



Annual Report 2017

Land and Houses Public Company Limited



LAND & HOUSES

CREATE

A BETTER LIVING



Content

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

Business Operation

01	Highlights of the Year 2017	1
02	Overview of Business Operation	2
03	Message from the Board of Directors	4
04	Financial Overview	5
05	Operating Results	8
06	Business Highlight	9
07	Supplementary Information	20

Management and Corporate Governance

08	Securities and Shareholders	24
09	Management Structure	26
10	The Nomination and Compensation Committee's Report	40
11	Corporate Governance	41
12	Corporate Social Responsibilities Report	60
13	Risk Management Committee's Report	65
14	Internal Control and Risk Management	66
15	Risk Factors	68
16	Connected Transactions	71

Financial Position and Operating Performance

17	Report on the Board of Directors' Financial Responsibilities	80
18	The Audit Committee's Report	81
19	Analysis of Operating Results and Financial Status	83
20	Financial Statements	105

Other Related Information

21	Number of Registered Housing Unit in Bangkok Metropolitan Region During 2013-2017	180
22	References	181
23	Summary of Form 56-2's Required Items in Land and Houses Plc.'s 2017 Annual Report	182



2017 HIGHLIGHT

LAND AND HOUSES PUBLIC CO., LTD. & SUBSIDIARIES

	2017	2016	%
OPERATING RESULT			
NUMBER OF ACTIVE PROJECTS	78	78	-
EARNING ABILITY			
RETURN ON TOTAL REVENUES	26.98%	27.06%	(0.08)
HIGHLIGHT OF THE FINANCIAL STATEMENT (million baht)			
TOTAL REVENUES	38,786	31,853	21.8
NET PROFIT	10,463	8,618	21.4
INVENTORIES	48,198	48,926	(1.5)
TOTAL ASSETS	109,491	101,506	7.9
TOTAL SHAREHOLDERS' EQUITY INCLUDING MINORITY INTEREST	50,809	47,952	6.0
PER SHARE DATA (baht)			
EARNING PER SHARE	0.88	0.73	20.6
BOOK VALUE	4.19	3.98	5.3
MARKET PRICE (AT YEAR END)	10.50	9.80	7.1
NUMBER OF OUTSTANDING SHARES (million shares)	11,950	11,787	1.4

Overview of Business Operation

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 residential condominiums for its target customer groups in various price ranges to match with their diversity demands

2. Key changes and developments

Land & Houses Plc. was established 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 floatation of foreign exchange rates. It had completed its 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 28, 2017, the Asavabhokhin family remained the largest shareholder group, with 30.72% of all shares, while GIC controlled 16.17 %. (As at February 5, 2018, GIC holds only 8% of shares)

From 2012 to the latest register-book closing date on August 28, 2017, there were key changes and developments in the shareholding structure and capital as follows

Shareholders	Shareholding (%)					
	Nov 2012	Aug 2013	Sep 2014	Aug 2015	Aug 2016	Aug 2017
1. Mr. Anant Asavabhokhin's group						
1.1 Mr. Anant Asavabhokhin'	23.76	23.76	22.07	24.43	24.27	23.93
1.2 Mayland Co., Ltd.*	5.62	5.62	5.22	5.78	5.74	5.66
1.3 Ms. Piangjai Harnpanij**	1.14	1.14	1.03	1.15	1.15	1.13
Total of Mr. Anant Asavabhokhin's group	30.52	30.52	28.32	31.36	31.16	30.72
2. GIC Private Limited C.***	16.01	16.12	14.96	16.55	17.01	16.17
3. others	53.47	53.36	56.72	52.09	51.83	53.11
Total	100.00	100.00	100.00	100.00	100.00	100.00
Paid up Capital (million Baht)	10,025.9	10,025.9	10,798.2	11,694.9	11,779.1	11,949.7

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

** Mr. Anant Asavabhokhin's mother

*** As at February 5, 2018, GIC has decreased its shareholding from 16.71% to 8%

3. Shareholding structure of the group

The Company directly holds shares in 11 subsidiaries and also indirectly holds shares in 5 other associates through its subsidiaries (for details please see chart "Shareholding structure in subsidiaries and associated companies"). 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 residential 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, Ayudhaya and Phuket. In 2000, the Company adopted a pre-built strategy, which has drawn a great 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 which operate real estate property development businesses, shopping mall and hotel business.
- (2) Two of its associated companies operate businesses related to property development such as the production and retailing of construction materials.
- (3) One of its subsidiaries and another associated company 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.

Policy of investment in 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 business, construction material manufacturing businesses, as well as commercial banks with the main policy of extending loans to retail homebuyers. The Company may also consider investing in any other interesting business which yields in high-return provided that such investments will need to be considered by the Board of Directors.

In terms of the policy in managing subsidiaries and associated companies, the Company will send its directors to represent the Company 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 shall generate profit for the Company.

Legal disputes

As of December 31, 2017, the Company and its subsidiaries did not have any 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

Message from the Board of Directors

Dear Shareholders,

In 2017, the Company booked the presales of 26,304 million baht from the residential business, increased 10% from the level in 2016. Of the total, 74% were detached houses, 9% were townhouses and 17% were condominium units. Realized revenue from residential unit transfers was 31,724 million baht, up 16 % from 2016, with detached houses making up 60%, townhouses 7% and condominium units 33%. Moreover, the Company received rentals and service fees from hotels, malls and apartments 3,197 million baht, up 26% from the level in 2016. Lastly, the Company received share of profit from investment in associated companies 3,136 million baht, up 6% from the previous year.

During the year, the Company launched 10 projects, with total value of 10,080 million baht. Of all new projects, 4 were detached house projects, 3 were townhouse projects, 2 were detached and duplex projects and the last one was condominium project.

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

- Three lots of debentures totaling 13,000 million baht were issued,
 - Lot 1/2017 worth 6,000 million baht, with a maturity of 3 years and a coupon rate of 2.48%
 - Lot 2/2017 worth 1,000 million baht, with a maturity of 2 years and a coupon rate of 2.22%
 - Lot 3/2017 worth 6,000 million baht, with a maturity of 3 years and a coupon rate of 2.13%
- An interim dividend was paid for the operation in the first six months of 2017 at 0.40 baht a share. Dividend for the last six months of 2017 at 0.35 baht a share was then approved on February 28, 2018 by the board.
- On November 13, 2017, Land and Houses U.S.A. Inc., a 100% owned subsidiary of the Company bought Apartment Revere in Campbell, California, USA at the cost of USD 118.9 million or equivalent to 3,900 million baht for rentals.
- On June 15, 2017, L&H Property Co.,Ltd, a 60% owned subsidiary of the Company sold Grande Centre Point Hotel Ratchadamri to LH Hotel Leasehold Real Estate Investment Trust (“LHHOTEL”) at a total price of 3,749.3 million baht resulted the gain on sales of asset of 2,080 million baht.
- LHFG received the subscription of the newly issued ordinary shares from CTBC of 16,599 million baht on July 27, 2017 which diluted the Company’s shareholding in LHFG from 33.98% to 21.88% of the issued and paid-up share capital. The Company recorded the net result as gain on change in the shareholders’ equity of an associate of 1,135 million baht.
- On November 28, 2017, the Company received the “Outstanding Company Performance Awards” from the SET Awards 2017 which was organized by the Stock Exchange of Thailand and Money & Banking Magazine thus reflected the Company’s potential which has been developed continuously
- On December 18, 2017, the Company had assigned the Corporate Sustainable Development to the Risk Management Committee and changed the name of the committee to ‘The Risk Management and Sustainable Development Committee’ onwards.

The Company committed to constantly developing products and services to ensure quality products and services which are acceptable and trusted by consumers. We also strictly focus on 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 environment under all Land & Houses projects.

Sincerely,



(Mr. Naporn Sunthornchitcharoen)
Chairman

Financial Overview

Land and Houses Public Company Limited and its subsidiaries

Financial Ratio

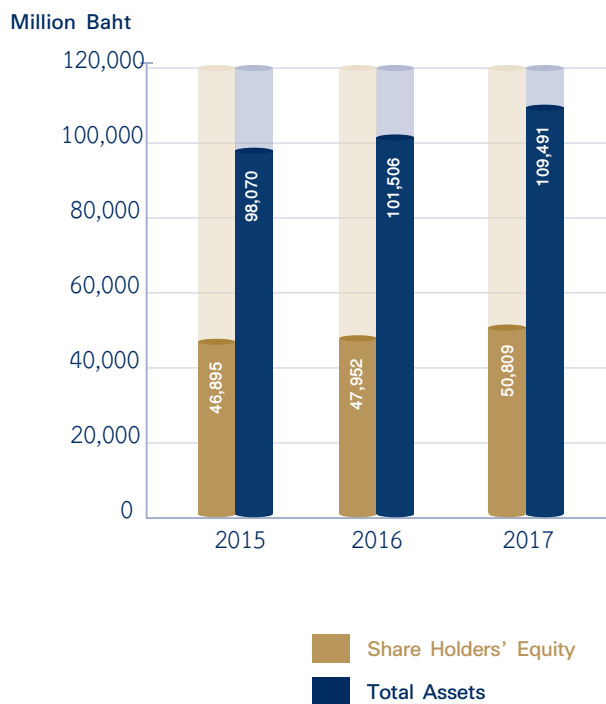
As at 31 December 2017, 2016 and 2015

		31-Dec-17	31-Dec-16	31-Dec-15
Liquidity Ratio				
Current Ratio	(Times)	2.32	2.72	3.49
Quick Ratio	(Times)	0.23	0.16	0.60
Quick Ratio (Cash Basis)	(Times)	0.42	0.46	0.16
Account Receivable Turnover	(Times)	-	-	-
Average Collection Period	(Days)	-	-	-
Inventory Turnover	(Times)	0.42	0.37	0.35
Average Sales Period	(Days)	854	980	1,030
Account Payable Turnover	(Times)	6.1	5.45	5.07
Payment Period	(Days)	59	66	71
Cash Cycle	(Days)	797	916	962
Profitability Ratio				
Gross Profit Margin	(%)	34.38%	34.35%	34.07%
Operating Profit Margin	(%)	19.14%	20.61%	20.45%
Other Profit Margin	(%)	18.05%	15.41%	17.92%
Operating Profit Margin (Cash Basis)	(%)	137.11%	137.98%	50.64%
Net Profit Margin	(%)	26.98%	27.06%	27.29%
Return On Equity	(%)	21.57%	18.62%	17.91%
Basic Earnings Per Share	(Baht/Share)	0.88	0.73	0.69
Diluted Earnings Per Share	(Baht/Share)	0.87	0.72	0.67
Efficiency Ratio				
Return On Asset	(%)	9.92%	8.64%	8.56%
Return On Fixed Asset	(%)	54.31%	64.28%	98.75%
Total Assets Turnover	(Times)	0.37	0.32	0.31
Financial Policy Ratio				
Debt to Equity Ratio	(Times)	1.15	1.12	1.09
Interest Coverage Ratio	(Times)	6.89	6.42	2.00
Obligation Coverage Ratio	(Times)	0.86	0.48	0.67
Dividend Payout	(%)	85.65%	89.32%	88.85%

Comparative 3 Years Financial Statistics

ASSETS	2017	2016	2015
Total Assets (Million Baht)	109,491	101,506	98,070
Inventories	48,198	48,926	48,118
Investment	29,734	25,771	24,174
Liabilities And Share Holders'equity (Million Baht)			
Short Term Loan (Interest Bearing Debt)	16,139	11,075	9,166
Long Term Loan (Interest Bearing Debt)	32,835	32,581	32,489
Total Liabilities	58,683	53,554	51,175
Paid Up Share Capital	11,950	11,787	11,730
Share Holders' Equity	50,809	47,952	46,895
Result Of Operation (Million Baht)			
Sales	31,724	27,372	24,223
Total Revenues	38,786	31,853	29,025
Gross Profit	12,007	10,274	8,947
Net Profit	10,463	8,618	7,920
Per Share Figure(Baht)			
Book Value	4.19	3.98	3.89
Earning	0.88	0.73	0.68
Ratio			
Current Ratio	2.32	2.72	3.49
Quick Ratio	0.23	0.16	0.60
Profitability Ratio			
Gross Profit Margin	34.38%	34.35%	34.07%
Operation Profit Margin	19.14%	20.61%	20.45%
Net Profit Margin	26.98%	27.06%	27.29%
Return On Equities	21.57%	18.62%	17.91%
Efficiency Ratio			
Return On Assets	9.92%	8.64%	8.56%
Financial Policy Ratio			
Debt / Equities Ratio	1.15	1.12	1.09
Interest Coverage Ratio	6.89	6.42	2.00
Number Of Outstanding Shares (Millon Shares)	11,950	11,787	11,730

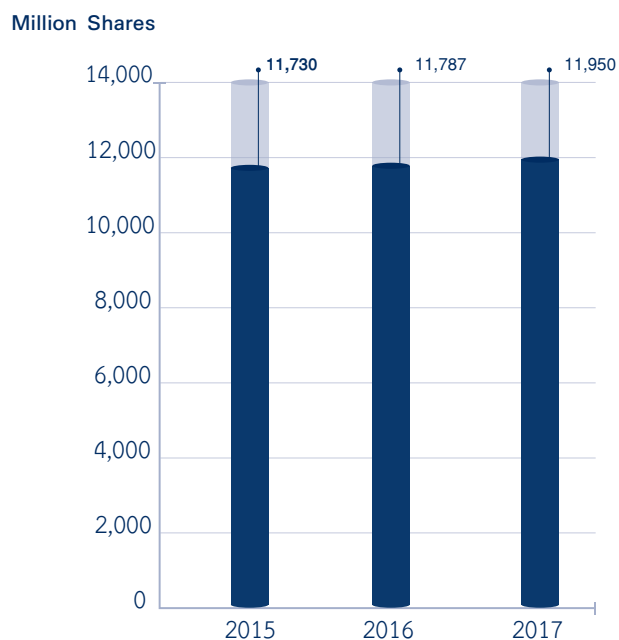
Total Assets and Share Holders' Equity



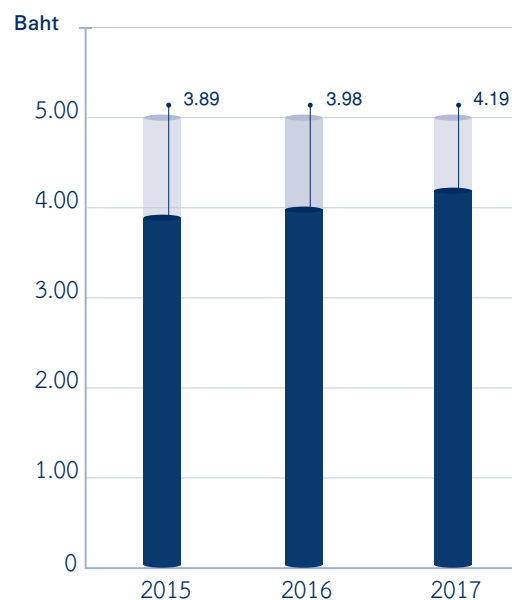
Result of Operation



Number of Outstanding shares



Book Value



Operating Results

Revenue Structure

Product	Operated by	% Hold	2017		2016		2015	
			Million Baht	%	Million Baht	%	Million Baht	%
1. Real Estate Business								
Detached houses	The Company		19,852	51.2	19,178	60.2	16,227	55.9
	Subsidiary : Atlantic Real Estate Co.,Ltd.	100	-	-	-	-	-	-
	Subsidiary : Land & Houses Northeast Co.,Ltd.	100	-	-	5	0.0	-	-
	Subsidiary : LH Muang Mai Co.,Ltd.	55	227	0.6	226	0.7	319	1.1
	Subsidiary : LH Asset Co.,Ltd.	100	108	0.3	138	0.4	121	0.4
	Subsidiary : Siam Thanee Property	100	-	-	-	-	-	-
Total revenue from detached house			20,187	52.1	19,547	61.3	16,667	57.4
Townhouses	The Company		443	1.1	1,763	5.5	993	3.4
	Subsidiary : LH Asset Co.,Ltd.	100	-	-	-	-	37	0.1
	Subsidiary : Land & Houses Northeast Co.,Ltd.	100	468	1.2	274	0.9	309	1.0
Total revenue from Townhouses			911	2.3	2,037	6.4	1,339	4.5
Condominiums	The Company		10,619	27.4	5,771	18.1	6,199	21.4
Total revenue from Condominiums			10,619	27.4	5,771	18.1	6,199	21.4
Land	The Company		5	0.0	17	0.1	10	0.1
	Subsidiary : Land & Houses Northeast Co.,Ltd.	100	2	0.0	-	-	8	0.0
	Subsidiary : Atlantic Real Estate Co.,Ltd.	100	-	-	1	0.0	-	-
Total revenue from Land			7	0.0	18	0.1	18	0.1
Total revenue from Real Estate Business			31,724	81.8	27,373	85.9	24,223	83.4
2. Rental income	Subsidiary : L&H Property Co.,Ltd.	60	1,652	4.3	1,707	5.4	1,589	5.5
	Subsidiary : Land and Houses U.S.A. Inc.	100	672	1.7	619	1.9	427	1.5
	Subsidiary :LH Mall and Hotel Co.,Ltd.	100	874	2.3	210	0.7	20	0.1
Total revenue from Rental income			3,198	8.3	2,536	8.0	2,036	7.1
3. Gain on change in shareholders' equity of an associate	Assosiate : L H Financial Group	21.88	1,135	2.9	-	-	-	-
4. Gain on sales of Land held for development	Subsidiary : LH Muang Mai Co.,Ltd.	55	80	0.2	1,240	3.9	-	-
5. Gain on sales of assets	Subsidiary : L&H Property Co.,Ltd.	60	2,080	5.4	-	-	2,037	7.0
6. Gain on sales of assets to REIT	Subsidiary : LH Muang Mai Co.,Ltd.	55	569	1.4	704	2.2	729	2.5
7. Total revenue(1-6)			38,786	100.0	31,853	100.0	29,025	100.0
8. Share of income from investment in associates			3,136	8.1	2,963	9.3	2,437	8.4
Total revenue 7+8			41,922	108.1	34,816	109.3	31,462	108.4

Market and Competition

Policy and marketing

Competitive strategies

The Company's strategy has still maintained the pre-built policy in every condominiums which a sale was made before the construction. This means to reduce the operational risk because the whole condominium project needs to be completed first before unit ownerships can be transferred. Besides, it also allows customers to book units first and provides them time to arrange their financial plans before the transfer of ownership.

For the sale operation activities for new whole project, the Company will conduct the marketing activities Pre-sale booking in advance at least 3 months before the projects are officially launched opening which will allow and 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. This strategy gives a clear insight into market conditions, which then can be particularly useful in setting more effective marketing strategies. However, before a sale-purchase contract is made with a buyer, every unit is subject to strict and stringent quality control.

These above-mentioned strategies have created and enhanced the Company's competitiveness and bolstered customers' confidence in the Company's products and projects. Furthermore the Company also emphasizes to the needs of customers both in overall project design and individual housing to meet all requirements of every members in the family who will live in the project. The Company also place importance on the quality of its products, services, quality of staff employees including the after-sale services which are the Company's prominent point in its business operation. In addition, it also aware of the importance of creating more value-added to its products as well as Brand images.

In the business operation, the Company always continuously conducts the research for residential living innovation and responding the customers' needs. The innovation will be used to develop the products and services to better meet the customers' requirements which will lead to sustainable competitive strategy for the Company.

In the area of expanding the market, the Company has widely increase the expansion in the market both in terms of customers' base, expand the market into new location both in Bangkok and surroundings, including some provincials by stresses on the expand of Semi-Detached house. The Company also put strong emphasis on the innovation for better living, such as:

- The "Breathable House" innovation under the Air Plus campaign, which has already been patented. This innovation will become a standard of all detached-house brands of the Company and will be used in every type of residential of the Company.
- Emphasize on taking care of those Elder. : The Company has designed new design suitable for the elder, to meet their requirement by design the bedroom on the first floor of the house for the target group of 5 million Baht and above segment, which has no precedent in the industry.
- Also to taking care of the Elder, the Company also designs the common area which will serve and respond to the physical needs of the Elder such as the wheelchair ramps.
- The increase of personnel's efficiencies. The Company has constantly improved its work systems to be more flexible and speedy in every operation units by implementing IT system to response for the needs on sales, construction and services including other related divisions for efficient and faster operations.

Another key emphasis of the Company's marketing strategies is the "pre-built House before Sale" which build confidence to customers as a result of having a chance to see the real project, surroundings, plot of land, style of house, other facilities and environment. Most important is that the ownerships can readily be transferred and customers can decide to move in as they need. The Company has provided all preparedness to ensure that a house is ready and promptly for to move in. This strategy results in good operation of the Company in various areas such as cost control, price-setting advantage, increase the efficiency and effectiveness of the quality, sales and services. In addition, its also

facilitate the customers by providing the packing and moving services by coordinated with JVK International Movers Co. Ltd, a professional provider of packing and moving services, to help customers to move from their old houses to the Company's projects under the scheme "Happiness in new House without any worry about the moving thus moving to a new house is a very simple thing, no need to worry" In the near future, the Company plans to improve its services for their customers under the "Beyond Services" policy.

Currently, the Company's operation has classified its products according to brand, taking into account mainly on the prices and target customers including the criteria on Marketing Mix and Segmentation so that the Company can well serve each customers groups' needs. The key concerns are as follow :

- Locations: The Company focuses priority on ideal locations for its projects. They must meet the demands of customers in each segment in terms of convenient communication, easy access to utilities and amenities outside and surrounding the 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 to match consumers' residential needs and structure which are geographically and demographically linked to their old living places, working offices or status of population. The Company also considers segmentation to increase opportunities and to meet the demands of various customers' groups. In addition, the Company also plan to study the project in the potential areas by purchase the land for its Land Bank for future development which will give the Company an advantage in terms of land costs which will lead to higher competitiveness and returns. Currently, the Company has many potential land plots which are closed to BTS.

- House plans or products : Due to the diversification in requirements of consumers in each different segment or brand, the Company regularly emphasizes on this issues and 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 (residents), visitors to its projects, potential homebuyers, as well as buyers of other projects. All fact findings are used to develop products or services to serve the demands and to maximize customers' satisfaction in every concerns. Nowadays, for the house plans, new designs have been introduced periodically with the new innovation of the "AirPlus innovation : The "Breathable House " which also helps differentiates the Company's products amongst others in the market.

- Product quality : The Company has stressed the importance of work standards in house building and construction including 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 written policy that "every house must pass quality control (QC) at a good level before being delivered to the customer. The standard of quality products starts from checking construction plans, analyzing soil layers and examining the quality of each step of the construction process which must pass the predetermined criteria. In addition, the Company also concerns of good quality construction materials.

Apart from the construction, the Company also recognizes the importance of project environment-starting from project planning, selection of durable materials for utility systems and other facilities which facilitate the residents and also provide safety for its project residents. The Company also makes sure the projects are well maintained to be a good community 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 all the years to come.

- 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. The Company values quality of products and services and set the prices in terms of appropriate and fairness according to its quality.

- Sale promotion: In communicating with the public, the Company stresses the access to project details by consumers, especially through the online internet, which is the most media consumers use to search for information on residential units. It mainly emphasizes on the online media by dividing into these following.

- Google : both for the SEO (Search Engine Optimatztion) and SEM (Search Engine Marketing)
- Facebook : Currently the Company has its fanpage approximately 500,000 persons.
- Line : During the past year , the Company has launched its Line Official Account by create 1 set of Sticker Line which there are around 4 million customers to download the Company's sticker and still be friends on Company's Line of 1.2 million.
- The Company also keeps and improve the Company's website to be modern, trendy and attractive , easy to access and search for all required information .

The Company also maintains the format of single-number 1198 as a Call-center Front Line Management which customers can call to ask or inquire the details of the project and make their appointments to visit the projects. The operation dealing with the Company's communication has been adopted to in line with the changes in technology and media behavior of customers. The Company also 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 before make them public to consumers.

Customers and Target Groups

The Company has residential projects spanning over different areas in Bangkok and the vicinities, as well as in Chiang Mai, Khon Kaen, Nakhon Ratchasima, Maha Sarakham, Udon Thani and Phuket. The projects in these provinces are also operated 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 segmentation.

The segmentation strategy has enabled the Company to meet more diverse demands and increased new market opportunities in different new customer groups, resulting in higher sale revenue. However, the Company has expanded its market by targeting new User and launching new projects both in Bangkok and the provinces, while still mainly emphasizes on the good quality of its products including the after sale service which is the Company's strong point. 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 also 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 clear juristic person of each project.

In 2017, the Company has further expanded its customer base from the year 2016 by entering the new market segment with price starting at 3.2 million Baht with its new design, where the detached house cannot serve this demand. The Company has introduced “Duplex House” to meet this segment's demands with all functions to serve its customers' needs.

In managing sales, the Company has continuously developed its concept of Customer Relationship Management (CRM), and Customer Emotional Management (CEM) which assist in the sales and marketing process including customers' satisfaction The success of these efforts help the Company to understand the real needs of target customers and the activities are also held regularly. The result reflected by the numbers of almost 30% of the Company's customers are customers from its old projects, their relatives or friends of existing customers. This results in the Company's better operations and also reduce its operating costs.

Distribution and distribution channels

The Company uses the channels of distribution by selling its products through the sales offices at each site of its projects, which scattered in key areas across Bangkok and the vicinities. It reaches target customers through advertisements in different media through billboards, and especially Internet system which has been developed to better reach customers.

To facilitate communication with consumers and to analyze their demands, the Company set up an efficient customer relationship management system with the efficient Customer Relationship Management where each salesperson can access to the company's customer database from his/her notebooks through the Internet at any time. E-brochures are also sent to customers by email, which results in lower the cost in accessing customers than other players. Furthermore, the Company also set the policy and plans to develop and train its Sales staff regularly so they can effectively present products and create customers' satisfactions.

Industry and Competition

The Housing Market in 2017 from the number of registered houses (including the self-building and housing project) in total of 110,032 units, a decrease of 12.3% from the year 2016 which can be classified as self-building 20,407 units , a 6.9% decrease (Details as provided in the table and the subdivision of 90,625 units.

Comparative data of newly registered housing units

by type of operation from 2014 to 2017

Unit : units

Type	2014	2015	2016	2017	1995*
Self-building	24,446	22,375	21,915	20,407	32,118
Subdivision	108,993	101,455	104,628	90,625	146,735
Total	133,439	123,830	126,543	111,032	178,853
% change	0.9%	-7.2%	2.2%	-12.3%	27.7%

Source: - Real Estate Information Center, Government Housing Bank, p = projection

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

** % change is calculated on year-on-year basis.

Comparative data of newly registered housing units

Self –building from 2014 to 2017

Unit : units

Type of Subdivision	2014	2015	2016	2017	* 1995
Detached House	20,537	19,591	19,156	18,164	28,116
% Change	16.7%	-4.6%	-2.2%	-5.2%	-9.4%
Duplex	86	95	119	142	151
% Change	-34.4%	10.5%	25.3%	19.3%	228.3%
Townhouse and commercial building	3,823	2,689	2,640	2,101	3,851
% Change	-31.2%	-29.7%	-1.8%	-20.4%	-5.7%
Total	24,446	22,375	21,915	20,407	146,735
% Change	5.0%	-8.5%	-2.1%	-6.9%	-8.6%

Source: - Real Estate Information Center, Government Housing Bank, p = projection

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

** % change is calculated on year-on-year basis

When consider the residential in 2017, a total of 90,625 units , a decrease of 13.4% from 2016 which was 104,628 units. The changes in each type of housings are as follow :

- Detached houses in total of 12,471 units, a decrease of 2.1% from year 2016 (which is 12,736 units)
- Duplex total of 2,352 units , an increase of 24.1% compare to 1,859 units in 2016.
- Townhouse and commercial buildings total 16,011 units , a decrease 6.4% compared to year 2016 (17,111 units)
- Condominium , total of 59,791 units , a decrease of 18% from 2016 (72,886 units)

Comparative data of newly registered housing units

by type of Subdivision from 2014 to 2017

(Unit : units)

Type	2014	2015	2016	2017	** 1995
Detached Houses	13,056	11,837	12,736	12,471	20,793
% Change	-5.9%	-9.3%	7.6%	-2.1%	16.4%
Duplex	2,820	2,366	1,895	2,352	938
% Change	14.2%	-16.1%	-19.9%	24.1%	336.3%
Townhouses & commercial Buildings	18,059	19,624	17,111	16,011	58,093
% Change	-15.0%	8.7%	-12.8%	-6.4%	16.0%
Condominiums	75,058	67,628	72,886	59,791	66,911
% Change	5.1%	-9.9%	7.8%	-18.0%	-1.5%
Total	108,993	101,455	104,628	90,625	146,735
% Change	0.0%	-6.9%	3.1%	-13.4%	7.8%

Source: - Government Housing Bank, p = projection

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

** % change is calculated on year-on-year basis.

The various factors which affected the residential market in 2017 are as follow :

- Office of the National Economics and Social Development Board expected the economy in 2017 to expand by 3.9 % compared to 3.2 % in 2016. The quarterly economic growth rates in each quarter in 2017 were -3.3% in Q1, 3.8% in Q2, 4.3%in Q3 and a forecast of 4.3 % in Q4 respectively.
- Inflation in 2017, is at the average of 0.66 % for the whole year, compared to the average inflation in 2016 which was 0.2%
- Interest rate in 2017
 - The policy interest rate was at 1.5% for the whole year 2017.
 - The minimum lending rate (MLR) of the top 5 Commercial Banks was quite stable and constant during the whole year 2017 . Except for the MLR of the Siam Commercial Bank which was 6.275% in January and then sliding to 6.025% in the remaining months of the year while the other top 4 Banks remained unchanged.
- The average construction material prices in 2017 increased 2.0 % from 2016. The overall construction material price index was 105.2 on average in 2017 compared to 103.2 in 2016. The price indices for steel and steel products increased slightly from 86.3 in 2016 to 94.8 in 2017, an increase of 9.8% (compared to the Base year of 2010.)
- Land prices increased sharply, which affected the costs of new projects and also resulted in a decline in the number of new projects

2017 Company's Operating Result

In 2017, the Company's operating results can be categorized by types and price level are as follows:

By property Type		By Price	
Type	Share	Price Range	Share
Detached Houses	74%	Less than 2.0 million Baht	-
Townhouses	9%	2.0 - 4.0 million Baht	14%
Condominiums	17 %	4.01 - 6.0 million Baht	22%
		6.01 – 10.0 million Baht	20%
		10.01 – 25.0 million Baht	20%
		Above 25.0 million Baht	24%
Total	100%	Total	100%
% in Bangkok & vicinities	90%		
% in provincials	10%		

At the beginning of 2017, the Company had 68 projects in progress. Of the total, 43 were in Bangkok and the vicinities, and 25 projects were in the provinces. During the year, 10 more projects were launched, bringing the total number of operating projects in 2017 to 78 projects. The new launched projects have total project value of 10,080 million Baht which can be classified as

1. Detached Houses Project 8 projects (include the Duplex)
2. Townhomes 3 projects (For the project which the products are mixed , the number will be counted according to type of product and double the number of project)
3. Condominium 1 project

Information regarding Operating projects in 2017-2018

January 1,	2017	2018*e
Total number of projects	68	68
- Bangkok and its vicinities	40	40
- Provinces	28	28
New project launched during the year/ (provinces)	10(2)	18(2)
Project value (million Baht)	10,080	36,300
Total operating projects	78	86

Remark: Projects in Mahachai and Nakhon Pathom are included in Bangkok and its vicinities.

The Company's market shares by property type in Bangkok and the vicinities can be classified as follow :

- Detached Houses Company's share = 15.0%
- Townhouses Company's share = 4.4%
- Condominiums Company's share = 2.2%

Details of New projects launched in 2017

Project	Type	Size (Rai)	Total units	Average price/unit (in million Baht)	Total Project Value (million Baht)	Quarter to launched
1. Mantana-wongwaen Bang bon	DH	91.9	198	10.6	2,100	Q1
2. Sivalee (Ayudhaya) 2	DH	14.4	56	5.6	315	Q2
3. Mantana Srinakarin Romklao	DH	75.9	303	7.5	2,280	
4. Indy Srinakarin Romklao	TH	31.7	317	3.1	990	Q3
5. Villaggio Rama 2 (2)	Total	61.0	372	4.1	1,545	
	DH	16.5	72	5.5	395	
	Semi	44.5	300	3.8	1,150	
6. Inizio Pinklao Wongwaen (3)	Total	38.7	243	4.4	1,080	
	DH	3.1	13	6.2	80	
	Semi	35.6	230	4.3	1,000	
7. Mantana Nakorn Prathom	DH	33.6	135	5.7	770	Q4
8. North 6 ChiangMai	CD	5.9	69	2.5	170	
9. Indy Bang Yai (2)	TH	18.1	207	2.7	550	
10. Indy 3 Bangna km.7	TH	8.1	85	3.3	280	
Total		379	1,985	(average) 5.1	10,080	

Residential Market Outlook In 2018

The overall subdivision housing market in 2018 when compared to 2017 is expected to increase by 8.0%. With the estimated total newly registered housing for all subdivision housing market is approximately 97,800 units in total which townhouse and single house & duplex markets has tendency to increase.

The factors influencing the housing market in 2018 are as follow :

- The Thai economy which is forecasted to grow in a range between 3.8% - 4%
- The factors to affect the economic expansion are
 - The improvement in the Exporting sector.
 - Increasing in household spending which tend to increase from year 2017
 - The acceleration in all Public sector investment
 - According to the Action Plan of Infrastructure investment by the government following 2017 , in 36 projects, which are worth 896 Billion Baht,

- ## Operational Plan in 2018

• Detached Houses	14	Projects (include Duplex)
• Townhouses	7	Projects
(In project with Mix products will counted by type of products and number of projects)		
• Condominium	4	Projects
Total projects operated in year 2018 will be 86 projects		

By residential type		By range of price	
Type	Share	Price	Share
Detached Houses & Duplex	68%	Under 2.0 million Baht	1%
Townhouses	9%	2.01 - 4.0 million Baht	17%
Condominiums	23%	4.01 - 6.0 million Baht	21%
		6.01 – 10.0 million Baht	17%
Total	100%	10.01 – 25.0 million Baht	21%
Total number of projects Bangkok and its vicinities	89%	Above 25.0 million Baht	23%
in Provincial	11%	Total	100%

16 Annual Report 2017

Target Sales in 2018 : The Company set the Booking total of 31,000 million Baht, while the average price per unit in year 2018 is approximately 7.0 million Baht (Compare to the average price in year 2017 which equaled to 7.5 million Baht) and total ownership transferred value was 33,000 million Baht

When consider in the share of all sale (based on value) of the year 2018 , defined by type of residential, the products will be classified as follow

Detached Houses & Duplex	68%
Townhouses	9%
Condominiums	23%
(Details as in the above table)	

For the plan of new land acquisition to serve for the expansion in the future in various areas both in Bangkok and it vicinities and provincial, the Company has set the budget of 7,000 million Baht

When considers the acquisition of land, the Company will take into accounts the potential areas which can be promptly developed the project and has bright potential.

