,179
Total revenues		29,025,318,136	31,931,545,428	26,653,079,536	26,861,417,478
Expenses					
Cost of sales and services		16,003,911,848	16,825,293,161	15,431,002,457	15,628,287,678
Cost of rental and services		1,309,048,254	1,380,408,019	-	-
Selling expenses		887,706,533	997,554,242	774,489,834	784,383,490
Specific business tax and transfer fee		878,505,128	992,585,395	849,223,504	923,939,519
Administrative expenses		1,807,512,226	2,014,889,919	1,521,821,261	1,684,547,814
Other expenses					
Loss on diminution in value of projects and land held for development	10, 14	2,499,839	33,123,056	-	-
Loss on sales of property, plant and equipment		-	1,729,486	-	1,414,831
Loss on exchange rate		-	-	-	6,122,240
Total expenses		20,889,183,828	22,245,583,278	18,576,537,056	19,028,695,572
Profit before share of profit from investments in associates, finance cost and income tax expenses					
Share of profit from investments in associates	12.3	2,436,597,651	2,210,220,669	-	-
Profit before finance cost and income tax expenses		10,572,731,959	11,896,182,819	8,076,542,480	7,832,721,906
Finance cost		(304,703,652)	(503,073,735)	(261,858,652)	(323,575,007)
Profit before income tax expenses		10,268,028,307	11,393,109,084	7,814,683,828	7,509,146,899
Income tax expenses	32	(1,601,385,789)	(1,864,179,224)	(1,076,819,276)	(1,084,665,740)
Profit for the year		8,666,642,518	9,528,929,860	6,737,864,552	6,424,481,159
Net income attributable to:					
Equity holders of the Company		7,920,226,209	8,423,066,282	6,737,864,552	6,424,481,159
Non-controlling interests of the subsidiaries	11.3	746,416,309	1,105,863,578		
		8,666,642,518	9,528,929,860		
Earnings per share	34				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.69	0.80	0.58	0.61
Diluted earnings per share					
Profit attributable to equity holders of the Company		0.67	0.74	0.57	0.57

The accompanying notes are an integral part of the financial statements.

Statement of comprehensive income

Land and Houses Public Company Limited and its subsidiaries

For the year ended 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Profit for the year		8,666,642,518	9,528,929,860	6,737,864,552	6,424,481,159
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain (loss) on change in value of available-for-sale investments					
- net of income taxes	28	(358,749,207)	1,666,298,030	(371,676,331)	1,666,298,030
Exchange rate differences on translation of financial statements in foreign currency		199,223,950	(1,759,861)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods		(159,525,257)	1,664,538,169	(371,676,331)	1,666,298,030
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial loss - net of income taxes	24	-	(29,611,542)	-	(25,220,034)
Share of other comprehensive income of associates	12.3	(8,606,688)	(2,376,131)	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		(8,606,688)	(31,987,673)	-	(25,220,034)
Other comprehensive income for the year		(168,131,945)	1,632,550,496	(371,676,331)	1,641,077,996
Total comprehensive income for the year		8,498,510,573	11,161,480,356	6,366,188,221	8,065,559,155
Total comprehensive income attributable to:					
Equity holders of the Company		7,752,094,266	10,057,162,227	6,366,188,221	8,065,559,155
Non-controlling interests of the subsidiaries		746,416,307	1,104,318,129		
		8,498,510,573	11,161,480,356		

The accompanying notes are an integral part of the financial statements.

Statement of changes in shareholders' equity

Land and Houses Public Company Limited and its subsidiaries

For the year ended 31 December 2015

(Unit: Baht)

Consolidated financial statements

Equity attributable to the shareholders of the Company														
Other components of shareholders' equity														
Other comprehensive income														
Exchange differences on translation of financial statements in foreign currency														
Share of other comprehensive income of associates														
Premium on sharecapital of associates														
Other surplus														
Total other components of shareholders' equity														
Total equity attributable to the shareholders of the Company														
Equity attributable to non-controlling interests of the subsidiaries														
Total shareholders' equity														
Note	Issued and paid-up share capital	Premium on ordinary shares	Cash receipts from share subscription	Appropriated - Statutory reserve	Unappropriated	Surplus (deficit) on change in value of available-for-sale investments	Exchange differences on translation of financial statements in foreign currency	Share of other comprehensive income of associates	Premium on sharecapital of associates	Other surplus	Total other components of shareholders' equity	Total equity attributable to the shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
Balance as at 1 January 2014														
	10,025,921,523	10,643,375,083	-	1,080,673,720	-	(325,271,751)	(15,967,855)	(31,521,894)	91,042,443	1,227,782,536	946,083,479	33,572,806,578	1,270,223,100	34,843,029,678
	-	-	-	-	10,876,772,773	-	-	-	-	-	-	8,423,066,282	1,105,863,578	9,528,929,860
	-	-	-	-	8,423,066,282	1,666,298,030	(1,759,861)	(2,376,131)	-	-	1,662,162,038	1,634,095,945	(1,545,449)	1,632,550,496
					(28,066,093)									
Total comprehensive income for the year														
	-	-	-	-	8,395,000,189	1,666,298,030	(1,759,861)	(2,376,131)	-	-	1,662,162,038	10,057,162,227	1,104,318,129	11,161,480,356
25	959,646,494	2,399,116,236	-	-	-	-	-	-	-	-	-	3,358,762,730	-	3,358,762,730
Cash receipts from share subscription														
	-	-	37,254,053	-	-	-	-	-	-	-	-	37,254,053	-	37,254,053
35	-	-	-	-	(4,192,351,521)	-	-	-	-	-	-	(4,192,351,521)	-	(4,192,351,521)
Unappropriated retained earnings transferred to statutory reserve														
29	-	-	-	122,436,863	(122,436,863)	-	-	-	-	-	-	-	-	-
Subsidiaries paid dividend to non-controlling interests of subsidiaries														
	-	-	-	-	-	-	-	-	-	-	-	-	(931,010,443)	(931,010,443)
Income tax from unpaid dividend														
	-	-	-	-	(2,217,202)	-	-	-	-	-	-	(2,217,202)	-	(2,217,202)
Transferred share of other comprehensive income of associate due to investment reclassification														
	-	-	-	-	(785,492)	-	-	785,492	-	-	785,492	-	-	-
Balance as at 31 December 2014														
	10,985,568,017	13,042,491,319	37,254,053	1,203,110,583	14,953,981,884	1,341,026,279	(17,727,716)	(33,112,533)	91,042,443	1,227,782,536	2,609,011,009	42,831,416,865	1,443,530,786	44,274,947,651
Balance as at 1 January 2015														
	10,985,568,017	13,042,491,319	37,254,053	1,203,110,583	14,953,981,884	1,341,026,279	(17,727,716)	(33,112,533)	91,042,443	1,227,782,536	2,609,011,009	42,831,416,865	1,443,530,786	44,274,947,651
	-	-	-	-	7,920,226,209	-	-	-	-	-	-	7,920,226,209	746,416,309	8,666,642,518
	-	-	-	-	-	(358,749,205)	199,223,950	(8,606,688)	-	-	(168,131,943)	(168,131,943)	(2)	(168,131,945)
Total comprehensive income for the year														
	-	-	-	-	7,920,226,209	(358,749,205)	199,223,950	(8,606,688)	-	-	(168,131,943)	7,752,094,266	746,416,307	8,498,510,573
25	744,466,770	1,861,166,925	-	-	-	-	-	-	-	-	-	2,605,633,695	-	2,605,633,695
27	-	-	24,165,403	-	-	-	-	-	-	-	-	24,165,403	-	24,165,403
Cash receipts from share subscription														
35	-	-	-	-	(7,582,749,354)	-	-	-	-	-	-	(7,582,749,354)	-	(7,582,749,354)
Dividend paid														
Subsidiaries paid dividend to non-controlling interests of subsidiaries														
	-	-	-	-	-	-	-	-	-	-	-	-	(921,211,333)	(921,211,333)
Income tax from unpaid dividend														
	-	-	-	-	(4,170,089)	-	-	-	-	-	-	(4,170,089)	-	(4,170,089)
Balance as at 31 December 2015														
	11,730,034,787	14,903,656,244	61,419,456	1,203,110,583	15,287,288,650	982,277,074	181,486,234	(41,719,221)	91,042,443	1,227,782,536	2,440,879,066	45,626,390,786	1,288,735,760	46,895,126,546

The accompanying notes are an integral part of the financial statements.

Statement of changes in shareholders' equity (continued)

Land and Houses Public Company Limited and its subsidiaries

For the year ended 31 December 2015

(Unit: Baht)

Separate financial statements									
		Other components of shareholders' equity							
		Other comprehensive income							
		Retained earnings				Surplus (deficit) on change in value of available-for-sale investments		Total other components of shareholders' equity	
Note	Issued and paid-up share capital	Premium on ordinary shares	Cash receipts from share subscription	Appropriated - Statutory reserve	Unappropriated			Other surplus	Total shareholders' equity
	10,025,921,523	10,643,375,083	-	1,080,673,720	4,640,613,963	(325,271,751)		1,501,855,296	27,567,167,834
	-	-	-	-	6,424,481,159	-		-	6,424,481,159
	-	-	-	-	(25,220,034)	1,666,298,030		-	1,641,077,996
	-	-	-	-	6,399,261,125	1,666,298,030		-	8,065,559,155
25	959,646,494	2,399,116,236	-	-	-	-		-	3,358,762,730
	-	-	37,254,053	-	-	-		-	37,254,053
35	-	-	-	-	(4,192,351,521)	-		-	(4,192,351,521)
	-	-	-	122,436,863	(122,436,863)	-		-	-
29	-	-	-	-	(2,217,202)	-		-	(2,217,202)
	10,985,568,017	13,042,491,319	37,254,053	1,203,110,583	6,722,869,502	1,341,026,279		1,501,855,296	34,834,175,049
	10,985,568,017	13,042,491,319	37,254,053	1,203,110,583	6,722,869,502	1,341,026,279		1,501,855,296	34,834,175,049
	-	-	-	-	6,737,864,552	-		-	6,737,864,552
	-	-	-	-	-	(371,676,331)		-	(371,676,331)
	-	-	-	-	6,737,864,552	(371,676,331)		-	6,366,188,221
25	744,466,770	1,861,166,925	-	-	-	-		-	2,605,633,695
27	-	-	24,165,403	-	-	-		-	24,165,403
35	-	-	-	-	(7,582,749,354)	-		-	(7,582,749,354)
	-	-	-	-	(4,170,089)	-		-	(4,170,089)
	11,730,034,787	14,903,658,244	61,419,456	1,203,110,583	5,873,814,611	969,349,948		1,501,855,296	36,243,242,925
	11,730,034,787	14,903,658,244	61,419,456	1,203,110,583	5,873,814,611	969,349,948		1,501,855,296	36,243,242,925

The accompanying notes are an integral part of the financial statements.

Cash flow statement

Land and Houses Public Company Limited and its subsidiaries

For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash flows from operating activities				
Profit before income tax expenses	10,268,028,307	11,393,109,084	7,814,683,828	7,509,146,899
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid from) operating activities:				
Inventories and land held for development decrease from transfer to cost of sales	14,929,917,833	15,765,893,796	14,412,205,825	14,638,781,804
Depreciation and amortisation	381,676,914	454,002,806	53,550,780	58,029,100
Share of profit from investments in associates	(2,436,597,651)	(2,210,220,669)	-	-
Provision for guarantee income of fund	7,845,000	8,806,000	7,845,000	8,806,000
Provision for legal cases	10,510,593	94,110,593	10,510,593	94,110,593
Gain on sales of assets to REIT	(2,036,883,236)	(3,148,195,916)	-	-
Gain on sales of long-term investments	-	-	(17,570,400)	-
Gain on liquidation and share reduction of associate	(5,345,172)	-	(28,874,336)	-
Gain on liquidation and share reduction of long-term investments	(22,738)	-	-	-
Loss on diminution in value of projects	649,839	33,123,056	-	-
Loss on diminution in value of land held for development	1,850,000	-	-	-
Loss (gain) on sales of property, plant and equipment	(239,946,872)	1,729,486	(8,219,304)	1,414,831
Loss (gain) on exchange rate	-	-	(133,242,154)	6,122,240
Provision for after-sale maintenance expenses	42,269,388	32,459,903	42,794,523	30,321,659
Provision for compensation for Housing Estate Juristic Persons	30,306,690	31,517,253	29,529,523	28,508,920
Provision for public utilities maintenance	41,008,461	71,264,060	39,311,619	69,544,117
Provision for long-term employee benefits	26,987,564	22,202,914	19,765,318	17,138,200
Amortisation of withholding tax deducted at source	-	3,390,263	-	-
Interest income	(78,043,791)	(76,978,522)	(274,206,836)	(238,980,717)
Dividend received	(81,344,621)	(63,423,128)	(2,491,467,075)	(2,160,105,534)
Interest expenses	290,537,699	488,005,967	247,692,700	308,507,239
Profit from operating activities before change in operating assets and liabilities	21,153,404,207	22,900,796,946	19,724,309,604	20,371,345,351
Decrease (increase) in operating assets				
Current investment	(900,424,153)	(251,390,175)	(900,424,153)	(251,390,175)
Trade and other receivables	(11,518,711)	(35,879,426)	(4,525,403)	1,596,985
Inventories	(18,619,015,502)	(19,467,099,112)	(17,937,149,708)	(18,670,088,038)
Land held for development	(1,850,000)	(10,352,729)	-	(10,352,729)
Other current assets	(192,201,112)	9,534,484	89,811,873	51,307,687
Other non-current assets	6,603,077	2,209,554	(2,995,935)	(1,500)
Increase (decrease) in operating liabilities				
Trade and other payables	39,786,570	215,784,824	285,572,032	83,826,727
Retention guarantees	62,354,531	121,474,037	57,929,532	132,622,853
Other current liabilities	1,273,732,785	693,751,985	890,543,955	575,533,236
Other non-current liabilities	(91,397,640)	(304,062,612)	(102,344,967)	(119,736,708)
Cash flows from operating activities	2,719,474,052	3,874,767,776	2,100,726,830	2,164,663,689
Cash paid for income tax	(1,162,450,353)	(1,573,348,705)	(895,240,835)	(1,169,523,256)
Net cash flows from operating activities	1,557,023,699	2,301,419,071	1,205,485,995	995,140,433

The accompanying notes are an integral part of the financial statements.