Details of Sales (Booking) for the year 2018 are as follow

Project	Type	Size (Rai)	Total units	Average price/unit (in million Baht)	Total Project Value (million Baht)	Quarter to launched
1. The Ease Rama 2	CD	4.4	329	2.3	760	Q1
2. Villaggio San Sai ChiangMai	Total	32.3	246	3.3	820	Q2
	DH	17.4	72	5.6	400	
	TH	14.9	174	2.4	420	
3. Villaggio Khorean Ayudhaya	Total	50.4	331	3.1	1,040	
	DH	25.9	116	3.7	430	
	Semi	15.6	106	3.4	360	
	TH	8.9	109	2.3	250	
4. Mantana Onnuch Wongwaen (5)	DH	85.0	313	10.1	3,150	
5. Villaggio Bangna Thepharuk	Total	63.1	342	4.6	1,570	
	DH	32.3	136	6.2	840	
	Semi	30.8	206	3.5	730	
6. Indy 2 Srinakarin	TH	45.5	445	3.4	1,500	Q3
7. The Room Sukhumvit 38	CD	2.3	229	14.0	3,200	
8. The Room Phayathai	CD	2.6	437	8.9	3,900	
9. Vive Bangna	TH	20.7	92	8.5	780	
10. Mantana Phutthamonthon Sai 2 Bangwaek	DH	73.4	146	16.4	2,400	

Project	Type	Size (Rai)	Total units	Average price/unit (in million Baht)	Total Project Value (million Baht)	Quarter to launched
11. Villaggio Phet Kasem	Total	48.0	406	2.8	1,160	Q3
	Semi	24.3	146	3.7	540	
	TH	23.7	260	2.4	620	
12. Indy 4 Bangna km. 7	TH	14.4	122	3.9	470	Q4
13. Mantan 2 Bangna km.7	DH	61.6	188	12.8	2,400	
14. Mantana 3 Westgate	DH	93.7	295	14.9	4,400	
15. Villaggio Rangsit Klong 2	Total	87.0	499	4.4	2,200	
	DH	34.8	161	6.5	1,050	
	Semi	52.2	338	3.4	1,150	
16. Chaiyapruk Express Ramindra Jatuchote	DH	98.8	470	6.4	3,000	
17. Villaggio Bangna Srinakarin	Total	50.9	317	4.2	1,350	
	DH	33.3	126	6.3	800	
	TH	17.6	191	2.9	550	
18. The Key Petchkasem	CD	3.8	621	3.5	2,200	
Total		838	5,828	6.2	36,300	

Product / Service Procurement

Nature of the product acquisition

1) Product Design

In the process of design the product, the Company will emphasize on research on the consumer behavior including the daily lifestyle of consumers and their members. In order to design the product in form of mass production, the Company will set the operational procedure to ensure the maximize efficiency and ability to deliver the best quality product to customers. The procedure includes the comprehensive examination of design, before starting any construction from various agencies which will work altogether from the construction sector, the interior, architecture, quality control and after sale-service so that the products shall have no defect from design, construction or material. In addition, before the mass construction will commence, the Company will build the home prototype in order to make the product completely and without defects before sell to customers.

Furthermore, the Company also conduct the research to inquire for customer feedback and comments, including satisfaction in products and services. The company has focused on designing in a proactive way. The house is designed to accommodate and prepare to bring to the project immediately including the adjustment of the design when it had been used for a period of time or at the certain levels of construction to update its modernity and in line with the time. In the process of designing, the Company also takes into account not only the style of house but also the utilities , club, common area and the anterior environment in front of the project. All these made the Company's a special unique prominent point which customers can see the difference when compared to other projects in the market.

2) Nature of production and procurement

Production and Production Policy

The Company has production policy to increase the capacity to be in line with the demands of customers. As the demands in residential products has increased, the Company can increase its capacity by hiring more subcontractors to meet with the demands of housing.

However, the Company still has the policy of quality control of the contractors to build the products in the same high standard quality as follow

1. The Company has set the construction standards. The procedure in operating the construction and using of materials in each steps must have quality control and meet the standard without any flexibility.
2. The Company has arranged the training courses of its construction standards to all contractors regularly
3. The Company has its Project Head at each site of the Projects to control and check the contractors' performance.
4. The Company also has the quality control over all its construction by sending the Company's central engineers to check the quality of work again to comply with its quality standard.

Material Procurement

In the residential industry, the main materials are land and construction materials. So in order to arrange for the efficient and effective material procurement, the Company will do as follow :

1. Land Acquisition : The Company has the policy to acquire the land with has high potential and can be promptly developed. The Company's Land acquisition can be provided in 3 ways as follow :

- places the advertisement indicated their needs to purchase the land in various media
- Contact to buy land through broker and land sales.
- contact the land purchased directly by the company's team

2. Construction Materials : The Company has set the procurement procedure in 2 main areas :

- Directly purchase from the manufacturers such as steel or sanitary products.
- Some materials , the subcontractors of the Company will be responsible for the purchase.

In addition , the Company still maintain good relationship with all construction material vendors as since the Company keeps good continuous purchasing record so it can order the materials as per their requirement when needed and had never experienced the lack of materials. Normally, the Company purchases from local manufacturers and also distributes the percentage share of purchase from each vendor not to exceed 30% of the total key materials such cements, steel and other construction materials.

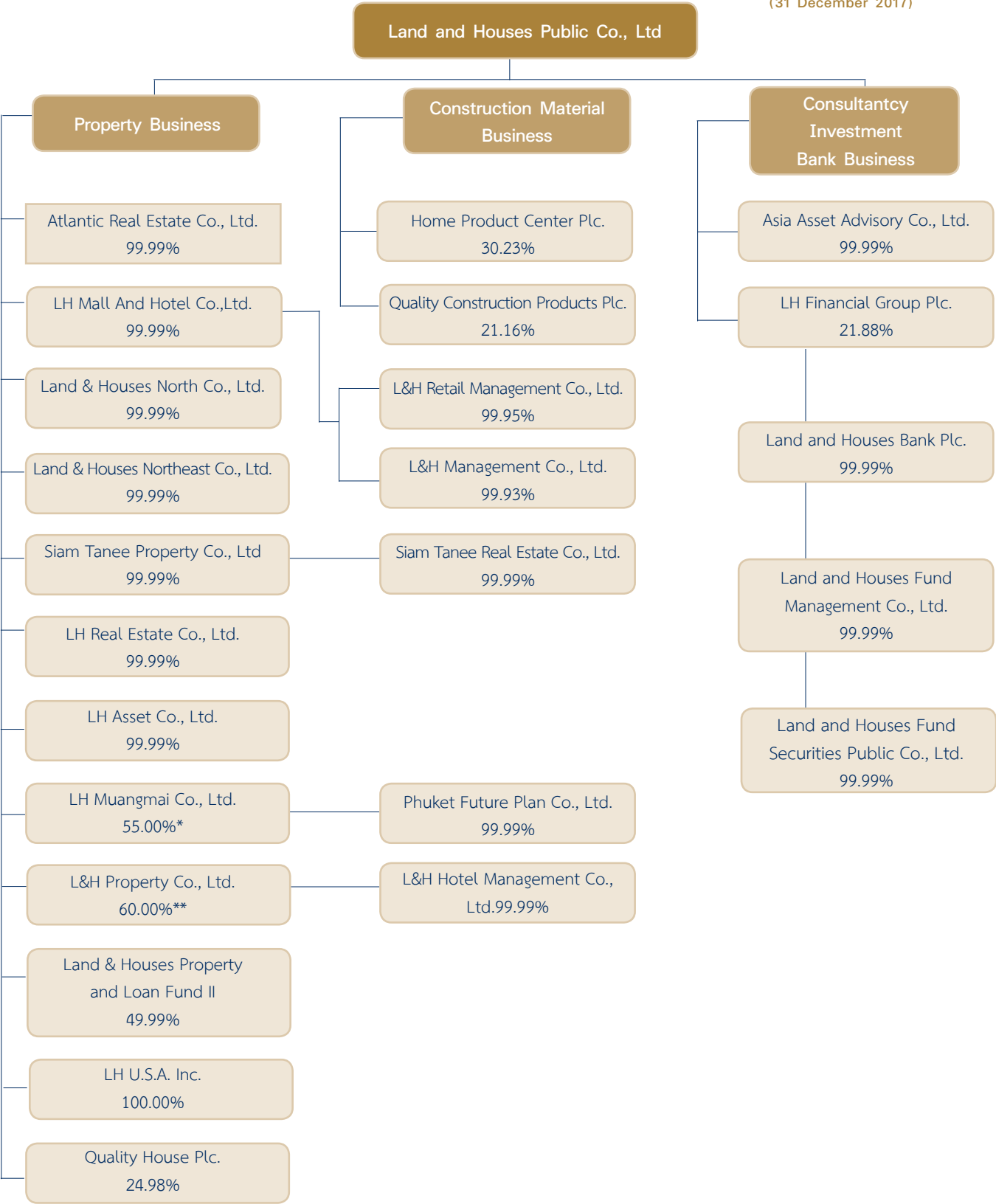
Environmental Impacts

Developing a housing project and other infrastructure and utility of the project may have impact to main environment in the community such as the wastewater drainage of the project's residents which may pollute the public water source if the wastewater treatment of the project is ineffective or under standard. However the Company has implemented the wastewater disposal system in each housing unit of the project, hence the wastewater from each unit will be treated before passing to the cesspool. In addition, the quality of wastewater shall be checked to meet the standards prescribed by the law before being drained into the public water. This will not affect the public water resources. In the past, the company never has any problem with the impact on the environment.

Supplementary Information

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

(31 December 2017)



Note

*LH Muang Mai Co.,Ltd. is owned by Mr. Pittaya Tantipiriyakit’s Group (45.00%)

**L&H Property Co.,Ltd. is owned by GIC (40.00%)

Investment in Subsidiaries and Associates

COMPANY	PAID UP CAPITAL (MIL BHT.)	HOLDING SHARES	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.	21,184	4,634,761,967	1	21.88
NON-LISTED COMPANY				
1. LAND AND HOUSES PROPERTY AND LOAN FUND-II	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.	130	15,599,994	5	60.00
4. ASIA ASSET ADVISORY CO.,LTD.	0.31	31,244	10	99.98
5. ATLANTIC REAL ESTATE CO.,LTD.	15	149,979	100	99.99
6. LAND AND HOUSES NORTH CO.,LTD.	14	499,991	27	99.99
7. LH MALL AND HOTEL CO.,LTD.	2,000	19,999,995	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)	40	40,000,000	1	100.00
Holding by SIAM TANEE PROPERTY CO.,LTD.				
1. SIAM TANEE REALESTATE CO.,LTD.	88	1,749,994	50	99.99
Holding by LH MUANG MAI CO., LTD.				
1. PHUKET FUTURE PLAN CO.,LTD.	53	524,994	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.	20,000	1,999,999,900	10	21.88
2. LAND AND HOUSES SECURITIES PLC.	637	635,900,646	1	21.88
3. LAND AND HOUSES FUND MANAGEMENT CO.,LTD.	300	2,999,995	100	21.88
Holding by Subsidiaries of LH FINANCIAL GROUP PLC.				
1. LAND AND HOUSES ADVISORY CO.,LTD.	20	1,999,998	10	21.88

COMPANY NAME	ADDRESS	TEL. NO.	FAX. NO.	TYPE OF BUSINESS	AUTHORIZED SHARE CAPITAL	% Hold
1. LAND AND HOUSES FREEHOLD AND LEASEHOLD PROPERTY FUND	14th Floor Q.House Sathon Building, 11 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120 Website : www.lhpf-pf.com	0 2286 3484 0 2679 2155	0 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 Udomsorayuth Rd., Bangkrason Bangpa-in, Ayutthaya Thailand 13160. Website : qcon.co.th	(035) 221-271	(035) 221-270	BUILDING MATERIAL	400 Common million shares OF Baht 1 each	21.16
3. QUALITY HOUSE PLC.	7th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120 Website : www.qh.co.th	0 2677 7000	0 2677 7005	PROPERTY DEVELOPMENT	10,714.4 Common million shares OF Baht 1 each	24.98
4. HOME PRODUCT CENTER PLC.	31 Prachachuennonthaburi Rd., Bangkhen Amphoe Muang Nonthaburi Thailand 11000 Website : homepro.co.th	0 2832 1000	0 2832 1400	TRADING OF CONSTRUCTION MATERIAL	13,151.2 Common million shares OF Baht 1 each	30.23
5. LH FINANCIAL GROUP PLC.	5th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120 Website : lhfg.co.th	0 2359 0000	0 2677 7223	FINANCIAL BUSINESS	21,183.6 Common million shares OF Baht 1 each	21.88
6. LAND AND HOUSES PROPERTY AND LOAN FUND-II	130-132 Wireless Road, 15th, 17th Floor Sindhorn Building Tower III, Bangkok Thailand 10330	0 2688 7777	0 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 Thepkrasadtrees Tumbonratsada Aumphoeuang Phuket Thailand 83000	(076) 381-150-3	(076) 381-112	PROPERTY DEVELOPMENT	90 Common million shares OF Baht 10 each	55.00
8. L&H PROPERTY CO., LTD.	15th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	0 2343 8899	0 2343 8890	PROPERTY DEVELOPMENT	26 Common million shares OF Baht 5 each	60.00
9. ASIA ASSET ADVISORY CO.,LTD.	15th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	0 2343 8899	0 2343 8890	INVESTMENT ADVISOR	31,250 Common shares OF Baht 10 each	99.98
10. ATLANTIC REAL ESTATE CO.,LTD.	37-38th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	0 2343 8900	0 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 ThumbonnongJorn Aumphoesansang Chiang Mai Thailand 50210	(053) 498-911-3	(053) 111-111	PROPERTY DEVELOPMENT	0.5 Common million shares OF Baht 27 each	99.99
12. LH MALL AND HOTEL CO.,LTD.	15th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120 Website : www.lhnh.co.th	0 2343 8899	0 2343 8890	PROPERTY DEVELOPMENT	12.41 Common million shares OF Baht 100 each	99.99
13. SIAM TANEE PROPERTY CO.,LTD.	37-38th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	0 2343 8900	0 2230 8131	PROPERTY DEVELOPMENT	1 Common million shares OF Baht 100 each	99.99
14. L H ASSET CO.,LTD.	37-38th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	0 2343 8900	0 2230 8131	PROPERTY DEVELOPMENT	1 Common million shares OF Baht 100 each	99.99

COMPANY NAME	ADDRESS	TEL. NO.	FAX. NO.	TYPE OF BUSINESS	AUTHORIZED SHARE CAPITAL	% Hold
15. L H REAL ESTATE CO.,LTD.	37-38th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	0 2343 8900	0 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 Aumphoe-muang Nakhonratchasima Thailand 30000	(043) 258-282-3	(043) 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	40 Common million shares OF USD 1 each	100.00
18. SIAM TANEER REAL ESTATE CO.,LTD.	37-38th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	0 2343 8900	0 2230 8131	PROPERTY DEVELOPMENT	1.75 Common million shares OF Baht 50 each	100.00
19. PHUKET FUTURE PLAN CO.,LTD.	9/17 Moo 6 Thepkasadtrees Tumbonratsada Aumphoe-muang Phuket Thailand 83000	(076) 381-150-2	(076) 381-111	PROPERTY DEVELOPMENT	0.5 Common million shares OF Baht 100 each	55.00
20. L & H HOTEL MANAGEMENT CO.,LTD.	15th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	0 2343 8899	0 2343 8890	HOTEL	100,000 Common shares OF Baht 10 each	60.00
21. L & H RETAIL MANAGEMENT CO.,LTD.	15th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	0 2343 8899	0 2343 8890	RETAIL	10,000 Common shares OF Baht 10 each	99.99
22. L & H MANAGEMENT CO.,LTD.	15th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	0 2343 8899	0 2343 8890	MANAGEMENT	10,000 Common shares OF Baht 10 each	99.99
23. LAND AND HOUSES BANK PLC.	G, 1st, 5th, 6th Floor Q.House Lumpini Bldg.,No. 1 South Satom Road, Tungmahamek, Satom, Bangkok Thailand 10120 Website : www.lhbank.co.th	0 2359 0000	0 2677 7223	BANK	20,000 Common million shares OF Baht 10 each	21.88
24. LAND AND HOUSES SECURITIES PLC.	M, 10th Floor Q.House Sathon Building, 11 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120 Website : www.lhsec.co.th	0 2352 5100	0 2286 2681 0 2286 2682	MANAGEMENT FUND	637.2 Common million shares OF Baht 1 each	21.88
25. LAND AND HOUSES FUND MANAGEMENT CO.,LTD.	14th Floor Q.House Sathon Building, 11 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120 Website : www.lhfund.co.th	0 2286 3484 0 2679 2155	0 2286 3585	MANAGEMENT FUND	3 Common million shares OF Baht 100 each	21.88
26. LAND AND HOUSES ADVISORY PLC.	14th Floor Q.House Sathon Building, 11 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	0 2286 3484 0 2679 2155	0 2286 3585	ADVISORY	20 Common million shares OF Baht 10 each	21.88

Equities and Shareholders

1. Registered and Paid-up Capital

(1) As of December 31, 2017, the Company had registered capital of 12,031,105,828 Baht, of which 11,949,713,176 Baht was paid up, divided into 11,949,713,176 ordinary shares with a par value of one Baht each.

According to information of ordinary share holdings of Thai NVDR Co. Ltd.'s as of February 28, 2017, the number of 2,006,152,345 Company's ordinary shares were held by investors investing through non-voting depository receipts (NVDRs), representing 16.79% of all paid-up shares. 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 20.18% more of the voting right. As a result, holders of only 20.80% 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. Shareholders

On the latest register book-closing date on August 28, 2017, the 10 largest shareholders of the Company were: as follow :

Rank	Individual / Juristic Person	Number of shares held	Percentage of all sold shares
1.	Mr. Anant Asavabhokhin*	2,859,167,547	23.93
2.	Thai NVDR Co., Ltd	2,190,499,238	18.33
3.	GIC PRIVATE LIMITED	1,932,798,432	16.17
4.	Mayland Co., Ltd.*	676,289,269	5.66
5.	CHASE NOMINEES LIMITED**	628,102,201	5.26
6.	Social Security Office	388,652,340	3.25
7.	LITTLEDOWN NOMINEES LIMITED**	246,996,381	2.07
8.	THE BANK OF NEW YORK MELLON	154,385,339	1.29
9.	Ms. Piangjai Harnpanij*	134,960,000	1.13
10.	STATE STREET BANK AND TRUST COMPANY	130,008,476	1.09
Total		9,341,859,223	78.18

Remark: * The shareholders under Mr. Anant Asavabhokhin's group held a combined 30.72%

** 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.

3. Other securities

3.1 Debentures

The Company had outstanding senior unsecured debentures worth 41,250 million baht as of December 31, 2017:

Debentures	Amount (Million Baht)	Coupon rate per year	Maturity / Due Date
Series 4/2014	1,000	3.70%, paid every 6 months	3 years and 6 months/ March 17, 2018
Series 1/2015	1,000	3.02% paid every 6 months	3 years and 6 months/ September 25, 2018
Series 2/2015 Lot 1	7,000	2.81% paid every 6 months	3 years / April 2, 2018
Series 2/2015 Lot 2	1,000	3.31% paid every 6 months	5 years / April 2, 2020
Series 3/2015 Lot 1	4,000	2.41% paid every 6 months	3 years / October 8, 2018
Series 3/2015 Lot 2	1,000	2.66% paid every 6 months	4 years / October 8, 2019
Series 3/2015 Lot 3	1,000	2.99% paid every 6 months	5 years / October 8, 2020
Series 1/2016 Lot 1	5,000	1.82% paid every 6 months	3 years / April 29, 2019
Series 2/2016 Lot 1	7,250	2.23%, paid every 6 months	3 years / October 28 2019
Series 1/2017	6,000	2.48%, paid every 6 months	3 years / April 28 2020
Series 2/2017	1,000	2.22%, paid every 6 months	2 years / April 28 2019
Series 3/2017	6,000	2.13%, paid every 6 months	3 years / October 5, 2020

All debentures were last rated A+ stable by TRIS Rating Co., Ltd. on August 18, 2017

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

4. Dividend payment policy

At present, the Company has a policy to pay dividends from its net profit to its shareholders every year. In considering the payments, the following factors are taken into consideration. There are the Company's operating results and its 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 including other management-related factors.

Management Structure

Board of Directors

The Company's Management Structure as of December 31, 2017, has 7 directors, comprises of 5 boards, which were the Board of Directors, Audit Committee, Nomination and Compensation Committee, Risk Management and Sustainable Development Committee and the Executive Board.

According to its Articles of Association, the Board of Directors consists of at least 5 directors, which 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 42.9 % of all directors, and other 4 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 among the boards and management has been established as detailed and disclosed in the "Corporate Governance section."

As of December 31, 2017, the names and meeting-attendance records of the directors in 2015, 2016 and 2017 were as follows

Name	Position	Number of attended meetings/all meetings		
		2015	2016	2017
1. Mr. Anant Asavabhokhin *	Chairman and Chief Executive Officer	9/9	9/9	1/2
2. Mr. Naporn Sunthornchitcharoen **	Executive Director Chairman and Chief Executive Officer	9/9	8/9	6/6
3. Mr. Pratip Wongnirund	Director, Chairman of the Audit Committee and Independent Director (Resigned on April 23, 2015)	1/1	-	-
4. Mr. Pakhawat Kovithathanaphong	Director, Chairman of the Audit Committee, Independent Director	8/9	9/9	6/6
5. Mr. Soong Hee Sang	Director Managing Director (Resigned on April 23, 2015)	0/1	-	-
6. Mr. Chalerm Kietitanabumroong	Director, Managing Director, Risk Management and Sustainable Development Director	9/9	9/9	6/6
7. Mr. Adisorn Thananan-narapool	Director, Managing Director Nomination and Compensation Director	9/9	9/9	6/6
8. Mr. Nantawat Pipatwongkasem	Director, Company Secretary and Risk Management and Sustainable Development Director	9/9	9/9	6/6
9. Mr. Wisanu Subsompon	Director, Audit Director, Independent Director and Nomination and Compensation Director Chairman of the Risk Management and Sustainable Development Committee (resigned on May 1, 2016)	8/8	3/3	-
10. Mr. Piphob Veeraphong	Director, Audit Director, Independent Director, Chairman of the Nomination and Compensation Committee	8/8	9/9	5/6

Name	Position	Number of attended meetings/all meetings		
		2015	2016	2017
11.Mr. Bundit Pitaksit	Director, Audit Director, Independent Director, Chairman of the Risk Management and Sustainable Development, Nomination and Compensation Director	8/8	8/9	6/6
Total number of meetings		9	9	6

* Mr. Anant Asavabhokhin resigned from Chairman and Chief Executive Officer Since May 22, 2017

** Mr. Naporn Sunthornchitcharoen was appointed Chairman and Chief Executive Officer on August 11, 2017

Authorized signatories

One of the following directors may sign to bind the Company: 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 including the monitoring 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 investments and asset acquisition 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 once every quarter or three months.
5. Set clear meeting agenda in advance throughout the year.
6. Submit detailed meeting agenda at least 7 days prior to the meeting dates so that the directors have time to study and consider them.
7. In consider each meeting agenda, the interests of all shareholders and stakeholders shall be fairly taken into account.
8. Allow free expression of opinions at meetings.
9. Allocate adequate time for each agenda 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 the 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 and the good governance.
2. Preside over the meetings of the Board of Directors and shareholders, to ensure that all directors have participated and encourage to create the good corporate ethics and good corporate governance
3. Represent as Chairman of the Board meetings and Shareholders' meetings, manage the meetings in line with the Articles of Association, its agenda and manage time appropriately for the meetings.
4. Promote expression of opinions in an independent and transparent manner at meetings
5. Supervise to ensure efficient communication between the directors and shareholders
6. Give the casting vote in the event the votes are tied at Board of Directors meetings

Executives

As of December 31, 2017, the Company had 7 executives:

Mr. Naporn Sunthornchitcharoen	Chairman of the Executive Board
Mr. Adisorn Thananan-narapool	Managing Director
Mr. Chalerm Kietitanabumroong	President (Operation) and Chief Operation Officer
Mr. Wit Tantiworawong	Senior Executive Vice President and Chief Finance Officer
Mr. Abdul Chuvanichanon	Senior Executive Vice President
Mr. Watcharin Kasinrerk	Senior Executive Vice President
Mr. Chokchai Walitwarangkoon	Senior Executive Vice President

Company Secretary

The Board of Director appointed Mr. Nantawat Pipatwongkasem, a director with appropriate knowledge, qualifications and experience, as a 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.

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 Nomination and Compensation Committee also considers and screens the packages for the Board of Directors to consider an approval. Factors which shall be take into account are area of suitability, as well as the size, business expansion and profit growth of the Company. Its compensation is at the same level in the similar 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 2016 and 2017 are as follows

Name	Position	2016		2017	
		Meeting attendance rate %	Compensation (million Baht)	Meeting attendance rate %	Compensation (million Baht)
1. Mr. Anant Asavabhokhin *	Chairman of the Executive Board	100%	3.16	50%	2.85
2. Mr. Naporn Sunthornchitcharoen **	Chairman of the Executive Board	89%	1.58	100%	2.16
3. Mr. Pakhawat Kovithvathanaphong	Director, Chairman of the Audit Committee, independent director	100%	2.05	83%	2.24
4. Mr. Chalerm Kietitanabumroong	Director, Executive Director, member of the Risk Management and Sustainable Development Committee	100%	1.58	100%	1.86
5. Mr. Adisorn Thananan-narapool	Director, Executive Director, member of the Nomination and Compensation Committee	100%	1.58	100%	1.86
6. Mr. Nantawat Pipatwongkasem	Director and company Secretary, member of the Risk Management and Sustainable Development Committee	100%	1.58	100%	1.86
7. Mr. Wisanu Subsompon	Director, member of the Audit Committee, independent director, member of the Nomination and Compensation Committee, Chairman of the Risk Management and Sustainable Development Committee (resigned May 1, 2016)	100%	1.25	-	-
8. Mr. Piphob Veeraphong	Director, member of the Audit Committee, independent director, Chairman of the Nomination and Compensation Committee	100%	2.08	83%	2.21
9. Mr. Bundit Pitaksit	Director, member of the Audit Committee, independent director, Chairman of the Risk Management and Sustainable Development Committee, member of the Nomination and Compensation Committee	89%	1.98	100%	2.30
Total			16.84		17.34

* Mr. Anant Asavabhokhin resigned from Chairman and Chief Executive Officer Since May 22, 2017

** Mr. Naporn Sunthornchitcharoen was appointed Chairman and Chief Executive Officer on August 11, 2017

The details of directors' compensation by category in 2017 are as follows:

(Baht)

Position	Name	Bonus		Total
		Annual Pay	Bonus	
Audit / independent directors	1. Mr. Pakhawat Kovithvathanaphong	720,000	1,140,000	1,860,000
	2. Mr. Piphob Veeraphong	720,000	1,140,000	1,860,000
	3. Mr. Bundit Pitaksit	720,000	1,140,000	1,860,000
Executive Directors	1. Mr. Anant Asavabhokhin	568,000	2,280,000	2,848,000
	2. Mr. Naporn Sunthornchitcharoen	1,020,000	1,140,000	2,040,000
	3. Mr. Adisorn Thananan-narapool	720,000	1,140,000	1,860,000
	4. Mr. Chalerm Kietitanabumroong	720,000	1,140,000	1,860,000
	5. Mr. Nantawat Pipatwongkasem	720,000	1,140,000	1,860,000
Total				16,168,000

Meeting allowances (unit: baht)

Name	Meeting Allowances				Total
	Board of Directors	Audit Committee	Nomination and Compensation Committee	Risk Management and Sustainable Development Committee	
1. Mr. Pakhawat Kovithathanaphong	180,000	200,000	N/A	N/A	380,000
2. Mr. Piphob Veeraphong	150,000	120,000	80,000	N/A	350,000
3. Mr. Bundit Pitaksit	180,000	150,000	30,000	80,000	440,000
Total	510,000	470,000	110,000	80,000	1,170,000

- Executive compensation in the form of salaries and bonuses linked to the operating results of the Company and individual job evaluation in 2016 and 2017. The compensation for the Executive for the year 2016-2017 in forms of salary, bonus and other allowances are as follows:

	2016		2017	
	Number of Executives	Total Amount (Million Baht)	Number of Executives	Total Amount (Million Baht)
Salary	11	91.31	7	68.86
Bonus*	11	81.26	7	86.24
Total	11	172.57	7	155.10

Note * Bonus are paid in January, 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 2-7% of their monthly salaries while Company matches the contribution at the rate of 5-7%. The registered fund is managed by a licensed fund manager in compliance with the Act on Provident Funds B.E. 2542 (1999). In 2017, the Company contributed 2.5 million baht to the portion owned by the 7 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

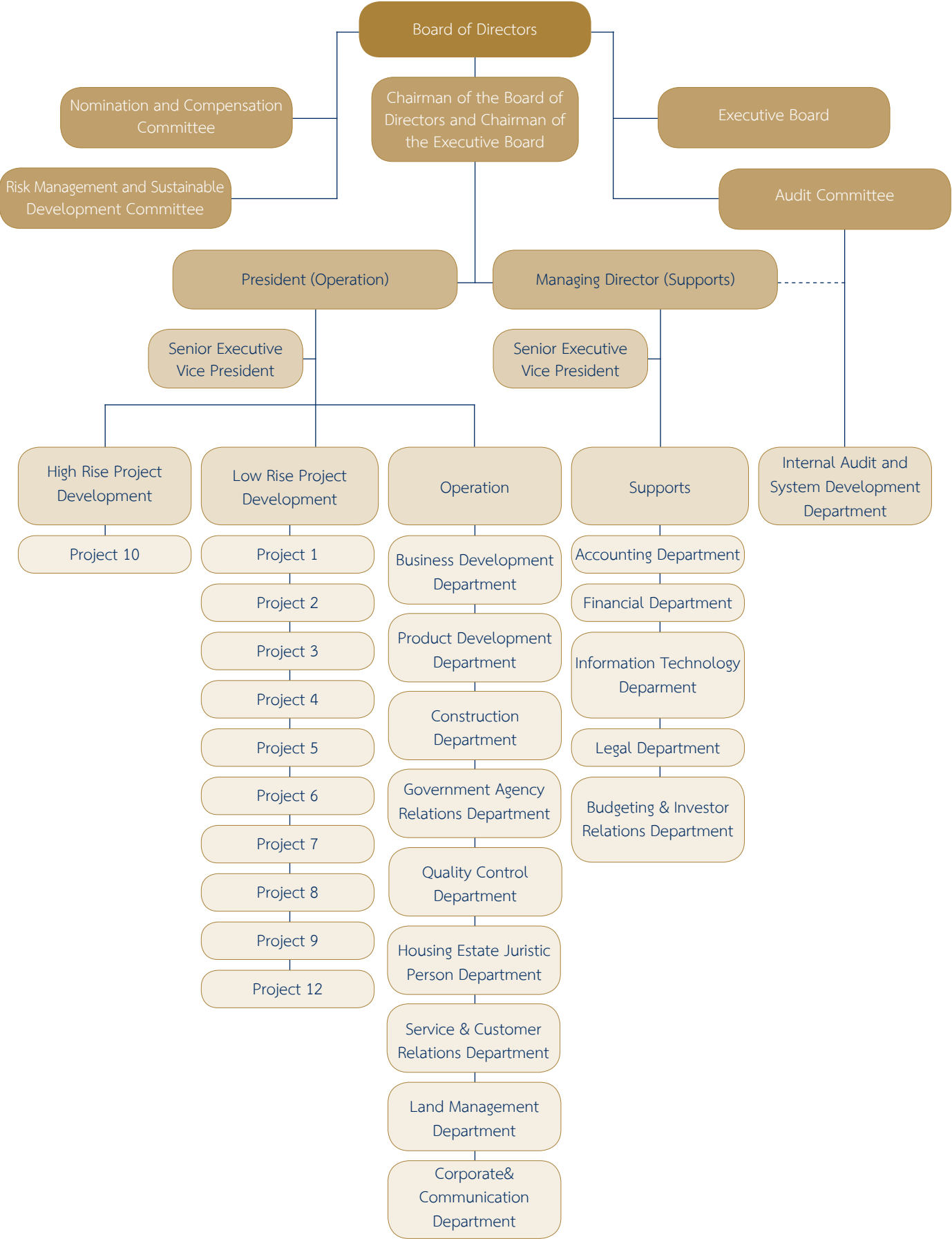
Human resources (as of December 31, 2017)

• Total number of employees	781
Number of employees in each line	
Management	7
Operations	665
Support	109

- Total compensation and types of compensation
 - Salary, bonuses and other compensation in 2017 totaled 1,225 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 684
- Divided by company
- | | |
|---------------------------------|-----|
| L H Muang Mai Co. Ltd. | 27 |
| LAND AND HOUSES U.S.A., INC. | 6 |
| L H Mall and Hotel Co., Ltd. | 99 |
| L&H Hotel Management Co., Ltd. | 403 |
| L&H Retail Management Co., Ltd. | 104 |
| L&H Management Co., Ltd. | 45 |

Management Structure

Organization Structure as of December 31, 2017



Board of Directors

MR. NAPORN SUNTHORNCHITCHAROEN Age 59 years	
Position	
<ul style="list-style-type: none"> Chairman of the Board of Directors Chairman of the Executive Board Director and authorized signatory 	
Appointed Date 12 December 1992	
Education	
<ul style="list-style-type: none"> 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 Programe (SEP), Graduate School of Business, Stanford University 	
% of Shareholding as 31-Dec-16	
<ul style="list-style-type: none"> 0.23 	
Relationship	
-	
Working Experience	
Listed Company	
August 17-Present	Chairman of the Board of Directors Chairman of the Executive Board Land and Houses PCL. (Real Estate)
May 13-August 17	President Land and Houses PCL. (Real Estate)
June 17-Present	Director Quality 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 64 years	
Position	
<ul style="list-style-type: none"> President Executive Board Director and authorized signatory 	
Appointed Date 12 December 1992	
Education	
<ul style="list-style-type: none"> 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-16	
<ul style="list-style-type: none"> 0.08 	
Relationship	
-	
Working Experience	
Listed Company	
August 17-Present	President (Operation), Director&Executive Director Land and Houses PCL. (Real Estate)
May 13-August 17	Senior Executive Vice President&Chief Operation Officer Land and Houses PCL. (Real Estate)
2014-Present	Risk Management and Sustainable Development 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)
2001-Present	Director LH Muang Mai Co.,Ltd. (Real Estate)
2004-Presentsh	Director L H Realestate Co.,Ltd. (Real Estate)
2004-Present	Director LH Asset Co.,Ltd. (Real Estate)

MR. ADISORN THANANAN-NARAPOOL Age 63 years**Position**

- Managing Director
- Executive Board
- 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-16

- 0.70

Relationship

-

Working Experience**Listed Company**

May 13-Present	Managing Director (Support), Director&Executive Director, Secretary of Nomination and Compensation Committee 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

1991-Present	Director LH Mall & Hotel Co.,Ltd. (Real Estate for Lease Business)
2001-Present	Director LH Muang Mai Co.,Ltd. (Real Estate)
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)
2005-Present	Director L&H Property Co., Ltd. (Real Estate)
2012-Present	Director Land And Houses U.S.A.,INC. (Real Estate)

MR. NANTAWAT PIPATWONGKASEM Age 58 years**Position**

- Executive Vice President
- The Member of The Risk Management and Sustainable Development 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-16

- 0.000

Relationship

-

Working Experience**Listed Company**

Sep 17-Present	Executive Vice President Land and Houses PCL.
1992-Aug 17	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 and Sustainable Development 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 68 years**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 by Thai Institute Of Directors (IOD)
- 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-16

- 0.001

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	Director and Chairman of Corporate Startegy Committee 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

PROFESSOR PIPHOB VERAPHONG Age 55 years**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, Haward University
- Bachelor of Law (Honors), Chulalongkorn University
- Barrister - at - Law
- Director Accreditation Program by Thai Institute Of Directors (IOD)
- Director Certification Program DCP 238/2017 by Thai Institute of Directors (IOD)

% of Shareholding as 31-Dec-16

-

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. (Real Estate)
1998-2002	Partner Linklatrs, Bangkok (Real Estate)

MR. BANDIT PITAKSIT Age 52 years**Position**

- Independent Director
- Chairman of Risk Management and Sustainable Development Committee

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
- Director Certification Program DCP 237/2017 by Thai Institute of Directors (IOD)

% of Shareholding as 31-Dec-16

-

Relationship

-

Working Experience**Listed Company**

Present	Chairman of Risk Management and Sustainable Development Committee Land and Houses PCL. (Real Estate)
Mar 2017-Present	Member of Nominating and Committee Land and Houses PCL. (Real Estate)
2015-Present	Independent Director, Member of Audit Committee Land and Houses PCL. (Real Estate)

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 59 years**Position**

- Senior Executive Director
- Executive Board

Appointed Date 01 September 2017**Education**

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

% of Shareholding as 31-Dec-16

- 0.013

Relationship

-

Working Experience**Listed Company**

Sep 17-Present	Senior Executive Director Land and Houses PCL. (Real Estate)
May 13-Aug 17	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. ADUL CHUVANICHANON Age 62 years**Position**

- Senior Executive Vice President
- Executive Board

Appointed Date 01 September 2017**Education**

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

% of Shareholding as 31-Dec-16

- 0.009

Relationship

-

Working Experience**Listed Company**

Sep 17-Present	Senior Executive Vice President Land and Houses PCL. (Real Estate)
Jan 14-Aug 17	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 KASINRERK Age 56 years**Position**

- Senior Executive Vice President
- Senior Executive Board

Appointed Date 01 September 2017**Education**

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

% of Shareholding as 31-Dec-16

-

Relationship

-

Working Experience**Listed Company**

Sep 17-Present	Senior Executive Vice President Land and Houses PCL. (Real Estate)
2015 - Aug 17	Executive Vice President Land and Houses PCL. (Real Estate)
2013-2014	Senior Vice President Project 2 Land and Houses PCL. (Real Estate)

MR. CHOKCHAI WALITWARANGKON Age 55 years**Position**

- Senior Executive Vice President
- Executive Board

Appointed Date 01 September 2017**Education**

- Bachelor of Business Administration (Marketing), Chulalongkorn University

% of Shareholding as 31-Dec-16

- 0.000

Relationship

-

Working Experience**Listed Company**

Sep 17-Present	Senior Executive Vice President Land and Houses PCL. (Real Estate)
2015 - Aug 17	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 58 years**Position**

- Executive Vice President

Appointed Date 01 September 2017**Education**

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

% of Shareholding as 31-Dec-16

- 0.009

Relationship

-

Working Experience**Listed Company**

Sep 17 - Present	Executive Vice President Land and Houses PCL. (Real Estate)
2013 - Aug 17	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 58 years	
Position	
<ul style="list-style-type: none"> Vice President Finance Department 	
Appointed Date 22 January 2014	
Education	
<ul style="list-style-type: none"> Bachelor of Communication Arts Sukhothai Thammathirat Open University 	
% of Shareholding as 31-Dec-16	
-	
Relationship	
-	
Working Experience	
Listed Company	
2014-Present	Vice President Finance Department Land and Houses PCL. (Real Estate)
2002-2013	Assistant Vice President Finance Department Land and Houses PCL. (Real Estate)

Shareholdings of directors and executives (2017)

Rank	Name	Position	Number of shares held as of 31/12/2016	Number of shares held as of 31/12/2017	Change	% shareholding	Appointment Date
1	Mr. Naporn Sunthornchitcharoen Spouse and minor children	Chairman of the Executive Board	27,487,859	27,487,859	-	0.23	12/12/1992
2	Mr. Adisorn Thananan-narapool Spouse and minor children	Managing Director	83,233,106	83,233,106	-	0.71	12/12/1992
3	Mr. Chalerm Kietitanabumroong Spouse and minor children	President	9,048,030	9,048,030	-	0.08	12/12/1992
4	Mr. Nantawat Pipatwongkasem Spouse and minor children	Director and Secretary	12,099	12,099	-	0.00	12/12/1992
5	Mr. Pakhawat Kovithvathanaphong Spouse and minor children	Independent Director	152,998	163,597	10,599	0.00	3/12/1999
6	Mr.Piphob Veraphong Spouse and minor children	Independent Director	-	-	-	-	29/4/2015
7	Mr. Bandit Pitaksit Spouse and minor children	Independent Director	-	-	-	-	29/4/2015
8	Mr. Wit Tantiworawong Spouse and minor children	Senior Executive Vice President	1,477,101	1,527,118	50,017	0.01	1/9/2017
9	Mr. Adul Chuvanichanon Spouse and minor children	Senior Executive Vice President	1,055,136	1,055,136	-	0.01	1/9/2017
10	Mr. Watcharin Kasinrerak Spouse and minor children	Senior Executive Vice President	-	-	-	-	1/9/2017
11	Mr. Chokchai Walitwarangkoon Spouse and minor children	Senior Executive Vice President	795	954	159	0.00	1/9/2017
12	Mr. Teera Benjasilarak Spouse and minor children	Executive Vice President Accounting Department	1,160,417	1,110,417	(50,000)	0.01	1/9/2017
13	Mr. Visit Tantichaipakorn Spouse and minor children	Vice President, Financial Department	-	-	-	-	22/1/2014

Report Of The Nomination And Compensation Committee

To 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
2. Mr. Bandit Pitaksit Member of Nomination and Compensation Committee.
(Be appointed on 1 March 2017)
3. Mr. Adisorn Thananan-narapool Member of Nomination and Compensation Committee.

The Nomination and Compensation Committee has performed its duties and responsibilities, which was defined in the Charter of the Nomination and Compensation Committee, as assigned by the Board of Directors.

In 2017, 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 retired by rotation.
2. To consider and allocate bonus to directors.
3. To determine and fix remuneration for directors.
4. To review salary increase and bonus to the Chairman of Executive Committee.
5. To consider and approve the amendment of Nomination and Compensation Committee Charter.

Yours sincerely,



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

Corporate Governance

1. Policy

The Board of Directors is committed to manage the organization efficiently to achieve its objectives. With our strongly believes that the good corporate governance will elevate the company's operating performance to grow sustainably and is also the significant key to success in order to obtain the maximize value for its shareholders. Therefore, the Board of Directors shall strictly keep the company's 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 implemented in the Company which shall enhance the Company's assurances that the business can compete efficiently and effectively under the business ethics, abide with the international standards and laws by perform in compliance with the Code of Good Corporate Governance of the Stock Exchange of Thailand And regulations of the Securities and Exchange Commission.

Results

Throughout the year 2017, the Company has mainly performed in comply with the good governance principles, except the cases with regarding to the following issues :

(1) The policies on limitation of the number of listed companies which each director shall hold a position and the policies in holding position of director in other companies of the Managing Director. Since the Managing Director and each directors have very well performed their duties and can help in develop the Company. Hence to set the condition in their position may cause the Company to lose or incur opportunity loss to get the competent and qualified person to become Company's director. However, the Board of Directors will review the performance, knowledge and qualifications of each director regularly 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 its business so it can achieve its goals. However, the Company adheres to good corporate 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 of Directors.

(3) The policy on setting a minimum 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 2017 and in previous years.

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

2. Subcommittees

The Board of Directors have appointed 4 subcommittees which are the Audit Committee, the Nominating and Compensation Committee, the Risk Management and Sustainable Development Committee and the Executive Board Committee

(a) Audit Committee

The Audit Committee comprises of 3 company independent directors all of whom are independent and have all the required knowledge and qualifications as stipulated by the Securities and Exchange Commission and the Stock Exchange of Thailand. All members are independent directors, in possession of extensive knowledge and working experiences. Especially Mr. Pakhawat Kovithathanapong has the great knowledge and competency required to review the creditability of the financial statements with background of education and working experience in the accounting and financial areas. The names and the detailed records of the meeting attendance of the Audit Committee in 2015, 2016 and 2017 are as follows :

Name	Position	Numbers of attended meetings / all meetings		
		2015	2016	2017
1. Mr. Pratip Wongnirund	Chairman of the Audit Committee (resigned on April 23, 2015)	1/1	-	-
2. Mr. Pakhawat Kovithvathanapong	Chairman of the Audit Committee	6/6	6/6	5/6
3. Mr. Waisanu Subsompon	Member of the Audit Committee (resigned on May 1, 2016)	5/5	1/1	-
4. Mr. Piphob Veeraphong	Member of the Audit Committee	3/4	6/6	5/6
5. Mr. Bundit Pitaksit	Member of the Audit Committtee (appointed on May 12, 2016)	-	4/4	6/6
Total Number of meetings for the year		6	6	6

Mr. Pornchai Ketkhajornvirach, Internal Audit and System Development Department Senior Vice President, 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 the accuracy and adequate disclosure
2. Review the Company's internal control and audit system to ensure suitability and its effectiveness
3. Review the operations of the Company to ensure the compliance with the laws / regulations on securities and the stock exchange or other regulations which are relating to the Company's businesses
4. Approve the appointment, transfer, employment and termination of the Internal Audit and System Development vice president
5. Screen, nominate, reinstate and terminate the employment of external auditors including the consideration of their compensation
6. Determine proper and adequate disclosure of the Company's information with regard to the connected transactions or such case of potential conflicts of interests to ensure its comprehensiveness and accuracy as required by related regulations
7. Consider and review operational 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 implement to mitigate such risks.
11. Prepare reports on the activities of the Audit Committee and include them in the Company's annual reports, such report should be signed by the Chairman of the Audit Committee
12. Perform other duties as assigned by the Board of Directors and which has been 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 detailed records of the meeting-attendance of Nominating and Compensation Committee for the year 2015, 2016 and 2017 are as follows

Name	Position	Numbers of attended meetings / all meetings		
		2015	2016	2017
1. Mr. Piphob Veeraphong	Chairman of the Nominating and Compensation Committee	0/1	2/2	2/2
2. Mr.Pakhawat Kovithvathanapong	Chairman of the Nominating and Compensation Committee (resigned on May 12, 2015)	1/1	-	-
3. Mr.Adisorn Thananan-narapool	Member of the Nominating and Compensation Committee	2/2	2/2	2/2
4. Mr. Wisanu Subsompon	Member of the Nominating and Compensation Committee (resigned on May 12, 2016)	1/1	1/1	-
5. Mr. Bundit Pitaksit*	Member of the Nominating and Compensation Committee	-	-	1/1
Total Number of meetings for the year		2	2	2

* Mr. Bundit Pitaksit was appointed to be member of the Nominating and Compensation Committee on March 1, 2017

Mr. Adisorn Thananan-narapool, a board Director and Executive Director, is the Secretary to the Nominating and Compensation Committee.

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 propose to the Board of Directors for approval.
2. Search for persons with appropriate qualification and can provide valuable benefits to the business to replace the directors whose terms are expiring or to fill in the vacant positions and to propose to the Board of Directors for approval including the seek for approvals from the shareholders
3. Determine the compensation as necessary and appropriate, both in form of cash and non-cash rewards, for the directors and high-level executives based on their duties, responsibilities and performances.
4. Report the minutes / results of meetings which are significant and beneficial to the company to the Board of Directors
5. Provide examination or answers to the questions in case of suspicions regarding the Company's policy on the nomination and remuneration of the Company's directors, sub-committees and high-level executives at a shareholders' meeting.
6. Perform any other duties as assigned by the Board of Directors relating to significant nominations and compensations.

(c) Risk Management and Sustainable Development Committee

The Board of Directors passed a resolution at its 3/2013 meeting on May 13, 2013 to appoint 3 persons to the Risk Management Committee and at its 6/2017 meeting on December 18, 2017, the Board of Directors has delegated additional duties and responsibilities to the Risk management and Sustainable Development Committee by assigned them to function and responsible for the sustainable development of the Company. The Board of Directors is aware of the importance of the meeting attendance in year 2015, 2016 and 2017 are as follow :

Name	Position	Numbers of attended meetings / all meetings		
		2015	2016	2017
1. Mr. Wisanu Subsompon	Chairman of the Risk Management Committee (resigned on May 1, 2016)	2/2	1/1	-
2. Mr. Chalerm Kietitanabumroong	Member of the Risk Management and Sustainable Development Committee	2/2	2/2	2/2
3. Mr. Nantawat Pipatwongkasem	Member of the Risk Management and Sustainable Development Committee	2/2	2/2	2/2
4. Mr. Bundit Pitaksit	Chairman of the Risk Management and Sustainable Development Committee (was appointed on December 1, 2016)	-	1/1	2/2
Total Number of meetings for the year		2	2	2

Scope of duties and responsible of Risk Management and Sustainable Development Committee

1. Consider the risk management policies, guidelines and framework to be proposed to the Board of Directors for approval.
2. Study and assess the potential risks which may incur, provide suggestions on how to protect and to mitigate the risk to an acceptable level. Monitor, assess, evaluate and improve operational plan to ensure that the risks are adequately and properly managed.
3. Promote and support the improvement and development of the Company's internal risk management system consistently and uninterruptedly
4. Communicate and exchange information and co-ordinate on all issues related to risks and internal control to the Audit Committee at least once a year.
5. Report all the meeting results which are significant and benefit to the company to the Board of Directors
6. Perform other duties related to significant risk management which assigned by the Board of Directors

(d) Executive Board

The Executive Board consists of 4 directors whose names and details of meeting attendance records in 2015, 2016 and 2017 are as follows :

Name	Position	Numbers of attended meetings / all meetings		
		2015	2016	2017
1. Mr. Anant Asavabhokhin *	President	12/12	12/12	4/5
2. Mr. Naporn Sunthornchitcharoen **	President	12/12	12/12	11/11
3. Mr. Adisorn Thananan-narapool	Executive Director	12/12	12/12	11/11
4. Mr. Wit Tantiworawong	Executive Director	11/12	12/12	11/11
5. Mr. Soong Hee Sang	Executive Director (resigned on Feb 24, 2015)	0/1	-	-
6. Mr. Chalerm Kietitanabumroong ***	Executive Director	-	-	4/4
Total number of meetings		12	12	11

* Mr. Anant Asavabhokhin resigned from the President, Chairman of the Board of Directors and Chairman of the Executive Committee on May 22, 2017

** Mr. Naporn Sunthornchitcharoen was appointed President, Chairman of the Board of Directors and Chairman of the Executive Committee on August 11, 2017

*** Mr. Chalerm Kietitanabumroong was appointed Executive Director on August 11, 2017

Scope of authority and duties of the Executive Board

The Executive Board, which includes the chief executive officer, handles all management in relation to normal business operation. Any other transaction which constitutes or may potentially constitute 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 of such transactions

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. The Board also monitors and supervises the administration and the management of the Executive Board to ensure that the compliance with assigned policies which the Executive Board shall comply with the policies, work plans and budgets approved by the Board of Directors

In Case of any significant decision makings such as land acquisitions, project development and investment, the Executive Board shall propose the details to the Board of Directors to seek for the approval on a case-by-case basis.

As for the delegation of financial authority regarding the normal business operations of the Company, the authorized Directors as the Company's Signatory is Mr. Adisorn Thananan-narapool or Mr. Naporn Sunthornchitcharoen or Mr. Nantawat Pipatwongkasem or Mr. Chalerm Kietitanabumroong, any one of them may sign to bind the Company, provided that the approved transaction shall not constitute a conflict of interest with himself or other persons who 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 is responsible for selecting and screening qualified individuals or candidates to be nominated to serve as directors and top level executives based on the suitability on their skills, knowledge, competency, acceptable experiences, transparent career records, maturity and stability. In addition, they should also have appropriate qualifications in line with the Company's Articles of Association and also with the business strategies as well as required necessary skills to enhance the strengths and effectiveness of the Board of Directors, to ensure the process to diversity acquisition of the professional directors by taking into account the structure, size and composite of the board. The Nominating and Compensation Committee shall allow the directors and shareholders to participate in proposing qualified candidates in line with the criteria and selection method of the Company.

(a) Independent directors

The Company redefined the definition of " 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 for the purpose to help bolster confidence among investors and to maintain a good management balance.

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

- 1) Is a person who holds shares not exceeding 1 percent of all voting shares in the Company, its subsidiaries or associated companies
- 2) Does not involve in the management, is not a staff or an employee or an advisor who receives regular salary or a professional provider such as auditor, legal advisor or other professional which may cause the restrict in his expression of opinions to the Company, its subsidiaries are associated companies or is the person who may have control over the Company, its subsidiaries and associated companies, or is not a person who may have conflict of interest and must 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 who may have conflicts of interest.
- 4) Is not a close relative with any members of any executives or majority shareholder of the Company, its subsidiaries or associated companies or any other person who may have conflicts of interest and has not been appointed their nominee to protect the interest of directors or majority shareholders.

- 5) Is not appointed as a nominee to protect the interest of any director, majority shareholder or other shareholder who is related to such majority shareholder of the Company.
- 6) Capable to perform his duties and express his opinions or report the operating results as be assigned by the Board of Directors independently without being under the control by any executive or majority shareholder including those others who are his related persons or close relatives

(b) Selection of Directors and top executives

Criteria and procedure to select the candidates for the director

- 1) The company shall allow one or more shareholders which together hold shares in combined not less than 0.1% of the Company's paid-up capital to propose the eligible candidates for director through the Company's website or by written 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) The majority shareholders may propose the appropriate candidates for director to the Nominating and Compensation Committee
 - 3) The Nominating and Compensation Committee will consider all details and then submit the names of suitable director candidates to the Board of Directors which will subsequently propose to a shareholders' meeting.
 - 4) The shareholders' meeting shall elect the directors by using a majority vote based on the following criteria and methods:
 - 4.1) One share is entitled to one vote
 - 4.2) Shareholders can vote to elect the candidates proposed to be nominated directors one by one
 - 4.3) The candidates who received the most votes in descending order will be elected to be directors to the number required. In case there is a tie in the last to be elected and this exceeds the required numbers of directors, the Chairman of the meeting shall have an additional casting vote.
 - 5) At each annual ordinary shareholders' meeting, one-third of the total number of directors shall retire by rotation. If the numbers of directors which should have to retire is not a multiple of three, the closest number to one-third shall apply. The procedure for the selection of their substitutes shall be according to (1) - (4))
- For directors who were to retire in the first and second year after the Company reigistration, a draw was held to select the directors who would retire. After the first two years, for each subsequent year, the longest-serving directors shall resigned. The directors who retire by rotation may be re-elected to resume the position.

Selection of top executives

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

(c) Number of directors from majority shareholders

Four directors came from majority shareholders comprises of 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 nomination and vote the rights to appoint the directors of the Company's subsidiaries and associated companies must be executed by the management and must be approved by the Board of Director. The appointed directors of the subsidiaries or associated companies shall perform their duties for the maximum benefit of the subsidiaries and associated companies.

The Company shall supervise its subsidiaries to ensure the comprehensive disclosures of their financial positions and operating results, their report on connected transactions, asset acquisitions and disposals, or other important transactions. Such regulations on connected transactions and the disclosures will be in accordance with the Company's principle. This will also include the Company's supervision to ensure the maintain of accurate, complete data and accounting records for auditing and also to collect all required information duly in time for financial statement consolidation .

5. Supervision on the use of inside information

The Company has a clear policy regarding the appropriate use of power through several channels such as good corporate governance, corporate ethics, announcements from the Security and Exchange Commission and other related agencies, internal communication, corporate culture, etc. to enhance every levels of employees to recognize the importance of equal treatment of shareholders without exploiting benefits from insider information.

(a) Reporting of Shareholding

The Company has set a measure to prevent the exploit of insider information by its directors and executives for their own personal benefits. All of them are informed of their duty to report the holdings of the Company's shares by themselves, by their spouses including by their children underage. They have also been acknowledged to prepare the report regarding changes in their share holdings for every buy, sell, transfer or accept the transferred shares which has to be done within 3 days after such transaction date according to the regulations set by the Security and Exchange Commission, including to submit the copies to the Company Secretary to compile and submit to every Board of Directors meeting, of which an agenda is set to acknowledge the report on securities holdings.

(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, which involve in 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, and have to resubmitted every time the changes occur within the same period of time, 30 days. The Company Secretary shall send copies of such documents to the Chairman of the Executive Board and Chairman of the Audit Committee in compliance with the regulations of the Securities and Exchange Committee and the Stock Exchange of Thailand.

6. Auditor's Compensation

6.1 Audit Fee: In year 2017, the Company has made the following payments to EY Co., Ltd

Audit fee of the Company	1,700,000 Baht
Audit fee of subsidiaries	2,730,000 Baht
Total	4,430,000 Baht

6.2 Non-audit Fee: In year 2017 - None

Each year, the Company invites audit companies to make offers for their services and price comparisons. The Company hires independent auditors which are independent and possess the acceptable qualification to be the Company's auditors. These auditors must also be approved by the Securities and Exchange Commission and be rotated every 5 years to comply in line with the SEC's regulations .

7. Compliance with good governance principles which is classified in 5 areas

(a) Shareholders' rights

Before the meeting date

The Company recognizes and values the rights of its shareholders so it has strived to encourage and protect them to exercise their fundamental rights, including to facilitate them to exercise their rights that they are entitled

to indiscriminately equally such as adequate access to information, opportunities to propose the agenda and nominate candidates for the selection to be directors including the way to send the questions prior to the meeting, the exercise of voting rights on significant issues and the approval of dividend payment. The Company shall refrain from any action that may violate or restrict shareholders' rights. In addition, the Company shall encourage their shareholders, particularly institutional investors, to attend the shareholders' meetings through the coordination with the Company's investors' relation unit.

The Company also recognizes and values the rights of its shareholders so it determines to support and protect them to exercise their fundamental rights including to facilitate them to exercise their rights for entitled and treated equally, such as adequate access to information, to provide the opportunity for them to propose the agenda, to nominate the candidates for directors including the method to submit the questions prior to the meeting, the voting method in significant issues and to approve the dividend payment.

In 2017, the Company held one shareholders' meeting, which was the 2017 annual general shareholders' meeting at 1.30 p.m. on April 27, 2017. The Company posted the invitation letter, enclosed with the documents related to each agenda item, on its website at www.lh.co.th 30 days prior to the meeting date so that the shareholders had adequate time to study the information on each agenda before receiving hard copies of the same documents by mail. The information which made available on the website was the same information that was sent to the shareholders in hard copies. The Company had sent the invitation letter and related documents 21 days prior to the meeting date which included details of each agenda and related information, as well as the opinions of the Board of Directors, voting methods and details of required documents shareholders needed to bring with them on the meeting date. In case where any shareholders were unable to attend the meeting, the Company provided an alternative for them by sending the Proxy forms which were approved by Ministry of Commerce, together with the biographies of the independent directors which the Company had arranged to represent them at the meeting so that those shareholders who could not attend the meeting could authorize anyone or the independent directors to be their proxy .

On the meeting date

The Company recognizes the importance of the shareholder's meetings, thus the meeting was held at the most convenient place and time for shareholders including appropriate and ample time, therefore the Company held the meeting at its office on the fourth floor of Q-House Lumpini, at 1 South Satorn Road, Thung Mahamek sub-district, Sathon district, Bangkok, which is closed to 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 arranged for the shareholders to register at least one hour in advance and assigned registration officials to provide convenience for the attending shareholders and proxies by the registration software which can search the shareholders by names, family names or identification number which could speed up the process. The shareholders then would receive a voting ballot for each agenda and the vote counting was done electronically by using barcode readers on the ballots, thus making the vote-counting accurate and faster whereas the shareholders could view the result of each agenda immediately after the votes were cast.

At the shareholders' meeting, the Chairman acted as the chairman of the meeting and the chairmen of sub-committees and directors also attended the meeting. Before the meeting started, the secretary of the meeting then explained the voting method, vote-counting procedure, use of ballot and the disclosure of the vote-counting result for each agenda to ensure transparency. The shareholders were also given an equal opportunity to express their opinions and proposals and to ask questions which the Chairman then answered the questions and provided adequate information and ample time for the debates in each agenda.

After the meeting

Annual general shareholders' meeting, there was 1,094 shareholders and proxies attended the meeting representing 6,588,818,601 shares or equaled to 55.40% which was more than one-third of the total shares of 11,893,544,146 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. Pakhawat Kovithvathanaphong | Independent Director and Chairman of Audit Director |
| 3. Mr. Piphob Veeraphong | Independent Director, Audit Director and
Chairman of Nominating and Compensation Committee |
| 4. Mr. Bundit Pitaksit | Independent Director, Audit Director, Chairman of
Risk Management and Sustainable Development
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 and Sustainable Development Committee Director |
| 8. Mr. Nantawat Pipatwongkasem | Director, Risk Management and Sustainable Development
Committee Director, and Secretary to the Board of Directors |

The Company also invited Ms Roongnapa Lertsuwannakul, the auditor from EY Co. Ltd. who was the Company's auditor to attend the meeting.

As for the minutes of the meeting, the Company has 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 of the meeting including the voting cast 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. The minutes were also made available both in Thai and English at the Company's website : www.lh.co.th so that the shareholders could promptly access them without having to wait until the next meeting. The minutes would be proposed for endorsement at the next shareholders' meeting.

(b) Equitable 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 shareholders whose rights are prone to be violated thus should have a chance to be compensated. As a result, the Company resolved to adopt the following measures:

1. At shareholders' meetings, each agenda will be strictly followed in the order as published in the invitation letters. The Company shall not add any agenda without informing shareholders in advance. This measure is to ensure that all shareholders have enough time to study relevant information of each agenda before making their decisions.

2. The Board of Directors resolved to give minority shareholders a chance to propose agenda in advance. The resolution was notified on the Company's website at www.lh.co.th and that of the Stock Exchange of Thailand, including the procedure to propose an agenda and clear criteria for the consideration of the agenda. The Company's independent directors will consider and screen the proposed agenda before submitting them to the Board of Directors. The agenda which have been approved by the Board of Directors shall be included in the next meeting's agenda. For the proposed agenda which have not been approved by the Board of the Directors, the Company will notify the shareholders with the rationale on the Company's website.

3. The Board of Directors resolved to allow shareholders to nominate the candidates for directors, such candidates must meet all the qualifications laid down by the Company and must give their consent to the nominations. The Nominating and Compensation Committee will then proceed according to the procedures to nominate, to screen and select the proposed candidates to submit 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 on the election of directors at the following meeting. For those proposed candidates who were not approved by the Board of Directors, the Company will notify the shareholders together with rationale on its website or through other appropriate communication channels. In 2017, no shareholder had proposed an additional agenda or nominate any director.

4. The Company shall propose the names of all of its independent directors as a choice for proxies. Shareholders may choose to authorize any one of them to represent them at the meetings. The proxy forms are also in line with the Ministry

of Commerce's guidelines, with the formats that allow the shareholders to dictate the directions of their votes. This measure is to encourage the shareholders to exercise their rights to attend the meetings and vote on each agenda .

5. The Company promotes the use of ballots for all agenda by printing them separately for each major issue therefore the shareholders can vote as they deem appropriate. The ballots 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 announcement of the results of the votes at the meeting.

6. The Company allows the shareholders to exercise their right to elect directors individually to replace those who vacate office by rotation.

7. The Company has set the measures to prevent the use of inside information for benefit of directors and executives. They are required to submit reports on their conflicts of interest and those of their related parties, as well as their shareholdings and those of their spouses and children underage, including a report every time such shareholdings change via a purchase, sale or transfer of securities The details of such measures are detailed under the topic. "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 external stakeholders such as business partners, the public sector, partners, the society, communities including 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 established the framework on ethics and code of business conduct which is published on the Company's website and will refrain from committing any action which may violate the rights of its stakeholders which is a key contribution to its long-term success. The details are as follow:

- 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 defined according to their duties and responsibilities and in line with the labor market's mechanisms. It also matches with the Company's operating results, both short term and long term. Incentives are taken into consideration to encourage employees to perform duties to their full knowledge and capabilities. Their performance are evaluated by supervisors and a portion of the compensation will be 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 has set up a provident fund for its employees to which the employees voluntarily contribute at the rate of 2-7% of their monthly salaries and the Company voluntarily contribute at the rate of 5-7% of the monthly salaries. This registered provident fund is managed by a licensed fund manager, which 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

- Special deal discounts are provided 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 which the Human Resource Department and the Administration Department will verify their qualifications and calculate the discounts for them.

- Other forms of assistance and welfare are:

- 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 support for employees as deemed appropriate and up to situation
- Mental Development Program is held to improve the efficiency and pleasure in work place through meditation practice. It provides fundamental training for consciousness and spiritual exercise together with daily behavior practice both at work and at home. This project is provided to employees of all levels and is considered as a basic course for operation which was arranged twice a year.
- 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 for their dedication

The Company has set up the Welfare Committee to represent the employees for welfare negotiation with the Company. The committee acts as a intermediary to express the employees' demands and propose appropriate forms of benefits and welfare to the Company and also monitor the provision of the benefits and welfare which the Company has prepared for them.

Safety and sanitation in workplace

The Company emphasizes the importance of maintainance, improvement and development security and sanitation systems, as well as work environment, to ensure safety for life, health and property of the employees and for their good sanitation. The company also supports and promotes good culture and atmosphere at the workplace and is determined to develop human resources with knowledge and conscious mind about safety and sanitation by arrange the training courses on operational standards for construction supervision regularly held for site engineers and related staff. The Company also encouraged staff at all levels to learn and aware of security and work environment. Fire drills are held annually at the head office and access to offices is allowed only through finger-scanning. Annual physical checkup is also provided each year. In 2017, there was no work break from employee accidents.

Policy on human resource training and development

The Company is aware of the importance of its human resources on the Company's success. It also recognizes that in order to achieve its goals, the employees must be trained and developed systematically and continuously, and also recognized that it is not only the responsibility of the Company but also of every employees. The Company provides opportunities for its staff to learn and develop themselves for their personal growth, and at the same time, the employees must take their own responsibility for their own success by taking advantage of such opportunities from training and to develop themselves with sincere commitment. Thus, to ensure that the training and development program is carried out in a same direction with the company's management so as to accomplish the predetermined policy, the Company has set up the "Human Resource Development Center" to responsible for all necessary activities for such training and development. The Company also set the following policy guidelines as follow :

- 1) The Company regards human resources as the most valuable assets of all management resources. All employees will be trained and developed systematically and continually to have the knowledge, attitude and skill to perform tasks as needed to meet his job requirements so he can make progress in his career whereas the readiness of each employee is the key concerned.
- 2) The Company views that all expenses regarding the training and human resource development are the Company's investment in its personnel which is important for the efficient implementation to achieve core missions and operating objectives while keeping up timely with rapid change in modern technologies using in the operations.
- 3) The Company emphasizes the need of various training projects, both Line and Function programs,

at the supervisory and executive level, including Special & Supporting programs, to prepare their 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. Therefore it shall promote and support the organizing of trainings and seminars to solve any problems involving in the operations of each department and project groups.
- 5) The Company recognizes that all levels of supervisors shall play an important role in training and developing their subordinates through On-the-job training and/or Coaching. So when the Company evaluate these supervisors, their ability to help improve and develop their subordinates is also taken into consideration.
- 6) The Company shall support the 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. These activities show the Company's Social Responsibility which 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 including Company's welfare and benefits. Each year, a New Friends seminar is held so that the new employees shall have a chance to know their colleagues and executives, which will strengthen the relationship among the employees, help building corporate ties and allow them to learn how to work as a team.

In 2017, the Company still steadily supported skill and competency development by organizing training course at all levels — which include not only internal training, inviting experts to conduct training at the Company and sending employees to train outside the Company but also organizing overseas training and observation trips. These training enhanced the potential, knowledge and capabilities of the employees and develop the organization to sustainable success. In 2017, the Company provided an average of 16 hours of training per employee per year.

- Trading Partners

The Company has laid down its business ethics to be used as the guideline on appropriately treating to its trading partners. It selects trade partners indiscriminately and fairly based on corporate good governance. In the process of selecting trading and contract partners, the Company offers opportunities to every party to be carried out in a transparent, fairly, frankly and equitably by setting such criteria which take into account their qualifications, quality of work, experiences, business expertise, financial stability, past records & reputation, and the ability to deliver the jobs on schedule for the utmost benefits of the Company. The Company then always prepares clear agreements or contracts with its 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 goods procurement to improve convenience and speed the process while reducing paperwork. This helps the Company to be able to 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 which may potentially cause damages to its creditors. These practices have always created confidence among its creditors. Most loan agreements contain certain conditions and covenants such as the ratio of shareholding by majority shareholders, changes in the Board of Directors, debt guarantees or aval of promissory notes 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 highly determined to improve the quality of its products and services to meet acceptable standards. As a result, the Company set up a dedicated unit to serve as a customer contact center to receive and learn about the problems, suggestions, opinions and demands of its customers. Such 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 (2006-2013, the award ended in 2013) in a survey by Reader's Digest magazine, the awards that measure the satisfaction of customers in both Asia and Thailand. In addition, in 2017 the Company also won 2 significant awards which are AREA Real Estate Project Awards 2017 (Project : Mantana-Wongwaen Bangbon) and International Property Awards (Project : The Bangkok Thonglor). The details on this subject 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 any confidential information 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 its trade allies, the Company allows them to visit and observe its operations including the 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 business process, from product design, proper choice of materials and resources used, quality control, services, delivery time and product development for better quality of life. It also strictly complies with guidelines for minimizing impact on the Environment Impact Assessment reports and monitors the operation to be rigorously in compliance with the related law and regulation while manages the efficient use of resources. It also holds the projects and activities for communities continuously. Detail information on these issues can be found in "Social responsibility" under "Environmental Protection", "Participation in Community and Society 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 shall not support its employees to commit any act which may not violate intellectual property or copyright of others without authorization. The precaution was included as a company's guideline for employees in using computer networks and was also 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 petitions and complaint of rights violations or breaches of laws or ethics, recommendations and opinions, as well as reports of behaviors that may relate or link to 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 petition directly to the Chairman of the Audit Committee through the following channels

- E-mail : Auditcommittee@lh.co.th
- via Postal Mail addressed to "Chairman of the Audit committee, 1 Q House Lumpini, 37th-38th floors, South Satorn Road, Tung Mahamek, Satorn, Bangkok 10120".

For the case of employees, the Company provided a direct channel to inform the information directly to the Head of the Internal Audit Division or to Management Executives to submit the petition or report any suspicious malfeasance or when seeing any action that may not in accordance with business ethics which may affect them, other stakeholders and the Company. The Company effectively has procedures in place to deal with the tip-offs, to safeguard the informants, the process

to investigate the fact-finding to ensure the justice for all parties. Consideration will be established whether the case really involves wrongdoing or malpractice and, if so, at what level, so that the appropriate punishment may apply. A unit or team will be set up to investigate all facts and summarize the report to submit to the Audit Committee for further investigation.

The Company also set the guideline to protect the informants by strictly kept confidential their information and identities of them and only necessary particular information will be revealed to responsible parties, with precaution to safety and danger to the informers or related persons to assure them. The Audit Committee or the independent directors will be responsible for taking care of the petitions and then report to the Board of Directors.

(d) Disclosures and transparency

1. The Company awares of the importance of the adequacy, accuracy, inclusively, timely and transparency of disclosure, thus the Company publishes its important information both 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 also made available at the Company's website at www.lh.co.th which will be updated regularly to ensure that all interest parties can have timely and up-to-date news and information for their utmost benefits.

2. The financial statements which has 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 Report on the Board of Directors' responsibility for Financial Statements, along with the Audit Report, in the Annual Report starting from the 2006 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 "Management structure" and "Subcommittees" together with the report of the chairman of each committee disclosed.