Cash flow statement (continued)

Land and Houses Public Company Limited and its subsidiaries

For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash flows from investing activities				
Increase in restricted deposit at financial institutions	(12,000,000)	-	(12,000,000)	-
Decrease (increase) in short-term loans to related parties	-	-	(536,373,706)	750,000,000
Increase in long-term loan to related party	-	-	(719,620,200)	(32,900,000)
Cash paid for share subscription of subsidiary	-	-	(621,000,000)	(614,190,000)
Cash paid for purchases of investments in subsidiaries	-	-	-	(3,000,000)
Cash paid for purchases of investments in associates	-	(139,963,840)	-	(144,685,597)
Cash paid for purchase of other long-term investments	(282,299,000)	(448,045,200)	-	(448,045,200)
Cash received from liquidation and share reduction of associates	90,971,091	-	90,971,091	-
Cash received from share reduction of other investments	56,007	-	-	-
Cash received from sales of other investments	-	-	465,615,600	-
Dividend received from subsidiaries	-	-	1,541,790,436	1,474,989,416
Dividend received from associates	875,636,380	628,997,352	875,636,380	628,997,352
Dividend received from other companies	81,344,621	63,423,128	74,040,259	56,118,766
Cash received from sales of assets to REIT	3,692,773,627	5,808,615,693	-	-
Proceed from sales of property, plant and equipment	701,267,521	2,475,880	16,231,312	2,400,000
Cash paid for purchase of investment properties, leasehold rights, plant, equipment and intangible assets	(3,319,908,543)	(315,132,887)	(106,567,511)	(72,584,040)
Cash paid for guarantee income of fund	(32,079,803)	(33,657,846)	(32,079,803)	(33,657,846)
Cash received from interest income	78,206,929	70,112,842	265,847,231	331,199,587
Net cash flows from investing activities	1,873,968,830	5,636,825,122	1,302,491,089	1,894,642,438
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	100,638,088	(302,508,860)	-	(300,180,000)
Increase (decrease) in short-term loans from related parties	-	(330,000,000)	(585,000,000)	456,500,000
Decrease in short-term loans	-	(2,360,000,000)	-	(2,360,000,000)
Cash paid for debentures repayment	(7,600,000,000)	(3,400,000,000)	(7,600,000,000)	(3,400,000,000)
Cash received from issuance of debentures	15,000,000,000	10,500,000,000	15,000,000,000	10,500,000,000
Cash paid for long-term loans repayment	(2,379,009,000)	(6,942,508,000)	(1,000,500,000)	(4,815,500,000)
Cash received from drawdown loans	1,356,501,000	3,450,800,000	-	3,275,000,000
Cash received from convert warrants to share capital	2,568,379,643	3,358,762,730	2,568,379,643	3,358,762,730
Cash received from share subscription	61,419,456	37,254,053	61,419,456	37,254,053
Interest paid	(1,356,926,405)	(1,537,950,820)	(1,288,796,070)	(1,248,840,618)
Subsidiaries paid dividend to non-controlling interests of subsidiaries	(921,211,333)	(931,010,443)	-	-
Dividend paid	(7,582,749,354)	(4,192,351,521)	(7,582,749,354)	(4,192,351,521)
Net cash flows from (used in) financing activities	(752,957,905)	(2,649,512,861)	(427,246,325)	1,310,644,644
Exchange differences on translation of financial statements in foreign currency	(157,726,452)	(17,825,626)	-	-
Net increase in cash and cash equivalents	2,520,308,172	5,270,905,706	2,080,730,759	4,200,427,515
Cash and cash equivalents at beginning of year	6,436,444,284	1,165,538,578	5,028,260,293	827,832,778
Cash and cash equivalents at end of year (Note 7)	8,956,752,456	6,436,444,284	7,108,991,052	5,028,260,293

The accompanying notes are an integral part of the financial statements.

Cash flow statement (continued)

Land and Houses Public Company Limited and its subsidiaries

For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Supplemental cash flow information				
Non-cash items				
Purchases of building and equipment and leasehold rights recorded as liabilities	90,051,741	35,213,749	13,621,951	3,396,953
Acquisition of assets under financial lease	23,477,367	-	-	-
Transfer land held for development to inventories (book value)	37,254,085	2,901,463	37,254,085	2,901,463
Transfer inventories to land held for development (book value)	198,181,706	-	198,181,706	-
Transfer plant, property and equipment to land held for development (book value)	6,214,560	-	6,214,560	-
Interest expenses recorded as cost of projects	1,103,139,297	1,029,170,730	1,070,221,066	985,861,983
Interest expenses recorded as leasehold rights	718,771	-	-	-
Transfer provision for guarantee income of fund to short-term provisions	-	19,798,000	-	19,798,000
Increase (decrease) in revaluation surplus on change in value of available-for-sale investments - net of income taxes	(358,749,207)	1,666,298,030	(371,676,331)	1,666,298,030
Actuarial loss - net of income taxes	-	(29,611,542)	-	(25,220,034)
Exchange differences on translation of financial statement in foreign currency	199,223,950	(1,759,861)	-	-
Share of other comprehensive income of associates	(8,606,688)	(2,376,131)	-	-

The accompanying notes are an integral part of the financial statements.

For the year Notes to consolidated financial statements

Land and Houses Public Company Limited and its subsidiaries
ended 31 December 2015

1. General information

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

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2015	2014
			(Percent)	(Percent)
<u>Held by the Company</u>				
Atlantic Real Estate Co., Ltd.	Real estate business	Thailand	99.99	99.99
LH Mall & Hotel Co., Ltd. and its subsidiaries (Formerly known as “Pacific Real Estate Co., Ltd.”)	Real estate for lease business	Thailand	99.99	99.99
Land and Houses North Co., Ltd.	Real estate business	Thailand	99.99	99.99
Land and Houses Northeast Co., Ltd.	Real estate business	Thailand	99.99	99.99
Siam Tanee Property Co., Ltd. and its subsidiary	Real estate business	Thailand	99.99	99.99
L H Real Estate Co., Ltd.	Real estate business	Thailand	99.99	99.99
L H Asset Co., Ltd.	Real estate business	Thailand	99.99	99.99
L H Muang Mai Co., Ltd. and its subsidiaries	Real estate business	Thailand	55.00	55.00
L&H Property Co., Ltd. and its subsidiaries	Real estate for lease business	Thailand	60.00	60.00
Land and Houses U.S.A., Inc.	Real estate for lease business	USA	100.00	100.00
Asia Asset Advisory Co., Ltd.	Investment advisor	Thailand	99.99	99.99

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2015 (Percent)	2014 (Percent)
<u>Held by subsidiary companies</u>				
L&H Retail Management Co., Ltd.* (99.95 percent held by LH Mall & Hotel Co., Ltd. (Formerly known as "Pacific Real Estate Co., Ltd."))	Project administration	Thailand	99.99	60.00
L&H Management Co., Ltd.* (99.93 percent held by LH Mall & Hotel Co., Ltd. (Formerly known as "Pacific Real Estate Co., Ltd."))	Project administration	Thailand	99.99	60.00
Siam Tanee Real Estate Co., Ltd. (99.99 percent held by Siam Tanee Property Co., Ltd.)	Real estate business	Thailand	99.99	99.99
Phuket Future Plan Co., Ltd. (99.99 percent held by L H Muang Mai Co., Ltd.)	Real estate business	Thailand	55.00	55.00
Double Tree Co., Ltd. (99.99 percent held by L H Muang Mai Co., Ltd.)	Real estate business	Thailand	55.00	55.00
L&H Sathon Co., Ltd. (99.99 percent held by L&H Property Co., Ltd.)	Real estate for lease business	Thailand	-	60.00
L&H Hotel Management Co., Ltd. (99.99 percent held by L&H Property Co., Ltd.)	Project administration	Thailand	60.00	60.00

* As at 31 December 2014 held by L&H Property Co., Ltd.

b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

e) The assets and liabilities in the financial statements of overseas subsidiary company are translated to Baht using the exchange rate prevailing at the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.

f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries, joint ventures and associates under the cost method.

3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Financial reporting standard that became effective in the current year

The Company and its subsidiaries have adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former standard allowed the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognise actuarial gains and losses immediately in other comprehensive income.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of TAS 27 Consolidated and Separate Financial Statements dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee 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, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over investees and determining which entities have to be included in preparation of the consolidated financial statements.

This standard does not have any impact on the Company's and its subsidiaries' financial statements.

TFRS 11 Joint Arrangements

TFRS 11 supersedes TAS 31 Interests in Joint Ventures. This standard requires an entity investing in any other entity to determine whether the entity and other investors have joint control in the investment. When joint control exists, there is deemed to be a joint arrangement and the entity then needs to apply judgement to assess whether the joint arrangement is a joint operation or a joint venture and to account for the interest in the investment in a manner appropriate to the type of joint arrangement. If it is a joint operation, the entity is to recognise its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest, in its separate financial statements. If it is a joint venture, the entity is to account for its investment in the joint venture using the equity method in the financial statements in which the equity method is applied or the consolidated financial statements (if any), and at cost in the separate financial statements.

This standard does not have any impact on the Company's and its subsidiaries' financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This financial reporting standard therefore has no any significant financial impact on the financial statements of the Company and its subsidiaries

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards (revised 2015) which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company and its subsidiaries management believe that the revised financial reporting standards will not have any significant impact on the financial statements when it is initially applied.

4. Significant accounting policies

4.1 Revenue recognition

(a) Sales of land and houses and sales of residential condominium units

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

(b) Rendering of rental and services

Rental of area in buildings and related services income are recognised on an accrual basis over the period of contract.

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

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

(c) Interest income

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

(d) Dividends

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

4.2 Cost of land and houses sold and cost of residential condominium units sold

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

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

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

4.3 Borrowing costs

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

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

4.4 Cash and cash equivalents

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

4.5 Trade accounts receivable

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

4.6 Inventories

Land and construction in progress are stated at lower of cost and net realisable value. The details of cost calculation are as follows:

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

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

4.7 Investments

a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.

b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.

c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.

d) Investments in non-marketable equity securities, which the Company and its subsidiaries classify as other investments, are stated at cost net of allowance for impairment loss (if any).

e) Investments in associates are accounted for in the consolidated financial statements using the equity method.

f) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

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

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

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

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

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

4.8 Land held for development

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

4.9 Investment properties

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

Depreciation of investment properties (if any) 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 provided on land.

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

4.10 Property, plant and equipment/Depreciation

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

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

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

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

4.11 Intangible assets

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

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

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

Computer software	5 and 10 years
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4.12 Long-term lease

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

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

4.13 Leasehold rights

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

The amortisation expense is charged to profit or loss.

4.14 Goodwill

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

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

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

4.15 Related party transactions

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

4.16 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.17 Impairment of assets

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

An impairment loss is recognised in profit or loss.

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

4.18 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in 2011.

4.19 Provisions

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

4.20 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.21 Derivatives

Interest rate swap contracts

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

Cross currency swap agreement

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

4.22 Fair value measurement

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

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

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

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

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

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

5. Significant accounting judgments and estimates

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

Leases

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

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position 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 and disclosures of fair value hierarchy.

Impairment of equity investments

The Company and its subsidiaries treat 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 judgment of the management.

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

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

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

Goodwill and other intangible assets

The initial recognition and measurement of goodwill and other intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

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 utilised. 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.

Litigations

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

Allowance for diminution in value of land, construction in progress and public utilities and land held for development

The Company and its subsidiaries treat land, construction in progress and public utilities and land held for development, as diminution when the management judges that there have been significant or prolonged declines in the fair value below their cost. The management determines the devaluation of such land, construction in progress and public utilities and land held for development based on net realisable value. The determination of what is “significant” and such devaluation requires the management to exercise judgment.

Project development costs estimation

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

Provision for after-sale maintenance expense

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

Provision for public utilities maintenance

In determining provision for public utilities maintenance, the management considered historical data and/or currently available information related to the cost of various types of repairment work.

Provision for compensation for Housing Estate Juristic Persons

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

Provision for guarantee income of fund

In recording provision for guarantee income of fund, the management estimates the expenses expected to be incurred as a result of providing such guarantee based on the profitability of the fund, and records the provision according to the proportion of guarantee provided.

6. Related party transactions

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

Name of related parties	Relationship
Atlantic Real Estate Co., Ltd.	Subsidiary
LH Mall & Hotel Co., Ltd. (Formerly known as "Pacific Real Estate Co., Ltd.")	Subsidiary
L&H Retail Management Co., Ltd.*	Subsidiary (99.95 percent held by LH Mall & Hotel Co., Ltd. (Formerly known as "Pacific Real Estate Co., Ltd."))
L&H Management Co., Ltd.*	Subsidiary (99.93 percent held by LH Mall & Hotel Co., Ltd. (Formerly known as "Pacific Real Estate Co., Ltd."))
Land and Houses North Co., Ltd.	Subsidiary
Land and Houses Northeast Co., Ltd.	Subsidiary
Siam Tanee Property Co., Ltd.	Subsidiary
Siam Tanee Real Estate Co., Ltd.	Subsidiary (99.99 percent held by Siam Tanee Property Co., Ltd.)
L H Real Estate Co., Ltd.	Subsidiary
L H Asset Co., Ltd.	Subsidiary
L H Muang Mai Co., Ltd.	Subsidiary
Phuket Future Plan Co., Ltd.	Subsidiary (99.99 percent held by L H Muang Mai Co., Ltd.)
Double Tree Co., Ltd.	Subsidiary (99.99 percent held by L H Muang Mai Co., Ltd.)
L&H Property Co., Ltd.	Subsidiary
L&H Sathon Co., Ltd.	Subsidiary (99.99 percent held by L&H Property Co., Ltd.)
L&H Hotel Management Co., Ltd.	Subsidiary (99.99 percent held by L&H Property Co., Ltd.)
Land and Houses U.S.A., Inc.	Subsidiary
Asia Asset Advisory Co., Ltd.	Subsidiary

* As at 31 December 2014 held by L&H Property Co., Ltd.

Name of related parties	Relationship
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 the subsidiary of LH Financial Group Plc.)
Quality Construction Products Plc.	Associate
Home Product Center Plc.	Associate
Land and Houses Property Fund	Associate
Land and Houses Property and Loan Fund-II	Associate
Quality Houses Plc.	Associate
Q.H. International Co., Ltd.	Associate (99.99 percent held by Quality Houses Plc.)
Quality Houses Leasehold Property Fund	Associate of Quality Houses Plc.
Muang Mai Property Co., Ltd.	Shareholder of subsidiary
Reco Resorts Pte Ltd.	Shareholder of subsidiary
Siam Retail Development Co., Ltd.	Common shareholder
Land and Houses Freehold and Leasehold Property Fund	Common shareholder
LH Shopping Centers Leasehold Real Estate Investment Trust	Related company
LH Hotel Leasehold Real Estate Investment Trust	Related company
Trinity Securities Company Limited	Common director

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2015	2014	2015	2014	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)		-	205.2	168.9	4.00% - 5.50% p.a. (2014: MLR - 1.5% and 4.00% - 5.50% p.a.)
Interest income	-	-	10.1	18.3	Approximate cost
Management fee income	-	-	1,541.8	1,475.0	Declared rate
Dividend income	-	-	177.7	-	Approximate cost
Sales of land	-	-	3.7	26.3	Approximate cost
Cash paid for use of land	-	-	3.6	7.1	2.00% - 3.00% p.a.
Interest expenses	-	-	-	-	(2014: 3.00% p.a.)
Service expenses	-	-	0.5	0.3	Market price
Sales of other long-term investment	-	-	465.6	-	Market price
<u>Transactions with associates</u>					
Interest income	31.7	24.9	25.3	21.9	Market rate
Dividend income	875.6	629.0	875.6	629.0	Declared rate
Purchases of goods	94.5	99.2	90.0	91.1	Market price
Commission expenses	-	0.5	-	-	Market rate
Property rental fee expenses	120.0	10.9	-	-	Contract price
Project management fee expenses	19.6	95.9	-	-	Contract price
Cancellation of agreement expenses	10.0	-	-	-	Contract price
Purchase investment property	23.0	-	-	-	Approximate cost
<u>Transactions with related companies</u>					
Property management fee income	110.7	54.1	-	-	Contract price
Human-resources management income	24.1	22.8	-	-	Contract price
Dividend income	74.0	56.1	74.0	56.1	Declared rate
Sale of assets to REIT	3,715.2	5,874.3	-	-	Contract price
Rental and services expenses	54.9	43.8	47.5	43.8	Baht 750 - 880 per square meter per month (2014: Baht 750 - 800 per square meter per month)
Property rental fee expenses	20.4	-	-	-	Contract price
Interest expenses	0.5	16.8	-	-	5.50% p.a. (2014: MLR - 1.5% and 5.50% p.a.)
Commission expenses	16.4	15.1	-	-	Contract price
Project management fee expenses	28.4	24.0	-	-	Contract price
Provision for guarantee	-	-	-	-	-
Income of fund	7.8	8.8	7.8	8.8	Contract price
<u>Transactions with directors of subsidiaries</u>					
Interest expenses	2.0	2.0	-	-	5.50% p.a.

According to the undertaking agreement with Land and Houses Freehold and Leasehold Property Fund, the Company and Reco Plaza Pte Ltd. guarantee income of such fund. They guarantee between the different amount of Baht 180 million and the actual net income for the year 2012 and Baht 243 million and the actual net income for the year 2013 - 2015. The Company and Reco Plaza Pte Ltd. guarantee at the portion of 52% and 48%, respectively. However, the guarantee income must not exceed 50% of actual net income before income guarantee. As at 31 December 2015, the outstanding provision to guarantee income of the fund is represented as short-term provisions at Baht 18 million (2014: Baht 43 million).

As at 31 December 2015 and 2014, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Deposit at financial institution (shown under cash and cash equivalents)				
<u>Associate</u>				
Land and Houses Bank Plc.	4,996.2	3,152.2	3,518.9	2,851.4
Current investments (Note 8)				
<u>Associate</u>				
Land and Houses Bank Plc.	600.0	-	600.0	-
Land and Houses Fund Management Co., Ltd.	601.8	301.4	601.8	301.4
	1,201.8	301.4	1,201.8	301.4
Amounts due from and accounts receivables - related parties (Note 9)				
<u>Subsidiaries</u> (Eliminated from the consolidated financial statements)				
L H Asset Co., Ltd.	-	-	-	0.3
Land and Houses Northeast Co., Ltd.	-	-	0.8	0.2
	-	-	0.8	0.5
<u>Associates</u>				
Land and Houses Fund Management Co., Ltd.	-	0.1	-	-
Land and Houses Property and Loan Fund-II	-	7.5	-	-
	-	7.6	-	-

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<u>Related companies</u>				
Land and Houses Freehold and Leasehold				
Property Fund	3.4	1.8	-	-
LH Shopping Centers Leasehold				
Real Estate Investment Trust	17.2	7.3	-	-
	20.6	9.1	-	-
Total	20.6	16.7	0.8	0.5
Short-term loans and accrued interest receivables - related parties				
<u>Subsidiaries</u>				
(Eliminated from the consolidated financial statements)				
LH Mall & Hotel Co., Ltd. (Formerly known as "Pacific Real Estate Co., Ltd.")	-	-	381.0	-
Atlantic Real Estate Co., Ltd.	-	-	50.2	-
Land and Houses Northeast Co., Ltd.	-	-	130.4	131.6
L H Asset Co., Ltd.	-	-	95.7	-
L H Muang Mai Co., Ltd.	-	-	108.2	104.0
Land and Houses U.S.A., Inc.	-	-	180.5	32.8
	-	-	946.0	268.4
<u>Associate</u>				
Land and Houses Bank Plc.	6.4	6.9	5.1	6.9
Total	6.4	6.9	951.1	275.3
Long-term loans and accrued interest receivables - related party				
<u>Subsidiary</u>				
(Eliminated from the consolidated financial statements)				
Land and Houses U.S.A., Inc.	-	-	4,238.9	3,154.1
Deposit to related companies (shown under other non-current assets)				
<u>Related company</u>				
Quality Houses Leasehold Property Fund	15.3	9.3	12.3	9.3
Trade accounts payable - related parties (Note 20)				
<u>Associates</u>				
Quality Construction Products Plc.	7.1	8.2	7.1	7.8
Home Product Center Plc.	0.8	0.5	0.3	0.4
Quality Houses Plc.	-	0.1	-	-
Q.H. International Co., Ltd.	-	8.7	-	-
Land and Houses Property and Loan Fund-II	5.7	-	-	-
	13.6	17.5	7.4	8.2

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<u>Related companies</u>				
Quality Houses Leasehold Property Fund	1.1	-	-	-
Siam Retail Development Co., Ltd.	-	7.2	-	-
	1.1	7.2	-	-
Total	14.7	24.7	7.4	8.2
Amounts due to related parties (Note 20)				
<u>Associates</u>				
Q.H. International Co., Ltd.	-	4.4	-	-
Quality Construction Products Plc.	-	0.1	-	-
Home Product Center Plc.	0.4	0.6	0.3	0.1
Land and Houses Fund Management Co., Ltd.	-	12.7	-	-
Land and Houses Property and Loan Fund-II	17.7	1.1	-	-
	18.1	18.9	0.3	0.1
<u>Related companies</u>				
LH Shopping Centers Leasehold Real Estate Investment Trust	0.1	28.2	-	-
Siam Retail Development Co., Ltd.	9.8	9.0	-	-
Quality Houses Leasehold Property Fund	0.1	-	0.1	-
LH Hotel Leasehold Real Estate Investment Real Estate Investment Trust	21.6	-	-	-
	31.6	37.2	0.1	-
Total	49.7	56.1	0.4	0.1
Short-term loans and accrued interest payables - related parties				
<u>Subsidiaries</u>				
(Eliminated from consolidated financial statements)				
LH Mall & Hotel Co., Ltd. (Formerly known as "Pacific Real Estate Co., Ltd.")	-	-	-	300.3
Siam Tanee Property Co., Ltd.	-	-	-	201.1
Atlantic Real Estate Co., Ltd.	-	-	-	86.6
	-	-	-	588.0
<u>Related companies/persons</u>				
Muang Mai Property Co., Ltd.	14.1	13.6	-	-
Directors of subsidiaries	57.4	55.4	-	-
	71.5	69.0	-	-
Total	71.5	69.0	-	588.0

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Provision for guarantee income of fund (shown under short-term provisions)				
<u>Related company</u>				
Land and Houses Freehold and Leasehold Property Fund	18.2	42.5	18.2	42.5

Short-term loans from/to related parties are in the form of promissory notes without collateral which are due at call.

Long-term loan to related party is unsecured loan which is due in December 2017 and February 2020. Interest charged at the rate of 4% per annum.

During the year 2015, movements of loans to/loans from the Company, subsidiaries and related companies were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	1 January 2015	Increase	Decrease	31 December 2015
Short-term loans and accrued interest receivables - related party				
<u>Associate</u>				
Land and Houses Bank Plc.	6.9	27.2	(27.7)	6.4
Short-term loans from and accrued interest payables to related parties				
<u>Related companies/persons</u>				
Muang Mai Property Co., Ltd.	13.6	0.5	-	14.1
Directors of subsidiaries	55.4	2.0	-	57.4
Total	69.0	2.5	-	71.5

(Unit: Million Baht)

	Separate financial statements			
	1 January 2015	Increase	Decrease	31 December 2015
Short-term loans and accrued interest receivables - related parties				
<u>Subsidiaries</u>	-	50.2	-	50.2
Atlantic Real Estate Co., Ltd.				
LH Mall & Hotel Co., Ltd. (Formerly known as "Pacific Real Estate Co., Ltd.")	-	478.4	(97.4)	381.0
Land and Houses Northeast Co., Ltd.	131.6	124.0	(125.2)	130.4
L H Asset Co., Ltd.	-	192.0	(96.3)	95.7
L H Muang Mai Co., Ltd.	104.0	54.5	(50.3)	108.2
Land and Houses U.S.A., Inc.	32.8	3,446.1	(3,298.4)	180.5
Total	268.4	4,345.2	(3,667.6)	946.0

(Unit: Million Baht)

	Separate financial statements			
	1 January 2015	Increase	Decrease	31 December 2015
<u>Associate</u>				
Land and Houses Bank Plc.	6.9	20.8	(22.6)	5.1
Total	275.3	4,366.0	(3,690.8)	951.1
Long-term loan and accrued interest receivables - related party				
<u>Subsidiary</u>				
Land and Houses U.S.A., Inc.	3,154.1	1,235.7	(150.9)	4,238.9
Short-term loans and accrued interest payables - related parties				
<u>Subsidiaries</u>				
LH Mall & Hotel Co., Ltd. (Formerly known as "Pacific Real Estate Co., Ltd.")	300.3	1.4	(301.7)	-
L H Real Estate Co., Ltd.	-	15.0	(15.0)	-
Siam Tanee Property Co., Ltd.	201.1	108.6	(309.7)	-
Land and Houses North Co., Ltd.	-	14.5	(14.5)	-
Atlantic Real Estate Co., Ltd.	86.6	20.6	(107.2)	-
Total	588.0	160.1	(748.1)	-

Directors and management's benefits

During the years 2015 and 2014, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Short-term employee benefits	164,184	124,182	154,416	124,182
Post-employment benefits	5,843	4,338	4,587	4,338
Total	170,027	128,520	159,003	128,520

Commitments and contingent liabilities of related parties

The Company and its subsidiaries had commitments related to project management, finding lessees, consulting, operating lease and service agreement and agreement to purchase/sale of products with related companies as described in Note 36.

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

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash	4,006	4,849	2,020	1,905
Bank deposits	3,740,570	2,481,180	3,295,218	1,345,127
Cheques in transit	318,115	296,207	311,753	281,228
Fixed deposits receipt	4,894,061	3,654,208	3,500,000	3,400,000
Total	8,956,752	6,436,444	7,108,991	5,028,260

As at 31 December 2015, bank deposits and fixed deposits receipt carried interests between 0.375% and 2.00% per annum (2014: 0.375% and 2.50% per annum).

8. Current investments

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2015	2014
Fixed deposits over three months but not over one year	600,000	-
Investments in LH Money Market Fund, Cost	600,000	300,000
Add: Unrealised gain on changes in value of investments	1,839	1,415
Trading securities - fair value	601,839	301,415
Total	1,201,839	301,415

As at 31 December 2015, fixed deposits carried interests 2.00% per annum (2014: Nil).

During the current year, the Company sold trading securities with book values totaling Baht 800 million (2014: Baht 550 million) and recognised gains on the sales amounting to Baht 6.4 million in profit or loss (2014: Baht 1.5 million).