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 as Chief Investor Relations Officer. It also set up an Investor Relations unit to represent the Company in communication with shareholders, investors and stock analysts. The Investor Relations Office can be contacted at Tel: 0-2230-8306 or e-mail: investor@lh.co.th

From 2015 – 2017 the Company's high-level executives, along with the Investor Relations Office, disclosed information to shareholders, investors and stock analysts several times which can be summarized as follows:

	2015	2016	2017
- Domestic & International Road show	7	10	6
- Analyst Meeting	5	5	5
- Company Visit	57	52	54
- Conference Call	8	9	7

(e) Accountability of the Board of Directors

1. Structure of the Board of Directors

The election of the Company's directors is held in accordance with the resolution at shareholders' meetings based on the criteria and methods set by law and the Company's Articles of Association. Each director holds a 3-year term and each year the 3 longest-serving directors shall retire so that there will be the election of new directors every year. On December 31, 2017, the Board of Directors consists of 7 members:

Executive directors	4
Independent directors	3

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 independent opinions and have such qualifications according to 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 shall determine policies and supervise the management team, while Management shall deal with the administration in various areas to be in line with the determined policies. Reports which are not normal business operations will be 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 set up the qualifications of the directors which will focus on skill diversification when searching its members. The criteria involves necessary skills and the expertise which is at that time lacking. The structure and composition of the Board of Directors at present consists of directors with expertise in various fields; namely, engineering, business administration, economics and law. The diversification of their professionals and experiences benefits the Company's operations and provides a fine balance among the directors

2. Subcommittees

The Board of Directors sets up 4 subcommittees to assist in monitoring and supervising the Company's operations more closely by regularly reporting to the Board of Directors. The subcommittees comprise of the Executive Board, the Audit Committee, the Nominating and Compensation Committee and the Risk Management Committee. The Board of Directors had clearly defined the authorities, duties and responsibilities of each subcommittee.

3. Roles and duties of the Board of Directors

3.1 The Company's Board of Directors comprises of people who has knowledge, skills and extensive experiences in several fields and can apply them at their discretion independently and they all have strong leadership. Their duties is to determine the strategies, directions, policies, objectives and missions of the Company, and to ensure that the management and all employees have the same objective and direction for the Company's operation. In 2017, the Board of Directors has considered and reviewed the Company's strategy, goals and business direction to best fit and comply for the operation including monitored the implementation of the strategic plans, the compliance with the policies, rules, laws and related regulations. The Board also responsible for managing risks at an appropriate level within the framework of the law, objectives and resolutions of the shareholders with integrity for the best interest of the Company while having full responsibilities to the shareholders and all stakeholders. Furthermore, in order to enhance efficiency, effectiveness, transparency and accountability, the Company regularly arranges the assessment of the performance of the Board of Directors.

3.2 The Board of Directors has established a written Company's Corporate Governance Policy with their approval. Such policy is reviewed at least once a year.

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

The Company has adhered to operate its business with transparency, honesty and fairness by established the Code of Conduct for the Board of Directors, executives and employees and to assign all of them to comply with such Code of Conduct for the Board of Directors, executives and employees, to perform their duties according to the Company's missions within the framework of the laws and the Company's regulations on the basis of professional ethics. The Company's Code of Conduct is published on its website at www.lh.co.th and the Company's central database. The Company also holds activities to promote the employees to comply with the Code of Conduct and the culture of good corporate governance. It also 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.
- Communication about the guidelines based on the Code of Conduct is sent to all employees via email
- Organizing activities through internal electronic media or intranet, especially announcement regarding ethics and principles of good corporate governance on the Welcome Page
- Follow up and assess the performance through the supervision of the head of each unit and the mechanisms of the Internal Audit in order to monitor and evaluate them.

The Company follows up the performance in compliance with the Code of Conduct every year. The Internal Audit and System Development Department has been assigned to take these responsibilities and report to the Audit Committee for the results including any suggestions to improve. In 2017, the Company's auditors, which is an independent entity from the organization had evaluated ethical compliance and had no recommendations on this matter.

3.4 Conflicts of interests

The Board of Directors has determined the management tools to ensure that the Company has managed and operated its business effectively and transparently for the utmost benefits for the shareholders. The Company has set up measures to eliminate conflict of interest as follows:

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 a good ethical framework which have been screening by the Audit Committee and has supervised to comply with the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission including the disclosures of transactions which may lead to potential conflicts of interest to public. Such policies, regulations and the approval procedures of the transactions which may lead to potential conflicts of interest to be followed by the executives, employees and related parties are as follow :

1. For any transaction in which a director, employee or connected party has a conflict of interest with the Company, such director or employee shall not take part in the approval process. Price quotation must be set properly as if the transactions were made with a general third party.
2. In the procedure to set a price, in order to avoid any potential conflict of interest, a fair, appropriate price which is in line with normal trade practices shall be used.
3. To perform in adherence with the criteria of connected transaction set by the Stock Exchange of Thailand, the connected transaction must be first submitted to the Audit Committee for consideration, before submitted to the Board of Directors for approval to comply with the good corporate governance principles.
4. Disclosures of transactions with potential conflicts of interest or connected transactions or related party transactions as defined by the Securities and Exchange Commission and the Stock Exchange of Thailand will be declared in Form 56-1 and the Annual Report. They are also included in the financial statements to conform with the accounting standard.

3.5 Risk Management

The Company's Board of Directors emphasizes the great importance on risk management and has determined and assessed its business risks. Measures have been adopted to prevent and mitigate the risks, including those risks which may affect the Company's operations as detailed under "Risk factors". The Company also set up the Risk Management and Sustainable Development Committee and its scope of authorities, duties and responsibilities were clearly defined in the Risk Management and Sustainable Development Committee Charter which has been approved by the Board of Directors. The details are stated under "Risk Management and Sustainable Development Committee". The details of the Risk Management Policy are as follow :

Risk Management Policy

1. As owners of risks, the Company's Board of Directors, all executives, employees and units, so they all have the duty to take responsibility of proceed, assess, monitor and support the establishment of an efficient risk-management procedure
2. Each business unit of the Company must set up its own risk management procedure including systematic and continuous risk assessment and monitoring. The procedure must be revised to be consistent with the change in business environment on a regular basis at least once a year.
3. Risk assessment shall be included as part of the annual work plan of each unit by considering all risks cover all organization and taking into consideration both internal and external risk factors including the establishment of risk management and appropriate early warning signs.
4. The Risk Management and Sustainable Development Committee is responsible for the monitoring of risk management and provides its opinions on these issues to the Company's Board of Directors.
5. An organizational culture has been created to promote a common understanding and conscience on risks by building a Knowledge base, as the Company believes that risks can be alleviated or acceptable when all the executives and staff of all units are well-aware of the damages which may incur. 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 which will eventually lead to the development and improvement of the risk-management procedure to be efficient.

4. Board of Directors' meetings

The Company informed the Board of Directors of the meeting schedules in advance every year to allow the directors to designate their time to attend the meetings. The invitation letter, details of agenda and related information shall be sent at least 7 days prior to the meeting date. The meeting attendance record of each committee member is disclosed under "Management structure".

5. Self-assessment of the Board of Directors

The Company has a policy to arrange an annual self-assessment for each director to allow them to consider and review their performances and identify all issues and obstacles in the past year. The assessed result will be used to increase the efficiency of the Board of Directors, hence conforms with good corporate governance.

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

The company secretary shall propose the Board of Directors assessment forms to all members so they can assess their performances during the past year both collectively and individually. When complete the forms, they will send them back to the company secretary who then collects the results of each member, summarizes and analyzes the performances of the Board of Directors during the year. The company secretary will then submit the results to the Board of Directors for consideration

in order to achieve the aforementioned objectives. In 2017, the performance of the Board of Directors was evaluated at its 6/2017 meeting held on December 18, 2017. 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 for scores below 50 means “Needs Improvements”.

The performance assessment of the directors is classified in 2 manners as follow :

5.1 The assessment of performance on a collective basis At the Board of Directors’ meeting on December 18, 2017, the assessment on a collective basis consists of the following areas : (1) Structure and qualifications of the Board of directors (2) Roles, duties and responsibilities of the Board (3) Meetings (4) Performances of the duties of directors (5) Relationship with management and (6) Self-development of directors and development of executives

5.2 The assessment of performance on an individual basis which consists of (1) Readiness (2) Determination of strategies and business plan (3) Risk management and internal control (4) Supervision to prevent conflicts of interest (5) Monitoring on financial and operational reports (6) Board meetings (7) Others.

6. Performance assessment of subcommittees

Each year, the Board of Directors shall assess the performance of subcommittees such as the Audit Committee to use 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.

7. Compensation

The Company has clearly determined its policy on the remuneration of directors and president in accordance with their duties and responsibilities. The policy will be considered and screened by the Nominating and Remuneration Committee before submit to the Board of Directors for consideration. All Directors’ compensation shall be approved at a shareholders’ meeting every year. The remuneration and meeting attendance records of each director are disclosed in topic “Executive Compensation” under “Management structure”.

8. Development of directors and executives

The Board of Directors recognizes the importance of development of its directors. So it supports by sending directors to attend related 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 2017 the Company has sent 2 directors to attend the classes as follow :

Director	Position	Course	Institute
Mr. Piphob Veeraphong	Auditor Director, Chairman of Nominating and Compensation Committee	DCP Program 238/2017	Thai Institute of Directors
Mr. Bundit Pitaksit	Auditor Director, Chairman of Risk Management and Sustainable Development Committee and Nominating and Compensation Director	DCP Program 237/2017	Thai Institute of Directors

In 2017, the following executives attended the following seminars:

Name	Date	Seminar Title
Mr. Naporn Sunthornchitcharoen	July 6, 2017	Joining “Digital Technology in Building & infrastructure development” By Team Group at Le Concorde Hotel, Bangkok
	August 4, 2017	Joining “Business partner ceremony” by LH BANK at Sheraton Grand Hotel, Sukhumvit
	October 7, 2017	Speaker on “Real Estate Development and Cities Workshop on Operational Level # 3” of Chiang Mai University

The Company has a policy to continuously develop its human resource to upgrade the knowledge and capabilities of its employees to keep up with the highly competitive business environment. In 2017, the Company sent its executives to attend courses both internal 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 (total 6 executives).

9. 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 knowledge into work procedures and cross-shareholding structures. They are also provided essential information which are necessary for their duties 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 all subcommittees to learn about the Company’s business operations

10. Non-executive directors’ meetings

The Company requires that its non-executive directors shall have a meeting among themselves at least once a year to freely consider management problems without the Company’s management or executives presented. In 2017, the meeting was held on December 15, 2017.

11. Meetings between audit directors and Company’s auditors

To enhance the audit directors to fully perform their duty of assisting the Board of Directors and give them the independence to propose good corporate governance guidelines, the Company encourages audit directors to meet without executives or management presented. In 2017, the Audit Committee met with auditors on December 15, 2017 to discuss their independence and exchanged 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 which involves rights of shareholders, equitable treatment of shareholders, role of stakeholders, disclosure and transparency, and responsibilities of the Board (more detail in “Corporate Governance”) including the awareness on communities, society and environment while conducting its business. The Board of Directors is always well aware that good corporate governance and social responsibility shall sustainably improve its operating results and is the major key to its success. The Board of Directors therefore laid down a written policy on good corporate governance and its Code of Conduct. In designing its core work process, the Company takes into account and pays attention to all stakeholders, communities, society and environment while strictly complying with the laws and regulations related to its business.

1. Fair business operations

The Company emphasizes in its business operation by promoting free, honest and fair competition within the framework of law and its code of conduct and business ethic. It avoids any activities which may constitute conflicts of interests, by having all measures to supervise the use of inside information for personal gains or others’ and respects the rights and equality of all groups of stakeholders - from shareholders, customers, employees, business partners, competitors, creditors, as well as communities, society and the environment. Such guidelines which cover all the equal rights and benefits of all stakeholders are stated in the Company’s Code of Conduct and business ethics so that owners, executives and employees can adhere to perform. They are also posted on the Company’s website and central database. More detail 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 any benefits and avoid accepting any valuable 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 for personal commercial gains for themselves or others, refrain from doing anything illegitimately, or abuse their responsibilities or positions. The Company has circulated its Code of Conduct to all employees so they are well 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 class and sermons.

Guidelines on managing and evaluating corruption risk

- Preventive measures through the restructuring the organization structure to make it suitably fit for management and control. The structure enhances transparency and efficiencies and is in line with goals, business nature through proper segregation of duties and balance of authorization. Work process and chain of command are clear for each unit. Organizational structure with corporate culture that emphasizes morality with checks and balances mechanism including regularly operation assessment. Adequate and proper communication and training are provided, with communication of guidelines disseminated through various channels such as the Company’s intranet and website.

- Written Code of Conduct for executives and employees is in place. The Company also promotes all actions to comply with it and arrange through communication channels such as the intranet and website including a plan for monitoring and proper compliance assessment with the Code of Conduct.

- A process of the assessment of risks associated with internal corruption and policy compliance assessment through the Committee of Sponsoring Organizations of the Treadway Commission (COSO)’s model at the director level, internal control assessment at the department level, Risk Management Committee mechanisms and also the function of Internal Control Department.

- 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 controls was implemented

to close any corruption loophole, to review the adequacy of system and reviewed and upgraded regularly to monitor its department. Also departmental head shall assign his subordinates to do the same practice in order to monitor, examine and follow up any frauds and performance errors.

- The internal control unit shall check the compliance with all regulations , work procedures and code of conduct. It also evaluates corruption risks, early-warning signs, adequacy of the internal control system in preventing, monitoring and detecting corruption risk. It shall report the audit review at least once every quarter.

- Through its mechanism, the Risk Management and Sustainable Development Committee also tests and assesses corruption risk regularly and reports the results to the Board of Directors.

- Channels are provided to report wrongdoing or corruption including any measures to protect and mitigate negative impacts on whistleblowers, complainers or collaborators under the whistleblower policy. Details are under “Measures of reporting wrongdoing and mechanisms to protect informers” in “Corporate Governance”

- In the event that any wrongdoing is found and there are proper information based on complaints, fact-finding and evidence, an ad-hoc committee will be set up to perform the investigation to provide justice for the accused and also protect the whistleblower appropriately.

- Each wrongdoing case will be used as a case study to find guidelines for preventive and investigative measures and to educate unit heads on how to prevent such kind of internal corruption in the organization.

- New employees are informed of the standards on good behaviors and ethics on their first days at work and through employee orientations. In 2017, the Company held an in-house training for executive vice president, operational executives, supportive executives, senior vice presidents and vice presidents on risk assessment tools so that these executives and management can monitor and assess risks more effectively.

3. Human rights observation

The Company complies with human rights principles. Its directors, executives and all employees follow these principles strictly and regard them as core values. They take into account equality, freedom, dignity and rights of other people. No discrimination on the basis of race, nationality, language, religion, sex, age, education, and company does not support any activity that violates any universal human rights.

Guidelines

- 1) Tighten supervision to ensure that 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, welfare, educational promotion and training continually both short and long term, take good care of health and sanitation, property and work, safe and appropriate working environment. It also include monitoring the cases of unfair practices which occur in the company.

- 3) Respect the privacy and confidentiality of customers, business partners and employees by not transferring or disseminating any information to unrelated parties and divisions. Any disclosures or transfers of confidential information can only be done with consent of their owner only.

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

- 5) Enabling equal employment opportunities including opportunities for those people with disabilities.

- 6) Treat all employees and stakeholders equally, indiscriminately and respectfully by respect everybody opinions.

- 7) Stipulate in the Code of Conduct of employees that they must behave in a suitable manner for their duties and positions and refrain from not blaming others or the organization without the truth.

4. Fair treatment of labor

The Company recognizes that employees are the most important element of its success, therefore it shall take good care and fairly treat 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 to match with their duties, responsibilities and price mechanisms in the labor market by taking into consideration the 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 working environment. More information is provided 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 discussion with the Company so that the Company knows what the employees really need. It also supervises, suggests and control the employees to 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 customer contact center to listen to consumers’ suggestions and opinions. With such knowledge, the Company then uses them to meet their customers satisfaction and strengthen their confidence. The efforts paid off when Land and Houses Plc. won the Trusted Brand award for eight consecutive years (during 2006-2013, the award ended in 2013) 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 in Property Developer Sector. In addition, in 2012, the Company also received “The Thailand Most Powerful Brand 2012” in real estate product which was awarded in the 75th Anniversary of Faculty of Commerce and Accountancy, Chulalongkorn University. The research, conducted by the Department of Marketing, has surveyed to identify the most powerful brand in ‘Corporate Brand Success Valuation Development “ to develop the tools and rank The Most Powerful Brand of Thailand 2012

The Company delivers the pre-built house before sale including decoration and garden in the complete environment, ready to move in so that the consumers can see the real finished project on the plot of land, to select to their choice without any unexpected risk before buying.

The benefits of buying a pre-built home.

- 1) Customers can set fixed schedule for moving in conveniently
- 2) Customers can see the real finished house on the plot comparing to the price.
- 3) Complete green environment, with large common area, and club ready to provide the service.
- 4) Guarantees products and provides after-sale service to facilitate the residents including house-checking during warranty period.

5) 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 available for accommodate online booking for repairs and checking services, 24 hours. The residents can also check the status of their request including the information about their house by themselves.

With our determination to serve customers and our diligence to improve products, in 2017, the Company received 2 significant awards as follow :

- AREA Real Estate Project Awards 2017 (Project : Mantana-Wongwaen Bangbon) from the Agency for Real Estate Affairs which the main criteria comes from good project, quality, nice environment and worth-buying.
- Best Project Design from International Property Award (The Bangkok Thonglor) which gained 3 awards as AWARD WINNER – Residential High-Rise Architecture Thailand, Best – Residential High Rise Architecture Thailand and NOMINEE / Residential High-Rise Architecture Asia Pacific. As the design of the project makes the building outstanding, unique and modern and also care about the residents. The International Property Awards commenced since 1995, originated in UK and become a world-renowned mark of excellence. The awards are opened annually and are split into regions covering Asia Pacific, Canada, Europe, UK and USA etc.

6. Environment conservation

The Company recognizes the importance of impacts on the environment, therefore the Company take into consideration of all the product designs, the use of quality materials and energy-friendly products. This is the concept behind all designs and the choice of quality, energy-efficient and environmentally friendly materials and plotting. The use of technology and system to help the air ventilation and circulation in each house. The use of self-generated electricity from solar cells, a system to control and check construction standards. Gardens are prepared around each house and the appropriate environment is arranged. The Company has developed the new innovation of "AirPlus air ventilation control system for breathable homes" to further improve residents' quality of life and to help reduce the energy usage. The new design by the name "LH SMART: A Concept for Better Life" was also introduced.

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 regulations.

The Company also places importance on energy and environment. Conservation. Executive cars are the hybrid type, and electric golf cars used in the projects, are energy-efficient and help reduce air pollution. 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, increase the use of recycled paper, re-use of document files and regular maintenance of equipment, campaigns to conserve water and electricity, etc. In June 2017, the Company started to install the Solar Roof at the office of Serane Lake, Chiangmai which can reduce the use of electricity for the sale-office and office during the day. The result from this project will lead to the consideration of installation the Solar roof in the club building and the single-house project in the future.

Moreover, the Company arranges for both in house and external training to propagate knowledge on environment concentrated on energy conservation such as energy-efficient home designs, energy-saving technology, AirPlus technology and energy conservation including using of clean-energy alternatives to mitigate the impacts on the environment. Activities were also held so staff could take part in environment conservation and Tourism Authority of Thailand was invited to give talks on

“Ecosystem and Nurturing love for Nature.” 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 sponsors and holds projects and activities for communities and society. In 2017, it organized the following activities:

- Society activity “ Donation to Faculty of Medicine, Burapa University”

On November 21, 2017, the Company has donated a fund of 940,000 Baht to Faculty of Medicine, Burapa University for the purchase of Dialysis machine which was part of solving the shortage of medical tools and equipment.

- Community Activity “Reforestation Volunteer Activity for the Community”

On February 9, 2017, Vice President, Service & Customer Relations Department and the staff went to an afforestation at Ban Kao Yai Tiang, Klong Pai, Sikhiu District, Nakhon Ratchasima Province. The activity was to encourage the conscious of responsibilities and contribution to community including Natural reserve which is one of the activities that the Company has arranged continuously as part of the social responsibility.

- 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 2017, 253 scholarships were given.

8. Innovation and innovative CSR propagation

The Company has developed the new technology to facilitate its customers from first visit the Project Site until the taking care of safeties when moving in. It is the technology for the better living, convenient for customers both clear information and safety for the residents with the technology that increase the effectiveness of the security system in the Project as follow :

Convenience: facilitate all customers who come to visit the Projects of the Company by

1. Application i-Design : Application which is used in designing the interior design of each room in the house which customers cab choose to decorate and create by themselves, to add or choose the type/styles of furnitures, change the color of floor, wall on the Smart Device including the estimated budget. The customers can also experience their decoration design by Virtual Reality which Land & House has developed this application with the students and professors from School of Digital Media, Sripatum University.

2. Smart Catalog : The Company has developed the technology Augmented Reality (AR) together with VIDEO 3 dimensions with sounds which the customers can see the Smart Catalog through Smart Device both on Tablet or Smart Phone. The Smart Catalog will provide the information both the concept, design and special functions of each type of house of the Company’s Project which the customers can bring home to discuss with all their members at home.

Security & Safety: To increase safety for the residents of our projects by

1. PRO License Plate : The technology used to scan the car license plate of each visitor that pass in and out of the project. The date, time and destination can be checked fast and accurate.

2. Face Detection : The Face detection system used to scan all workers that pass in and out of the project. The system can record the information fast and accurtate and can check non-registered people who are not the Company’s registered workers. This system is used to enhance and guarantee the safety within the project.

Risk Management Committee Report 2017

Dear Shareholders,

In 2017, the Risk Management Committee met 2 times. All members attended the meetings and executives were invited to join as appropriate. The summary of the tasks performed in 2016 is as follows:

1. Supported the implementations of the enterprise risk management process, of which covering the areas of: Strategic, Operational, Financial, Liquidity, Investment and Regulatory & Legal risks.
2. Oversaw and monitored all the Company's significant risk factors to be in line with the risk management guideline and strategy. Meeting with the Audit Committee was arranged as stated in the Risk Management Plan to exchange comments and suggestions regarding the enterprise risk management's efficiency and sustainable development.

From the above mentioned actions, The Committee is confident that overall defined risks are sufficient and adequately covered all Company's business operations. Company's risk management process is continuous, efficient and in compliance with good corporate governance principles and guidelines, so the Company could achieve its business goals and for the utmost benefits of shareholders and all stakeholder groups.



(Bundit Pitaksit)
Chairman, Risk Management Committee

Internal controls and risk management

The Board of Directors and executives are responsible for the efficiency of the internal control system. They are also in charge of the review and monitoring the system regularly to increase its efficiency and minimize operating losses in the midst of all the time changing situation both from internal and external factors, government rules and regulations, as well as people related to the organization which are risk factors for the business. Thus management and internal control and risk management are important concerns which Board of Directors shall pay attention and aware of them by assigns all units of the Company to consider comprehensive internal control and risk management to cover all areas such as resource management, finance and accounting, human resources, procurement, information technology and communications and 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's structure was designed to conform to the nature of work with the clear defined scopes of authority and duties to optimize operating to be flexible and fast to work under the international constraints. For instance, a Board of Director was set up to supervise policies and take responsibility for all parties related to the Company. The Executive Board is responsible for operating results based on predetermined objectives. Subcommittees, such as the Audit Committee, the Risk Management and Sustainable Development 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 the authorities among those operators in each group or department. Lastly, it also include the process to monitor the overall risk management to an acceptable level.

2. Through the Audit Committee

The Board of Directors assigned all three members of the Audit Committee to supervise, monitor and consider the appropriateness and adequacy of the internal control system since the dynamic changes in 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 completeness of information and supplementary documents of which the responsible departments had already took action to complete the assignments.

At the Company's Board of Directors' meeting No. 6/2017 on Dec 18, 2017, the Board of Directors considered the preliminary report on the assessment of the adequacy of the internal control system in 2017 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 in accordance with the framework of the Security and Exchange Commission and the Stock Exchange of Thailand, which covered 5 key areas as Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities as defined by COSO's international standards (The Committee of Sponsoring Organization of the Treadway Commission. 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-assessment control system to implement every year in order to review their operations and improve working systems, to ensure that internal control is more effective and efficient, and promote ongoing 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 which include training, instillation 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 best system at all-time comparing to having the personnel who always think good, behave good and have lofty conscience of their assigned authority and responsibilities. These qualities can exist only when corporate culture is robust and 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 (CAE) of the Company is Mr. Pornchai Ketkhajornvirach, Senior Vice President, Internal Audit and System Development. The Audit Committee found and agreed that Mr. Pornchai Ketkhajornvirach is 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 or termination of the Chief Audit Executive must be approved by the Audit Committee.

Risk factors

1. Operating risks

Risk incurred by pre-built construction

The Company and its subsidiaries operate real-estate development businesses, with mainly housing 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 the Company has changed the policy from developing pre-built units to selling before building since September 2010.

The shift in its policy from built-to-order to pre-built houses has affected for higher advance funds for construction budgets since the Company no longer received advance payments from its customers, which could be used as revolving funds during construction periods. Furthermore, other factors that may potentially affect home-buying decisions in the future include: (1) higher prices of residential units which may increase in line with the rising in construction material costs and land cost; 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. (Detail as stated in Topic 2 Business Operations section 2.2 Market and Competition) The Company is therefore exposed to the risk of not being able to sell all the finished 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 will not bear 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 can be sold.

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

(3) As the Company is a major property developer with a strong presence in the market for more than 30 years, so the Company has an advantage in terms of both marketing information and an in-depth knowledge in the demand of its target customer groups. Therefore, it is able to develop residential units which can 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) Whilst nowadays there are several risk factors which have influenced over homebuyers' decisions, the demand for quality residential units among the Company's target customer groups remains steady as a result of their expectation for the Company's good after-sales services.

2. Production risks

Risk incurred by shortages of construction materials and labor, and increase in construction-material costs. A steadily increasing supply of new projects in the market today has spurred higher demand for construction materials and labor. The increase in demand could lead to shortages in construction materials and workers and thus result in higher construction-material costs. While the overall construction-material price index has decreased by 2.75% on average in 2016 from 2015. However, 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 thus affect the higher construction cost, which eventually affecting its liquidity and profitability.

However, as of December 31, 2017, the Company and its subsidiaries had 69 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 building 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 to 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 certain development time.

3. Financial risks

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

As of December 31, 2017, long-term investments of the Company and its subsidiaries totaled 7,156 million Baht, representing 6.5 % of total assets (Details in Item the Analysis and Explanations of Management). Most of them were investment in equity securities. Among the major items are: (1) Starmalls Inc. in the Philippines (4,584 million Baht), (2) Land and Houses Property Fund (441.0 million Baht) (3) Quality Houses Property Fund (339 million Baht) (4) Bangkok Mass Transit System Plc. (178 million Baht); (5) LH Shopping Centers Leasehold Real Estate Investment Trust (637 million Baht) and (6) LH Hotel Real Estate Investment Trust (1,062 million Baht) and other investments which the Company has provided the allowances of 111 million Baht in case that the Company may expose 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 other interesting businesses which deems to have potential to generate appropriate returns. A decision to make such investment must be considered and approved by the Board of Directors.

For investments in long-term equity securities, the Company set aside investment impairment allowances of 111 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, 2017, the Company extended short-term loans to 3 of its subsidiaries. The principal and outstanding interest of these loans totaled 1,339.9 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 (%)
LH Mall and Hotel Co., Ltd.	99.99	1,019.8	3.5
Atlantic Real Estate Co., Ltd.	99.99	78.5	3.5
LH Asset Co., Ltd.	99.99	241.6	3.5
Total		1,339.9	

Long-term loans to subsidiaries As of December 31, 2017, 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	13,566.6	3 - 4.85

As of December 31, 2017, 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\$ 417.2 million or approximately 13,566.6 million Baht at a 3%-4.85% annual interest rate, due to be repaid when property is sold or loan from financial institutions is secured.

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 5 apartments for rent, 4 in California and 1 in Oregon, which will generate a long-term return for the Company in future.

Besides, the Company has a policy to keep a close control 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 control the prompt repayments of debts and interest owed to the Company. As a result, the Company believes the subsidiaries are unlikely to face any problem in repaying their debts owed to the Company thus has not allocated an allowance for doubtful accounts for the amount lent to its subsidiaries.

3. Risk incurred by lawsuits

As of Dec 31, 2017, the major lawsuits faced by the Company are as follow :

1. The juristic persons of two subdivision villages sued the Company for failing to inform them of the servitude rights of access to main roads, demanding damages totaling 1,110 million Baht. The Company has estimated losses of damages if it loses the case at 222.0 million Baht. This case is now still under the process of the Supreme Court.
2. The juristic persons of two subdivision villages sued the Company for public service fee under the claims 102 million Baht which the Company has set aside a provision including interest in total sum 175 million Baht. This case is now still under the process of the Supreme Court.
3. In another case, a housing estate juristic persons and housing residents filed lawsuits against the Company, involving the construction of a kindergarten in project demanding claim damages totaling Baht 494 million. The Company estimated the damages of 411 million. At present, the case is under the process of the Supreme Court.
4. The Company has been sued by two condominium juristic persons in civil lawsuits (Consumer Protection legal cases) for breach of agreements, claiming for compensation total of 544 million Baht. The Company estimated the damages of 272 million Baht. The case is currently under investigation.
5. There were additional lawsuits which the Company was claimed as defendant, of which total damages was 232 million Baht and the Company had estimated the reserve for its damage of 5 million Baht.

For all the above mentioned cases, the maximum damages that the Company may have to pay for all cases were 2,482 million Baht, which the Company has set aside a provision of 1,085 million Baht. The maximum estimated damages to the Company is of 2,482 million Baht.

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, 2017)	Nature of transaction	Value (million baht)		Opinion of directors
			2016	2017	
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 shares sold) - 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 - Dividends receivable 	<ul style="list-style-type: none"> 25 4 12 	<ul style="list-style-type: none"> 19 3 - 	<ul style="list-style-type: none"> - According to the evaluation by the Audit Committee and executives, the terms and prices were done as normal business practices and comparable to similar transactions with outsiders. - The dividends received were in proportion to the Company’s holding and at the same rate as paid to other shareholders
Home Product Center Plc. (HMPRO)	<ul style="list-style-type: none"> - LH is the majority shareholder of HMPRO (30.23% of all shares sold) - Mr. Naporn Sunthornchitcharoen serves 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 	<ul style="list-style-type: none"> 61 2 - 1,074 	<ul style="list-style-type: none"> 37 - 4 1,113 	<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 received were in proportion to the Company’s holding and at the same rate as paid to other shareholders
Quality Houses Property Fund (QHPPF)	<ul style="list-style-type: none"> - Mr. Anant Asavabhokhin’s group (comprises of Mr. Anant Asavabhokhin / Mayland Co., Ltd. / and Ms. Piangjai Hampanij — holds a combined 30.72% in QHPPF as of August 28, 2017). - The Company is the majority shareholder of QH (24.98%). - QH is the majority shareholder of QHPPF (25.66%). - Two Directors Mr. Adisorn Thananan-narapool and Mr. Naporn Sunthornchitcharoen serve on the boards of both the Company and QH 	<ul style="list-style-type: none"> - LH and its subsidiaries rented office building space from QHPPF for their head offices. - Rentals and service fees - Advance payments - Dividends receivable 	<ul style="list-style-type: none"> 64 15 25 	<ul style="list-style-type: none"> 68 15 25 	<ul style="list-style-type: none"> - According to the evaluation by the Audit Committee and executives, the rentals were comparable to the rates QHPPF charged its other customers. - The dividends received were in proportion to the Company’s holding and at the same rate as paid to other shareholders.

Individual/ juristic person	Relationship (as of Dec. 31, 2017)	Nature of transaction	Value (million baht)		Opinion of directors
			2016	2017	
Land and Houses Bank Plc. (LH Bank)	<ul style="list-style-type: none"> - LH is the majority shareholder (21.88%) of LH Financial Group (LHFG), which owns 99.99% of LH Bank and Land and Houses Fund Management Co., Ltd. (LH Fund) - LH is the majority shareholder (21.88%) of LH Financial Group (LHFG), which owns 99.99% of LH Bank and Land and Houses Fund Management Co., Ltd. (LH Fund) - Ms. Piangjai Harnpanij, Mr. Anant Asavabhokhin's mother, holds 10.43% of shares in LHFG 	<ul style="list-style-type: none"> - The Company and its subsidiaries had savings, current and fixed income accounts and Fixed Deposit Receipt with LH Bank. - Fixed Deposit Receipt - Interest Income - Accrued Interest - Dividends 	1,490	2,311	<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 received were in proportion to the Company's holding and at the same rate as paid to other shareholders - Returns were the same as what other investors got.
Land and Houses Fund Management Co., Ltd. (LH Fund)			30	27	
			1	1	
			153	371	
		- Investment in funds	-	500	
Quality Houses Plc. (QH)	<ul style="list-style-type: none"> - LH holds 24.98% of shares in QH. - Mr. Adisorn Thananan-narapool and Mr. Naporn Sunthornchitcharoen serve on the boards of both the Company and QH 	- Dividends received	428	401	- The dividends were in proportion to the Company's holding and at the same rate as paid to other shareholders.
Land and Houses Freehold and Leasehold Property Fund 2 (LHPF2)	- LH holds 49.99% of LHPF2	- Dividends received	52	82	- The dividends were in proportion to the Company's holding and at the same rate as paid to other shareholders.
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. - Interest Expenses 	1	-	- According to the evaluation of executives, the interest rate charged for the loans was a market rate of (5.5%)

Individual/ juristic person	Relationship (as of Dec. 31, 2017)	Nature of transaction	Value (million baht)		Opinion of directors
			2016	2017	
Siam Retail Development Co., Ltd. (SRD) and LH Retail Management Co., Ltd. (a subsidiary which Company indirectly holds 99.99%)	- Mr. Anant Asavabhokhin holds 23.93 % in LH and 27% in SRD.	- SRD was hired by LHR to provide consulting services related to management of Terminal 21 mall for 3 years, from December 23, 2014 to December 2017 for not more than 127 million baht. (The contract was cancelled on January 31, 2016) - Terminal 21 shopping center management fee - Brokerage fee	3 1	- -	- 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.
Siam Retail Development Co., Ltd. (SRD) and LH Mall and Hotel (LHMH) (a subsidiary which LH holds 99.99%)	- Mr. Anant Asavabhokhin holds 23.93% in LH and 27% in SRD.	- LHMH was hired to provide consulting and management services to SRD for 1 year, from March 1, 2016 to February 28, 2017 for value not exceed 35 million baht. - Management Fees - Trade receivable	23 6	47 16	- The Board of Directors' meeting on February 29, 2016 was of the opinion that the transactions and their terms were normal trade practices. The Audit Committee also shared the same opinion - The Board of Directors' meeting on February 28, 2017 was of the opinion that the transactions and their terms were normal trade practices. - The Audit Committee also
Land and Houses Freehold and Leasehold Property Fund (LHPF)	- Government of Singapore Investment (GIC) has 16.17% in LH and 15% in LHPF - LH holds 13.99% in LHPF	- 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. - Realized provision for guaranteed income of the fund - Dividends received	18 37	- 26	- The Board of Directors' meeting on February 28, 2016 was of the opinion that the transactions and their terms were normal trade practices. - The Audit Committee also shared the same opinion. - The dividends were in proportion to the Company's holding and at the same rate as paid to other shareholders

Individual/ juristic person	Relationship (as of Dec. 31, 2017)	Nature of transaction	Value (million baht)		Opinion of directors
			2016	2017	
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 16.17 % in LH. - LHH is a subsidiary of LH (indirectly holds 60%) and GIC (indirectly holds 40%) 	<ul style="list-style-type: none"> - LHH leased Centre Point Ploenchit Hotel from LHPF 2 for 3 years from January 1, 2016 to December 31, 2018 for a rent not more than 500 million baht. - Rental Payable - Other creditors 	164 40	173 47	<ul style="list-style-type: none"> - 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
L&H Hotel Management Co., Ltd. (LHH) and LH Mall and Hotel (LHMH) (a subsidiary which LH holds 99.99%)	<ul style="list-style-type: none"> - GIC is a majority shareholder 16.17% in LH. - LHH is a subsidiary of LH in which it indirectly owns 60%. And GIC indirectly owns 40% in LHH. 	<ul style="list-style-type: none"> - LHMH was hired to manage Centre Point Phloenchit Hotel by LHH for 3 years from January 1, 2016 to December 31, 2018 for the value not exceed 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. - Consulting and management fee for Grande Centre Point Ratchadamri for three years, from June 15, 2017 to June 14, 2020, totaling not more than 200 million Baht - Total Consulting Fee 	78	108	<ul style="list-style-type: none"> - 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. - 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 - The Board of Directors of the Company on June 13, 2017 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, 2017)	Nature of transaction	Value (million baht)		Opinion of directors
			2016	2017	
L&H Property Co., Ltd. (LHP) (LH holds 60%); L&H Hotel Management Co., Ltd. (LHH)	<ul style="list-style-type: none"> - GIC is a majority shareholder of LHP (40%) and is a majority shareholder of LH (16.17%) - LHH is a subsidiary which LH holds indirectly 60% and GIC holds indirectly 40% 	<p>LHH was hired to provide the staff for the operations of 2 hotels for LHP</p> <ol style="list-style-type: none"> 1. Grande Centre Point Ratchadamri 2. Grande Centre Point Terminal 21 <p>(for the year 2015) 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</p> <ul style="list-style-type: none"> - 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 	70	36	- 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.
LH Mall and Hotel Co., Ltd. (LHMH) (Subsidiary of LH where LH holds 99.99%) and QH International Co., Ltd. (QHI) (a subsidiary of QH)	<ul style="list-style-type: none"> - LH holds 99.99% in LHMH , GIC holds 16.17% in LH 	<ul style="list-style-type: none"> - LHMH agreed to manage retail spaces for QHI from May15, 2016 to December 31, 2016. and has extended for one more year from January 1, 2017 to December 31, 2017 	3	5	- Transaction was based on general trade terms

Individual/ juristic person	Relationship (as of Dec. 31, 2017)	Nature of transaction	Value (million baht)		Opinion of directors
			2016	2017	
L&H Property Co., Ltd (LHP) and LH Mall and Hotel Co., Ltd. (LHMH) (Subsidiary of LH where LH holds 99.99%)	<ul style="list-style-type: none"> - GIC is a major shareholder of LH (16.17%) - LHP is owned by LH (60%) and GIC (40%). 	<p>LHMH was hired to manage the Grande Centre Point Hotel Ratchadamri and Grande Centre Point Hotel Terminal 21 (only in 2015) from April 1, 2015 to December 31, 2017 for a fee not more than 161 million baht.</p> <ul style="list-style-type: none"> - In December 2015, has terminated the contract of Grande Centre Point Hotel Terminal 21 due to the sale of the hotel to the Trust. - On December 21, 2015, the contract to manage the Grande Centre Point Hotel Ratchadamri was extended to December 31, 2018. An additional fee for 2016-2018 was not more than 110 million Baht. - In June 2017, has terminated the contract of Grande Centre Point Hotel Ratchadamri due to the sale of the hotel to the Trust. 	49	51	<ul style="list-style-type: none"> - The Board of Directors on February 24, 2015 viewed the price as appropriate. - The Board of Director on December 21, 2015 viewed the price as appropriate - The Audit Committee shared the same view.