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<u>Trade receivables - unrelated parties</u>				
Past due				
Less than 3 months	123,688	115,802	-	-
3 - 6 months	2,345	3,712	-	-
6 - 9 months	2,245	3,043	-	-
9 - 12 months	2,248	2,241	-	-
Over 12 months	87	224	-	-
Total trade receivables - unrelated parties, net	130,613	125,022	-	-
<u>Other receivables</u>				
Amounts due from and accounts receivables - related parties	20,642	16,735	812	534
Other	32,767	30,371	31,811	26,843
Other receivables	53,409	47,106	32,623	27,377
Total trade and other receivables - net	184,022	172,128	32,623	27,377

10. Land, construction in progress and utilities (inventories)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Land	24,573,651	24,586,992	23,703,490	23,921,905
Land improvements	2,259,856	2,403,909	2,174,432	2,326,173
Construction in progress	15,133,322	11,082,347	14,717,462	10,634,660
Interest cost	2,328,479	1,855,185	2,220,330	1,762,140
Public utilities	3,897,644	3,637,596	3,589,506	3,325,789
Deferred development cost	592	719	414	414
Houses held for sales	84,857	79,730	10,711	10,413
Total	48,278,401	43,646,478	46,416,345	41,981,494
Less : Allowance for reduce cost to net realisable value	(160,440)	(159,902)	(60,815)	(60,926)
Inventories - net	48,117,961	43,486,576	46,355,530	41,920,568

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

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Borrowing costs included in cost of land and construction in progress (Million Baht)	1,103	1,029	1,070	986
Capitalisation rate (Percent)	3.6	3.8	3.6	3.8

As at 31 December 2015 and 2014, the Company and a subsidiary have mortgaged land and structures thereon to secure the loans and the overdraft facilities of the Company and its subsidiary, of with net book values as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Net book value of land and structures thereon mortgaged as collateral	7,253	9,834	6,419	8,924

Movements in the allowance for loss on diminution in value of projects during the year ended 31 December 2015 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2015	159,902	60,926
Add: Additional set up	649	-
Less: Reversal due to sale	(111)	(111)
Balance as at 31 December 2015	160,440	60,815

During the year 2015, the Company transferred-in land held for development with net book value of Baht 37 million to inventories (2014: the Company transferred-in land held for development with net book value of Baht 3 million to inventories).

11. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment		Carrying amount based on cost method - net	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Atlantic Real Estate Co., Ltd.	15,000	15,000	99.99	99.99	14,998	14,998	-	-	14,998	14,998
LH Mall & Hotel Co., Ltd.	1,241,000	620,000	99.99	99.99	1,241,000	620,000	-	-	1,241,000	620,000
and its subsidiaries (Formerly known as "Pacific Real Estate Co., Ltd.")			(Percent)	(Percent)						
Land and Houses North Co., Ltd.	13,500	13,500	99.99	99.99	13,500	13,500	-	-	13,500	13,500
Land and Houses Northeast Co., Ltd.	150,000	150,000	99.99	99.99	149,999	149,999	(50,000)	(50,000)	99,999	99,999
Siam Tanee Property Co., Ltd. and its subsidiary	100,000	100,000	99.99	99.99	64,859	64,859	-	-	64,859	64,859
L H Real Estate Co., Ltd.	58,000	58,000	99.99	99.99	25,000	25,000	-	-	25,000	25,000
L H Asset Co., Ltd.	100,000	100,000	99.99	99.99	52,734	52,734	-	-	52,734	52,734
L H Muang Mai Co., Ltd. and its subsidiaries	900,000	900,000	55.00	55.00	495,000	495,000	-	-	495,000	495,000
L&H Property Co., Ltd. and its subsidiaries	2,450,000	2,450,000	60.00	60.00	1,566,000	1,566,000	-	-	1,566,000	1,566,000
Land and Houses U.S.A., Inc.	(a)	(a)	100.00	100.00	616,427	616,427	-	-	616,427	616,427
Asia Asset Advisory Co., Ltd.	5,000	5,000	99.99	99.99	5,000	5,000	-	-	5,000	5,000
	4,244,517	3,623,517			(50,000)	(50,000)			4,194,517	3,573,517

(a) As at 31 December 2015 and 2014, Land and Houses U.S.A., Inc. had paid-up capital amounted to USD 20 million.

During the years 2015 and 2014, the Company received dividend income from subsidiaries as detailed below.

(Unit: Thousand Baht)

Company's name	2015	2014
Atlantic Real Estate Co., Ltd.	59,992	70,490
Land and Houses North Co., Ltd.	-	8,000
Siam Tanee Property Co., Ltd.	99,999	-
L&H Property Co., Ltd.	1,381,799	1,396,499
Total	1,541,790	1,474,989

11.2 Significant changes in investments in subsidiaries

LH Mall & Hotel Co., Ltd. and its subsidiaries (Formerly known as "Pacific Real Estate Co., Ltd.")

On 9 October 2015, the Extraordinary General Meeting of shareholders of LH Mall & Hotel Co., Ltd. and its subsidiaries (Formerly known as "Pacific Real Estate Co., Ltd."), the Company's subsidiary, passed a resolution approving an increase in the registered share capital of Baht 1,380 million by issuing an additional 13.8 million new ordinary shares at the par value of Baht 100 each. The meeting also passed a resolution approving partial call up payment of 13.8 million new ordinary shares of Baht 45 each, or a total of Baht 621 million. The Company has already paid for the subscription.

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

As at 31 December 2015 and 2014, L H Muang Mai Co., Ltd. pledged the ordinary shares of its subsidiaries, Phuket Future Plan Co., Ltd. and Double Tree Co., Ltd., as collateral of long-term loans.

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

On 7 February 2014, the Board of Directors' meeting of L&H Sathon Co., Ltd., the subsidiary of L&H Property Co., Ltd., passed a resolution approving the dissolution of the Company. The subsidiary filed for deregistration on 18 March 2014. The subsidiary has been completely the liquidation process on 19 January 2015.

In November 2015, L&H Property Co., Ltd. sold all investments in L&H Retail Management Co., Ltd. and L&H Management Co., Ltd. to LH Mall & Hotel Co., Ltd. (Formerly known as "Pacific Real Estate Co., Ltd."), totaling Baht 1.7 million. As a result, the Company's percentage of indirect shareholding in L&H Retail Management Co., Ltd. and L&H Management Co., Ltd. is changed from 60 percent to 99.99 percent.

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

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Prot/loss allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	2015	2014	2015	2014	2015	2014	2015	2014
	(%)	(%)						
L H Muang Mai Co., Ltd. and its subsidiaries	45	45	373	388	(15)	2	-	-
L&H Property Co., Ltd. and its subsidiaries	40	40	896	1,056	761	1,104	921	931

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

Summarised information about financial position

(Unit: Million Baht)

	L H Muang Mai Co., Ltd. and its subsidiaries		L&H Property Co., Ltd. and its subsidiaries	
	2015	2014	2015	2014
Current assets	854	911	1,971	1,565
Non-current assets	1,073	1,078	1,647	3,458
Current liabilities	(832)	(709)	(302)	(1,378)
Non-current liabilities	(268)	(419)	(1,075)	(1,006)

Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December			
	L H Muang Mai Co., Ltd. and its subsidiaries		L&H Property Co., Ltd. and its subsidiaries	
	2015	2014	2015	2014
Revenue	338	486	3,642	5,186
Profit (loss)	(34)	5	1,904	2,759
Other comprehensive income	-	-	-	(4)
Total comprehensive income	(34)	5	1,904	2,755

Summarised information about cash flow

(Unit: Million Baht)

	For the year ended 31 December			
	L H Muang Mai Co., Ltd. and its subsidiaries		L&H Property Co., Ltd. and its subsidiaries	
	2015	2014	2015	2014
Cash flow from operating activities	48	138	135	304
Cash flow from investing activities	-	-	3,685	5,787
Cash flow used in financing activities	(48)	(138)	(3,486)	(5,174)
Net increase in cash and cash equivalents	-	-	334	917

12. Investments in associates

12.1 Details of investments in associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2015	2014	2015	2014	2015	2014
			(Percent)	(Percent)				
LH Financial Group Plc.	Holding company	Thai	33.98	33.98	4,538,712	4,538,712	6,109,613	5,543,973
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	21.16	179,178	179,178	412,906	425,860
Home Product Center Plc.	Trading of construction materials	Thai	30.23	30.23	1,489,020	1,489,020	5,728,752	5,365,640
Land and Houses Property Fund*	Real estate business	Thai	-	49.94	-	20,692	-	32,402
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	743,925	785,330	466,998	482,209
Quality Houses Plc.	Real estate business	Thai	24.98	24.98	3,282,682	3,282,682	6,245,449	5,646,905
					10,233,517	10,295,614	18,963,718	17,496,989

* Registered its termination on 11 December 2007 and completed the liquidation process on 20 January 2015.

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			2015	2014	2015	2014
			(Percent)	(Percent)		
LH Financial Group Plc.	Holding company	Thai	33.98	33.98	4,538,712	4,538,712
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	21.16	179,178	179,178
Home Product Center Plc.	Trading of construction materials	Thai	30.23	30.23	1,489,020	1,489,020
Land and Houses Property Fund*	Real estate business	Thai	-	49.94	-	20,692
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	743,925	785,330
Quality Houses Plc.	Real estate business	Thai	24.98	24.98	3,282,682	3,282,682
					10,233,517	10,295,614

* Registered its termination on 11 December 2007 and completed the liquidation process on 20 January 2015.

12.2 Significant changes in investments in associates

Land and Houses Property Fund

On 20 January 2015, the Liquidator of Land and Houses Property Fund already completed the liquidation process.

Land and Houses Property and Loan Fund-II

On 29 September 2015, the meeting of the unitholders of Land and Houses Property and Loan Fund-II, the Company's associate, passed the resolution approving a reduction in capital proportionate to unitholding, amounting to Baht 106 million. The Company received proceeds amounting to Baht 53 million, in proportion to its 49.99 percent holding in October 2015. The Company recognised gain on share reduction amounting to Baht 12 million in profit or loss.

12.3 Share of comprehensive income and dividend received

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

(Unit: Thousand Baht)

Company's name	Consolidated financial statements				Separate financial statements	
	Share of prot/loss from investments in associates during the year		Share of other comprehensive income from investments in associates during the year		Dividend received during the year	
	2015	2014	2015	2014	2015	2014
LH Financial Group Plc.	561,293	404,868	20,942	1,862	16,595	144,541
Quality Construction Products Plc.	1,528	27,139	(2,634)	-	11,848	21,157
Home Product Center Plc.	1,057,823	1,001,709	(23,794)	(7,067)	670,917	92,113
Asia Asset Advisory Co., Ltd.**	-	(121)	-	-	-	4,200
Land and Houses Property Fund *	-	-	-	-	-	-
Land and Houses Property and Loan Fund-II	38,013	(54,917)	-	-	-	-
Quality Houses Plc.	777,941	831,543	(3,121)	2,829	176,276	366,987
Total	2,436,598	2,210,221	(8,607)	(2,376)	875,636	628,998

* Registered its termination on 11 December 2007 and completed the liquidation process on 20 January 2015.

** The Company reclassified the type of investment from investment in associates to investments in subsidiaries in November 2014.

12.4 Fair values of investments in listed associates

In respect of investments in associated companies that are listed companies on the Stock Exchange, their fair values as at 31 December 2015 and 2014 are as follows:

(Unit: Million Baht)

Company's name	Country of listing	Fair values	
		2015	2014
LH Financial Group Plc.	Thai	7,647	8,791
Quality Construction Products Plc.	Thai	420	732
Home Product Center Plc.	Thai	27,036	30,565
Quality Houses Plc.	Thai	6,101	8,395
Total		41,204	48,483

12.5 Summarised financial information about material associates

Summarised information about financial position

(Unit: Million Baht)

	LH Financial Group Plc.		Home Product Center Plc.		Quality Houses Plc.	
	2015	2014	2015	2014	2015	2014
Current assets	199,667	164,970	13,367	12,791	33,029	27,709
Non-current assets	-	-	33,624	31,522	19,969	20,925
Current liabilities	(181,716)	(148,684)	(19,474)	(16,776)	(12,671)	(10,124)
Non-current liabilities	-	-	(10,614)	(11,835)	(18,781)	(19,361)
Net assets	17,951	16,286	16,903	15,702	21,546	19,149
Shareholding percentage (%)	33.98	33.98	30.23	30.23	24.98	24.98
Share of net assets	6,100	5,534	5,111	4,747	5,382	4,783
Goodwill	9	9	619	619	864	864
Carrying amounts of associates based on equity method	6,109	5,543	5,729	5,366	6,246	5,647

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.	
	2015	2014	2015	2014	2015	2014
Revenue	5,543	4,247	56,243	51,208	21,788	22,437
Profit (loss)	1,652	1,201	3,499	3,313	3,106	3,329
Other comprehensive income	61	5	(78)	(23)	(4)	11
Total comprehensive income	1,713	1,206	3,421	3,290	3,102	3,340

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

(Unit: Million Baht)

	For the year ended 31 December	
	2015	2014
Share of comprehensive income:		
Profit/loss from continuing operations	40	(28)
Other comprehensive income	(3)	-
Total comprehensive income	37	(28)

12.7 The Company's consolidated financial statements for the years ended 31 December 2015 and 2014 included investments in the following associates accounted for under the equity method, and share of profit from investments in associates under the equity method, determined based on financial statements of those companies which have been audited as follows.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Investments under the equity method as at 31 December		Share of profit from investments under the equity method for the year ended 31 December	
	2015	2014	2015	2014
Audited by auditor and other auditors of the same firm				
LH Financial Group Plc.	6,109,613	5,543,973	561,293	404,868
Home Product Center Plc.	5,728,752	5,365,640	1,057,823	1,001,709
Asia Asset Advisory Co., Ltd. ⁽²⁾	-	-	-	(121)
Land and Houses Property Fund. ⁽¹⁾	-	32,402	-	-
Land and Houses Property and Loan Fund-II	466,998	482,209	38,013	(54,917)
Quality Houses Plc.	6,245,449	5,646,905	777,941	831,543
Audited by other auditors				
Quality Construction Products Plc.	412,906	425,860	1,528	27,139
Total	18,963,718	17,496,989	2,436,598	2,210,221

⁽¹⁾ Registered its termination on 11 December 2007 and completion the liquidation process on 20 January 2015.

⁽²⁾ The Company reclassified the type of investment from investment in associates to investments in subsidiaries in November 2014.

13. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Available-for-sale securities				
Equity securities - Overseas	2,368,704	2,368,704	2,368,704	2,368,704
Unit trust - Domestic	1,513,912	1,231,613	783,568	1,231,613
Add: Changes in fair value of securities	1,223,454	1,676,283	1,211,687	1,676,283
Available-for-sale securities - net	5,106,070	5,276,600	4,363,959	5,276,600
Other investments				
Equity securities - Domestic	204,239	204,239	26,000	26,000
Unit trust - Domestic	165	198	-	-
Less: Allowance for impairment	(100,500)	(100,500)	(16,000)	(16,000)
Other investments - net	103,904	103,937	10,000	10,000
Total	5,209,974	5,380,537	4,373,959	5,286,600

14. Land held for development

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Land held for development	4,896,632	4,932,853	3,709,338	3,747,318
Less: Allowance for loss on diminution in value	(802,930)	(801,172)	(690,179)	(690,179)
Land held for development - net	4,093,702	4,131,681	3,019,159	3,057,139

During the year 2015, the Company engaged an independent valuer to appraise the fair value of certain plots of land held for development of the Company and its subsidiaries, using the Market Comparison Approach as the basis of determining the valuation of assets. The fair values of land held for development appraised by the independent appraiser exceeded their net carrying amount.

As at 31 December 2015 and 2014, the Company and its subsidiaries have mortgaged some of the land held for development to secure long-term loans with net book value as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Net book value of mortgaged land held for development to secure loans	3,496	3,496	2,551	2,551

During the year 2015, the Company transferred-out land held for development with net book value of Baht 37 million to inventories (2014: the Company transferred-out land held for development with net book value of Baht 3 million to inventories).

Movements in the allowance for loss on diminution in value of land held for development during the year ended 31 December 2015 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2015	801,172	690,179
Add: Additional set up	1,850	-
Less: Reversal due to sale	(92)	-
Balance as at 31 December 2015	802,930	690,179

15. Investment properties

The net book value of investment properties as at 31 December 2015 and 2014 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Vacant Land	Apartment	Total	Vacant Land	Apartment	Total
As at 31 December 2015						
Cost	207,853	6,437,769	6,645,622	207,853	-	207,853
Less: Accumulated depreciation	-	(227,186)	(227,186)	-	-	-
Net book value	207,853	6,210,583	6,418,436	207,853	-	207,853
As at 31 December 2014						
Cost	-	3,834,281	3,834,281	-	-	-
Less: Accumulated depreciation	-	(107,780)	(107,780)	-	-	-
Net book value	-	3,726,501	3,726,501	-	-	-

A reconciliation of the net book value of investment properties for the years 2015 and 2014 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Net book value at beginning of year	3,726,501	3,758,714	-	-
Acquisition of assets	2,679,647	28,242	3,457	-
Transfer in from inventory	198,181	-	198,181	-
Transfer in from plant, property and equipment	6,215	-	6,215	-
Depreciation charged	(124,323)	(76,473)	-	-
Disposals – net book value at disposal date	(426,108)	(48)	-	-
Translation adjustment	358,323	16,066	-	-
Net book value at end of year	6,418,436	3,726,501	207,853	-

Depreciation of investment properties for the year 2015 of Baht 124 million (2014: Baht 76 million) included in cost of rental and services.

The fair value of the investment properties as at 31 December 2015 and 2014 stated below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Vacant land	208	-	208	-
Apartments	7,003 ⁽¹⁾	3,618 ⁽¹⁾	-	-

⁽¹⁾ As at 31 December 2015 the fair value is USD 194 million (2014: USD 110 million).

As at 31 December 2015 and 2014, the fair values of investment properties have been determined using the following approach.

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

During the years 2015 and 2014, the subsidiary gained rental income and had direct operating expenses arising from apartments of Land and Houses U.S.A., Inc. which are recorded in profit or loss as detailed below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Rental income	427	278	-	-
Direct operating expenses	261	181	-	-

16. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements								
	Land	Building and building improvement	Office equipment	Furniture fixture and equipment	Motor vehicles	Other	Assets under construction	Total
<u>Cost</u>								
1 January 2014	26,997	67,336	167,783	422,012	113,553	250,811	24,017	1,072,509
Purchase	-	-	14,180	1,205	10,451	18,307	45,194	89,337
Disposal/Write-off	-	-	(27,186)	(34,847)	(6,088)	(28,783)	-	(96,904)
Transfer in (out)	-	-	4,568	16,024	5,962	507	(12,341)	14,720
Translation adjustment	-	-	1	3	-	-	-	4
31 December 2014	26,997	67,336	159,346	404,397	123,878	240,842	56,870	1,079,666
Purchase	-	24,388	10,565	5,908	31,495	14,480	94,053	180,889
Disposal/Write-off	-	(45,532)	(30,344)	(77,041)	(10,405)	(69,866)	-	(233,188)
Transfer in (out)	-	-	-	22,750	-	-	(28,965)	(6,215)
Translation adjustment	-	-	15	55	-	-	-	70
31 December 2015	26,997	46,192	139,582	356,069	144,968	185,456	121,958	1,021,222
<u>Accumulated depreciation</u>								
1 January 2014	-	41,850	126,476	330,745	61,228	180,703	-	741,002
Depreciation for the year	-	2,301	20,727	33,410	19,754	27,680	-	103,872
Depreciation on disposal/Write-off	-	-	(20,090)	(25,757)	(4,410)	(17,395)	-	(67,652)
Transfer in (out)	-	-	3,746	3,683	4,992	507	-	12,928
Translation adjustment	-	-	1	2	-	-	-	3
31 December 2014	-	44,151	130,860	342,083	81,564	191,495	-	790,153
Depreciation for the year	-	2,461	16,351	27,356	19,314	23,825	-	89,307
Depreciation on disposal/Write-off	-	(16,578)	(26,561)	(64,063)	(9,189)	(52,749)	-	(169,140)
Translation adjustment	-	-	16	24	-	-	-	40
31 December 2015	-	30,034	120,666	305,400	91,689	162,571	-	710,360
<u>Allowance for impairment</u>								
1 January 2014	-	1,178	-	-	-	-	-	1,178
31 December 2014	-	1,178	-	-	-	-	-	1,178
Decrease	-	(1,178)	-	-	-	-	-	(1,178)
31 December 2015	-	-	-	-	-	-	-	-
<u>Net book value</u>								
31 December 2014	26,997	22,007	28,486	62,314	42,314	49,347	56,870	288,335
31 December 2015	26,997	16,158	18,916	50,669	53,279	22,885	121,958	310,862
<u>Depreciation for the year</u>								
2014 (Baht 40 million included in cost of sales, and the balance in administrative expenses)								103,872
2015 (Baht 33 million included in cost of sales, and the balance in administrative expenses)								89,307

(Unit: Thousand Baht)

Separate financial statements

	Building and building improvement	Office equipment	Furniture, fixture and equipment	Motor vehicles	Other	Assets under construction	Total
<u>Cost</u>							
1 January 2014	49,633	117,140	190,826	108,623	59,621	23,693	549,536
Purchase	-	10,685	242	9,262	2,449	42,137	64,775
Disposal/Write-off	-	(6,325)	(8,673)	(5,864)	(473)	-	(21,335)
Transfer in (out)	-	-	11,988	-	-	(11,988)	-
31 December 2014	49,633	121,500	194,383	112,021	61,597	53,842	592,976
Purchase	1,399	5,910	1,147	7,858	1,287	94,052	111,653
Disposal/Write-off	(10,350)	(12,732)	(14,325)	(10,405)	(4,524)	-	(52,336)
Transfer in (out)	-	-	21,018	-	-	(27,233)	(6,215)
31 December 2015	40,682	114,678	202,223	109,474	58,360	120,661	646,078
<u>Accumulated depreciation</u>							
1 January 2014	25,325	97,043	149,703	57,772	46,364	-	376,207
Depreciation for the year	2,301	13,011	15,540	18,955	4,599	-	54,406
Depreciation on disposal/Write-off	-	(6,310)	(6,722)	(4,185)	(303)	-	(17,520)
31 December 2014	27,626	103,744	158,521	72,542	50,660	-	413,093
Depreciation for the year	2,109	11,270	14,328	17,778	4,230	-	49,715
Depreciation on disposal/Write-off	(5,212)	(12,686)	(12,772)	(9,190)	(4,464)	-	(44,324)
31 December 2015	24,523	102,328	160,077	81,130	50,426	-	418,484
<u>Net book value</u>							
31 December 2014	22,007	17,756	35,862	39,479	10,937	53,842	179,883
31 December 2015	16,159	12,350	42,146	28,344	7,934	120,661	227,594
<u>Depreciation for the year</u>							
2014 (The balance included in administrative expenses)							54,406
2015 (The balance included in administrative expenses)							49,715

As at 31 December 2015 and 2014, certain building and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Building and equipment items have been fully depreciated but are still in use	584	567	297	276

17. Leasehold rights

(Unit: Thousand Baht)

Consolidated financial statements						
Project	Remaining periods of leasehold rights (years)	1 January 2015	Increase	Disposal - net book value at disposal date	Amortisation	31 December 2015
Grande Centre Point Hotel Ratchadamri	22	1,678,597	16,822	-	(90,748)	1,604,671
Grande Centre Point Hotel Terminal 21	-	1,677,268	9,062	(1,623,491)	(62,839)	-
Grande Centre Point Hotel Thonglo	32	311,024	398,514	-	(7,779)	701,759
Vacant land	12 และ 33	443	95,640	-	(38)	96,045
Total		<u>3,667,332</u>	<u>520,038</u>	<u>(1,623,491)</u>	<u>(161,404)</u>	<u>2,402,475</u>

The amortisation of leasehold rights for the year 2015 of Baht 161 million (2557: Baht 259 million) included in cost of rental and services.

On 16 December 2015, L&H Property Co., Ltd., a subsidiary of the Company, entered into an agreement to transfer the leasehold rights and an agreement to sell movable assets which consist of furniture, fixture and equipment of Grande Centre Point Hotel Terminal 21 Project to LH Hotel Leasehold Real Estate Investment Trust ("the Trust") at a total price of Baht 3,715 million. The subsidiary had gains on such transactions totaling Baht 2,037 million (net of relevant sales expenses), and recognised such transactions in the profit or loss for the year 2015. In addition, as at 31 December 2015 LH Mall Hotel Co., Ltd. (Formerly know as "Pacific Real Estate Co., Ltd."), a subsidiary of the Company acquired 9% of the registered unit of the Trust which was presented as other long-term investments.

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

The subsidiary has pledged their land leasehold rights of Grande Centre Point Hotel Ratchadamri and Grande Centre Point Hotel Thonglo project with construction thereon with a total net book value as at 31 December 2015 of Baht 1,605 million and Baht 702 million, respectively as collateral for bank overdrafts and long-term loan (31 December 2014: Only Grande Centre Point Hotel Ratchadamri project Baht 1,679 million).

During the year 2015, the subsidiary included borrowing costs in leasehold rights totaling Baht 0.7 million (2557: Nil) with the capitalisation rate of 4 percent (2014: Nil)

18. Other intangible assets

The net book value of intangible assets (computer software) as at 31 December 2015 and 2014 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cost	70,149	61,071	49,276	47,593
Less: Accumulated depreciation	(29,088)	(26,956)	(26,208)	(22,372)
Net book value	<u>41,061</u>	<u>34,115</u>	<u>23,068</u>	<u>25,221</u>

A reconciliation of the net book value of investment properties for the years 2015 and 2014 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Net book value at beginning of year	34,115	104,625	25,221	20,665
Acquisition of computer software	18,370	13,275	1,683	8,178
Disposal and amortised during the year				
- net book value as at disposal date	(4,742)	(69,463)	-	-
Amortisation*	(6,643)	(14,322)	(3,836)	(3,622)
Translation adjustment	(39)	-	-	-
Net book value at end of year	41,061	34,115	23,068	25,221
Amortisation for the year charged to				
Cost of rental and services	444	7,569	-	-
Administrative expenses	6,199	6,753	3,836	3,622

* The amortisation for the year 2014 in consolidated financial statements included amortisation of the right to use the connecting walkway.