In addition , during the year 2016-2017 , there were also related-party transactions as follow

Land and Houses Public Company Limited 77

Necessity and justification of the transactions

The related-party transactions were necessary and justified, and were conducted for 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.

Measures or procedures of approving related-party transactions

A related-party transaction must be considered at a meeting of the Board of Directors with the attendance of the Audit Committee and received the approval at shareholders' meetings, depending on each case. The Board of Directors or those authorized person by it may not approve any transactions which they or parties may constitute potential conflicts of interests in any manners 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 including the requirements pursuant to disclosure of related-party transactions and the acquisitions and disposals of assets.

Policy or trend of related-party transactions

The Company has a policy to continue to conduct any existing related-party transactions in the future by set the plans to keep all terms to be consistent with normal trade practices at fair market prices which can be 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 such transactions.

In case that the Company or its subsidiaries is going 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 may not have expertise to consider them, the Company will seek the opinions from 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 may be. 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:

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

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, 2017, the shareholders of LHFG, which holds 100% of shares in Land and Houses Bank Plc. were:

- (1) Land and Houses Plc. holds 21.88 %
 - (2) Quality Houses Plc. holds 13.74%
 - (3) Ms. Piangjai Harnpanij holds 10.43%
 - (4) CTBC Bank holds 35.62%
- Groups of executives and other retail shareholders hold 18.33%

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 30.72% (as of August 28, 2017)

The indirect holding by Ms. Piangjai of more than 10% in LH Bank, where LH Bank is an associated company of LH and QH, (which holds share in LH Bank of 13.74%) 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 Ministry of Finance’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 Ministry of Finance , 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 Ministry of Finance. The stake held by Ms. Piangjai will be reduced under the public offering plans and obligations with the Bank of Thailand and Ministry of Finance. Furthermore, by nature of LH Bank’s core business , there does not compete with that of the Company or allows for a transfer of benefits at a disadvantage of the minority 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 be less than 5% within the relaxation timeframe set forth by the Bank of Thailand and the Ministry of Finance.
- (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

On July 27, 2017, CTBC Bank Company Limited, a Taiwanese Bank has purchased shares in LHFG of 7,545 million shares at the price of 2.2 Baht each, which made total sum of 16,599 million baht (35.62% of the issued and paid up share capital thus the Company’s shareholding in LHFG diluted to 21.88% of the issued and paid-up share capital and also resulted in the shareholding of Ms. Piangjai Harnpanij also diluted to 10.43% respectively.

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 Thai Financial Reporting 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 investors. The financial statement had been audited by independent auditors, who issued an unqualified opinion. The Company's auditor has reviewed and audited the financial statements and expressed an unqualified opinion in the auditor's report.

The Board of Directors, with the duties of overseeing and improving corporate governance and morality, has set up and 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, and to assess 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 that the separate financial statement of the Company for the year ending December 31, 2017 gives fair view in accordance with Thai Financial Reporting Standards.

Yours sincerely,



(MR. Naporn Sunthornchitcharoen)
Chairman of the Executive Board

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 2017, it had three members: Mr. Pakhawat Kovithvathanaphong as a Chairman, Mr. Piphob Veeraphong and Mr. Bundit Pitaksit as Audit directors. All of them are not executives or employees of the Company

In 2017, the Audit Committee held 6 meetings:

Name	Attendance/Total Number of Meetings
Mr. Pakhawat Kovithvathanaphong	5 / 6
Mr. Piphob Veeraphong	5 / 6
Mr. Bundit Pitaksit	6 / 6

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 Audit Committee has invited the external auditors, the senior vice presidents of the Accounting Department and executives from other departments to join the meetings and to discuss in several related issues which may be concerned. The fifth meeting was held exclusively with the external auditors without the attendance of any management or executives from any departments of the Company. The purpose was that the Audit Committee wanted to realized and learned about their work environment, to exchange views with them, provided any suggestions and about the updated financial / accounting standards.

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 all investors or financial statements users.

The Audit Committee was of the opinion the Company’s financial reporting was accurate, credible and in line with generally accepted accounting standards in same standard as of all the previous years.

2. Reviewing and continuously monitor 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 that adequate and prompt actions could be taken at all times in line with the constantly changing situation

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

3. Reviewing and monitor 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 incidents which could lead to significant violations of government rules and regulations or related laws. It has merely suggested that the Company should be more cautious regarding legal disputes with buyers on transferring of central property to building juristic person and housing juristic person as there were such lawsuits regarding this issues regularly.

4. Reviewing any 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 Audit Committee found the Company had complied with the rules and these transactions were normal and comparable to those conducted with other external 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 2017 annual general shareholders meeting.
6. Constantly emphasizing Company's good corporate governance based on the principles of the Stock Exchange of Thailand and the Securities and Exchange Commission to set higher working standards above the 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 was notified by Risk Management and Sustainable Development Committee of the Company's monitoring process, and acknowledged that the Company has the monitoring tools to helps manage risks as well as to mitigate those short-term and long-term risks regularly. The Audit Committee has provided additional suggestions to increase the efficiency of the process by using new technology to trace the information in the system as a Guideline for the more effectively development of risk management.
8. 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 has applied its knowledge, capabilities and adequate caution for 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 and to confirm that the Audit Committee had found no significant flaws.



(Pakhawat Kovithvathanaphong)
Chairman of the Audit Committee
February 28, 2018

Explanations and Analysis of Financial Position and Operating Results

(a) Overall picture of past performances

Operating results

In 2015, the Company's revenue decelerated as a result of the decline in purchasing power and some uncertainty in the overall economy of the country which resulted in the decline in revenue of 1,813.56 million Baht or 6.97% from year 2014. In 2015, total revenue was 24,223.14 million Baht. After the deceleration in 2015, the purchasing power has increased in year 2016 which made the total Company's revenue to increase 3,149.54 million Baht or an increase of 13% from 2015, resulted in the Total Revenue in year 2016 equaled to 27,372.38 million Baht

As for 2017, as a consequence of the slow down in the purchasing power in residential housing in 2015, a shift to decision to purchase in 2016 and continuously increase in 2017 has affected the Company's revenue to increase 4,351.92 million Baht, comparative on the same period of the previous year, from 27,372.38 million Baht to 31,724.30 million Baht in 2017, an increase of 15.90% from year 2016.

Gross Profit : In 2015, the Company's and its subsidiaries' gross profit was booked at 8,946.67 million Baht, with a gross profit margin of 33.99%, slightly decrease by 0.08% from the previous year. In 2016, its Gross Profit was 10,273.81 million Baht, representing a gross profit margin of 34.35%, a slightly increase of 0.36 % from the margin in 2015.

In 2017, Gross Profit margin was recorded at 12,006.73 million Baht, representing a gross margin of 34.38% which was very closed to the previous year 2016 which was 34.35%

In 2015, the purchasing power has slowed down due to the deceleration in global economic and also a slowdown in domestic purchasing power which resulted in reduction in domestic spending. Since then the consumers' confidence and purchasing power had increased due to the relaxation in the economy crisis in 2016, also as the aftereffect of the delay in housing purchase decision in 2015 while the consumers' confidence had gained back, thus resulted in the Company's higher growth rate and still continued to increase consecutively to year 2017. The increase in consumers' confidence and purchasing power still continue to raise as a result of the relieve in economy crisis which altogether made the Company's revenue in 2017 increased continually.

Past performance of each business group

More than 80% of the consolidated revenue of the Company and its subsidiaries came from the Real estate business. In 2015, the Company and its subsidiaries earned revenue from Real estate business 83.46% of the total revenue. The group also booked a profit gained from its sale of Leasehold rights in the Grande Centre Point Hotel Terminal 21 to LH Hotel Leasehold Real Estate Investment Trust which was 7.02% of total revenue. The sale of its apartment in California which accounted for 0.82 % of total Revenue. In 2016, the property business revenue made up to 85.93 % of total revenue while in 2017, this revenue ratio was changed to 81.79% of total revenue comprising of the profit gains from the sale of leasehold rights in The Grande Centre point Ratchadamri to LH Hotel Leasehold Real Estate Investment Trust of 2,080 million Baht which was 5.36% of total revenue. In addition, the accounting record from the changes in shareholders' equity of the Company through the acquisition of newly issued ordinary shares in LHBANK by CTBC Bank at 35.36% of total paid up shares after the increase of LHBANK share capital, at the value of 2.20 Baht per share had been recorded as other income from the change in the shareholders' equity of Baht 1,135 million Baht which was equaled to 2.93% of total Revenue.

Revenue from Sales : consists of Sales from detached houses, townhouses and condominiums which were recognized as revenue when the Company had completely transferred the significant ownership to their customers. Most revenue from sales in 2015, 2016 and 2017 came from detached houses 68.9%, 72.2% and 63.6% consecutively. Though the Company and its subsidiaries emphasize on building detached houses for sale, it have also expanded its target groups by developing other types of products for sale such as townhouses and condominiums to meet their

customers' requirements. This can be seen from the decrease in proportion of detached house to total revenue. In 2017, the sales revenue consisted of detached houses 63.6%, townhouses 2.9% and condominiums 33.5%

Sale Revenue in 2015 has declined from 2014 before increased in 2016 and 2017 respectively as follow :

In 2015, Revenue was 24,223.14 million Baht, a drop of 6.97% or 1,813.56 million Baht from the previous year.

In 2016, Sales Revenue was 27,372.38 million Baht, increase 3,149.24 million Baht from the previous year or equaled to 13.00 % as a result of the increase in confidence and purchasing power after the slowed down in 2015 .

For the year 2017, Revenue was booked at 31,724.30 million Baht, an increase of 4,351.92 million Baht from the previous year, an increase of 14.9% from 2016, consequently improved from the gain in confidence and also the increasing in purchasing power from the year 2016

Rental revenue:

In 2015, the Company's rental revenue was 2,036.49 million Baht which was 7.02% of total revenue, a decrease of 243.39 million Baht from the previous year, or equaled to 10.67% decrease.

In 2016, the Company's rental revenue was 2,536.13 million Baht which was 7.96 % of total revenue, an increase of 499.64 million Baht from the previous year, or an increase of 24.53% from 2015.

In 2017, the Company's rental revenue was 3,197.31 million Baht which was 8.24 % of total revenue, an increase of 661.18 million Baht from 2016, or an increase of 26.07% from 2016.

Share of profit (losses) from investments in associated companies: In 2015, the share of profit from investments in associates was 2,436.60 million Baht, an increase of 226.38 million Baht from 2014 or 10.24% increase. For 2016, such share of profit from Company's investment in associates was recorded at 2,963.53 million Baht, an increase of 526.93 million Baht or a growth of 21.63% from 2015. While in 2017, this portion of revenue represented 3,136.91 million Baht, an increase of 173.38 million Baht or an increase percentage of 5.85% from 2016.

Share of profit from investments in associated companies (2015-2017)

Unit : Million Baht

Company	2015	2016	2017
LH Financial Group Plc.	561.30	916.31	737.24
Quality Construction Product Plc.	1.53	(22.79)	1.16
Home Product Center Plc.	1,057.82	1,247.17	1,477.26
Asia Asset Advisory Co., Ltd.	-	-	-
Land and Houses Property and Loan Fund-II	38.01	52.36	56.53
Quality Houses Plc.	777.94	770.48	864.72
Total	2,436.60	2,963.53	3,136.91

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 received and other incomes. In 2015, other incomes of the Company was 2,765.69 million Baht, a 23.49 % decrease comparative to the prior year or a decrease of 849.28 million Baht from the gain from its sale of Leasehold rights in the Grande Centre Point Hotel Terminal 21 to LH Hotel Leasehold Real Estate Investment Trust of 2,036.88 million Baht and sale of its apartment

in California which accounted for 239.95 million Baht. While in 2016, other incomes was totaled 1,944.44 million Baht, 821.23 decrease from 2015 or 29.69% decrease. The income in this year was from the gain on sale of land held for development at Had Mai Khao, Phuket Province in value of 1,240.00 million Baht. In 2017, the other incomes was accounted for 3,864.17 million Baht, an increase of 1,919.73 million Baht or 98.73% from year 2016 which mainly came from the sale of leasehold rights of Grande Centre Point Hotel Ratchadamri Project in value of 2,080.00 million Baht and also the Gain on change in the shareholders' equity of an associate of Baht 1,135 million of the Company's shareholding in LHFG (LHBANK)

In 2015, other incomes of total 2,765.69 million Baht comprised of gain from its sale of Leasehold rights to a real estate investment trust (2,036.88 million Baht), gain from sale of its apartment in California (239.95 million Baht), utility service fees income (254.53 million Baht), dividend income (81.34 million Baht) and interest income and other incomes (392.94 million Baht.)

In 2016, other incomes of 1,944.45 million Baht consisted of profit from the asset sale of land held for development at Mai Khao Beach, Phuket province (1,240.00 million Baht), utility fee income (249.31 million Baht), dividend income (147.21 million Baht) and interest and other incomes (307.93 million Baht).

In 2017, other incomes of the Company 3,864.17 million Baht consisted of profit from the asset sale (2,080.00 million Baht), utility fee income (278.61 million Baht), dividend income (152.74 million Baht), gain on change in the shareholders' equity of the Company's shareholding in LHBANK of Baht 1,135.22 million Baht and interest and other incomes (217.82 million Baht).

Gross profit : In 2015, the percentage of gross profit margin fell to 34.07 % of total revenue. The gross profit margin of revenue from sales of housing and land was 33.93 % and that of lease revenue stood at 35.72%. In 2016, gross profit margin slightly increased to 34.35%, an increase of 0.28%. The gross profit margin of revenue in 2016 from building and land sales was 34.89% and the margin of lease revenue was at 28.55%.

In 2017, the percentage of gross profit margin remained closed to of the previous year at 34.38% of total revenue. The gross profit margin of revenue from sales of housing and land was 35.46% and that of lease revenue stood at 23.66%.

Management expenses: Management expenses in 2015 were 1,807.51 million Baht, representing 6.23% of total revenue., a decrease of 207.38 million Baht from the previous year (or equaled 10.29% decrease) due to the reduced in cost of asset repair of 90.16 million Baht and decrease in consultant and management fees of 99.02 million Baht. 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). In 2016, Management expenses was 2,058.93 million Baht which was 6.46% of total revenue, the increase of 251.42 million Baht from the past year or 13.91% increase.

For the year 2017, Management expenses were total 2,802.28 million Baht, representing 7.23% of total revenue., an increase of 743.35 million Baht from the previous year which was the result of the increase in the estimated liabilities from the lawsuits of 735.63 million Baht, an increase of 0.37%

Sales expenses: Sales expenses, excluding special business taxes and transfer fees, in 2015 was 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 the decrease in advertising and promotion expenses. In 2016, the Sales expenses was 920.13 million Baht which was 2.89% of revenue, this expense had increased from the past year of 32.42 million Baht or an increase of 3.65%

For 2017, the Sales expenses was 987.45 million Baht , a rate of 2.55% of revenue, this expenses had increased from the past year of 67.32 million Baht or grew at the rate of 7.32 %

Special business taxes and transfer fees: In 2015, special business taxes and transfer fees were 878.51 million Baht, or 3.03% of total revenue, a decrease of 114.07 million Baht or 11.49% decrease from year 2014, as a consequence of the declining in sales and also because of the tax break and transfer fee reduction in late 2015. In 2016, the fees were 991.49 million Baht, 3.11% of revenue, an increase 112.98 million Baht, or 12.86% growth as a result of the expiration of the tax break and transfer fee promotion together with the increase in the Company's Sale in 2016.

In 2017, special business taxes and transfer fees were 1,221.25 million Baht, or 3.15% of total revenue, a growth of 229.76 million Baht or 23.17 % from year 2016 in line with the increase in Company's sales

Losses from project impairment: Losses from project impairment in 2015 was at 2.50 million Baht, then increased to 5.96 million Baht respectively in 2016 and further shifted to 9.11 million Baht in 2017.

Earnings before interest and corporate income tax: Earnings before interest and corporate income tax in 2015 was 8,136.13 million Baht, a decrease of 1,549.84 million Baht or 16.00% decrease from year 2014 respectively since the profit from the sale of its assets decreased 871.37 million Baht and also due to the decrease in sale revenue. In 2016, earnings before interest and corporate income tax was 8,109.16 million Baht, a decrease of 26.97 million Baht or a slightly 0.33% reduction from the previous year.

For 2017, Earnings before interest and corporate income tax was 10,548.05 million Baht, an increase of 2,438.89 million Baht or 30.08 % significant growth from year 2016 respectively

Earnings before corporate income tax: Earnings before corporate income tax in 2015 was 10,268.03 million Baht, a fell down of 9.87%, or 1,125.09 million baht, from the previous year. In 2016, this earnings was 10,699.53 million Baht, the increase of 431.50 million Baht or a 4.20% growth from year 2015.

For 2017, Earnings before corporate income tax was 13,043.71 million Baht, an increase of 2,344.18 million Baht or 21.91 % growth from year 2016 respectively

Net profit: Net profit of the Company and its subsidiaries in 2015 was 7,920.23 million Baht. While in 2016, net profit was 8,617.97 million Baht, an increase by 8.81% or in sum 697.74 million Baht.

For 2017, Net profit of the Company and its subsidiaries was 10,436.22 million Baht, an increase of 1,845.25 million Baht or a growth of 21.41%

Based on the above mentioned operating results, when consider the profitability ratios of the Company in 2015 and 2016, the Company's gross profit margin stood at 34.07% and 34.35% respectively. Net profit margin in 2015 and 2016 was 27.29% and 27.06% .

In 2017, the Company's gross profit margin was at 34.38 % while the net profit margin was 26.98% respectively.

Earnings per share: Based on the average number of shares of the Company in 2015 and 2016 which was at 11,730.03 million and 11,786.55 million shares respectively, basic earnings per share were calculated to be at 0.69 and 0.73 Baht per share respectively. In 2017, where the average number of shares used in the calculation was 11,949.71 million shares, basic earnings per share for the year 2017 was 0.88 Baht.

Dividends payable: Based on the operating results, the Company considered its dividends payment for its performances in 2015, 2016 and 2017 as follows:

	Dividend rate (%)	Dividend Payments (million Baht)	Payment Date
Dividends for 2015 operations	88.85	2,926 4,120	September 10, 2015 May 24, 2016
Dividends for 2016 operations	89.32	4,123 3,575	September 9, 2016 May 24, 2017
Dividends for 2017 operations	85.65	4,780 4,182	September 6, 2017 May 22, 2018

Dividend payment for 2015 operations : The Board of Directors approved on August 13, 2015 meeting that the payment of an interim dividend payment of 0.25 Baht per share (of the one-Baht par share value) as the result of the 2015 operations, totaling 2,926 million Baht. Consecutively, the board had 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, thus leaving the outstanding dividend to be paid in May 24, 2016 of 0.35 Baht per share which amounted to 4,120 million Baht. Total dividends paid for 2015 operations were at the rate 88.85% of its net earnings.

Dividend payment for 2016 operations: The Board of Directors approved on August 11, 2016 on the payment of an interim dividend for the first six months of 2016 of 0.35 Baht per share (at one-Baht par) for the 2016 operations, totaling 4,123 million Baht which was paid on September 9, 2016. The Board also approved on February 29, 2017 the total dividend for the 2016 operations at the rate of 0.65 Baht (at one-Baht par) to be approved at the shareholders' meeting, leaving the outstanding dividend to be paid at the rate of 0.30 Baht per share or in total sum 3,575 million Baht, paid on May 24, 2017. Thus total dividends paid for the year 2016 operations were at the rate of 89.32% of net earnings.

Dividend payment for 2017 operations: The Board of Directors approved on August 11, 2017 on the payment of an interim dividend for the first six months of 2017 at the rate of 0.40 Baht per share (at one-Baht par) for the 2017 operations, totaling 4,780 million Baht which was paid on September 6, 2017. And on February 28, 2018, the Board also approved the total dividend for the 2017 operations at the rate of 0.75 Baht (at one-Baht par) to be approved at the shareholders' meeting, leaving the outstanding dividend to be paid at the rate of 0.35 Baht per share or in total sum 4,182 million Baht, paid on May 22, 2018. Thus total dividends paid for the year 2017 operations were at the rate of 85.65 % of net earnings.

(b) Financial position

Assets

Total assets of the Company and its subsidiaries as at the end of 2015, 2016 and 2017 were recorded at 98,069.75 million, 101,505.54 million and 109,491.50 million Baht consecutively. Since the Company operates the business of developing real estate by building pre-built houses and kept launching new projects regularly, its core assets are in form of inventories which comprised of land and projects under development. In addition, the next in importance assets are investments in subsidiaries and associated companies and investment properties. Details of the Company's assets are as follows

Inventories: At the end of 2015 and 2016, the Company held an inventories valued at 48,117.96 million Baht and 48,925.72 million Baht, respectively, representing 49.07% and 48.20% of its total assets. The Company had separately showed the accounts of Land held for development of its own and its subsidiaries, including its related expenses, totaling 4,093.70 million Baht and 3,215.94 million Baht at the end of year, 2015 and 2016 respectively. The amounts were booked as

land held for development and shown under Company's Non-current assets and will show as inventories when the projects had started. As of the end of 2017, the Company's inventories and Land held for development were 48,197.92 million Baht and 2,508.21 million Baht, consecutively, which were equaled to 44.02% and 2.29% of total assets of the Company.

Trade receivables As of the end of 2015, 2016 and 2017, the Company's trade and other receivables amounted to 184.02 million, 156.93 million and 162.55 million Baht respectively. They were transactions under the leasing business.

Investment in associated companies Investments in associated companies under the equity method as of December 31 of 2015, 2016 and 2017 are as follows:

Unit : Million Baht

Company	2015	2016	2017
LH Financial Group Plc.	6,109.61	6,913.22	8,444.89
Quality Construction Products Plc.	412.91	378.26	379.42
Home Product Center Plc.	5,728.75	5,906.44	6,252.42
Land and Houses Property and Loan Fund-II	467.00	467.36	442.19
Quality Houses Plc.	6,245.45	6,593.70	7,058.91
Total	18,963.72	20,258.98	22,577.82
% of total assets	19.34	19.96	20.62

Long term investments: Long-term investments at the end of 2015, 2016 and 2017 were valued at 5,209.97 million Baht, 5,512.07 million Baht and 7,156.48 million Baht which accounting for 5.31%, 5.43% and 6.54% of total assets, respectively.

In 2015, long-term investments of the Company was at 5,209.97 million Baht, a decrease of 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

In 2016, long-term investments slightly increased to 5,512.07 million Baht, an increase of 302.1 million baht from the previous year. The key items were an investment in Starmall Inc. in the Philippines and investments in property funds and real estate investment trusts totaling 1,857.96 million Baht.

In 2017, the Company's long-term investments increased significantly to 7,156.48 million Baht, an increase of 1,644.41 million baht from the previous year from the increase in additional investment in Unit trust – Domestic of 559.60 million Baht and Changes in fair value of securities which increased 1,084.80 million Baht in 2017.

Land held for development: As of the end of 2015 and 2016, land held for development was valued at 4,093.70 million Baht and 3,215.94 million Baht, representing 4.17% and 3.17% of total assets respectively.

At the end of 2015, land held for development totaled 4,093.70 million Baht after an impairment allowance of 802.93 million Baht.

At the end of 2015, land held for development totaled 3,215.94 million Baht after an impairment allowance of 808.89 million Baht.

In June 2016, two subsidiaries, which the Company indirectly owns, sold a piece of land held for development which the Company booked and realized profit of 1,240 million baht in 2016 fiscal year.

At the end of 2017, Land held for development totaled 2,508.21 million Baht after an impairment allowance of 720.13 million Baht. During the year 2017, the Company had transferred land held for development of total 691 million Baht to the inventories account.

As at December 31, 2017, the Company and its subsidiaries has pledged the land held for development with the net book value of 1,860 million Baht as a collateral for long term loans. The value of land held for development which had pledged as collateral in 2016 was 2,551 million Baht.

Investment Properties

In 2015, 2016 and as at the end of 2017, the Company had Investment Properties of 6,418.44 million, 14,545.30 million and 17,397.42 million Baht consecutively. In 2016, the Company held investment as apartments which LH USA , a subsidiary , had acquired in California, USA, of which the fair value as at December 31, 2015 and 2016 were 7,003.0 million Baht (USD 194 million) and 15,055.0 million Baht (USD 420 million) respectively. In 2017, LH USA had acquired another apartment for rent in California at the amount of USD 118.9 million (approximately Baht 3,950 million). The criteria of fair value measurement of Investment properties were calculated as follow :

- For vacant land and apartments for rent acquired in 2016, the fair value was based on acquisition cost. Management believed there was no material difference in the acquisition cost and the fair value.
- The apartments for rent which are acquired before 2016 have been determined by an accredited independent appraiser , using the Market Comparison approach and the Income approach.

In 2016 and 2017 , the rental income and direct operating expense arising from its apartment of LH USA which are recorded in profit or loss as detailed below.

	2016	2017
Rental Income	619	672
Direct operating expense	425	600

At the end of 2017, the apartments with a total net book value of Baht 6,098 million (as at 2016, the value was Baht 6,277 million) have been pledged as collateral for long-term loans from overseas financial institutions

Property, plant and equipment - Net

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

In 2016, the net value of land, buildings and equipment was 574.09 million baht, an increase of 263.23 million baht from the end of 2015.

In 2017, the net value of land, buildings and equipment was 568.95 million baht, a slightly decrease of 5.14 million baht from the end of 2016.

Leasehold rights: In 2015, 2016 and 2017, the Company and its subsidiaries had leasehold rights worth 2,402.47 million Baht, 3,778.86 million Baht and 3,665.53 million Baht respectively. The details were as follow :

Company	2015	2016	2017
Grande Centre Point Hotel Ratchadamri	1,604.67	1,514.20	-
Grande Centre Point Hotel Sukhumvit 55	701.76	1,613.20	1,584.53
Grande Centre Point Hotel Pattaya and Terminal 21 Shopping Center Pattaya		651.09	2,014.91
Vacant Land	96.04	0.37	66.09
Total	2,402.47	3,778.86	3,665.53

In 2016, the Company has pledged its land leasehold rights with construction thereon of the Grande Centre Point Hotel Ratchadamri Project and the Grande Centre Point Hotel Thong Lor which their net book value as at December 31, 2016 was 1,514.20 million and 1,613.20 million Baht respectively for the guarantee of Overdraft and long-term Loan.

In 2017, the Company has entered into an agreement to transfer the leasehold rights and an agreement to sell movable assets of Grande Centre Point Hotel Ratchadamri Project to LH Hotel Leasehold Real Estate Investment Trust (“LHHOTEL”) at a total price of Baht 3,749 million with gains on such transactions totaling Baht 2,080 million. The Company also pledged its land leasehold rights with construction thereon of Grande Centre Point Hotel Sukhumvit 55 and Grande Centre Point Hotel Pattaya and Terminal 21 Shopping Center Pattaya project as collateral for bank overdrafts and long-term loan.

Asset Quality

1) Inventories

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

As of December 31, 2016, net outstanding inventories was 48,925.72 million Baht, an increase of 807.76 million Baht from the end of 2015.

As of December 31, 2017, net outstanding inventories was 48,197.92 million Baht, a decrease of 727.80 million Baht from 2016.

2) Long-term investments: Long-term investments as of the end of 2017 are as follows:

Unit : Million Baht	Securities available for sale	General investments	Total
Equity Securities	4,442.20	204.40	4,646.60
Add : Allowances for revaluation	2,620.37	-	2,620.37
Less: Allowances for impairment	-	110.50	110.50
Total	7,062.57	93.90	7,156.47

Liquidity

The Company is very cautious in its spending in order to maintain its liquidity by carefully investing in housing projects, such as land acquisition and additional construction of projects to meet with its business environment including the ability for the repayment of its debts. The Company has a prompt policy of managing its cash and cash equivalents to match with the operating environment.

Unit : Million Baht	2015	2016	2017
Cash flow from operating activities	1,557.02	7,278.48	7,409.07
Cash flow from investing activities	1,873.97	(5,980.83)	(340.38)
Cash flow from financing activities	(752.96)	(7,773.31)	(4,828.29)

In 2015, cash and cash equivalents arose by 2,520.30 million Baht from operating activities 1,557.02 million Baht and from investing activities 1,873.97 million Baht. It was spent on financing activities 752.96 million Baht and also the Exchange differences on translation of financial statements in foreign currency which was a deficit of 157.73 million Baht.

In 2016, cash and cash equivalents decreased by 6,356.16 million Baht as a result of the increase of cash flow from operating activities 7,278.48 million Baht and decrease in investing activities 5,980.83 million Baht while it was spent on financing activities 7,773.31 million Baht and also the Exchange differences on translation of financial statements in foreign currency which was a surplus of 119.49 million Baht.

For the year 2017, cash and cash equivalents increased by 2,182.44 million from the increase of cash flow from operating activities 7,409.07 million Baht, a decrease in investing activities 340.38 million Baht and a spent on financing activities 4,828.29 million Baht and also the Exchange differences on translation of financial statements in foreign currency which was a deficit of 57.96 million Baht.

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

In 2016, cash flow from operating activities was 7,278.48 million Baht in surplus, mainly came from earning before tax 10,699.53 million Baht, non-cash share of profit from investment in associated companies 2,963.53 million Baht and profit from the sale of land held for development 1,240.00 million Baht, which was not considered as operating profit. A corporate income tax of 1,227.32 million Baht was also paid. Other source of operating cash flow was depreciation and amortization of 390.45 million Baht and the decrease in current investment of 791.56 million Baht.

In 2017, cash flow from operating activities was a surplus of 7,409.07 million Baht, mainly came from earning before tax 13,043.71 million Baht, less the profit on sales of assets of 2,080.09 million Baht and gain on change in shareholders' equity of an associate of 1,135.22 million Baht, which was not operating profit. A corporate income tax of 1,755.25 million Baht was also paid.

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

Cash flow from investing activities in 2016 was a deficit of 5,980.83 million Baht, mainly from the increase in investment properties and leasehold rights 10,080.7 million Baht while the Company had cash inflow from sales of land held for development of 2,185.0 million Baht and dividends from associated companies 1,718.43 million Baht.

Cash flow from investing activities in 2017 was a deficit of 340.36 million Baht, mainly from the sale in investment properties and leasehold rights 3,749.30 million Baht, dividends from associated companies 1,967.13 million Baht, while the Company had invested in investment properties of 4,420.14 million Baht, purchase of leasehold rights of 1,395.28 million Baht and an additional long-term investments of 559.59 million Baht.

Cash flow from financing activities in 2015 was minus 752.96 million baht, mainly from the dividend payments of 7,582.75 million Baht, cash paid for debenture repayment of 7,600 million Baht, net repayments of long-term loans 2,379.01 million Baht and interest payments of 1,356.93 million Baht. It also received 2,568.38 million Baht from capital increase, fund raised 15,000 million Baht from issuance of debenture and the withdrawn of the additional 1,356.93 million Baht in long-term borrowings.

Cash flow from financing activities in 2016 was minus 7,773.31 million Baht, mainly from the dividend payments of 8,202.10 million Baht, cash paid for debenture repayment of 8,500 million Baht and repayments of long-term loans and interest payments of 5,857.55 million Baht. It also received 12,250 million Baht from issuance of debenture and also from the increase in long-term borrowings of 3,056.07 million Baht

Cash flow from financing activities in 2017 was minus 4,828.29 million Baht, mainly from the dividend

payments of 8,326.13 million Baht, and debenture repayment (including interest) of 9,329.16 million Baht. It also received 13,000 million Baht from issuance of local debenture.

Significant Liquidity Ratios

Liquidity ratio in 2015 and 2016 was 3.49 and 2.72 times respectively, while the quick ratio was at 0.60 and 0.16 times. The liquidity and quick ratios rose in 2015 before the declining in the following year due to an increase in current liabilities which has increased in 2016 and continued to increase in 2017 where the current liabilities increased to 23,906.10 million Baht at the end of 2017, thus the liquidity ratio and quick ratio at the year ended 2017 were 2.32 and 0.23 accordingly.

In 2015, the liquidity ratio was 3.49 times whereas the quick ratio was 0.60. The liquidity ratio improved as a result of year-on-year increases in current assets, especially cash increase of 2,520.31 million Baht and increase in inventories 4,631.39 million Baht while current liabilities grew only 855.69 million Baht. The quick ratio also improved from 2014 as a result of an increase of cash of 2,520.31 million Baht.

In 2016, the liquidity ratio was 2.72 times whereas the quick ratio was at only 0.16. The liquidity ratio declined as a result of the decrease in current assets, especially cash dropped of 6,356.17 million Baht compared to the previous year while current liabilities increased by 2,295.78 million Baht. Thus the quick ratio has significantly dropped from year 2015.

For the year 2017, the liquidity ratio was 2.32 times whereas the quick ratio was at 0.23. The slightly decrease in liquidity ratio was a result from the increase in current liabilities Of 4,300.98 million Baht. The quick ratio for the same period of time was improved to 0.23, from the increase in cash and cash equivalents of 2,183.43 million Baht. However, as the increase in current portion of long-term loans and debentures amounted to 5,064.43 million Baht thus it has affected the quick ratio to improve slightly from the year 2016, consequently.