19. Bank overdrafts and short-term loans

(Unit: Thousand Baht)

	Interest rate (Percent per annum)		Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014	2015	2014
Bank overdrafts and short-term loans from financial institutions						
Bank overdrafts	MOR	MOR	19,799	19,161	-	-
Promissory notes	MOR - 1.5	MOR - 1.5	200,000	100,000	-	-
Total bank overdrafts and short-term loans from financial institutions			219,799	119,161	-	-

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

20. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Trade payables - unrelated parties	2,071,134	1,783,101	1,933,324	1,613,131
Trade payables - related parties	14,708	24,713	7,387	8,256
Other payables - related parties	49,715	56,155	380	62
Accrued expenses	1,039,939	1,190,408	902,469	891,653
Others	42,942	34,458	18,593	21,126
Total trade and other payables	<u>3,218,438</u>	<u>3,088,835</u>	<u>2,862,153</u>	<u>2,534,228</u>

21. Long-term loans

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Long-term loans	8,860,421	9,882,929	6,966,486	7,966,986
Less: Current portion	<u>(371,155)</u>	<u>(2,176,646)</u>	<u>-</u>	<u>(1,000,500)</u>
Net	<u>8,489,266</u>	<u>7,706,283</u>	<u>6,966,486</u>	<u>6,966,486</u>

Movements in the long-term loans during the year 2015 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2015	9,882,929	7,966,986
Add: Additional borrowing	1,356,501	-
Less: Repayment	<u>(2,379,009)</u>	<u>(1,000,500)</u>
Balance as at 31 December 2015	<u>8,860,421</u>	<u>6,966,486</u>

As at 31 December 2015 and 2014, long-term loans of the Company and its subsidiaries from domestic financial institutions are shown below:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Interest rate per annum	Principal repayments	Guaranteed by
	2015	2014	2015	2014			
<u>The Company</u>	-	1	-	1	Year 1-3: 4% Year 4: MLR - 1.75	Repayments within 4 years from the first drawdown date	Land and premises of project
	361	361	361	361	Year 1-5: MLR - 2.25	Repayments within 5 years from the first drawdown date	Land
	-	1,000	-	1,000	3.63%	Repayments within 2 years from the first drawdown date	No collateral
	3,330	3,330	3,330	3,330	Year 1-4: MLR - 2.25	Repayments within 4 years from the first drawdown date	Land
	440	440	440	440	Year 1-2: 3.95% Thereafter - MLR - 2.00	Repayments within 3 years from the first drawdown date	Land and premises of project
	805	805	805	805	Year 1-2: 3.95% Thereafter: MLR - 2.00	Repayments within 3 years from the first drawdown date	Land and premises of project
	560	560	560	560	Year 1-2: 3.95% Thereafter - MLR - 2.00	Repayments within 3 years from the first drawdown date	Land and premises of project
	470	470	470	470	Year 1-2: 3.95% Thereafter - MLR - 2.00	Repayments within 3 years from the first drawdown date	Land and premises of project
	1,000	1,000	1,000	1,000	Year 1-2: 3.95% Thereafter - MLR - 2.00	Repayments within 4 years from the first drawdown date	Land and premises of project
<u>Subsidiaries</u>							
L&H Property Co., Ltd.	-	508	-	-	Year 1-3: MLR - 1.5 Thereafter: MLR - 1.0 or fixed deposit interest rate plus 2.5% whichever is higher rate	Repayments within December 2017	Land leasehold of project which the bank granted the loan
	-	675	-	-	Year 1-4: MLR - 1.5 Year 5-8: MLR - 1.0 Thereafter: MLR - 0.75	Repayments within 12 years for the first drawdown date commencing from January 2014	Letter of comfort from shareholdersa
L H Mall & Hotel Co., Ltd. (Formerly known as Pacific Real Estate Co., Ltd.) L H Muang Mai Co., Ltd.	5	-	-	-	MLR - 2.5	First repayment at end of March 2018 to December 2017	Land and premises of project

	Consolidated financial statements		Separate financial statements		Interest rate per annum	Principal repayments	Guaranteed by
	2015	2014	2015	2014			
L H Muang Mai Co., Ltd.	159	171	-	-	MLR - 1.5	60 percent of proceeds from sale of land and premises whereas the total loan have to be repaid within 5 years from the first drawdown date	Land and premises of project
	260	355	-	-	MLR - 2	60 percent of proceeds from sale of land and premises whereas the total loan have to be repaid within 5 years from the first drawdown date	Land and premises of project
Double Tree Co., Ltd.	207	207	-	-	Year 1: MLR - 1.5 Year 2-4: MLR - 1 Year 5: MLR - 1.25	70 percent of proceeds from sale of land	Land of project Ordinary shares of the company and the related company
Land and Houses U.S.A., Inc*.	1,263	-	-	-	3% or 5 years Swap Rate (Bloomberg)+ 1.29 whichever is higher rate	Repayment within 5 years for the first drawdown date	Apartments of project
Total	8,860	9,883	6,966	7,967			
Less: Current portion	(371)	(2,177)	-	(1,001)			
Net	8,489	7,706	6,966	6,966			

* As at 31 December 2015, the Company's subsidiary had long-term loans from financial institutions which is denominated in USD amounting to USD 35 million.

a) The Company and Reco Resorts Pte Ltd., as shareholders of L&H Property Co., Ltd., agreed to provide assurance to the lender of L&H Property Co., Ltd. which is a subsidiary, whereby there are certain covenants pertaining to, among other things, the maintenance of its level of shareholding in the subsidiary, the provision of financial support to the subsidiary as may be required to ensure that the subsidiary is able to meet its payment obligations under this facility. In addition, the Company needs to obtain the written consent from the lender should the Company sells, transfers or pledges the shares of such subsidiary.

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

As at 31 December 2015 and 2014, there were available long-term loan facilities from financial institutions as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Undrawdown loan facilities	3,628	2,201	1,795	1,795

22. Debentures

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

Approved by	The Annual General Meeting of the Company's shareholders held on 24 April 2015
Amount	Revolving amount of Baht 40,000 million or the equivalent in any other currencies
Term	Maximum terms of 10 years
Type	Any types of debentures such as unsubordinated and/or subordinated, unsecured and/or secured, with and/or without debenture holder representation

Method of issuance To be issued in Thailand and/or offshore

As at 31 December 2015, the Company has unissued debentures under the above mentioned approval totaling Baht 7,500 million (2014: Baht 14,900 million).

The outstanding balance of debentures as at 31 December 2015 and 2014 are detailed below.

No	Interest rate per annum	Age	Repayment	Maturity	Consolidated and Separate financial statements			
					Number of debenture (Shares)		Amount (Thousand Baht)	
					2015	2014	2015	2014
Unsubordinated and unsecured debentures								
No.1/2009	Fixed rate 4.50%	5.5 years	At maturity	19 June 2015	-	2,000,000	-	2,000,000
No.1/2012 (2)	Fixed rate 3.99%	3 years	At maturity	30 March 2015	-	3,100,000	-	3,100,000
No. 2/2012 (1)	Fixed rate 4.10%	3 years	At maturity	30 September 2015	-	2,500,000	-	2,500,000
No. 1/2013	Fixed rate 3.59%	3 years	At maturity	31 March 2016	3,500,000	3,500,000	3,500,000	3,500,000
No. 2/2013	Fixed rate 4.03%	3 years	At maturity	30 September 2016	3,500,000	3,500,000	3,500,000	3,500,000
No. 1/2014	Fixed rate 3.63%	3 years	At maturity	27 February 2017	500,000	500,000	500,000	500,000
No. 2/2014	Fixed rate 3.59%	3 years	At maturity	4 April 2017	3,500,000	3,500,000	3,500,000	3,500,000
No. 3/2014	Fixed rate 3.25%	2 years	At maturity	9 May 2016	1,500,000	1,500,000	1,500,000	1,500,000
No. 4/2014	Fixed rate 3.70%	3.5 years	At maturity	17 March 2018	1,000,000	1,000,000	1,000,000	1,000,000
No. 5/2014	Fixed rate 3.50%	3 years	At maturity	6 October 2017	4,000,000	4,000,000	4,000,000	4,000,000
No. 1/2015	Fixed rate 3.02%	3.5 years	At maturity	25 September 2018	1,000,000	-	1,000,000	-
No. 2/2015 (1)	Fixed rate 2.81%	3 years	At maturity	2 April 2018	7,000,000	-	7,000,000	-
No. 2/2015 (2)	Fixed rate 3.31%	5 years	At maturity	2 April 2020	1,000,000	-	1,000,000	-
No. 3/2015 (1)	Fixed rate 2.41%	3 years	At maturity	8 October 2018	4,000,000	-	4,000,000	-
No. 3/2015 (2)	Fixed rate 2.66%	4 years	At maturity	8 October 2019	1,000,000	-	1,000,000	-
No. 3/2015 (3)	Fixed rate 2.99%	5 years	At maturity	8 October 2020	1,000,000	-	1,000,000	-
Total					32,500,000	25,100,000	32,500,000	25,100,000
Less: Current portion of debentures							(8,500,000)	(7,600,000)
Net							24,000,000	17,500,000

Movements in the debentures during the year 2015 are summarised below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements
Balance as at 1 January 2015	25,100,000
Add: Issue of new debenture	15,000,000
Less: Redemption	(7,600,000)
Balance as at 31 December 2015	<u>32,500,000</u>

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

23. Provisions

(Unit: Thousand Baht)

Consolidated financial statements

	Short-term provisions				Long-term provisions				
	After-sale maintenance expenses	Legal cases	Guarantee income of fund	Total	Compensation for Housing Estate Juristic Persons	Public utilities maintenance	Guarantee income of fund	Assets retirement obligation	Total
As at 1 January 2014	60,322	220,900	47,513	328,735	152,083	142,307	19,798	-	314,188
Increase during the year	32,460	94,111	8,806	135,377	31,517	71,264	-	15,000	117,781
Transfer in (out)	-	-	19,798	19,798	-	-	(19,798)	-	(19,798)
Utilised	(50,088)	-	(33,658)	(83,746)	(10,545)	(104,060)	-	-	(114,605)
As at 31 December	42,694	315,011	42,459	400,164	173,055	109,511	-	15,000	297,566
Increase during the year	42,269	10,511	7,845	60,625	30,307	41,008	-	-	71,315
Utilised	(39,109)	-	(32,080)	(71,189)	(31,597)	(78,190)	-	-	(109,787)
As at 31 December 2015	45,854	325,522	18,224	389,600	171,765	72,329	-	15,000	259,094

(Unit: Thousand Baht)

Separate financial statements

	Short-term provisions				Long-term provisions				
	After-sale maintenance expenses	Legal cases	Guarantee income of fund	Total	Compensation for Housing Estate Juristic Persons	Public utilities maintenance	Guarantee income of fund	Assets retirement obligation	Total
As at 1 January 2014	54,525	220,900	47,513	322,938	139,015	131,444	19,798	-	290,257
Increase during the year	30,321	94,111	8,806	133,238	28,509	69,544	-	-	98,053
Transfer in (out)	-	-	19,798	19,798	-	-	(19,798)	-	(19,798)
Utilised	(46,365)	-	(33,658)	(80,023)	(10,544)	(95,356)	-	-	(105,900)
As at 31 December 2014	38,481	315,011	42,459	395,951	156,980	105,632	-	-	262,612
Increase during the year	42,794	10,511	7,845	61,150	29,529	39,312	-	-	68,841
Utilised	(36,597)	-	(32,080)	(68,677)	(23,151)	(73,014)	-	-	(96,165)
As at 31 December 2015	44,678	325,522	18,224	388,424	163,358	71,930	-	-	235,288

24. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Provision for long-term employee benefits at beginning of year	261,038	202,127	222,648	187,821
Included in profit or loss:				
Current service cost	18,636	14,901	12,640	10,377
Interest cost	8,351	7,302	7,125	6,761
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	(5,654)	-	-
Financial assumptions changes	-	21,434	-	19,738
Experience adjustments	-	21,234	-	11,787
Benefits paid during the year	(7,496)	(13,836)	(6,180)	(13,836)
Transfers from related company	-	13,530	-	-
Provision for long-term employee benefits at end of year	280,529	261,038	236,233	222,648

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cost of sales	11,191	8,592	5,292	4,335
Selling and administrative expenses	15,796	13,611	14,473	12,803
Total expenses recognised in profit or loss	26,987	22,203	19,765	17,138

The Company and its subsidiaries expect to pay Baht 3 million of long-term employee benefits during the next year (Separate financial statements: Baht 3 million) (2014: Baht 6 million, separate financial statements: Baht 6 million).

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit is 13 years (Separate financial statements: 13 years) (2014: 13 years, separate financial statements: 13 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Discount rate	3.2%	3.2%	3.2%	3.2%
Salary increase rate	6% - 7%	6% - 7%	7%	7%
Turnover rate	0% - 25%	0% - 25%	0% - 20%	0% - 20%

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

(Unit: Million Baht)

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

25. Share capital

The increase in share capital of the Company during the year 2015 resulting from exercising of warrants are summarised below.

Date of exercised	Type of warrant	Number of exercised warrants	Ordinary shares issued for exercised warrants	Exercise price	Date of registration of share capital with the Ministry of Commerce	Date of the Stock Exchange of Thailand approved ordinary shares as listed securities
		(Unit)	(Shares)	(Baht per share)		
30 December 2014	LH-W3	10,644,015	10,644,015	3.50	9 January 2015	14 January 2015
31 March 2015	LH-W3	698,783,500	698,783,500	3.50	3 April 2015	8 April 2015
30 June 2015	LH-W3	7,410,808	7,410,808	3.50	3 July 2015	8 July 2015
30 September 2015	LH-W3	27,628,447	27,628,447	3.50	6 October 2015	9 October 2015
Total		<u>744,466,770</u>	<u>744,466,770</u>			

Reconciliation of number of shares

(Unit: Shares)

	Consolidated and separate financial statements	
	2015	2014
<u>Registered share capital</u>		
Balance beginning of year	12,031,105,828	10,354,268,670
Decreased in registered share capital	-	(328,347,147)
Increased in registered share capital	-	2,005,184,305
Balance ending of year	<u>12,031,105,828</u>	<u>12,031,105,828</u>
<u>Issued and paid-up share capital</u>		
Balance beginning of year	10,985,568,017	10,025,921,523
Increased due to exercise of warrants	744,466,770	959,646,494
Balance ending of year	<u>11,730,034,787</u>	<u>10,985,568,017</u>

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

26. Warrants

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

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

Type of warrant	Exercise price (Baht per share)	Exercise ratio per 1 warrant	Number of warrants outstanding as at 1 January 2015 (Units)	Number of warrants exercised during the year (Units)	Number of warrants outstanding as at 31 December 2015 (Units)
LH-W3	3.50	5 existing shares per 1 unit of warrant	1,027,894,347	(751,371,171)	276,523,176

27. Cash receipts from share subscription

As at 31 December 2015, the Company received cash from exercise of warrants to purchase its ordinary shares as follows.

Date of exercise	Type of warrant	Number of exercised warrants (Unit)	Ordinary shares issued for exercised warrants (Shares)	Exercise price (Baht per share)	Date of registration of share capital with the Ministry of Commerce	Date of the Stock Exchange of Thailand approved ordinary shares as listed securities
30 December 2015	LH-W3	17,548,416	17,548,416	3.50	6 January 2016	11 January 2016

As at 31 December 2015, the Company record cash received from exercised of warrants Baht 61 million. The amount is represented as cash receipts from share subscription in the statement of financial position.