The creditor ratio in 2015 was 5.07 times, with repayment periods standing at 71 days respectively. In 2016, the creditor ratio was 5.45 times, with the repayment period decreased to only 66 days.

The creditor ratio in 2017 was continue to increase to 6.10 times, with the repayment periods decreased down to 59 days respectively.

Investment expenses

Over the past few years, the Company increases its investment in high potential land plots at reasonable acquisition cost for further development into housing projects, which is its core business. The Company also invested in other business which engaged in operations related to its core business.

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 per share each, totaling 621 million Baht which the Company had already fully paid up.

In November 2015, L&H Property Co., Ltd. sold all of its investment 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.) in total 1.7 million Baht. 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%.

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 2016, the Company received dividends from LH Muang Mai Co., Ltd. 284.62 million Baht , from L&H Property Co., Ltd. 305.76 million Baht and Asia Asset Advisory Co., Ltd. 39.6 million Baht. The Company also had additional investment expenses in subsidiaries as follows:

The company subscribed to newly issued shares of its 99.99% owned subsidiary company: LH Mall & Hotel Co., Ltd and paid 759 million Baht in exchange for 13.8 million shares at 55 Baht each , on January 8, 2016. LH Mall & Hotel Co., Ltd now has 20 million issued shares, valued at 100 Baht per share, making its registered capital worths in total of 2,000 million Baht.

A 60% owned subsidiary company : L&H Property Co., Ltd has approved the following changes with regards to its registered shares:

- Issued 10 million new shares at 15 Baht each, totaling 150 million Baht. The Company has purchased new shares according to its proportion of ownership and paid 90 million Baht on June 15, 2016.

- Amended the price per share from 100 Baht per share to 63 Baht per share. Thus after the change, the subsidiary had registered capital of 1,638 million Baht, in form of 26 million common shares at 63 baht each. The Company then received the proceed of 577 million Baht on June 16, 2016 from the aforesaid share capital reductions.

Land and House U.S.A., Inc, which is a 100%-owned subsidiary, has approved of a capital increase from USD 20 million to USD 40 million. The Company paid approximately 727 million Baht for the share increase on January 20, 2016.

For the year 2017, the Company had net cash flows used in investing activities of negative 340.36 million Baht. Main transactions were cash received from sales of asset (leasehold rights of Grande Centre Point Hotel Ratchadamri) of 3,749.30 million Baht and received dividends from associates of 1,967.13 million Baht. The net cash flows in investing activities was decreased from the investment in the investment properties, which LH USA had acquired the apartment in Campbell, California at the amount of USD 118.9 million (approximately 3,950 million Baht) including the cost of refurbishment of other apartments in total sum of 4,420.14 million Baht. In addition , it also paid for the purchase of leasehold rights, buildings, equipment and intangible assets of 1,395.28 million Baht and also made the cash paid for purchase of other long-term investments of 559.59 million Baht.

Sources of fund

The Company's Debt-to-equity ratio at the end of 2015, 2016 and 2017 was 1.09, 1.12 and 1.15 times respectively. The upward trend was the result of increase in borrowings for the purpose of more investments in the subsidiaries and associated companies and also the increase in investments in leasehold rights which resulted in the higher ratio of Debt-to-equity.

As at the end of 2015, shareholders' equity (include minority) stood at 46,895.12 million Baht, an increase of 2,620.18 million Baht as a result from net operating profit of 7,920.23 million Baht and the capital increase of 2,629.80 million Baht, after the dividend payments of 7,582.75 million Baht.

As at the end of 2016, shareholders' equity stood at 47,951.55 million Baht, an increase of 1,056.43 million Baht which was from net operating profit of 8,617.97 million Baht and after dividend payments of 8,202.10 million Baht, subsidiaries paid dividend to non-controlling interests of 436.72 million Baht, the increase in other components of shareholders' equity of 411.16 million Baht and cash receipts in advance for share subscription of 313.07 million Baht.

As at the end of 2017, shareholders' equity stood at 50,808.87 million Baht, an increase of 2,857.32 million Baht which was from net operating profit of 10,463.22 million Baht, after dividend payments of 8,326.13 million Baht and the increase in other components of shareholders' equity of 803.59 million Baht.

Liabilities

Consolidated liabilities as at the end of 2015, 2016 and 2017 totaled 51,174.63, 53,553.99 and 58,682.63 million Baht respectively. As at the end of 2017, major liabilities were long-term borrowings of 4,585.42 million Baht, debentures of 28,250 million Baht, current portion of long-term debts 16,142.98 million Baht and trade accounts payable 3,399.84 million Baht. So far, the Company and its subsidiaries have repaid debts duly on schedule.

Liabilities of the Company and its subsidiaries as of December 31, 2017

Company	Type	Currency	Amount	Interest rate	Collateral	Maturity Date
LH	Overdraft	THB	-	MOR	None	Upon call
	Long-term loans (5 contracts)	THB	3,075.18	Years 1-3 = 3.95% Years 4-5 = 3.85%	Land	Within 3 years from the date the first lot is drawn Within May 31, 2018
	Local debentures 4/2014	THB	1,000.0	Fixed at 3.70 %	None	3.5 years to be redeemed on March 17, 2018
	Local debenture 1/2015	THB	1,000.0	Fixed at 3.02 %	None	3.5 years to be redeemed on September 25, 2018
	Local debenture 2/2015- 1	THB	7,000.0	Fixed at 2.81 %	None	To be redeemed on April 2, 2018
	Local debenture 2/2015 - 2	THB	1,000.0	Fixed at 3.31 %	None	To be redeemed on April 2, 2020
	Local debenture 3/2015 - 1	THB	4,000.0	Fixed at 2.41 %	None	To be redeemed on October 8, 2018
	Local debenture 3/2015 – 2	THB	1,000.0	Fixed at 2.66 %	None	To be redeemed on October 8, 2019
	Local debenture 3/2015 – 3	THB	1,000.0	Fixed at 2.99 %	None	To be redeemed on October 8, 2020
	Local debenture 1/2016	THB	5,000.0	Fixed at 1.82 %	None	To be redeemed on April 29, 2019
	Local debenture 2/2016	THB	7,250.0	Fixed at 2.23 %	None	To be redeemed on October 28, 2019
	Local debenture 1/2017	THB	6,000.0	Fixed at 2.48 %	None	To be redeemed on April 28 , 2020
	Local debenture 2/2017	THB	1,000.0	Fixed at 2.22 %	None	To be redeemed on April 28, 2019
	Local debenture 3/2017	THB	6,000.0	Fixed at 2.13 %	None	To be redeemed October 5, 2020
LHMH	Long-term loan	THB	1,200.0	MLR-2.5	Project land and buildings	March 2018 – December 2027 (40 installments)
	Long-term loan	THB	530.0	MLR-2.5	Project land and buildings	March 2020 – December 2029

Liabilities of the Company and its subsidiaries as of December 31, 2017

Company	Type	Currency	Amount	Interest rate	Collateral	Maturity Date
LH-USA	Long-term loan	THB	1,140.0	3% or 5% year Swap Rate {Bloomberg}+1.29% whichever higher	Apartments for rent of project	Repaid in full in 5 years from the first drawdown date
	Long-term loan	THB	1,779.0	Fed fund rate+1 or Prime rate of Bank of America+0.5 or LIBOR +0.5 whichever higher	Apartments for rent of project	Repaid in full in 3 years from the first drawdown date, renewable for 2 years
Total		THB	48,974.18			

LH = Land & Houses Plc., LHM = LH Muang Mai Co., Ltd., LHP = L&H Property Co.,Ltd.
LHMH= LH Mall & Hotel Co.,Ltd LH-USA= Land and Houses U.S.A.,Inc.

As at December 31, 2017, The Company and its subsidiaries had available undrawdown loan facilities of 2,900 million Baht from financial institutions (the amount at the end of 2016 = 268 million Baht)

c. Major factors and influences that may affect future operations or financial position
Future obligations and liabilities

1. As of December 31, 2017, the Company and its subsidiaries had obligations under construction contracts worth 3,369 million Baht and Commitment in respect of the installation of central utilities of projects on hand of 1,200 million Baht

2. As of December 31, 2017, 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 - LHP

Agreement date	Agreement period	Maturity date	Rental rate
June 7, 2005	30 years*	May 31, 2038	From June 1, 2008 the following progressive monthly rental rates shall apply: - 1 st – 5 th year, total rental payment of 33.15 million Baht (33.15 million Baht fully paid) - 6 th -10 th year, total rental payment of 42.31 million Baht (38 million Baht already paid) - 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, 2017, L&H Property Co., Ltd., one of the Company's subsidiaries, was committed to paying security fees at the rate of 11,160 baht per month throughout the construction period and the lease term

b) Land lease agreement- LHP

Agreement date	Agreement period	Rental and leasehold rights fee
March 10, 2006	30 years*	<p>Rental fee is to be monthly paid as follows:</p> <ul style="list-style-type: none"> - 1st – 5th year total rental of 20.16 million Baht (Fully paid) - 6th – 10th year total rental of 23.18 million Baht (at the end of 2017, 11 million Baht already paid) - 11th – 15th year total rental of 26.66 million Baht - 16th – 20th year total rental of 30.66 million Baht - 21st – 25th year total rental of 35.25 million baht - 26th – 30th year 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, given that L&H Property agreed to pay 160,000 baht a month as an additional leasehold rights fee.

LHP has booked the liabilities and obligations under land lease contracts in the financial statements based on current prices since the rents are considered part of the expenses in selling assets Terminal 21 Shopping Center and Grande Centre Point Hotel Terminal 21 to a real estate investment trust

c) Land lease contract - LHMH

Agreement date	Agreement period	Maturity Date	Rentals
October 3, 2013	30 years *	March 31 2047	<p>From April 1, 2017, the rental fees are as follow :</p> <ul style="list-style-type: none"> - 1st – 7th year total rental of 35 million Baht (at the end of 2017, 5 million Baht already paid) - 8th – 17th year total rental of 100 million Baht - 18th – 27th year total rental of 150 million Baht - 28th – 30th year total rental of 75 million Baht

* The lease term started from April 1, 2017 (3 years after construction).

In addition, LHMH, 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 – LHMH

Agreement date	Agreement period	Rentals
August 4, 2015	30 years*	Rentals are paid monthly: - 1 st – 3 th year total rental of 71.0 million Baht - 4 th – 6 th year total rental of 78.0 million Baht - 7 th – 9 th year total rental of 86.0 million Baht - 10 th – 12 th year total rental of 95.0 million Baht - 13 th – 15 th year total rental of 104 million Baht - 16 th – 18 th year total rental of 115 million Baht - 19 th – 21 st year total rental of 126 million Baht - 22 nd – 24 th year total rental of 139 million Baht - 25 th – 27 th year total rental of 153 million Baht - 28 th – 30 th year 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 1.72 million Baht a month in the first and second years of the construction and 1.98 million Baht a month in the third year of the construction.

e) Land lease contract - LHMH

Agreement date	Agreement period	Rentals
August 1, 2017	40 years *	Rentals are paid monthly: - 1st – 3th year total rental of 15.0 million Baht - 4th – 6th year total rental of 17.0 million Baht - 7th – 9th year total rental of 19.0 million Baht - 10th – 12th year total rental of 21.0 million Baht - 13th - 15th year total rental of 23 million Baht - 16th - 18th year total rental of 25 million Baht - 19th - 21st year total rental of 27 million Baht - 22nd – 24th year total rental of 30 million Baht - 25th - 27th year total rental of 33 million Baht - 28th - 30th year total rental of 36 million Baht - 31th - 33th year total rental of 40 million Baht - 34th - 36th year total rental of 44 million Baht - 37th - 39th year total rental of 48 million Baht - 40th year total rental of 18 million Baht

* Lease term starts on April 1, 2019, however, The lessor agreed to allow LHMH to enter the land to develop and construct buildings from August 1, 2017 to March 31, 2019

3. As of December 31, 2017, 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
	Grande Centre Point Hotel Ratchadamri	June 15, 2017 to June 14, 2020

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

Unit: million Baht

	2017	2016
Payable::		
in 1 year	588	317
1 - 3 years	356	317

4. As of December 31, 2017 the Company and its subsidiaries have the following commitment related to the purchase of land agreements

Unit: million Baht

	2017	2016
Commitment related to the purchase of land	3,917	2,380

5. As at 31 December 2017, the subsidiaries have servitude over land of approximately 93 rai of which the cost is included in the cost of projects

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

Unit: million Baht

	2017	2016
Payable:		
in 1 year	56	57
1 - 3 years	82	19

7. Bank guarantees as at 31 December 2017 and 2016, there were the following outstanding bank guarantees issued by the banks in respect of certain performance bonds required in the normal course of business by the Company and its subsidiaries

Unit: million Baht

	2017	2016
Letter of guarantees for arrangement and maintenance of public utilities	2,998	2,647
Letter of guarantees for electricity usage	62	71
Total	3,060	2,718

As at 31 December 2017, the Company and its subsidiaries has the following obligations in respect of borrowing guarantees to customers of 7 million Baht.

8. The Company has contingent liabilities to a bank in relation to the financial support in form of issuance of a letter of comfort to provide to the subsidiaries company for loans and guarantee facilities obtained for development of the subsidiaries' projects. As at 31 December 2017, the subsidiaries have outstanding loans related to guarantee portion of the Company as specified in the letter of comfort amounting to Baht 1,730 million

Maintenance of debt to equity ratio

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

	Consolidated F/S as of Dec 31, 2016	Consolidated F/S as of Dec 31, 2017
Interest bearing liabilities	43,676.74	48,994.24
Shareholders' equity	47,951.55	50,808.87
Debt-to-equity ratio	0.91	0.96

In the consolidated financial statements as of December 31 in 2016, and as at December 31, 2017, the Company maintained the debt-to-equity ratio within the required levels for debenture issuances.

Debentures	Required Rate	Calculated at 31/12/2016	Calculated at 31/12/2017
Debentures issued after No. 2/2013	1.50	0.91	0.96

Summary of factors that may affect future operations or financial position

1. Returns from investments in associated companies. The Company invested 22,577.82 million baht, or 20.62% of its total assets, in associated companies as of December 31, 2017. Profits from these associated companies made up 30.0% 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 to diversify its risk.

2. The major lawsuits faced by the Company which the Company has set aside the reserves are as follow :

2.1 The juristic persons of two subdivision villages sued the Company for failing to inform them of the servitude rights of access to main roads, demanding damages totaling 1,110 million Baht. The Company has estimated losses of damages if it loses the case at 222.0 million Baht. This case is now still under the process of the Supreme Court

2.2 The juristic persons of two subdivision villages sued the Company for public service fee under the claims 102 million Baht which the Company has set aside a provision including interest in total sum 175 million Baht. This case is now still under the process of the Supreme Court

2.3 In another case, a housing estate juristic persons and housing residents filed lawsuits against the Company, involving the construction of a kindergarten in project demanding claim damages totaling Baht 494 million. The Company estimated the damages of 411 million. At present, the case is under the process of the Supreme Court

2.4 The Company has been sued by two condominium juristic persons in civil lawsuits (Consumer Protection legal cases) for breach of agreements, claiming for compensation total of 544 million Baht. The Company estimated the damages of 272 million Baht. The case is currently under investigation.

2.5 There were additional lawsuits which the Company was claimed as defendant, of which total damages was 232 million Baht and the Company had estimated the reserve for its damage of 5 million Baht.

For all the above mentioned cases, the maximum damages that the Company may have to pay for all cases were 2,482 million Baht, which the Company has set aside a provision of 1,085 million Baht. The maximum estimated damages to the Company is of 2,482 million Baht.

Independent Auditor's Report

To the Shareholders of Land and Houses Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Land and Houses Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Land and Houses Public Company Limited for the same period. 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 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

I draw attention to Note 3 to the consolidated financial statements, during the current period, the Company changed its accounting policy due to the adoption of TAS 27 (revised 2016) Separate Financial Statements which elected to change the accounting policy for investments in subsidiaries and associates in separate financial statements to equity method. The Company has restated the separate financial statements for the year ended 31 December 2016, presented herein as comparative information, to reflect the changes in the above accounting policy. The Company has also presented the separate statements of financial position as at 1 January 2016 as comparative information, using the newly adopted accounting policy for investments in subsidiaries and associates. My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Recognition of revenue from sales of real estate

The accounting policy for recognition of revenue from sales of real estate is disclosed in Note 5.1 to the financial statements. The amount of revenue from sales of real estate that the Group recognises in each period forms

a significant portion of total revenue. In addition, the Group has a large number of real estate development projects. I therefore identified the recognition of revenue from sales of real estate as a key audit matter and focused my audit on the occurrence and timing of the revenue recognition.

I have examined the recognition of revenue from sales of real estate of the Group by

- Assessing and testing the effectiveness of the Group's IT general controls and internal controls with respect to the cycle of revenue from sales of real estate by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select land sale agreements and condominium sale agreements to assess whether the recognition of revenue was consistent with the conditions of the relevant agreements, and whether it was in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions of revenue from sale throughout the period.

Provision for loss arising from litigation

As discussed in Notes 37.4 to the financial statements, the Group had contingent liabilities arising from litigation claims as a result of litigation cases. As the cases are not yet finalised, the management needs to exercise significant judgement and take into account related laws and regulations in assessing the effects of the litigation, in order to determine the corresponding liabilities. However, the actual outcomes of the litigation may differ from the estimates. There are therefore risks with respect to the recognition of provision for the contingent liabilities with respect to the litigation.

I inquired with the Group's management and legal department regarding the procedures followed to collate and monitor lawsuits filed and pending as at the date of the financial statements, reviewed legal consultation fees to check the completeness of the litigation notified by the Group, inquired about the details and progress of cases and the methods applied by the management in estimating liabilities from litigation, and assessed the judgement exercised by the management in estimating these liabilities. To carry out these procedures, I performed the following procedures.

- Reviewed the relevant conditions and provisions of agreements, together with the claims and objections submitted by the Group and counterparties to the court for the purpose of providing background into the disputes.
- Reviewed the relevant supporting documentation used by management to determine the provision for loss arising from litigation, and sent confirmation letters to the legal consultant whose services were used by the Group requesting written reports on case details and status, and legal opinions on the possible effects of the litigation on the Group. I also assessed the legal consultant's competence, experiences, independence and objectivity in accordance with relevant auditing standards, and I considered whether the legal principles and regulations and leading cases referred to by the legal consultant were relevant to the Group's litigation.

Acquisitions of investment properties

As disclosed in Note 17 to the financial statements. During the year 2017, the Group acquired an additional apartment overseas and presented it as investment properties in the statement of financial position. I have focused on this acquisition since it is material to the financial statements as a whole in the current period.

I worked with an auditor of the subsidiary to examine the acquisition, measurement and classification of investment

properties and their compliance with the relevant financial reporting standards by

- Examining the terms and conditions of the purchase agreement of the apartment and inquiring with management as to the nature and objectives of the acquisition in order to evaluate the recognition and classification as investment properties.
- Checking the supporting documents and related payments.
- Reviewing the disclosures in the notes to financial statements.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and

appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Rungnapa Lertsuwankul

Certified Public Accountant (Thailand) No. 3516

EY Office Limited

Bangkok: 28 February 2018

Statement of financial position

Land and Houses Public Company Limited and its subsidiaries

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements		
		As at	As at	As at	As at	As at
		'31 December 2017	'31 December 2016	'31 December 2017	'31 December 2016	'1 January 2016
(Restated)						
Assets						
Current assets						
Cash and cash equivalents	7, 8	4,783,008,041	2,600,578,204	1,872,469,764	1,443,056,428	7,108,991,052
Current investments	7, 9	500,030,124	410,280,270	500,030,124	-	1,201,839,366
Trade and other receivables	10	162,544,881	156,928,862	28,915,303	26,064,907	32,622,554
Short-term loans and accrued interest						
receivables - related parties	7	953,763	762,282	1,340,035,836	265,794,246	951,082,657
Inventories	11	48,197,922,542	48,925,723,725	46,375,432,265	47,273,349,106	46,355,530,484
Advance payment for constructions		582,719,819	540,772,758	320,173,104	412,882,788	930,369,272
Deposits for purchase of land						
and others		407,240,757	341,280,511	403,891,374	337,787,703	111,340,229
Other current assets		741,272,736	364,321,517	359,519,283	65,684,946	80,141,568
Total current assets		55,375,692,663	53,340,648,129	51,200,467,053	49,824,620,124	56,771,917,182
Non-current assets						
Restricted bank deposit	12	10,072,867	-	-	-	12,000,000
Investments in subsidiaries	13	-	-	5,367,347,970	5,994,791,060	4,847,464,092
Investments in associates	14	22,577,823,149	20,258,979,670	22,577,823,149	20,258,979,670	18,963,717,536
Other long-term investments	15	7,156,477,746	5,512,076,323	5,363,644,807	4,430,573,822	4,373,959,336
Long-term loans and accrued interest						
receivables - related party	7	-	-	13,566,585,992	9,868,138,524	4,238,932,078
Land held for development	16	2,508,206,046	3,215,935,916	2,378,663,317	3,086,393,187	3,019,159,171
Investment properties	17	17,397,423,346	14,545,297,858	210,047,929	208,963,217	207,853,417
Property, plant and equipment	18	568,944,354	574,092,627	328,821,222	281,643,693	227,594,061
Leasehold rights	19	3,665,527,101	3,778,856,056	-	-	-
Other intangible assets	20	34,715,746	45,665,421	17,834,613	20,319,801	23,067,908
Deferred tax assets	32	178,982,653	215,617,475	136,898,440	134,633,407	135,553,600
Other non-current assets		17,633,943	18,373,399	11,555,672	11,540,472	12,270,207
Total non-current assets		54,115,806,951	48,164,894,745	49,959,223,111	44,295,976,853	36,061,571,406
Total assets		109,491,499,614	101,505,542,874	101,159,690,164	94,120,596,977	92,833,488,588

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 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements		
		As at	As at	As at	As at	As at
		'31 December 2017	'31 December 2016	'31 December 2017	'31 December 2016	'1 January 2016
(Restated)						
Liabilities and shareholders' equity						
Current liabilities						
Trade and other payables	21	3,399,842,783	3,317,003,463	2,214,903,916	2,759,390,870	2,862,152,842
Retention guarantees		511,213,686	574,143,969	445,775,589	492,142,649	471,626,177
Short-term loans and accrued interest						
payables - related parties	7	-	-	160,428,219	-	-
Current portion of financial lease						
liabilities		3,795,172	3,364,835	-	-	-
Current portion of long-term loans	22	3,139,180,000	3,075,180,000	3,075,180,000	3,075,180,000	-
Current portion of debentures	23	13,000,000,000	8,000,000,000	13,000,000,000	8,000,000,000	8,500,000,000
Income tax payable		584,890,312	667,247,422	552,282,059	491,187,644	488,753,434
Provisions	24	1,525,348,863	656,838,547	1,498,539,249	632,918,656	623,712,025
Advance received from customers		1,532,587,085	2,737,848,599	1,491,079,966	2,706,540,835	2,398,469,718
Other current liabilities		209,239,427	573,491,849	130,890,400	517,695,733	659,664,203
Total current liabilities		23,906,097,328	19,605,118,684	22,569,079,398	18,675,056,387	16,004,378,399
Non-current liabilities						
Financial lease liabilities - net						
of current portion		15,850,490	17,146,305	-	-	-
Long-term loans - net of						
current portion	22	4,585,422,688	4,331,056,115	-	-	6,966,486,000
Debentures - net of current portion	23	28,250,000,000	28,250,000,000	28,250,000,000	28,250,000,000	24,000,000,000
Provision for long-term employee						
benefits	25	353,858,440	330,868,745	274,090,625	260,469,527	236,233,403
Deferred tax liabilities	32	1,371,622,257	964,490,091	-	-	-
Other non-current liabilities		199,782,674	55,306,682	-	-	-
Total non-current liabilities		34,776,536,549	33,948,867,938	28,524,090,625	28,510,469,527	31,202,719,403
Total liabilities		58,682,633,877	53,553,986,622	51,093,170,023	47,185,525,914	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 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements		
		As at	As at	As at	As at	As at
		'31 December 2017	'31 December 2016	'31 December 2017	'31 December 2016	'1 January 2016
(Restated)						
Shareholders' equity						
Share capital	26					
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	12,031,105,828
Issued and paid-up						
11,949,713,176 ordinary shares of						
Baht 1 each						
(2016: 11,786,545,992 ordinary						
shares of Baht 1 each)		11,949,713,176	11,786,545,992	11,949,713,176	11,786,545,992	11,730,034,787
Premium on ordinary shares		15,452,854,216	15,044,936,256	15,452,854,216	15,044,936,256	14,903,658,244
Cash receipts from share subscription	28	-	374,493,539	-	374,493,539	61,419,456
Retained earnings						
Appropriated - Statutory reserve	30	1,203,110,583	1,203,110,583	1,203,110,583	1,203,110,583	1,203,110,583
Unappropriated		17,805,212,324	15,673,941,565	17,805,212,324	15,673,941,565	15,287,288,650
Other components of						
shareholders' equity		3,655,629,842	2,852,043,128	3,655,629,842	2,852,043,128	2,440,879,066
Equity attributable to						
the shareholders of the Company		50,066,520,141	46,935,071,063	50,066,520,141	46,935,071,063	45,626,390,786
Non-controlling interests of						
subsidiaries	13.4	742,345,596	1,016,485,189	-	-	-
Total shareholders' equity		50,808,865,737	47,951,556,252	50,066,520,141	46,935,071,063	45,626,390,786
Total liabilities and shareholders' equity		109,491,499,614	101,505,542,874	101,159,690,164	94,120,596,977	92,833,488,588

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 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
(Restated)					
Revenues					
Sales income		31,724,296,810	27,372,383,745	30,918,784,810	26,741,542,902
Rental and services income		3,197,309,988	2,536,132,934	-	
Other income					
Dividend		152,738,230	147,213,458	51,710,879	72,874,317
Interest income		52,600,659	40,886,796	461,002,402	257,810,928
Infrastructure service income		278,606,345	249,305,306	250,620,735	220,876,465
Gain on change in shareholders' equity of an associate	14.3	1,135,221,024	-	1,135,221,024	-
Gain on investments		5,174,887	6,110,663	5,174,887	6,110,663
Gain on exchange rate		-	652,091	-	652,091
Gain on sales of property, plant and equipment		14,935,513	-	13,405,055	-
Gain on sale of project		-	77,925,817	-	77,925,817
Gain on sale of land held for development	16	80,195,297	1,240,000,000	80,195,297	-
Gain on sales of assets to REIT	7,19	2,080,094,785	-	-	
Others		64,605,171	182,345,981	56,555,400	170,347,255
Total revenues		38,785,778,709	31,852,956,791	32,972,670,489	27,548,140,438
Expenses					
Cost of sales and services		20,474,001,322	17,822,656,195	19,931,999,643	17,350,201,850
Cost of rental and services		2,440,877,115	1,812,043,760	-	-
Selling expenses		987,450,222	920,135,301	848,079,482	801,031,122
Specific business tax and transfer fee		1,221,248,429	991,495,072	1,189,248,327	964,649,703
Administrative expenses		2,066,647,601	2,022,285,313	1,649,657,889	1,606,780,805
Provision for legal cases		735,631,925	36,641,103	735,631,925	36,641,103
Other expenses					
Loss on impairment of other long-term investment		-	10,000,000	-	10,000,000
Loss on diminution in value of project and land held for development	11	9,112,073	5,957,229	-	5,957,229
Loss on sales of property, plant and equipment		-	681,475	-	1,373,902
Loss on exchange rate		302,764,724	-	302,764,724	-
Loss on derivatives		-	121,908,513	-	121,908,513
Total expenses		28,237,733,411	23,743,803,961	24,657,381,990	20,898,544,227

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

Income statement (continued)

Land and Houses Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
(Restated)					
Profit before share of profit from investments in subsidiaries and associates, finance cost and income tax expenses		10,548,045,298	8,109,152,830	8,315,288,499	6,649,596,211
Share of profit from investments in subsidiaries	13.2	-	-	852,851,131	587,273,674
Share of profit from investments in associates	14.2	3,136,909,981	2,963,533,747	3,136,909,981	2,963,533,747
Profit before finance cost and income tax expenses		13,684,955,279	11,072,686,577	12,305,049,611	10,200,403,632
Finance cost		(641,250,207)	(373,158,227)	(508,379,194)	(276,952,859)
Profit before income tax expenses		13,043,705,072	10,699,528,350	11,796,670,417	9,923,450,773
Income tax expenses	32	(1,890,030,481)	(1,571,686,021)	(1,333,453,321)	(1,305,476,275)
Profit for the year		11,153,674,591	9,127,842,329	10,463,217,096	8,617,974,498
Net income attributable to:					
Equity holders of the Company		10,463,217,096	8,617,974,498	10,463,217,096	8,617,974,498
Non-controlling interests of the subsidiaries	13.4	690,457,495	509,867,831		
		11,153,674,591	9,127,842,329		
Earnings per share	33				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.88	0.73	0.88	0.73
Diluted earnings per share					
Profit attributable to equity holders of the Company		0.87	0.72	0.87	0.72

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 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
(Restated)					
Profit for the year		11,153,674,591	9,127,842,329	10,463,217,096	8,617,974,498
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain on change in value of available-for-sale investments					
- net of income taxes	29	867,848,875	249,682,128	746,456,788	53,291,588
Exchange rate differences on translation of financial statements in foreign currency		(78,099,767)	111,325,120	-	-
Share of other comprehensive income from investments in subsidiaries	13.2	-	-	43,292,290	307,715,611
Share of other comprehensive income from investments in associates	14.2	32,311,997	51,177,399	32,311,997	51,177,399
		822,061,105	412,184,647	822,061,075	412,184,598
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial loss - net of income taxes	25	-	(21,641,758)	-	(6,574,389)
Share of other comprehensive income from investments in subsidiaries	13.2	-	-	-	(14,467,670)
Share of other comprehensive income from investments in associates	14.2	(18,474,361)	(1,020,536)	(18,474,361)	(1,020,536)
		(18,474,361)	(22,662,294)	(18,474,361)	(22,062,595)
Other comprehensive income for the year		803,586,744	389,522,353	803,586,714	390,122,003
Total comprehensive income for the year		11,957,261,335	9,517,364,682	11,266,803,810	9,008,096,501
Total comprehensive income attributable to:					
Equity holders of the Company		11,266,803,810	9,008,096,501	11,266,803,810	9,008,096,501
Non-controlling interests of the subsidiaries		690,457,525	509,268,181		
		11,957,261,335	9,517,364,682		

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 2017

(Unit: Baht)

Consolidated financial statements														
Equity attributable to the shareholders of the Company														
Other components of shareholders' equity														
		Retained earnings		Other comprehensive income				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	
				Surplus 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 share capital of associates							
	Issued and paid-up share capital	Premium on ordinary shares	Cash receipts from share subscription	Appropriated - Statutory reserve	Unappropriated									
Balance as at 1 January 2016	11,730,034,787	14,903,658,244	61,419,456	1,203,110,583	15,287,288,650	982,277,074	181,496,234	(41,719,221)	91,042,443	1,227,782,536	2,440,879,066	45,626,390,786	1,268,735,760	46,895,126,546
Profit for the year	-	-	-	-	8,617,974,498	-	-	-	-	-	-	8,617,974,498	509,867,831	9,127,842,329
Other comprehensive income for the year	-	-	-	-	(21,042,059)	249,682,079	111,325,120	50,156,863	-	-	411,164,062	390,122,003	(599,650)	389,522,353
Total comprehensive income for the year	-	-	-	-	8,596,932,439	249,682,079	111,325,120	50,156,863	-	-	411,164,062	9,008,096,501	509,268,181	9,517,364,682
Converted warrants to share capital	26	56,511,205	141,278,012	(61,419,456)	-	-	-	-	-	-	-	136,369,761	-	136,369,761
Cash receipts from share subscription	28	-	-	374,493,539	-	-	-	-	-	-	-	374,493,539	-	374,493,539
Dividend paid	36	-	-	-	(8,202,103,915)	-	-	-	-	-	-	(8,202,103,915)	-	(8,202,103,915)
Subsidiary additional called up share capital from non-controlling interests of subsidiary		-	-	-	-	-	-	-	-	-	-	-	60,000,000	60,000,000
Capital refund of subsidiary to non-controlling interests of subsidiary		-	-	-	-	-	-	-	-	-	-	-	(384,800,522)	(384,800,522)
Subsidiaries paid dividend to non-controlling interests of subsidiaries	13.4	-	-	-	-	-	-	-	-	-	-	-	(436,718,230)	(436,718,230)
Income tax from unpaid dividend		-	-	-	(8,175,609)	-	-	-	-	-	-	(8,175,609)	-	(8,175,609)
Balance as at 31 December 2016		11,786,545,992	15,044,936,256	374,493,539	1,203,110,583	15,673,941,565	1,231,959,153	292,821,354	8,437,642	91,042,443	2,852,043,128	46,935,071,063	1,016,485,189	47,951,556,252
Balance as at 1 January 2017		11,786,545,992	15,044,936,256	374,493,539	1,203,110,583	15,673,941,565	1,231,959,153	292,821,354	8,437,642	91,042,443	2,852,043,128	46,935,071,063	1,016,485,189	47,951,556,252
Profit for the year		-	-	-	-	10,463,217,096	-	-	-	-	-	10,463,217,096	690,457,495	11,153,674,591
Other comprehensive income for the year		-	-	-	-	-	867,848,845	(78,099,767)	13,837,636	-	803,586,714	803,586,714	30	803,586,744
Total comprehensive income for the year		-	-	-	-	10,463,217,096	867,848,845	(78,099,767)	13,837,636	-	803,586,714	11,266,803,810	690,457,525	11,957,261,335
Converted warrants to share capital	26	163,167,184	407,917,960	(374,493,539)	-	-	-	-	-	-	-	196,591,605	-	196,591,605
Dividend paid	36	-	-	-	-	(8,326,133,976)	-	-	-	-	-	(8,326,133,976)	-	(8,326,133,976)
Capital refund of subsidiary to non-controlling interests of subsidiaries	13.3	-	-	-	-	-	-	-	-	-	-	-	(603,196,430)	(603,196,430)
Subsidiaries paid dividend to non-controlling interests of subsidiaries	13.4	-	-	-	-	-	-	-	-	-	-	-	(361,400,688)	(361,400,688)
Income tax from unpaid dividend		-	-	-	-	(5,812,361)	-	-	-	-	-	(5,812,361)	-	(5,812,361)
Balance as at 31 December 2017		11,949,713,176	15,452,854,216	-	1,203,110,583	17,805,212,324	2,099,807,998	214,721,587	22,275,278	91,042,443	3,655,629,842	50,066,520,141	742,345,596	50,808,865,737

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 2017

(Unit: Baht)

	Note	Separate financial statements									
		Issued and paid-up share capital	Premium on ordinary shares	Cash receipts from share subscription	Retained earnings		Other comprehensive income				Total other components of shareholders' equity
					Appropriated - Statutory reserve	Unappropriated	Surplus on change in value of available-for-sale investments	Share of other comprehensive income of subsidiaries	Share of other comprehensive income of associates	Premium on share capital of associates	
Balance as at 31 December 2015											
- as previously reported		11,730,034,787	14,903,658,244	61,419,456	1,203,110,583	5,873,814,611	969,349,948	-	-	-	2,471,205,244
Cumulative effect of change in accounting policy for investments in subsidiaries and associates	4	-	-	-	-	9,413,474,039	-	194,423,360	(41,719,221)	91,042,443	(30,326,178)
Balance as at 31 December 2015 - as restated											
Profit for the year - restated		11,730,034,787	14,903,658,244	61,419,456	1,203,110,583	15,287,288,650	969,349,948	194,423,360	(41,719,221)	91,042,443	2,440,879,066
Other comprehensive income for the year - restated		-	-	-	-	8,617,974,498	-	-	-	-	-
Total comprehensive income for the year - restated		-	-	-	-	(21,042,059)	53,291,588	307,715,611	50,156,863	-	411,164,062
Converted warrants to share capital	26	56,511,205	141,278,012	(61,419,456)	-	-	53,291,588	307,715,611	50,156,863	-	411,164,062
Cash receipts from share subscription	28	-	-	374,493,539	-	-	-	-	-	-	-
Dividend paid	36	-	-	-	-	(8,202,103,915)	-	-	-	-	-
Income tax from unpaid dividend		-	-	-	-	(8,175,609)	-	-	-	-	-
Balance as at 31 December 2016											
- as previously reported		11,786,545,992	15,044,936,256	374,493,539	1,203,110,583	15,673,941,565	1,022,641,536	502,138,971	8,437,642	91,042,443	2,852,043,128
Cumulative effect of change in accounting policy for investments in subsidiaries and associates	4	-	-	-	-	5,174,251,120	1,022,641,536	-	-	-	2,524,496,832
Balance as at 31 December 2016 - as restated											
Profit for the year		11,786,545,992	15,044,936,256	374,493,539	1,203,110,583	15,673,941,565	1,022,641,536	502,138,971	8,437,642	91,042,443	2,852,043,128
Other comprehensive income for the year		-	-	-	-	10,499,690,445	-	502,138,971	8,437,642	91,042,443	327,546,296
Total comprehensive income for the year		-	-	-	-	10,463,217,096	746,456,788	43,292,290	13,837,636	-	803,586,714
Converted warrants to share capital	26	163,167,184	407,917,960	(374,493,539)	-	-	746,456,788	43,292,290	13,837,636	-	803,586,714
Dividend paid	36	-	-	-	-	(8,326,133,976)	-	-	-	-	-
Income tax from unpaid dividend		-	-	-	-	(5,812,361)	-	-	-	-	-
Balance as at 31 December 2017											
		11,909,713,176	15,452,854,216	-	1,203,110,583	17,805,212,324	1,769,098,324	505,431,261	22,275,278	91,042,443	3,655,629,802
											50,066,520,141

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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
				(Restated)
Cash flows from operating activities				
Profit before income tax expenses	13,043,705,072	10,699,528,350	11,796,670,417	9,923,450,773
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	19,205,918,648	17,114,443,701	18,715,851,914	16,684,202,194
Depreciation and amortisation	542,943,484	390,450,529	54,061,351	46,738,372
Share of profit from investments in subsidiaries	-	-	(852,851,131)	(587,273,674)
Share of profit from investments in associates	(3,136,909,981)	(2,963,533,747)	(3,136,909,981)	(2,963,533,747)
Provision for legal cases	735,631,925	36,641,103	735,631,925	36,641,103
Gain on sales of assets to REIT	(2,080,094,785)	-	-	-
Loss on diminution in value of project and land held for development	9,112,073	5,957,229	-	5,957,229
Gain on change in shareholders' equity of an associate	(1,135,221,024)	-	(1,135,221,024)	-
Loss (gain) on sales of property, plant and equipment	(14,935,513)	681,475	(13,405,055)	1,373,902
Loss on impairment of other long-term investment	-	10,000,000	-	10,000,000
Gain on sales of land held for development	(80,195,297)	(1,240,000,000)	(80,195,297)	-
Unrealised loss on exchange rate	297,720,410	-	297,720,410	-
Provision for after-sale maintenance expenses	146,920,865	64,221,530	145,749,915	63,306,598
Provision for compensation for Housing Estate Juristic Persons	33,941,714	28,525,283	32,249,234	27,523,936
Provision for public utilities maintenance	55,370,981	46,441,016	54,836,009	45,985,019
Provision for long-term employee benefits	35,031,895	28,362,066	21,650,298	20,923,139
Write-off of withholding tax deducted at source	-	1,730,625	-	-
Interest income	(52,600,659)	(40,886,796)	(461,002,402)	(257,810,928)
Dividend received	(152,738,230)	(147,213,458)	(51,710,879)	(72,874,317)
Interest expenses	630,983,055	363,545,562	498,112,042	267,340,195
Profit from operating activities before change in operating assets and liabilities	28,084,584,633	24,398,894,468	26,621,237,746	23,251,949,794
Decrease (increase) in operating assets				
Current investment	(89,749,854)	791,559,096	(500,030,124)	1,201,839,366
Trade and other receivables	(6,180,136)	25,009,735	(2,850,396)	4,006,688
Inventories	(17,130,454,404)	(17,104,696,148)	(16,465,356,483)	(16,799,467,693)
Other current assets	(481,004,048)	383,389,691	(267,228,324)	305,495,630
Other non-current assets	739,456	5,259,659	(15,200)	729,735
Increase (decrease) in operating liabilities				
Trade and other payables	(274,778,801)	69,312,214	(530,926,103)	(60,809,147)
Retention guarantees	(62,930,283)	70,695,479	(46,367,060)	20,516,472
Other current liabilities	(1,008,341,528)	(112,887,865)	(1,040,585,112)	152,868,207
Provision for long-term employee benefits	(12,042,200)	(5,099,150)	(8,029,200)	(4,905,000)
Other non-current liabilities	144,475,992	(15,634,122)	-	-
Cash flows from operating activities	9,164,318,827	8,505,803,057	7,759,849,744	8,072,224,052
Cash paid for income tax	(1,755,249,660)	(1,227,320,510)	(1,467,050,497)	(1,321,976,782)
Net cash flows from operating activities	7,409,069,167	7,278,482,547	6,292,799,247	6,750,247,270

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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
				(Restated)
Cash flows from investing activities				
Decrease (increase) in restricted bank deposit	(10,072,867)	12,000,000	-	12,000,000
Decrease (increase) in short-term loans to related parties	-	-	(1,050,000,000)	470,293,778
Increase in long-term loan to related party	-	-	(4,646,650,000)	(5,468,457,000)
Cash paid for share subscription of subsidiary	-	-	-	(1,575,700,000)
Cash received from share reduction of subsidiary	-	-	909,487,152	577,199,778
Cash paid for purchase of other long-term investments	(559,590,330)	-	-	-
Dividend received from subsidiaries	-	-	614,099,359	629,984,371
Dividend received from associates	1,967,125,163	1,718,428,478	1,967,125,162	1,718,428,478
Dividend received from other companies	152,738,230	147,213,458	51,710,879	72,874,317
Proceeds from sales of land held for development	100,696,500	2,185,000,000	100,696,500	-
Cash received from sales of assets to REIT	3,749,300,000	-	-	-
Proceed from sales of property, plant and equipment	21,859,674	6,797,329	18,674,000	4,543,750
Cash paid for purchase of investment properties	(4,420,137,024)	(8,302,352,018)	(1,084,712)	(1,109,800)
Cash paid for purchase of leasehold rights, buildings, equipment and intangible assets	(1,395,282,990)	(1,778,354,450)	(106,931,487)	(109,725,842)
Cash paid for guarantee income of fund	-	(18,171,045)	-	(18,171,045)
Cash received from interest income	52,973,295	48,596,617	422,715,354	285,093,131
Net cash flows used in investing activities	(340,390,349)	(5,980,841,631)	(1,720,157,793)	(3,402,746,084)
Cash flows from financing activities				
Decrease in bank overdrafts and short-term loans from financial institutions	-	(219,798,663)	-	-
Cash paid for financial lease liabilities	(4,734,062)	(2,966,227)	-	-
Increase (decrease) in short-term loans from related parties	-	(46,301,300)	160,000,000	-
Cash paid for debentures repayment	(8,000,000,000)	(8,500,000,000)	(8,000,000,000)	(8,500,000,000)
Cash received from issuance of debentures	13,000,000,000	12,250,000,000	13,000,000,000	12,250,000,000
Cash paid for long-term loans repayment	(4,258,141)	(4,533,440,000)	-	(3,891,306,000)
Cash received from drawdown loans	604,000,000	3,056,074,440	-	-
Cash received from convert warrants to share capital	196,591,605	136,369,761	196,591,605	136,369,761
Cash received from share subscription	-	374,493,539	-	374,493,539
Interest paid	(1,329,155,761)	(1,324,112,104)	(1,173,685,747)	(1,180,889,194)
Cash received from additional called up capital from non-controlling interests of subsidiary	-	60,000,000	-	-
Cash paid for capital refund to non-controlling interests of subsidiary	(603,196,430)	(384,800,522)	-	-
Subsidiaries paid dividend to non-controlling interests of subsidiaries	(361,400,688)	(436,718,230)	-	-
Dividend paid	(8,326,133,976)	(8,202,103,916)	(8,326,133,976)	(8,202,103,916)
Net cash flows used in financing activities	(4,828,287,453)	(7,773,303,222)	(4,143,228,118)	(9,013,435,810)
Exchange differences on translation of financial statements in foreign currency	(57,961,528)	119,488,054	-	-
Net increase (decrease) in cash and cash equivalents	2,182,429,837	(6,356,174,252)	429,413,336	(5,665,934,624)
Cash and cash equivalents at beginning of year	2,600,578,204	8,956,752,456	1,443,056,428	7,108,991,052
Cash and cash equivalents at end of year (Note 8)	4,783,008,041	2,600,578,204	1,872,469,764	1,443,056,428

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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
				(Restated)
Supplemental cash flow information				
Non-cash items				
Purchases of building and equipment and leasehold rights recorded as liabilities	506,148,221	147,932,544	3,418,308	6,327,159
Transfer inventories to land held for development (book value)	-	73,191,244	-	73,191,244
Transfer inventories to property, plant and equipment (book value)	-	1,526,500	-	1,526,500
Transfer land held for development to inventories (book value)	691,229,870	-	691,229,870	-
Interest expenses recorded as cost of projects	665,545,264	892,228,039	661,348,720	877,270,867
Interest expenses recorded as leasehold rights	18,000,522	14,545,316	-	-
Increase in revaluation surplus on change in value of available-for-sale investments - net of income taxes	867,848,875	249,682,128	746,456,788	53,291,588
Actuarial loss	-	(27,076,199)	-	(8,217,985)
Exchange differences on translation of financial statement in foreign currency	(78,099,767)	111,325,120	-	-
Share of other comprehensive income of subsidiaries	-	-	43,292,290	293,247,941
Share of other comprehensive income of associates	13,837,636	50,156,863	13,837,636	50,156,863

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

Notes to consolidated financial statements

Land and Houses Public Company Limited and its subsidiaries

For the year ended 31 December 2017

1. General information

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

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

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

Company’s name	Nature of business	Country of incorporation	Percentage of shareholding	
			2017	2016
			(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	Real estate for lease business	Thailand	99.99	99.99
Land and Houses North Co., Ltd.	Real estate business	Thailand	99.99	99.99
Land and Houses Northeast Co., Ltd.	Real estate business	Thailand	99.99	99.99
Siam Tanee Property Co., Ltd. and its subsidiary	Real estate business	Thailand	99.99	99.99
L H Real Estate Co., Ltd.	Real estate business	Thailand	99.99	99.99
L H Asset Co., Ltd.	Real estate business	Thailand	99.99	99.99
L H Muang Mai Co., Ltd. and its subsidiaries	Real estate business	Thailand	55.00	55.00
L&H Property Co., Ltd. and its subsidiary	Real estate for lease business	Thailand	60.00	60.00
Land and Houses U.S.A., Inc.	Real estate for lease business	USA	100.00	100.00
Asia Asset Advisory Co., Ltd.	Investment advisor	Thailand	99.98	99.99

Company’s name	Nature of business	Country of incorporation	Percentage of shareholding	
			2017	2016
			(Percent)	(Percent)
<u>Held by subsidiary companies</u>				
L&H Retail Management Co., Ltd. (99.95 percent held by LH Mall & Hotel Co., Ltd.)	Project administration	Thailand	99.99	99.99
L&H Management Co., Ltd. (99.93 percent held by LH Mall & Hotel Co., Ltd.)	Project administration	Thailand	99.99	99.99
Siam Tanee Real Estate Co., Ltd. (99.99 percent held by Siam Tanee Property Co., Ltd.)	Real estate business	Thailand	99.99	99.99
Phuket Future Plan Co., Ltd. (99.99 percent held by L H Muang Mai Co., Ltd.)	Real estate business	Thailand	55.00	55.00
Double Tree Co., Ltd. (99.99 percent held by L H Muang Mai Co., Ltd.)	Real estate business	Thailand	-	55.00
L&H Hotel Management Co., Ltd. (99.99 percent held by L&H Property Co., Ltd.)	Project administration	Thailand	60.00	60.00

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

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

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

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

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

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

2.3 The separate financial statements present investments in subsidiaries and associates under the equity method.

3. New financial reporting standards

a. Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years

beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements except for the following new accounting standard.

TAS 27 (revised 2016) Separate Financial Statements

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

The Company has decided to change its accounting policy for investments in subsidiaries and associates in separate financial statements from cost method to equity method since 1 January 2017. The Company adjusted the transaction retrospectively. The cumulative effect of the change is described in Note 4.

b. Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. Cumulative effect of change in accounting policy due to the adoption of new financial reporting standard

As described in Note 3 to the financial statements, during the current period, the Company has changed its accounting policy related to investments in subsidiaries and associates in separate financial statements from cost method to equity method and elected to restate the prior period's financial statements to reflect the effect of the change. The cumulative effect of the change in accounting policy is presented as a separate item in the statement of changes in shareholders' equity.

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

(Unit: Million Baht)

	Separate financial statements		
	31 December 2017	31 December 2016	1 January 2016
Statements of financial position			
Increase in investments in subsidiaries	1,084	802	653
Increase in investments in associates	12,344	10,025	8,730
Increase in unappropriated retained earnings	13,043	10,500	9,413
Increase (decrease) in other components of shareholders' equity	385	327	(30)

(Unit: Million Baht)

	Separate financial statements	
	For the years ended 31 December	
	2017	2016
Statements of income		
Decrease in dividend income from subsidiaries	(614)	(630)
Decrease in dividend income from associates	(1,967)	(1,718)
Decrease in gain on exchange rate	-	(104)
Increase in gain on change in shareholders' equity of an associate	1,135	-
Increase in share of profit from investments in subsidiaries	853	587
Increase in share of profit from investments in associates	3,137	2,964
Decrease in finance cost	-	(2)
Increase in profit for the period	2,544	1,101
Statements of comprehensive income		
Increase in share of other comprehensive income from investments in subsidiaries	43	293
Increase in share of other comprehensive income from investments in associates	14	50
Earnings per share (Baht)		
Increase in basic earnings per share	0.22	0.09
Increase in diluted earnings per share	0.21	0.09

5. Significant accounting policies

5.1 Revenue recognition

a) Sales of real estate

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

b) Rendering of rental and services

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

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

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

c) Interest income

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

d) Dividends

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

5.2 Cost of real estate sold

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

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

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

5.3 Borrowing costs

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

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

5.4 Cash and cash equivalents

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

5.5 Trade accounts receivable

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

5.6 Real estate development costs (inventories)

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

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

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

5.7 Investments

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

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

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

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

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

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

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

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.

5.8 Land held for development

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

5.9 Investment properties

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

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

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

5.10 Property, plant and equipment/Depreciation

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

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

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

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

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

5.11 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 a straight-line basis over the following estimated useful lives:

Computer software 5 and 10 years

5.12 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.

5.13 Leasehold rights

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

Amortisation is included in determining income.

5.14 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.

5.15 Related party transactions

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

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

5.16 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

5.17 Impairment of assets

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

An impairment loss is recognised in profit or loss.

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

5.18 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.

5.19 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.

5.20 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.

5.21 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.

5.22 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.

6. Significant accounting judgements and estimates

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

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

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

Real estate development costs estimation

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

Provision for after-sale and utilities maintenance expense

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

Provision for compensation for Housing Estate Juristic Persons

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

Impairment of investments

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

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

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

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

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

Leases

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

Fair value of financial instruments

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

Litigations

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

7. Related party transactions

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

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

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

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

(Unit: Million Baht)

Consolidated financial statements		Separate financial statements		Transfer pricing policy
2017	2016	2017	2016	

Transactions with subsidiaries

(Eliminated from the consolidated financial statements)

Interest income	-	-	434	233	3.00% - 4.85% p.a. (2016: 3.50% - 5.50% p.a.)
Management fee income	-	-	9	8	Approximate cost
Dividend income	-	-	614	630	Declared rate
Sales of land	-	-	-	12	Approximate cost
Cash paid for use of land	-	-	-	56	Approximate cost
Interest expenses	-	-	1	1	2.00% p.a.
Purchase of land	-	-	-	4	Approximate cost

Transactions with associates

Management fee	5	3	-	-	Contract price
Interest income	27	30	18	15	The interest rate as declared by the bank
Dividend income	1,967	1,718	1,967	1,718	Declared rate
Purchases of goods	56	86	54	79	Cost plus margin
Property rental fee expenses	173	164	-	-	Contract price

Transactions with related companies

Property management fee income	203	152	-	-	Contract price
Human-resources management income	27	26	-	-	Contract price
Dividend income	140	141	52	73	Declared rate
Sale of assets to REIT	3,749	-	-	-	Contract price
Rental and services expenses	68	64	55	53	Baht 250 - 900 per square meter per month (2016: Baht 250 - 880 per square meter per month)
Property rental fee expenses	599	376	-	-	Contract price
Commission expenses	-	1	-	-	Contract price
Project management fee expenses	-	2	-	-	Contract price

Transactions with directors of subsidiaries

Interest expenses	-	1	-	-	5.50% p.a.
-------------------	---	---	---	---	------------

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deposit at financial institution				
(shown under cash and cash equivalents)				
Associate				
Land and Houses Bank Plc.	2,311.4	1,420.0	1,391.2	588.9
Current investments (Note 9)				
Associates				
Land and Houses Bank Plc.	-	70.0	-	-
Land and Houses Fund Management Co., Ltd.	500.0	-	500.0	-
Total	500.0	70.0	500.0	-
Amounts due from and accounts receivables - related parties (Note 10)				
Subsidiaries				
(Eliminated from the consolidated financial statements)				
L H Asset Co., Ltd.	-	-	-	0.1
Land and Houses Northeast Co., Ltd.	-	-	0.1	0.1
	-	-	0.1	0.2
Associate				
Q.H. International Co., Ltd.	0.4	0.6	-	-
	0.4	0.6	-	-
Related companies				
Quality Houses Leasehold Property Fund	0.6	0.3	-	-
Land and Houses Freehold and Leasehold Property Fund	1.3	4.1	-	-
Siam Retail Development Co., Ltd.	16.3	5.6	-	-
LH Shopping Centers Leasehold Real Estate Investment Trust	12.1	18.6	-	-
	30.3	28.6	-	-
Total	30.7	29.2	0.1	0.2
Short-term loans and accrued interest receivables - related parties				
Subsidiaries				
(Eliminated from the consolidated financial statements)				
Atlantic Real Estate Co., Ltd.	-	-	78.5	17.2
LH Mall & Hotel Co., Ltd.	-	-	1,019.8	132.8
L H Asset Co., Ltd.	-	-	241.6	115.8
	-	-	1,339.9	265.8
Associate				
Land and Houses Bank Plc.	1.0	0.8	0.1	-
Total	1.0	0.8	1,340.0	265.8

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
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.	-	-	13,566.6	9,868.1
Deposit to related company				
(shown under other non-current assets)				
<u>Related company</u>				
Quality Houses Leasehold Property Fund	14.6	14.6	11.6	11.5
Trade accounts payable - related parties (Note 21)				
<u>Associates</u>				
Quality Construction Products Plc.	2.9	3.8	2.9	3.8
Home Product Center Plc.	0.3	1.6	0.1	1.1
	3.2	5.4	3.0	4.9
<u>Related company</u>				
Land and Houses Freehold and Leasehold Property Fund	0.1	-	-	-
Total	3.3	5.4	3.0	4.9
Amounts due to related parties (Note 21)				
<u>Subsidiary</u>				
(Eliminated from the consolidated financial statements)				
Siam Tanee Property Co., Ltd.	-	-	38.0	-
	-	-	38.0	-
<u>Associates</u>				
Home Product Center Plc.	3.8	0.1	3.7	0.1
Land and Houses Property and Loan Fund-II	47.3	39.6	-	-
	51.1	39.7	3.7	0.1
<u>Related companies</u>				
Quality Houses Leasehold Property Fund	0.5	0.1	0.5	0.1
LH Hotel Leasehold Real Estate Investment				
Real Estate Investment Trust	191.3	96.0	-	-
	191.8	96.1	0.5	0.1
Total	242.9	135.8	42.2	0.2
Short-term loans and accrued interest payables - related parties				
<u>Subsidiaries</u>				
(Eliminated from the consolidated financial statements)				
Land and Houses Northeast Co., Ltd.	-	-	130.3	-
L H Real Estate Co., Ltd.	-	-	15.0	-
Land and Houses North Co., Ltd.	-	-	15.1	-
Total	-	-	160.4	-

Short-term loans from/to related parties are unsecured loans in the form of promissory notes without collateral. The loans are due within one year or at call.

Long-term loans - related party are unsecured loans to Land and Houses U.S.A. Inc. ("LH USA") in the form of promissory notes without collateral. Interest charged at the rate between 3.00% and 4.85% per annum. The current portion of long-term loans is presented in long-term loans - related party due to the Company has no intention to call for such loans from LH USA within next 12 months.

During the year 2017, movements of loans to/loans from the Company, subsidiaries and related companies were as follows:

(Unit: Million Baht)

Consolidated financial statements			
1 January 2017	Increase	Decrease	31 December 2017

Short-term loans and accrued interest receivables - related party

Associate

Land and Houses Bank Plc.	0.8	24.3	(24.1)	1.0
---------------------------	-----	------	--------	-----

(Unit: Million Baht)

Separate financial statements			
1 January 2017	Increase	Decrease	31 December 2017

Short-term loans and accrued interest receivables - related parties

Subsidiaries

Atlantic Real Estate Co., Ltd.	17.2	61.3	-	78.5
LH Mall & Hotel Co., Ltd.	132.8	1,097.6	(210.6)	1,019.8
L H Asset Co., Ltd.	115.8	169.1	(43.3)	241.6
Land and Houses Northeast Co., Ltd.	-	40.2	(40.2)	-
	265.8	1,368.2	(294.1)	1,339.9

Associate

Land and Houses Bank Plc.	-	15.5	(15.4)	0.1
Total	265.8	1,383.7	(309.5)	1,340.0

Long-term loan and accrued interest receivables - related party

Subsidiary

Land and Houses U.S.A., Inc.	9,868.1	5,050.6	(1,352.1)	13,566.6
------------------------------	---------	---------	-----------	----------

Short-term loans and accrued interest payables - related parties

Subsidiaries

Land and Houses Northeast Co., Ltd.	-	130.3	-	130.3
L H Real Estate Co., Ltd.	-	31.0	(16.0)	15.0
Siam Tanee Property Co., Ltd.	-	110.0	(110.0)	-
Land and Houses North Co., Ltd.	-	30.1	(15.0)	15.1
Total	-	301.4	(141.0)	160.4

Directors and management's benefits

During the years ended 31 December 2017 and 2016, 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	
	2017	2016	2017	2016
Short-term employee benefits	261,344	243,284	198,688	187,891
Post-employment benefits	8,470	17,353	5,251	5,481
Total	269,814	260,637	203,939	193,372

Commitments and contingent liabilities of related parties

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

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

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash	4,917	4,128	2,165	2,015
Bank deposits	3,499,880	2,261,662	979,763	1,312,945
Cheques in transit	290,542	128,096	290,542	128,096
Fixed deposits receipt	987,669	206,692	600,000	-
Total	4,783,008	2,600,578	1,872,470	1,443,056

As at 31 December 2017, bank deposits and fixed deposits receipt carried interests between 0.10% and 1.25% per annum (2016: 0.25% and 1.40% per annum).

9. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Fixed deposits over three months but not over one year	-	410,280	-	-
Investments in LH Money Market Fund, Cost	500,000	-	500,000	-
Add: Unrealised gain on changes in value of investments	30	-	30	-
Trading securities - fair value	500,030	-	500,030	-
Total	500,030	410,280	500,030	-

As at 31 December 2016, fixed deposits carried interests between 1.35% and 1.40% per annum (2017: Nil).

10. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<u>Trade receivables - unrelated parties</u>				
Not yet due	-	-	-	-
Past due				
Less than 3 months	100,076	84,776	-	-
3 - 6 months	161	2,255	-	-
6 - 9 months	-	-	-	-
9 - 12 months	-	-	-	-
Over 12 months	67	8,622	-	-
Total trade receivables - unrelated parties, net	100,304	95,653	-	-
<u>Other receivables</u>				
Amounts due from and accounts receivables - related parties	30,672	29,178	122	157
Other	31,569	32,098	28,793	25,908
Other receivables	62,241	61,276	28,915	26,065
Total trade and other receivables - net	162,545	156,929	28,915	26,065

11. Real estate development cost (inventories)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Land	27,089,868	23,578,984	26,227,068	22,847,644
Land improvements	1,939,336	2,072,918	1,852,471	1,978,379
Construction in progress	13,149,935	16,863,267	12,705,616	16,483,431
Interest cost	2,510,243	2,492,738	2,417,184	2,388,184
Public utilities	3,590,359	3,953,719	3,264,922	3,624,025
Deferred development cost	-	126	-	-
Houses held for sales	127,329	121,523	10,711	10,711
Total	48,407,070	49,083,275	46,477,972	47,332,374
Less: Allowance for reduce cost to net realisable value	(209,147)	(157,551)	(102,540)	(59,025)
Inventories - net	48,197,923	48,925,724	46,375,432	47,273,349

In 2017, the Company transferred-in land held for development with net book value of Baht 691 million to inventories (2016: the Company transferred-out inventories with net book value of Baht 73 million and Baht 2 million to land held for development and property, plant and equipment, respectively).

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	
	2017	2016	2017	2016
Borrowing costs included in cost of land and construction in progress (Million Baht)	666	892	661	877
Capitalisation rate (Percent)	2.5	3.0	2.5	3.0

As at 31 December 2017 and 2016, 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	
	2017	2016	2017	2016
Net book value of land and structures thereon mortgaged as collateral	1,510	819	699	-

Movements in the allowance for loss on diminution in value of projects during the year ended 31 December 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Balance as at 1 January 2017	157,551		59,025	
Add: Additional set up	9,112		-	
Add: Transferred from land held for development	43,627		43,627	
Less: Reversal due to sale	(1,143)		(112)	
Balance as at 31 December 2017	209,147		102,540	

12. Restricted deposit at financial institution

The balance as at 31 December 2017 represent saving account which a subsidiary pledged with SCB Asset Management Company Limited, trustee of LH Hotel Leasehold Real Estate Investment Trust (“LHHOTEL”), to secure land and building rental guarantees for 1 year of Grande Centre Point Hotel Ratchadamri Project. The subsidiary sold this project to LHHOTEL in June 2017 as described in Note 19 to the financial statements.

13. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Paid-up capital		Shareholding percentage		Cost		Carrying amount based on equity method	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016
			(Percent)	(Percent)			(Restated)	
Atlantic Real Estate Co., Ltd.	15,000	15,000	99.99	99.99	14,998	14,998	(11,214)	3,758
LH Mall & Hotel Co., Ltd.								
and its subsidiaries	2,000,000	2,000,000	99.99	99.99	2,000,000	2,000,000	2,528,365	2,210,556
Land and Houses North Co., Ltd.	13,500	13,500	99.99	99.99	13,500	13,500	15,776	15,831
Land and Houses Northeast Co., Ltd.	150,000	150,000	99.99	99.99	149,999	149,999	406,489	301,166
Siam Tanee Property Co., Ltd.								
and its subsidiary	100,000	100,000	99.99	99.99	64,859	64,859	155,719	237,055
L H Real Estate Co., Ltd.	58,000	58,000	99.99	99.99	25,000	25,000	18,950	19,123
L H Asset Co., Ltd.	100,000	100,000	99.99	99.99	52,734	52,734	492,464	466,968
L H Muang Mai Co., Ltd.								
and its subsidiaries	900,000	900,000	55.00	55.00	495,000	495,000	686,451	702,302
L&H Property Co., Ltd.								
and its subsidiary	130,000	1,638,000	60.00	60.00	174,000	1,078,800	270,938	669,892
Land and Houses U.S.A., Inc.	(a)	(a)	100.00	100.00	1,343,127	1,343,127	802,039	1,368,847
Asia Asset Advisory Co., Ltd.	313	5,000	99.98	99.99	313	5,000	1,371	(707)
					4,333,530	5,243,017	5,367,348	5,994,791

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

13.2 Share of comprehensive income and dividend received

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

(Unit: Thousand Baht)

Company's name	Separate financial statements					
	For the year ended 31 December					
	Share of profit or loss		Share of other comprehensive income		Dividend received	
	2017	2016	2017	2016	2017	2016
	(Restated)		(Restated)			
Atlantic Real Estate Co., Ltd.	(14,972)	(196)	-	-	-	-
LH Mall & Hotel Co., Ltd. and its subsidiaries	196,417	8,959	121,392	182,835	-	-
Land and Houses North Co., Ltd.	(55)	64	-	-	-	-
Land and Houses Northeast Co., Ltd.	105,323	63,853	-	-	-	-
Siam Tanee Property Co., Ltd. and its subsidiary	(9,336)	(1,457)	-	-	72,000	-
L H Real Estate Co., Ltd.	(173)	(129)	-	-	-	-
L H Asset Co., Ltd.	25,496	15,970	-	-	-	-
L H Muang Mai Co., Ltd. and its subsidiaries	(15,851)	531,663	-	54	-	284,625
L&H Property Co., Ltd. and its subsidiary	1,047,946	105,086	-	(966)	542,100	305,760
Land and Houses U.S.A., Inc.	(488,708)	(137,361)	(78,100)	111,325	-	-
Asia Asset Advisory Co., Ltd.	6,764	822	-	-	-	39,599
Total	852,851	587,274	43,292	293,248	614,100	629,984

13.3 Significant changes in investments in subsidiaries

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

On 29 June 2017, the Extraordinary General Meeting of Shareholders of Double Tree Co., Ltd. (“DBT”), the Company’s 55% owned indirect subsidiary (99.99% held by L H Muang Mai Co., Ltd.), passed a resolution approving the dissolution of its legal entity which will be effective on 30 June 2017. DBT filed for deregistration on 5 July 2017. DBT has been completely the liquidation process on 31 August 2017.

Reduction of share capital of subsidiaries

During the current year, L&H Property Co., Ltd. (“LHP”), the Company’s 60% owned subsidiary, and Asia Asset Advisory Co., Ltd. (“AAA”), the Company’s 99.99% owned subsidiary, decreased the registered share capital as detailed below:

(Unit: Million Baht)

Company's name	Date of approval the share capital reduction by the Extraordinary General Meeting of subsidiaries	Date of registration of reduction of share capital at the Ministry of Commerce	Paid up share capital		
			Old	Reduction	New
LHP	11 July 2017	16 August 2017	1,638.00	(1,228.50)	409.50
	12 September 2017	2 November 2017	409.50	(279.50)	130.00
AAA	19 July 2017	24 August 2017	5.00	(3.75)	1.25
	12 September 2017	2 November 2017	1.25	(0.94)	0.31

The Company received the proceed from the aforesaid share capital reductions of LHP and AAA amounting to Baht 904.80 million and Baht 4.69 million, respectively, in August 2017 and October 2017.

On 24 November 2017, the Extraordinary General Meeting of Shareholders of AAA passed a resolution approving a decrease in the registered share capital as detailed below:

(Unit: Million Baht)

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

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

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

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	2017	2016	2017	2016	2017	2016	2017	2016
	(%)	(%)						
L H Muang Mai Co., Ltd. and its subsidiaries	45	45	562	575	(13)	435	-	233
L&H Property Co., Ltd. and its subsidiary	40	40	180	442	702	75	361	204

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

Summarised information about financial position

(Unit: Million Baht)

	L H Muang Mai Co., Ltd. and its subsidiaries		L&H Property Co., Ltd. and its subsidiary	
	2017	2016	2017	2016
Current assets	1,188	1,347	2,354	893
Non-current assets	136	131	48	1,561
Current liabilities	(64)	(191)	(475)	(341)
Non-current liabilities	(12)	(11)	(1,476)	(1,009)

Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December			
	L H Muang Mai Co., Ltd. and its subsidiaries		L&H Property Co., Ltd. and its subsidiary	
	2017	2016	2017	2016
Revenue	254	1,491	3,953	1,742
Profit (loss)	(29)	967	1,759	185
Other comprehensive income	-	-	-	1
Total comprehensive income	(29)	967	1,759	186

Summarised information about cash flow

(Unit: Million Baht)

	For the year ended 31 December			
	L H Muang Mai Co., Ltd. and its subsidiaries		L&H Property Co., Ltd. and its subsidiary	
	2017	2016	2017	2016
Cash flow from (used in) operating activities	(154)	1,674	323	574
Cash flow from (used in) investing activities	5	(2)	3,958	919
Cash flow used in financing activities	-	(1,172)	(2,412)	(1,321)
Net increase (decrease) in cash and cash equivalents	(149)	500	1,869	172

14. Investments in associates

14.1 Details of associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated and separate financial statement					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2017	2016	2017	2016	2017	2016
(Percent) (Percent)								
LH Financial Group Plc.	Holding company	Thai	21.88	33.98	4,538,712	4,538,712	8,444,892	6,913,223
Quality Construction Products Plc.	Manufacture of construction materials	Thai	21.16	21.16	179,178	179,178	379,416	378,263
Home Product Center Plc.	Trading of construction materials	Thai	30.23	30.23	1,489,020	1,489,020	6,252,422	5,906,439
Land and Houses Property and Loan Fund-II	Real estate business	Thai	49.99	49.99	743,925	743,925	442,187	467,359
Quality Houses Plc.	Real estate business	Thai	24.98	24.98	3,282,682	3,282,682	7,058,906	6,593,696
					10,233,517	10,233,517	22,577,823	20,258,980

14.2 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 the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated and separate financial statements					
	Share of profit/loss from investments in associates during the year		Share of other comprehensive income from investments in associates during the year		Dividend received during the year	
	2017	2016	2017	2016	2017	2016
LH Financial Group Plc.	737,245	916,316	29,984	40,241	370,781	152,947
Quality Construction Products Plc.	1,156	(22,794)	(3)	-	-	11,848
Home Product Center Plc.	1,477,256	1,247,172	(18,027)	4,002	1,113,246	1,073,487
Land and Houses Property and Loan Fund-II	56,535	52,356	-	-	81,706	51,995
Quality Houses Plc.	864,718	770,484	1,884	5,914	401,392	428,151
Total	3,136,910	2,963,534	13,838	50,157	1,967,125	1,718,428

14.3 Significant changes in investments in associates

LH Financial Group Public Company Limited

On 29 March 2016, LH Financial Group Public Company Limited ("LHFG") entered into a memorandum of understanding in relation to a share subscription agreement ("SSA MOU") with CTBC Bank Co., Ltd. ("CTBC"). Under the SSA MOU, LHFG agrees in principle to issue 7,545 million new ordinary shares ("Shares") through a private placement to CTBC and CTBC agrees in principle to subscribe to the Shares at Baht 2.20 per share (the "Transaction"), provided that certain conditions precedent are met. Moreover, the price and the Transaction are subject to change or cancellation should due diligence uncover material adverse findings related to the business or financial position of LHFG. On the same date, a meeting of the Board of Directors of the Company passed a resolution to approve a memorandum of understanding in relation to the shareholders agreement ("SHA MOU") with Quality Houses Public Company Limited ("QH") and CTBC, in order to stipulate the respective rights and obligations as the shareholders of LHFG upon the completion of the Transaction. The SHA MOU was executed by the Company, QH and CTBC on 29 March 2016.