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

During the years 2015 and 2014, movement of surplus (deficit) on changes in value of available-for-sale investments are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Balance as at beginning of year	1,341,026	(325,272)	1,341,026	(325,272)
Changes during the year due to				
- Revaluation	(452,829)	2,082,872	(464,595)	2,082,872
- Income taxes	94,080	(416,574)	92,919	(416,574)
Balance as at end of year	982,277	1,341,026	969,350	1,341,026

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 income 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.

During the year 2014, the Company set aside a statutory reserve Baht 122 million.

30. Provident fund

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Contribution to provident fund	37	34	31	29

31. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Purchase of land and land held for development and payment of construction in progress during year	19,407	20,179	18,706	19,393
Changes in land, constructions in progress and land held for development	(4,593)	(4,533)	(4,397)	(4,859)
Salaries and wages and other employee benefits	1,083	1,066	1,018	1,023
Depreciation and amortisation expenses	382	454	54	58
Loss on diminution in value of projects and land held for development	3	33	-	-
Loss on disposal of property, plant and equipment	-	2	-	1
Loss on exchange rate	-	-	-	6
Rental expenses from operating lease agreements	55	48	47	44

32. Income tax

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Current income tax:				
Current income tax charge	1,205,854	1,163,807	1,075,920	1,046,628
Deferred tax:				
Relating to origination and reversal of temporary differences	395,532	700,372	899	38,038
Income tax expenses reported in the statements of income	1,601,386	1,864,179	1,076,819	1,084,666

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2015 and 2014 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Deferred tax relating to gain/loss on changes in value of available-for-sale investments	94,080	(416,574)	92,919	(416,574)
Deferred tax relating to actuarial gain/loss	-	7,402	-	6,305
	94,080	(409,172)	92,919	(410,269)

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Accounting profit before tax	10,268,028	11,393,109	7,814,684	7,509,147
Applicable tax rate	20% และ 42.84%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	2,085,788	2,278,682	1,562,937	1,501,829
Effects of:				
Change in value of investments accounted for the equity method	(312,192)	(316,245)	-	-
Exempt dividend income	(191,396)	(137,023)	(494,762)	(432,021)
Non-deductible expenses	12,998	16,314	9,486	13,976
Additional expense deductions allowed	(3,663)	(1,296)	(813)	(563)
Unused tax losses	10,117	13,380	-	-
Others	(266)	10,367	(29)	1,445
Total	(484,402)	(414,503)	(486,118)	(417,163)
Income tax expenses reported in the statement of income	1,601,386	1,864,179	1,076,819	1,084,666

The components of deferred tax assets and deferred tax liabilities as at 31 December 2015 and 2014 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Deferred tax assets				
Allowance for diminution in value of inventories and land held for development	192,664	192,205	150,199	150,221
Loss on change in value of available-for-sale investment	1,161	-	-	-
Allowance for impairment of investment	20,100	54,100	3,200	3,200
Allowance for asset impairment	4,000	4,236	4,000	4,000
Accumulated depreciation - Clubhouse and pool	88,527	85,463	81,542	76,806
Accumulated amortisation - Leasehold rights	811,748	496,329	-	-
Accumulated amortisation - Intangible assets	9,696	11,248	-	-
Financial lease liability	4,695	-	-	-
Short-term provisions	77,968	80,135	77,685	79,190
Advance received from customers	661	837	-	-
Provision for long-term employee benefits	45,748	44,805	40,942	38,225
Actuarial loss	7,222	7,402	6,305	6,305
Long-term provisions	17,466	25,322	14,386	21,126
Unused tax loss	2,079	-	-	-
Accrued land rental	12,331	6,933	-	-
Total	1,296,066	1,009,015	378,259	379,073
Deferred tax liabilities				
Financial lease asset	(4,686)	-	-	-
Gain on change in value of available-for-sale investment	(242,705)	(335,539)	(242,705)	(335,539)
Advance received from sale of assets to REIT	(1,811,362)	(1,162,835)	-	-
Unrealised gain on sale investment property of an overseas subsidiary	(29,490)	-	-	-
Total	(2,088,243)	(1,498,374)	(242,705)	(335,539)
Deferred tax assets - net	(792,177)	(489,359)	135,554	43,534

As at 31 December 2015, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 357 million (2014: Baht 378 million) (The Company only: Baht 50 million, 2014: Baht 90 million), on which deferred tax assets have not been recognised as the Company and its subsidiaries believe that the temporary differences and unused tax losses will not be utilised.

The unused tax losses amounting to Baht 224 million will expire by the year 2020 (2014: Baht 208 million).

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.

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

Consolidated financial statements					
For the year ended 31 December					
Profit for the year		Weighted average number of ordinary shares		Earnings per share	
2015	2014	2015	2014	2015	2014
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share					
Profit attributable to equity holders of the Company					
7,920,226	8,423,066	11,535,499*	10,465,148*	0.69	0.80
Effect of dilutive potential ordinary shares					
Warrants (LH-W3)					
-	-	299,643	867,403		
Diluted earnings per share					
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares					
7,920,226	8,423,066	11,835,142	11,332,551	0.67	0.74

** Included ordinary shares from cash receipts from share subscription

Separate financial statements					
For the year ended 31 December					
Profit for the year		Weighted average number of ordinary shares		Earnings per share	
2015	2014	2015	2014	2015	2014
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share					
Profit attributable to equity holders of the Company					
6,737,865	6,424,481	11,535,499*	10,465,148*	0.58	0.61
Effect of dilutive potential ordinary shares					
Warrants (LH-W3)					
-	-	299,643	867,403		
Diluted earnings per share					
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares					
6,737,865	6,424,481	11,835,142	11,332,551	0.57	0.57

* Included ordinary shares from cash receipts from share subscription

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

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

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

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

The following table present revenue and profit information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2015 and 2014, respectively.

(Unit: Million Baht)

	For the year ended 31 December 2015					
	Real estate business	Rental and service business	Others	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	24,223	2,036	-	26,259	-	26,259
Inter-segment revenue	-	163	-	163	(163)	-
Interest revenue	278	9	-	287	(209)	78
Infrastructure service income	255	-	-	255	-	255
Interest expense	(283)	(230)	-	(513)	209	(304)
Depreciation and amortisation	(55)	(327)	-	(382)	-	(382)
Loss on diminution in value of project and land held for development	(2)	-	-	(2)	-	(2)
Gain (loss) on sales of assets	8	2,269	-	2,277	-	2,277
Share of profit from investments in associates	780	38	1,619	2,437	-	2,437
Segment profit	6,044	2,561	1,619	10,224	(114)	10,110
Unallocated revenue and expenses:						
Other income						157
Income tax expenses						(1,601)
Non-controlling interests of the subsidiaries						(746)
Profit for the year						7,920

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

(Unit: Million Baht)

	Real estate business	Rental and service business	Others	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Segment assets						
At 31 December 2015	53,585	8,806	-	62,391	35,679	98,070
Investments under the equity method	6,658	467	11,838	18,963	-	18,963
Increase (decrease) in non-current assets (other than financial instruments and deferred tax assets)	(1,221)	1,951	-	730	1,515	2,245

(Unit: Million Baht)

For the year ended 31 December 2014						
	Real estate business	Rental and service business	Others	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	26,037	2,280	-	28,317	-	28,317
Inter-segment revenue	-	4	-	4	(4)	-
Interest revenue	246	6	-	252	(175)	77
Infrastructure service income	255	-	-	255	-	255
Interest expense	(346)	(332)	-	(678)	175	(503)
Depreciation and amortisation	(60)	(394)	-	(454)	-	(454)
Loss on diminution in value of project and land held for development	(33)	-	-	(33)	-	(33)
Gain (loss) on sales of assets	(2)	3,148	-	3,146	-	3,146
Share of profit from investments in associates	859	(55)	1,406	2,210	-	2,210
Segment profit	6,548	3,294	1,406	11,248	11	11,259
Unallocated revenue and expenses:						
Other income						134
Income tax expenses						(1,864)
Non-controlling interests of the subsidiaries						(1,106)
Profit for the year						8,423

The following table present assets information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2014, respectively.

(Unit: Million Baht)

	Real estate business	Rental and service business	Others	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Segment assets						
At 31 December 2014	48,880	7,524	-	56,404	30,484	86,888
Investments under the equity method	6,073	515	10,909	17,497	-	17,497
Increase (decrease) in non-current assets (Other than financial instruments and deferred tax assets)	2,762	(2,659)	-	103	1,569	1,672

Geographic information

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

(Unit: Million Baht)

	2015	2014
Revenue from external customers		
Thailand	28,570	31,654
United States	427	278
Total	28,997	31,932
Non-current assets		
(other than financial instruments and deferred tax assets)		
Thailand	31,241	31,028
United States	6,223	3,727
Total	37,464	34,755

Major customers

For the years 2015 and 2014, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

35. Dividend

Dividends	Approved by	Approved dividend per share (Baht)	Interim dividend per share (Baht)	Additional dividend paid per share (Baht)	Total additional dividend paid (Million Baht)	Portion belonging to shareholders not entitled to dividend (Million Baht)	Net dividend paid (Million Baht)
Final dividend for 2013	Annual General Meeting of the shareholders on 24 April 2014	0.40	(0.25)	0.15	1,504	(5)	1,499
Interim dividend for 2014	Board of Director's meeting on 14 August 2014	0.25	-	0.25	2,700	(7)	2,693
							<u>4,192</u>
Final dividend for 2014	Annual General Meeting of the shareholders on 23 April 2015	0.65	(0.25)	0.40	4,678	(11)	4,667
Interim dividend for 2015	Board of Director's meeting on 13 August 2015	0.25	-	0.25	2,926	(10)	2,916
							<u>7,583</u>

36. Commitments and contingent liabilities

36.1 Commitments

36.1.1 As at 31 December 2015 and 2014, the Company and its subsidiaries have commitments under construction contracts as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Commitments under construction contracts	6,371	8,498	5,017	7,309

36.1.2 As at 31 December 2015 and 2014, the subsidiaries have the following commitments under, land and construction lease agreement and land lease agreement as follows:

a) Land and construction lease agreement

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 in monthly installments</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 (As at 31 December 2015: already paid Baht 20 million in total)</p> <p>11th - 15th year, total rental payment of Baht 54 million</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 2015 and 2014, L&H Property Company Limited, the Company's subsidiary is committed to pay security expenses at the rate of Baht 11,160 per month throughout the period of construction and the period of the lease.

b) Land lease agreement

Agreement date	Agreement period	Rental rate
10 March 2006	30 years*	<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 2015: already paid Baht 2 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 L&H Property Company Limited, the Company's subsidiary to develop or construct on the leased land between 1 September 2007 and 31 August 2010, and the subsidiary agreed to pay additional ground rental fee of Baht 160,000 per month.

As at 31 December 2015, rental under the land lease agreement amounting to Baht 46 million (at present value) (2014: Baht 35 million) are recognised as expenses in the financial statement as part of relevant expenses of the sales of assets to REIT.

c) Land lease agreements

Agreement date	Agreement period	Maturity date	Rental rate
3 October 2014	30 years*	31 March 2047	From 1 April 2017, the following rental is to be paid in annually installments 1 st - 7 th year, total rental payment of Baht 35 million 8 th - 17 th year, total rental payment of Baht 100 million 18 th - 27 th year, total rental payment of Baht 150 million 28 th - 30 th year, total rental payment of Baht 75 million

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

In addition, as at 31 December 2015 and 2014, LH Mall & Hotel Co., Ltd. (Formerly known as "Pacific Real Estate Co., Ltd."), the Company's subsidiary, is committed to pay commission at Baht 5 million per year in the second and third year of construction period.

d) Land lease agreements

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

* The agreement runs after the construction period of 3 years. However, the lessor consented to allow LH Mall & Hotel Co., Ltd. (Formerly known as "Pacific Real Estate Co., Ltd."), the Company's subsidiary, to develop or construct on the leased land for 3 years after the transfer and lease registration date. The subsidiary is committed to pay commission at Baht 1,716,000 per month in the first and second year of construction period and Baht 1,980,000 per month in the third year of construction period.

In addition, as at 31 December 2015, the subsidiary is committed to pay compensation for canceling the former land lease agreement and land leasing fee at Baht 100 million and Baht 150 million, respectively, as at transfer and lease registration date.

36.1.3 As at 31 December 2015, L&H Hotel Management Company Limited, the Company's subsidiary, is committed to pay a fixed rental fee and variable rental fee in accordance with the conditions stipulated in the lease agreements to lease assets of the followings:

Fund and/or REIT	Project	Term
Land and Houses Property and Loan Fund-II	Grande Centre Point Hotel Ploenchit	From 1 January 2016 to 31 December 2018
LH Hotel Leasehold Real Estate Investment Trust	Grand Centre Point Hotel Terminal 21	From 1 January 2016 to 31 December 2018

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

(Unit: Million Baht)

	Consolidated financial statements	
	2015	2014
Payable:		
In up to 1 year	317	68
In over 1 and up to 3 years	633	-

36.1.4 As at 31 December 2015, the Company had outstanding commitment of Baht 90 million in respect of uncalled portion of investments in L&H Property Co., Ltd. (2014: Baht 90 million) and LH Mall & Hotel Co., Ltd. Baht 759 million (2014: Nil).

36.1.5 As at 31 December 2015 and 2014, the Company has commitment related to purchase of land as follows.

(Unit: Million Baht)

	Consolidated and separate financial statements	
	2015	2014
Commitment to purchase of land	582	988

36.1.6 Obligation and commitment to complete projects on hand

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Number of projects on hand at beginning of year	64	55	54	46
Number of closed projects during year	(9)	(14)	(7)	(11)
Number of new projects during year	12	23	12	19
Number of projects on hand at end of year	67	64	59	54

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Accumulative value of sales already contracted (Million Baht)	77,906	79,755	71,752	73,140
As percentage of total sales of projects on hand	57	59	56	59
Value of sales already contracted during year (Million Baht)	23,175	25,823	22,421	24,038
As percentage of total sales of projects on hand	17	19	18	20
Commitments in respect of the installation of central utilities of projects on hand (Million Baht)	1,283	1,282	1,171	1,147

36.1.7 As at 31 December 2015, the subsidiaries have servitude over land of approximately 90 rai (2014: 89 rai) of which the cost is included in the cost of projects.

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

As at 31 December 2015 and 2014, the future minimum lease payments and services fee payments required under these non-cancellable contracts were as follows.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Payable:				
In up to 1 year	50	40	38	40
In over 1 and up to 3 years	51	71	34	71

36.2 Bank guarantees

As at 31 December 2015 and 2014, there were the following outstanding bank guarantees issued by the banks in respect of certain performance bonds required in the normal course of business by the Company and its subsidiaries.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Letter of guarantees for arrangement and maintenance of public utilities	2,301	2,419	2,072	2,220
Letter of guarantees for electricity usage	70	59	52	42
	<u>2,371</u>	<u>2,478</u>	<u>2,124</u>	<u>2,262</u>

36.3 Guarantees

36.3.1 As at 31 December 2015 and 2014, the Company has the following obligations in respect of guarantees.

(Unit: Million Baht)

Guarantor	Guarantee	2015	2014
Land and Houses Plc.	Customers	7	7

36.3.2 The Company has contingent liabilities to a bank in relation to the financial support in form of issuance of a letter of comfort to provide to a subsidiary company for loan and guarantee facilities obtained for development of the subsidiary's project. As at 31 December 2015, the subsidiary has outstanding loans related to guarantee portion of the Company as specified in the letter of comfort amounting to Baht 3 million (2014: Baht 715 million).

36.4 Litigation

The Company and its subsidiaries

The following significant lawsuits had been filed against the Company and its subsidiaries.

a) In 2006, two housing estate juristic persons filed a lawsuit against the Company and Atlantic Real Estate Co., Ltd., the Company's subsidiary for claim of Baht 1,013 million in relation to access to public thoroughfares. In June 2009, the plaintiffs requested to reduce the claim amount to Baht 800 million. On 24 July 2014, the Court of First Instance dismissed the lawsuit. At present, the case is under the process of the Appeal Court. As at 31 December 2015, the Company has set aside a provision of Baht 25 million for liabilities arising as a result of this case (2014: Baht 25 million).

In addition, in February 2009, the Company and its subsidiary were additional sued two lawsuits which are under the claims amounting to Baht 310 million and Baht 102 million, in accordance with the Land Allocation Act and Customer Protect Act. On 10 August 2012, the Court of First Instance issued a verdict on a civil case with the amount in dispute of Baht 102 million between the Company, and two housing estate juristic persons together with co-defendant. The Court ordered the Company to pay for damages of Baht 104 million plus interest at a rate of 7.5% per annum, commencing from 8 December 2008 until the full amount is paid. At present, the case is under the process of the Appeal Court. As at 31 December 2015, the Company has set aside a provision including interest of Baht 160 million for liabilities arising as a result of these cases, based on the opinion of its legal department and its legal advisor (2014: Baht 152 million)

Subsequently, on 5 November 2014, the Appeal Court rendered a conflict judgement with the Court of First Instance, by instructing the Company to pay a plaintiff for damages of Baht 5 million plus interest at a rate of 7.5% per annum, commencing from 10 December 2008 until the full amount is paid. At present, the case is under the process of the Supreme Court.

b) As at 31 December 2015, the Company and its subsidiaries have been sued for a total of approximately Baht 529 million (2014: Baht 529 million). To date, the Court of First Instance and the Appeal Court have ordered the Company and its subsidiaries to pay compensation plus interest totaling Baht 141 million (2014: Baht 138 million). As at 31 December 2015, the Company has set aside a provision of Baht 141 million (2014: Baht 138 million) for liabilities arising as a result of these cases, based on the opinion of their legal department.

37. Fair value hierarchy

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

(Unit: Million Baht)

	Consolidated financial statements			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Current investments - Trading securities	-	602	-	602
Other long-term investments -				
Available-for-sale securities				
Equity securities - Overseas	3,662	-	-	3,662
Investment units - Domestic	1,444	-	-	1,444
Assets for which fair value are disclosed				
Investments in associates that are listed				
companies on the Stock Exchange	41,204	-	-	41,204
Investment properties	-	-	7,211	7,211

(Unit: Million Baht)

	Consolidated financial statements			
	Level 1	Level 2	Level 3	Total
Liabilities for which fair value are disclosed				
Long-term loans	-	-	8,844	8,844
Debentures	-	-	30,727	30,727
Unfavourable cross currency and interest rate				
swap agreements	-	544	-	544

(Unit: Million Baht)

	Separate financial statements			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Current investments - Trading securities	-	602	-	602
Other long-term investments - Available-for-sale				
securities				
Equity securities - Overseas	3,662	-	-	3,662
Investment units - Domestic	702	-	-	702
Assets for which fair value are disclosed				
Investments in associates that are listed				
companies on the Stock Exchange	41,204	-	-	41,204
Investment properties	-	-	208	208
Liabilities for which fair value are disclosed				
Long-term loans	-	-	6,950	6,950
Debentures	-	-	30,727	30,727
Unfavourable cross currency and interest rate				
swap agreements	-	544	-	544

38. Financial instruments

38.1 Financial risk management

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

Credit risk

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

Interest rate risk

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

As at 31 December 2015 and 2014, significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements							
As at 31 December 2015							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	At call	Within 1 year	1 - 5 years				
Financial assets							
Cash and cash equivalents	2,600	2,259	-	3,552	546	8,957	Note 7
Current investments	-	600	-	-	602	1,202	Note 8
Trade and other receivables	-	-	-	-	184	184	-
Other investments							
- Available-for-sale securities	-	-	-	-	5,106	5,106	-
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	220	-	220	Note 19
Trade and other payables	-	-	-	-	3,218	3,218	-
Short-term loans from related parties	47	-	-	-	-	47	5.50
Long-term loans	-	376	4,538	3,946	-	8,860	Note 21
Debentures	-	8,500	24,000	-	-	32,500	Note 22

(Unit: Million Baht)

Separate financial statements							
As at 31 December 2015							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	At call	Within 1 year	1 - 5 years				
Financial assets							
Cash and cash equivalents	2,600	900	-	3,263	346	7,109	Note 7
Current investments	-	600	-	-	602	1,202	Note 8
Trade and other receivables	-	-	-	-	33	33	-
Loan to related parties	910	-	4,224	-	-	5,134	4.00 - 5.50
Other investments							
- Available-for-sale securities	-	-	-	-	4,364	4,364	-
Financial liabilities							
Trade and other payables	-	-	-	-	2,862	2,862	-
Short-term loans from related parties	-	-	-	-	-	-	-
Long-term loans	-	-	3,275	3,691	-	6,966	Note 21
Debentures	-	8,500	24,000	-	-	32,500	Note 22

(Unit: Million Baht)

	Consolidated financial statements						
	As at 31 December 2014						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	At call	Within 1 year	1 - 5 years				
Financial assets							
Cash and cash equivalents	2,300	1,354	-	2,234	548	6,436	Note 7
Current investments	-	-	-	-	301	301	-
Trade and other receivables	-	-	-	-	172	172	-
Other investments							
- Available-for-sale securities	-	-	-	-	5,277	5,277	-
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	119	-	119	Note 19
Trade and other payables	-	-	-	-	3,089	3,089	-
Short-term loans from related parties	46	-	-	-	-	46	5.50
Long-term loans	-	1,000	3,275	5,608	-	9,883	Note 21
Debentures	-	7,600	17,500	-	-	25,100	Note 22

(Unit: Million Baht)

Separate financial statements							
As at 31 December 2014							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	At call	Within 1 year	1 - 5 years				
Financial assets							
Cash and cash equivalents	2,300	1,100	-	1,274	354	5,028	Note 7
Current investments	-	-	-	-	301	301	-
Trade and other receivables	-	-	-	-	27	27	-
Loans to related parties	205	-	3,176	-	-	3,381	4.00 - 5.50
Other investments							
- Available-for-sale securities	-	-	-	-	5,277	5,277	-
Financial liabilities							
Trade and other payables	-	-	-	-	2,534	2,534	-
Short-term loans from related parties	585	-	-	-	-	585	3.00
Long-term loans	-	1,001	3,275	3,691	-	7,967	Note 21
Debentures	-	7,600	17,500	-	-	25,100	Note 22

Foreign currency risk

The Company exposure to foreign currency risk arises mainly from investment transactions and borrowings that are denominated in foreign currencies.

The balances of financial assets denominated in foreign currencies as at 31 December 2015 and 2014 are summarised below:

Foreign currency	Financial assets		Financial liabilities		Average exchange rate as at 31 December	
	2015	2014	2015	2014	2015	2014
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Philippines Peso	4,139	4,139	-	-	0.76910	0.73775
US Dollar	20	20	35	-	36.0886	32.9630

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

The details of the Cross Currency and Interest Rate Swap agreements outstanding as at 31 December 2015 and 2014 are as follows:

As at 31 December 2015 and 2014

Currency and Interest Revenue Rate Swap agreement		Currency and Interest Expense Rate Swap agreement		Termination date
Principal amount	Interest rate	Principal amount	Interest rate	
Baht 346.0 million	Floating rate MLR-2.25%	USD 11.3 million	Floating rate LIBOR 6 month plus 3.25%	8 December 2017
Baht 3,075.0 million	Floating rate MLR-2.25%	USD 95.8 million	Floating rate LIBOR 6 month plus 3.19%	8 December 2017
Baht 15.5 million	Floating rate MLR-2.25%	USD 0.5 million	Floating rate LIBOR 6 month plus 3.19%	8 December 2017
Baht 254.4 million	Floating rate MLR-2.25%	USD 8.2 million	Floating rate LIBOR 6 month plus 3.19%	8 December 2017

38.2 Fair values of financial instruments

The estimated fair values of financial instruments as at 31 December 2015 and 2014, 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	
	2015	2014	2015	2014	2015	2014	2015	2014
Financial assets								
Cash and cash equivalents	8,957	6,436	8,957	6,436	7,109	5,028	7,109	5,028
Current investment	1,202	301	1,202	301	1,202	301	1,202	301
Trade and other receivables	184	172	184	172	33	27	33	27
Loans to related parties	-	-	-	-	5,134	3,381	5,134	3,381
Other investments								
- Available-for-sale securities	5,106	5,277	5,106	5,277	4,364	5,277	4,364	5,277
Financial liabilities								
Bank overdrafts and short-term								
loans from financial institutions	220	119	220	119	-	-	-	-
Trade and other payables	3,218	3,089	3,218	3,089	2,862	2,534	2,862	2,534
Short-term loans from related parties	47	46	47	46	-	585	-	585
Long-term loans	8,860	9,883	8,844	9,737	6,966	7,967	6,950	7,821
Debentures	32,500	25,100	30,727	23,822	32,500	25,100	30,727	23,822

The estimated fair value of the derivatives is as follows:

(Unit: Million Baht)

	As at 31 December 2015	As at 31 December 2014
	Fair value	Fair value
	Gain (loss)	Gain (loss)
Cross Currency and Interest Rate Swap agreements	(544)	(197)

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

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

39. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2015, the Group's debt-to-equity ratio was 1.09:1 (2014: 0.96:1) and the Company's was 1.30:1 (2014: 1.14:1).

40. Subsequent events after reporting period

40.1 On 6 January 2016, the Company registered the increase in its issued and paid-up share capital as a result of the warrant holders exercising their rights to convert warrants to ordinary shares in December 2015, as described in Note 27, which increased the Company's paid-up share capital from Baht 11,730 million to Baht 11,748 million. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities on 11 January 2016.

40.2 LH Mall & Hotel Co., Ltd. (Formerly known as "Pacific Real Estate Co., Ltd."), the subsidiary which the Company hold 99.99% of shares, called for the remaining of shares registered capital in the amount of Baht 759 million (13,800,000 ordinary shares at Baht 55 each). As a result, the paid-up capital of the subsidiary is now 20 million shares at price of 100 baht per share, totaling Baht 2,000 million. The Company has already paid the subscription in January 2016.

40.3 On 20 January 2016, Land and Houses U.S.A., Inc., the Company's 100% owned subsidiary, passed a resolution to increase its registered capital from USD 20 million to USD 40 million. The Company has already paid the subscription.

On the same date, the subsidiary entered into an agreement to purchase new apartment in the United States at the amount of USD 99.78 million (approximately Baht 3,622 million).

40.4 On 29 February 2016, 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 2015 of Baht 0.60 per share. However, since the Board of Directors previously approved an interim dividend from profit of the year 2015 amounting to Baht 0.25 per share, the Board will propose the remaining dividend payment of Baht 0.35 per share, amounting to Baht 4,112 million. The payment of such dividend shall be made within May 2016.

41. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 29 February 2016.

Other References

Auditor

Sophon Permsirivallop

Certified Public Accountant (Thailand) No. 3182

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Securities registra

Thailand Securities Depository Co., Ltd.

93 The Stock Exchange of Thailand Building,

Rachadapisek Road, Dindaeng, Bangkok 10400 Thailand

Tel: 66 (0) 2009-9000 Fax: 66 (0) 2009-9991

Debentures register

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Financial Company

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Land and Houses Bank Public Company Limited

Kasikornbank Public Company Limited

Appraisal Company

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121/101 Rachadapisek Road,

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Summary of items required under Form 56-2 in Land and Houses Plc.'s 2015 Annual Report

The items including in this Annual Report are in line with the Notification of the Capital Market Supervisory Board TorChor 44/2556 on the Rules, Conditions and Procedures for Disclosure regarding Financial Information and Operating Results of Securities Issuers, effective January 1, 2014. They are as follows:

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Investors can find additional securities issuer information in the Company's Form 56-1 disclosed at www.sec.or.th or the Company's website at www.lh.co.th



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