On 8 June 2016, LHFG entered into a share subscription agreement ("SSA") with CTBC, whereby key terms and conditions are in accordance with the SSA MOU. On the same date, a meeting of the Board of Directors of the Company passed a resolution to approve the entering into the shareholders agreement ("SHA") with QH and CTBC, in order to stipulate the respective rights and obligations as the shareholders of LHFG upon the completion of the Transaction, whereby key terms and conditions are in accordance with the SHA MOU.

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

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

- 1) Approved reduction of the registered capital by Baht 5,998 by cancelling the authorised but unissued shares, from the registered capital of Baht 13,638,705,250 to Baht 13,638,699,252.
- 2) Approved increase of the registered capital by Baht 7,544,961,342 from the registered capital of Baht 13,638,699,252 to Baht 21,183,660,594.

3) Approved the issuance and allotment of 7,544,961,342 newly issued ordinary shares, each with a par value of Baht 1, to be allotted to CTBC under the private placement scheme at Baht 2.20 per share of Baht 16,598,914,952 or 35.62% of the registered share capital.

4) Approved CTBC request for waiver from the requirement to make a tender offer for all of the LHFG's securities, by virtue of the resolution of the LHFG's shareholders meeting

On 27 July 2017, LHFG received the subscription of the newly issued ordinary shares from CTBC of Baht 16,599 million and register the increase of its share capital with the Ministry of Commerce. As a result, CTBC hold 35.62% of the issued and paid-up share capital of LHFG. The Company's shareholding in LHFG diluted from 33.98% to 21.88% of the issued and paid-up share capital. The Company recorded the net result from the change in the shareholders' equity of Baht 1,135 million, presenting it as other income in the profit or loss for the current period and recognised the same amount in investments in associates.

14.4 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 2017 and 2016 are as follows:

(Unit: Million Baht)

Company's name	Country of listing	Fair values as at 31 December	
		2017	2016
LH Financial Group Plc.	Thai	7,833	7,972
Quality Construction Products Plc.	Thai	575	418
Home Product Center Plc.	Thai	50,891	40,156
Quality Houses Plc.	Thai	8,617	6,904
Total		67,916	55,450

14.5 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.	
	2017	2016	2017	2016	2017	2016
Current assets	233,111	212,147	15,242	15,900	29,624	32,349
Non-current assets	-	-	35,708	35,846	23,407	20,665
Current liabilities	(194,556)	(191,831)	(20,378)	(22,491)	(11,884)	(11,083)
Non-current liabilities	-	-	(11,937)	(11,764)	(16,345)	(18,992)
Net assets	38,555	20,316	18,635	17,491	24,802	22,939
Shareholding percentage (%)	21.88	33.98	30.23	30.23	24.98	24.98
Share of net assets	8,436	6,904	5,633	5,287	6,195	5,730
Goodwill	9	9	619	619	864	864
Carrying amounts of associates based on equity method	8,445	6,913	6,252	5,906	7,059	6,594

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.	
	2017	2016	2017	2016	2017	2016
Revenue	6,493	6,967	64,234	61,144	19,744	20,908
Profit for the year	2,604	2,696	4,886	4,125	3,462	3,085
Other comprehensive income	196	119	(60)	13	8	24
Total comprehensive income	2,800	2,815	4,826	4,138	3,470	3,109

14.6 Aggregate amount of share of comprehensive income from other associates (exclude associates named in Note 14.5)

(Unit: Million Baht)

	For the year ended 31 December	
	2017	2016
Share of comprehensive income:		
Profit from continuing operations	58	30
Other comprehensive income	-	-
Total comprehensive income	58	30

14.7 The Company's consolidated financial statements for the years ended 31 December 2017 and 2016 included investments in the following associates accounted for under the equity method, and share of profit from investments in associates under the equity method, determined based on financial statements of those companies which have been audited as follows.

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	Investments under the equity method as at 31 December		Share of profit/loss from investments under the equity method for the year ended 31 December	
	2017	2016	2017	2016
Audited by auditor and other auditors of the same firm				
LH Financial Group Plc.	8,444,892	6,913,223	737,245	916,316
Home Product Center Plc.	6,252,422	5,906,439	1,477,256	1,247,172
Land and Houses Property and Loan Fund-II	442,187	467,359	56,535	52,356
Quality Houses Plc.	7,058,906	6,593,696	864,718	770,484
Audited by other auditors				
Quality Construction Products Plc.	379,416	378,263	1,156	(22,794)
Total	22,577,823	20,258,980	3,136,910	2,963,534

15. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Available-for-sale securities				
Equity securities - Overseas	2,368,704	2,368,704	2,368,704	2,368,704
Unit trust - Domestic	2,073,502	1,513,912	783,568	783,568
Add: Changes in fair value of securities	2,620,368	1,535,556	2,211,373	1,278,302
Available-for-sale securities - net	7,062,574	5,418,172	5,363,645	4,430,574
Other investments				
Equity securities - Domestic	204,239	204,239	26,000	26,000
Unit trust - Domestic	165	165	-	-
Less: Allowance for impairment	(110,500)	(110,500)	(26,000)	(26,000)
Other investments - net	93,904	93,904	-	-
Total	7,156,478	5,512,076	5,363,645	4,430,574

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

16. Land held for development

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Land held for development	3,228,340	4,024,823	3,031,172	3,782,529
Less: Allowance for loss on diminution in value	(720,134)	(808,887)	(652,509)	(696,136)
Land held for development - net	2,508,206	3,215,936	2,378,663	3,086,393

In June 2016, two subsidiaries sold their land held for development. The subsidiaries had gain on such transactions totaling Baht 1,240 million, and recognised in profit or loss in 2016.

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

In 2017, the Company transferred-out land held for development with net book value of Baht 691 million to inventories (2016: the Company transferred-in land held for development with net book value of Baht 73 million from inventories).

As at 31 December 2017 and 2016, the Company has mortgaged some of the land held for development to secure long-term loans with net book value as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements	
	2017	2016
Net book value of mortgaged land		
held for development to secure loans	1,860	2,551

Movements in the allowance for loss on diminution in value of land held for development during the year ended 31 December 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2017	808,887	696,136
Less: Reversal due to transfer to the public	(45,126)	-
Less: Transfer to inventory	(43,627)	(43,627)
Balance as at 31 December 2017	720,134	652,509

17. Investment properties

The net book value of investment properties as at 31 December 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Vacant Land	Apartments	Total	Vacant Land	Apartments	Total
As at 31 December 2017:						
Cost	210,048	17,864,620	18,074,668	210,048	-	210,048
Less: Accumulated depreciation	-	(677,245)	(677,245)	-	-	-
Net book value	210,048	17,187,375	17,397,423	210,048	-	210,048
As at 31 December 2016:						
Cost	208,963	14,754,936	14,963,899	208,963	-	208,963
Less: Accumulated depreciation	-	(418,601)	(418,601)	-	-	-
Net book value	208,963	14,336,335	14,545,298	208,963	-	208,963

On 14 November 2017, Land and Houses U.S.A., Inc. ("LH USA"), the Company's 100% owned subsidiary acquired an apartment in Campbell, California at the amount of USD 118.9 million (approximately Baht 3,950 million).

As at 31 December 2017, the management believes that there is no material difference between the book value of the above apartment and its fair value.

A reconciliation of the net book value of investment properties for the years 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	14,545,298	6,418,436	208,963	207,853
Acquisition of assets	4,420,136	8,302,352	1,085	1,110
Depreciation charged	(305,593)	(190,025)	-	-
Translation adjustment	(1,262,418)	14,535	-	-
Net book value at end of year	17,397,423	14,545,298	210,048	208,963

Depreciation of investment properties for the year 2017 of Baht 306 million (2016: Baht 190 million) included in cost of rental and services.

The fair value of the investment properties as at 31 December 2017 and 2016 stated below:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Vacant land	210	209	210	209
Apartments	18,058 ⁽¹⁾	15,055 ⁽¹⁾	-	-

⁽¹⁾As at 31 December 2017, the fair value is USD 553 million (2016: USD 420 million).

As at 31 December 2017 and 2016, the fair values of investment properties have been determined using the following approach.

- Vacant land and apartments which are acquired in the year 2017 and 2016 have been determined based on acquisition cost. The management believes that there are no material differences between the book value and its fair value.
- Apartments which are acquired before the year 2016 have been determined by an accredited independent valuer in the year 2015 using the Market Comparison Approach and the Income Approach.

During the years 2017 and 2016, LH USA gained rental income and had direct operating expenses arising from its apartments which are recorded in profit or loss as detailed below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Rental income	672	619	-	-
Direct operating expenses	600	425	-	-

The apartments with a total net book value as at 31 December 2017 of Baht 6,098 million (2016: Baht 6,277 million) have been pledged as collateral for long-term loans from overseas financial institutions.

18. 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

Cost

1 January 2016	26,997	46,192	139,582	356,069	144,968	185,456	121,958	1,021,222
Additions	-	9,530	17,629	147,347	11,737	67,785	89,397	343,425
Disposals/write-off	-	-	(1,567)	(26,368)	(20,544)	(4,557)	-	(53,036)
Transfer in (out)	1,860	-	7,103	23,434	-	-	(30,537)	1,860
Translation adjustment	-	-	(2)	(4)	-	-	-	(6)
31 December 2016	28,857	55,722	162,745	500,478	136,161	248,684	180,818	1,313,465
Additions	-	-	10,722	32,243	65,875	38,625	30,133	177,598
Disposals/write-off	-	-	(30,188)	(154,771)	(53,260)	(155,889)	-	(394,108)
Transfer in (out)	-	1,795	-	52,003	-	-	(53,798)	-
Translation adjustment	-	-	(25)	(55)	-	-	-	(80)
31 December 2017	28,857	57,517	143,254	429,898	148,776	131,420	157,153	1,096,875

Accumulated depreciation

1 January 2016	-	30,034	120,593	305,473	91,689	162,571	-	710,360
Depreciation for the year	-	2,295	10,965	24,546	20,235	16,196	-	74,237
Depreciation on disposals/write-off	-	-	(1,345)	(22,275)	(17,460)	(4,476)	-	(45,556)
Translation adjustment	-	-	(1)	(1)	-	-	-	(2)
31 December 2016	-	32,329	130,212	307,743	94,464	174,291	-	739,039
Depreciation for the year	-	3,616	11,468	56,485	23,787	25,232	-	120,588
Depreciation on disposals/write-off	-	-	(21,973)	(141,320)	(47,969)	(120,700)	-	(331,962)
Translation adjustment	-	-	(19)	(49)	-	-	-	(68)
31 December 2017	-	35,945	119,688	222,859	70,282	78,823	-	527,597

Allowance for impairment

1 January 2016	-	-	-	-	-	-	-	-
Increase	334	-	-	-	-	-	-	334
31 December 2016	334	-	-	-	-	-	-	334
Increase	-	-	-	-	-	-	-	-
31 December 2017	334	-	-	-	-	-	-	334

Net book value

31 December 2016	28,523	23,393	32,533	192,735	41,697	74,393	180,818	574,092
31 December 2017	28,523	21,572	23,566	207,039	78,494	52,597	157,153	568,944

Depreciation for the year

2016 (Baht 20 million included in cost of sales, and the balance in administrative expenses)	74,237
2017 (Baht 57 million included in cost of sales, and the balance in administrative expenses)	120,588

(Unit: Thousand Baht)

Separate financial statements							
Land	Building and building improvement	Office equipment	Furniture, fixture and equipment	Motor vehicles	Other	Assets under construction	Total

Cost

1 January 2016	-	40,682	114,678	202,223	109,474	58,360	120,661	646,078
Additions	-	1,595	5,202	4,781	7,363	3,394	79,068	101,403
Disposals/write-off	-	-	(1,009)	(23,994)	(13,123)	(4,557)	-	(42,683)
Transfer in (out)	1,860	-	-	18,913	-	-	(18,913)	1,860
31 December 2016	1,860	42,277	118,871	201,923	103,714	57,197	180,816	706,658
Additions	-	-	7,383	1,489	61,271	3,943	28,766	102,852
Disposals/write-off	-	-	(11,298)	(8,828)	(52,344)	(5,791)	-	(78,261)
Transfer in (out)	-	1,795	-	52,003	-	-	(53,798)	-
31 December 2017	1,860	44,072	114,956	246,587	112,641	55,349	155,784	731,249

Accumulated depreciation

1 January 2016	-	24,523	102,328	160,077	81,130	50,426	-	418,484
Depreciation for the year	-	2,091	7,331	14,738	14,914	3,889	-	42,963
Depreciation on disposals/write-off	-	-	(1,009)	(20,702)	(10,579)	(4,476)	-	(36,766)
31 December 2016	-	26,614	108,650	154,113	85,465	49,839	-	424,681
Depreciation for the year	-	2,029	6,456	20,767	17,453	3,700	-	50,405
Depreciation on disposals/ write-off	-	-	(11,293)	(8,181)	(47,749)	(5,769)	-	(72,992)
31 December 2017	-	28,643	103,813	166,699	55,169	47,770	-	402,094

Allowance for impairment

1 January 2016	-	-	-	-	-	-	-	-
Increase	334	-	-	-	-	-	-	334
31 December 2016	334	-	-	-	-	-	-	334
Increase	-	-	-	-	-	-	-	-
31 December 2017	334	-	-	-	-	-	-	334

Net book value

31 December 2016	1,526	15,663	10,221	47,810	18,249	7,358	180,816	281,643
31 December 2017	1,526	15,429	11,143	79,888	57,472	7,579	155,784	328,821

Depreciation for the year

2016 (The balance included in administrative expenses)	42,963
2017 (The balance included in administrative expenses)	50,405

As at 31 December 2017, the subsidiary had vehicles with net book value of Baht 13 million (2016: Baht 19 million) which were acquired under financial lease agreements.

As at 31 December 2017 and 2016, 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	
	2017	2016	2017	2016
Building and equipment items have been fully depreciated but are still in use	342	528	286	246

19. Leasehold rights

(Unit: Thousand Baht)

Project	Consolidated financial statements					
	Remaining periods of leasehold rights (years)	1 January 2017	Increase	Disposal Net book value	Amortisation	31 December 2017
Grande Centre Point Hotel Ratchadamri	-	1,514,203	7,171	(1,476,303)	(45,071)	-
Grande Centre Point Hotel Sukhumvit 55	30	1,613,201	18,237	-	(46,907)	1,584,531
Grande Centre Point Hotel Pattaya and Terminal 21 Shopping Center Pattaya	31	651,084	1,374,421	-	(10,599)	2,014,906
Vacant land	10, 40 and 33	368	65,760	-	(38)	66,090
Total		3,778,856	1,465,589	(1,476,303)	(102,615)	3,665,527

The amortisation of leasehold rights for the year 2017 of Baht 103 million (2016: Baht 115 million) included in cost of rental and services.

During the year 2017, the subsidiary included borrowing costs in leasehold rights totaling Baht 18 million (2016: Baht 14.5 million) with the capitalisation rate of 3.5 percent (2016: 3.5 percent).

The subsidiary has pledged its land leasehold rights with construction thereon of Grande Centre Point Hotel Sukhumvit 55 and Grande Centre Point Hotel Pattaya and Terminal 21 Shopping Center Pattaya project as collateral for bank overdrafts and long-term loans.

Grande Centre Point Hotel Ratchadamri

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

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

In addition, the Company provided letter of comfort to the lenders of LHHOTEL, relating to maintain the percentage of unit holding in LHHOTEL by LHMH and maintain the period of the sublease of the Grande Centre Point Hotel Terminal 21 and the Grande Centre Point Hotel Ratchadamri by L&H Hotel Management Company Limited.

20. Other intangible assets

The net book value of intangible assets (computer software) as at 31 December 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cost	84,131	86,002	51,474	50,303
Less: Accumulated amortisation	(49,415)	(40,337)	(33,639)	(29,983)
Net book value	34,716	45,665	17,835	20,320

A reconciliation of the net book value of investment properties for the years 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	45,665	41,061	20,320	23,068
Acquisition of computer software	1,843	15,942	1,170	1,027
Disposal and write-off during the year				
- net book value as at disposal date	(382)	-	-	-
Amortisation charged	(11,079)	(11,156)	(3,655)	(3,775)
Translation adjustment	(1,331)	(182)	-	-
Net book value at end of year	34,716	45,665	17,835	20,320
Amortisation for the year charged to				
Cost of rental and services	819	629	-	-
Administrative expenses	10,260	10,527	3,655	3,775

21. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade payables - unrelated parties	1,776,791	1,813,285	1,155,077	1,609,412
Trade payables - related parties	3,252	5,369	2,965	4,881
Other payables - related parties	242,943	135,840	42,189	162
Accrued expenses	1,285,790	1,030,037	989,003	860,889
Others	91,067	332,472	25,670	284,047
Total trade and other payables	3,399,843	3,317,003	2,214,904	2,759,391

22. Long-term loans

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Long-term loans	7,724,603	7,406,236	3,075,180	3,075,180
Less: Current portion	(3,139,180)	(3,075,180)	(3,075,180)	(3,075,180)
Net	4,585,423	4,331,056	-	-

Movements in the long-term loans during the year 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2017	7,406,236	3,075,180
Add: Additional borrowing	604,000	-
Less: Repayment	(4,258)	-
Less: Translation adjustment	(281,375)	-
Balance as at 31 December 2017	7,724,603	3,075,180

As at 31 December 2017 and 2016, long-term loans of the Company and its subsidiaries from financial institutions are shown below:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Interest rate per annum	Principal repayments	Guaranteed by
	2017	2016	2017	2016			
The Company	3,075	3,075	3,075	3,075	2.6% (2016: MLR - 2.25)	Within May 2018	Land
Subsidiaries							
L H Mall & Hotel Co., Ltd.*	1,200	1,126	-	-	MLR - 2.5	First repayment at end of March 2018 to December 2027, totaling 40 periods	Land and premises of project
	530	-	-	-	MLR - 2.5	First repayment at end of March 2020 to December 2029	Land and premises of project
Land and Houses U.S.A., Inc.	1,140	1,254	-	-	3% or 5 years Swap Rate (Bloomberg) +1.29 whichever is higher rate	Repayment within 5 years from the first drawdown date (USD 35 million)	Apartments of project
	1,779	1,951	-	-	Federal Fund Rate + 1 or Prime Rate of Bank of America + 0.5 or LIBOR + 0.5 whichever is higher rate	Repayment within 3 years from the first drawdown date (USD 54.45 million)	Apartments of project
Total	7,724	7,406	3,075	3,075			
Less: Current portion	(3,139)	(3,075)	(3,075)	(3,075)			
Net	4,585	4,331	-	-			

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

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

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Undrawdown loan facilities	2,900	268	70	70

23. Debentures

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

Approved by	The Annual General Meeting of the Company's shareholders held on 27 April 2017
Amount	Revolving amount of Baht 60,000 million or the equivalent in any other currencies
Term	Maximum terms of 10 years
Type	Any types of debentures such as unsubordinated and/or subordinated, unsecured and/or secured, with and/or without debenture holder representation
Method of issuance	To be issued in Thailand and/or offshore

As at 31 December 2017, the Company has unissued debentures under the above mentioned approval totaling Baht 18,750 million (2016: Baht 3,750 million).

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

No.	Interest rate per annum	Age	Repayment	Maturity	Consolidated and separate financial statements			
					Number of debenture (Shares)		Amount (Thousand Baht)	
					2017	2016	2017	2016
Unsubordinated and unsecured debentures								
No. 1/2014	Fixed rate 3.63%	3 years	At maturity	27 February 2017	-	500,000	-	500,000
No. 2/2014	Fixed rate 3.59%	3 years	At maturity	4 April 2017	-	3,500,000	-	3,500,000
No. 4/2014	Fixed rate 3.70%	3.5 years	At maturity	17 March 2018	1,000,000	1,000,000	1,000,000	1,000,000
No. 5/2014	Fixed rate 3.50%	3 years	At maturity	6 October 2017	-	4,000,000	-	4,000,000
No. 1/2015	Fixed rate 3.02%	3.5 years	At maturity	25 September 2018	1,000,000	1,000,000	1,000,000	1,000,000
No. 2/2015 (1)	Fixed rate 2.81%	3 years	At maturity	2 April 2018	7,000,000	7,000,000	7,000,000	7,000,000
No. 2/2015 (2)	Fixed rate 3.31%	5 years	At maturity	2 April 2020	1,000,000	1,000,000	1,000,000	1,000,000
No. 3/2015 (1)	Fixed rate 2.41%	3 years	At maturity	8 October 2018	4,000,000	4,000,000	4,000,000	4,000,000
No. 3/2015 (2)	Fixed rate 2.66%	4 years	At maturity	8 October 2019	1,000,000	1,000,000	1,000,000	1,000,000
No. 3/2015 (3)	Fixed rate 2.99%	5 years	At maturity	8 October 2020	1,000,000	1,000,000	1,000,000	1,000,000
No. 1/2016	Fixed rate 1.82%	3 years	At maturity	29 April 2019	5,000,000	5,000,000	5,000,000	5,000,000
No. 2/2016	Fixed rate 2.23%	3 years	At maturity	28 October 2019	7,250,000	7,250,000	7,250,000	7,250,000
No. 1/2017	Fixed rate 2.48%	3 years	At maturity	28 April 2020	6,000,000	-	6,000,000	-
No. 2/2017	Fixed rate 2.22%	2 years	At maturity	28 April 2019	1,000,000	-	1,000,000	-
No. 3/2017	Fixed rate 2.13%	3 years	At maturity	5 October 2020	6,000,000	-	6,000,000	-
Total					41,250,000	36,250,000	41,250,000	36,250,000
Less: Current portion of debentures							(13,000,000)	(8,000,000)
Net							28,250,000	28,250,000

Movements in the debentures during the year 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements
Balance as at 1 January 2017	36,250,000
Add: Issue of new debenture	13,000,000
Less: Redemption	(8,000,000)
Balance as at 31 December 2017	41,250,000

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

24.Provisions

(Unit: Thousand Baht)

	Consolidated financial statements						
	After-sale maintenance expenses	Legal cases	Guarantee income of fund	Compensation for Housing Estate Juris- tic Persons	Public utilities main- tenance	Other	Total
As at 1 January 2016	45,854	325,522	18,224	171,765	72,329	15,000	648,694
Increase during the year	64,222	36,641	-	28,525	46,441	-	175,829
Revert	-	-	(53)	-	-	-	(53)
Utilised	(41,501)	(12,132)	(18,171)	(37,678)	(58,150)	-	(167,632)
As at 31 December 2016	68,575	350,031	-	162,612	60,620	15,000	656,838
Increase during the year	146,921	735,632	-	33,942	55,371	-	971,866
Utilised	(45,423)	(1,002)	-	(12,880)	(44,050)	-	(103,355)
As at 31 December 2017	170,073	1,084,661	-	183,674	71,941	15,000	1,525,349

(Unit: Thousand Baht)

	Separate financial statements						
	After-sale maintenance expenses	Legal cases	Guarantee income of fund	Compensation for Housing Estate Juris- tic Persons	Public utilities main- tenance	Other	Total
As at 1 January 2016	44,678	325,522	18,224	163,358	71,930	-	623,712
Increase during the year	63,307	36,641	-	27,524	45,985	-	173,457
Revert	-	-	(53)	-	-	-	(53)
Utilised	(40,794)	(12,132)	(18,171)	(35,130)	(57,970)	-	(164,197)
As at 31 December 2016	67,191	350,031	-	155,752	59,945	-	632,919
Increase during the year	145,750	735,632	-	32,249	54,836	-	968,467
Utilised	(45,067)	(1,002)	-	(12,880)	(43,898)	-	(102,847)
As at 31 December 2017	167,874	1,084,661	-	175,121	70,883	-	1,498,539

25. Provision for long-term employee benefits

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Provision for long-term employee benefits at beginning of year	330,868	280,529	260,469	236,233
Included in profit or loss::				
Current service cost	21,740	19,366	13,836	13,345
Interest cost	13,292	8,996	7,814	7,578
Included in other comprehensive income::				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	(5,747)	-	(6,983)
Financial assumptions changes	-	60	-	-
Experience adjustments	-	32,763	-	15,201
Benefits paid during the year	(12,042)	(5,099)	(8,029)	(4,905)
Provision for long-term employee benefits at end of year	353,858	330,868	274,090	260,469

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	
	2017	2016	2017	2016
Cost of sales and cost of rental and services	13,215	12,065	5,816	5,634
Selling and administrative expenses	21,817	16,297	15,834	15,289
Total expenses recognised in profit or loss	35,032	28,362	21,650	20,923

The Company and its subsidiaries expect to pay Baht 38.0 million of long-term employee benefits during the next year (Separate financial statements: Baht 36.1 million) (2016: Baht 4.5 million, separate financial statements: Baht 4.5 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 22 years (Separate financial statements: 19 years) (2016: 23 years, separate financial statements: 20 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Discount rate	3%	3%	3%	3%
Salary increase rate	6% - 6.5%	6% - 6.5%	6.5%	6.5%
Turnover rate	0% - 25%	0% - 25%	0% - 20%	0% - 20%

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

(Unit: Million Baht)

	31 December 2017					
	Discount rate		Salary increase rate		Turnover rate	
	Increase 0.5%	Decrease 0.5%	Increase 1%	Decrease 1%	Increase 10%	Decrease 10%
Consolidated financial statements	(16)	18	19	(16)	(6)	7
Separate financial statements	(11)	12	13	(12)	(4)	5

(Unit: Million Baht)

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

26. Share capital

The increase in share capital of the Company during the year 2017 resulting from exercising of warrants are summarised below.

Date of exercised	Type of warrant	Number of exercised warrants	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 2016	LH-W3	106,998,154	106,998,154	3.50	6 January 2017	11 January 2017
31 March 2017	LH-W3	24,157,575	24,157,575	3.50	5 April 2017	10 April 2017
4 May 2017	LH-W3	32,011,455	32,011,455	3.50	23 May 2017	25 May 2017
(a final exercise date)						
Total		163,167,184	163,167,184			

Reconciliation of number of shares

(Unit: Shares)

	Consolidated and separate financial statements	
	2017	2016
Registered share capital	12,031,105,828	12,031,105,828
Issued and paid-up share capital		
Balance as at beginning of year	11,786,545,992	11,730,034,787
Increased due to exercise of warrants	163,167,184	56,511,205
Balance as at ending of year	11,949,713,176	11,786,545,992

27. Warrants

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

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

Type of warrant	Exercise price	Exercise ratio per 1 warrant	Number of warrants outstanding as at 1 January 2017	Number of warrants exercised during the year	Number of warrants expired during the year	Number of warrants outstanding as at 31 December 2017
	(Baht per share)		(Unit)	(Unit)	(Unit)	(Unit)
LH-W3	3.50	5 existing shares per 1 unit of warrant	130,562,233	(56,169,030)	(74,393,203)	-

28. Cash receipts from share subscription

As at 31 December 2016, the Company received cash from exercise of warrants to purchase its ordinary shares as follows.

Date of exercise	Type of warrant	Number of exercised warrants	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 2016	LH-W3	106,998,154	106,998,154	3.50	6 January 2017	11 January 2017

As at 31 December 2016, the Company record cash received from exercised of warrants Baht 374 million. The amount is represented as cash receipts from share subscription in the statement of financial position (31 December 2017: Nil).

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

During the years 2017 and 2016, movement of surplus on changes in value of available-for-sale investments are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Balance as at beginning of year	1,231,959	982,277	1,022,641	969,350
Changes during the year due to				
- Revaluation	1,084,811	312,103	933,071	66,614
- Income taxes	(216,962)	(62,421)	(186,614)	(13,323)
Balance as at end of year	2,099,808	1,231,959	1,769,098	1,022,641

30. Statutory reserve

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

31. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Purchase of land and land held for development and payment of construction in progress during year	17,619	17,430	16,967	17,125
Changes in land, constructions in progress and land held for development	1,436	70	1,606	(985)
Salaries and wages and other employee benefits	1,363	1,248	1,225	1,111
Depreciation and amortisation expenses	543	390	54	47
Rental expenses from operating lease agreements	65	63	53	52

32. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Current income tax:				
Current income tax charge	1,663,225	1,670,308	1,522,332	1,316,235
Deferred tax:				
Relating to origination and reversal of temporary differences	226,805	(98,622)	(188,879)	(10,759)
Income tax expenses reported in the statements of income	1,890,030	1,571,686	1,333,453	1,305,476

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax relating to gain/loss on changes in value of available-for-sale investments	(216,962)	(62,421)	(186,614)	(13,323)
Deferred tax relating to actuarial gain/loss	-	5,410	-	1,644
	(216,962)	(57,011)	(186,614)	(11,679)

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(Restated)			
Accounting profit before tax	13,043,705	10,699,528	11,796,670	9,923,451
Applicable tax rate	20% and 40%	20% and 40%	20%	20%
Accounting profit before tax multiplied by income tax rate	2,510,902	2,139,906	2,359,334	1,984,690
Effects of:				
Change in value of investments accounted for the equity method	(854,426)	(249,021)	(1,024,997)	(710,161)
Exempt dividend income	(10,344)	(373,128)	(10,342)	(14,575)
Non-deductible expenses	22,397	34,773	8,297	9,655
Additional expense deductions allowed	(21,781)	(15,748)	(1,759)	(2,056)
Unused tax losses	196,427	34,389	-	-
Exempt income	-	(14,524)	-	(14,309)
Reversal deferred tax asset as previously recorded	52,647	-	-	-
Items treated as revenue under the Revenue Code	2,942	31,262	2,942	31,262
Others	(8,734)	(16,223)	(22)	20,970
Total	(620,872)	(568,220)	(1,025,881)	(679,214)
Income tax expenses reported in the statement of income	1,890,030	1,571,686	1,333,453	1,305,476

The components of deferred tax assets and deferred tax liabilities as at 31 December 2017 and 2016 are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax assets				
Allowance for diminution in value of inventories and land held for development	171,943	205,890	151,010	151,032
Allowance for impairment of investments	5,200	22,100	5,200	5,200
Allowance for asset impairment	2,067	3,867	2,067	3,867
Accumulated depreciation - Clubhouse and pool	108,144	89,370	101,400	82,667
Accumulated amortisation - Leasehold rights	1,030,266	784,985	-	-
Accumulated amortisation - Intangible assets	7,156	8,145	-	-
Financial lease liabilities	3,929	4,102	-	-
Provisions	272,675	98,845	264,684	95,433
Provision for long-term employee benefits	67,972	62,964	54,818	52,094
Unused tax loss	5,442	-	-	-
Accrued land rental	39,373	15,967	-	-
Total	1,714,167	1,296,235	579,179	390,293
Deferred tax liabilities				
Assets under finance lease	(3,273)	(3,738)	-	-
Gain on change in value of available-for-sale investments	(520,566)	(303,597)	(442,281)	(255,660)
Advance received from sale of assets to REIT	(2,382,968)	(1,737,773)	-	-
Total	(2,906,807)	(2,045,108)	(442,281)	(255,660)
Deferred tax assets (liabilities) - net	(1,192,640)	(748,873)	136,898	134,633

As at 31 December 2017, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 1,135 million (2016: Baht 135 million) (The Company only: Nil, 2016: Baht 50 million), on which deferred tax assets have not been recognised as the Company and its subsidiaries believe that the temporary differences and unused tax losses will not be used.

As at 31 December 2017, the unused tax losses amounting to Baht 864 million (2016: Nil).

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 and separate financial statements					
For the years ended 31 December					
Profit for the year		Weighted average number of ordinary shares		Earnings per share	
2017	2016	2017	2016	2017	2016
(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)

Basic earnings per share

Profit attributable to equity holders

of the parent	10,463,217	8,617,974	11,933,035	11,772,130*	0.88	0.73
---------------	------------	-----------	------------	-------------	------	------

Effect of dilutive potential ordinary shares

Warrants (LH-W3)	-	-	26,999	155,802		
------------------	---	---	--------	---------	--	--

Diluted earnings per share

Profit of ordinary shareholders

assuming the conversion of

warrants to ordinary shares	10,463,217	8,617,974	11,960,034	11,927,932	0.87	0.72
-----------------------------	------------	-----------	------------	------------	------	------

* 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 recognised into business units based on its products and services and have two reportable segments as follows:

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

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

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

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

The following table present revenue and profit information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2017 and 2016, respectively.

(Unit: Million Baht)

	For the year ended 31 December 2017					
	Real estate business	Rental and service business	Others	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	31,724	3,198	-	34,922	-	34,922
Inter-segment revenue	-	216	-	216	(216)	-
Interest revenue	467	21	-	488	(435)	53
Infrastructure service income	279	-	-	279	-	279
Interest expense	(510)	(566)	-	(1,076)	435	(641)
Depreciation and amortisation	(56)	(487)	-	(543)	-	(543)
Loss on diminution in value of project and land held for development	(9)	-	-	(9)	-	(9)
Gain on change in shareholders' equity of an associate	-	-	1,135	1,135	-	1,135
Gain on sales of assets	93	2,058	-	2,151	24	2,175
Share of profit from investments in associates	866	57	2,214	3,137	-	3,137
Segment profit	7,832	1,896	3,349	13,077	46	13,123
Unallocated revenue and expenses:						
Other income						223
Other expenses						(303)
Income tax expenses						(1,890)
Non-controlling interests of the subsidiaries						(690)
Profit for the year						10,463

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

(Unit: Million Baht)

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

(Unit: Million Baht)

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

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

(Unit: Million Baht)

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

Geographic information

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

(Unit: Million Baht)

	2017	2016
Revenue from external customers		
Thailand	38,114	31,234
United States	672	619
Total	38,786	31,853
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	36,737	33,595
United States	17,199	14,354
Total	53,936	47,949

Major customers

For the years 2017 and 2016, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

35. Provident fund

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Contribution to provident fund	49	49	33	33

36. Dividend

Dividends	Approved by	Approved dividend per share	Interim dividend per share	Additional dividend paid per share	Total additional dividend paid	Portion belonging to shareholders not entitled to dividend	Net dividend paid
		(Baht)	(Baht)	(Baht)	(Million Baht)	(Million Baht)	(Million Baht)
Final dividend for 2015	Annual General Meeting of the shareholders on 26 April 2016	0.60	(0.25)	0.35	4,120	(12)	4,108
Interim dividend for 2016	Board of Directors' meeting on 11 August 2016	0.35	-	0.35	4,122	(28)	4,094
							8,202
Final dividend for 2016	Annual General Meeting of the shareholders on 27 April 2017	0.65	(0.35)	0.30	3,575	(12)	3,563
Interim dividend for 2017	Board of Directors' meeting on 11 August 2017	0.40	-	0.40	4,780	(17)	4,763
							8,326

37. Commitments and contingent liabilities

37.1 Commitments

37.1.1 As at 31 December 2017 and 2016, the Company and its subsidiaries have commitments under construction contracts as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Commitments under construction contracts	3,369	3,546	1,478	1,917
Commitment in respect of the installation of central utilities of projects on hand	1,200	1,311	1,127	1,249

37.1.2 As at 31 December 2017 and 2016, L&H Property Company Limited (“LHP”), the Company’s 60% owned subsidiary, and LH Mall & Hotel Company Limited (“LHMH”), the Company’s 99.99% owned subsidiary, have the following commitments under land and construction lease agreement and land lease agreement as follows:

a) Land and construction lease agreement - LHP

Agreement date	Agreement period	Maturity date	Rental rate
7 June 2005	30 years*	31 May 2038	From 1 June 2008, the following rental is to be paid on monthly basis 1 st - 5 th year, total rental payment of Baht 33 million (Full amount has been paid) 6 th - 10 th year, total rental payment of Baht 42 million (As at 31 December 2017: already paid Baht 38 million in total) 11 th - 15 th year, total rental payment of Baht 54 million 16 th - 20 th year, total rental payment of Baht 69 million 21 st - 25 th year, total rental payment of Baht 88 million 26 th - 30 th year, total rental payment of Baht 112 million

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

In addition, as at 31 December 2017 and 2016, LHP is committed to pay security expenses at the rate of Baht 11,160 per month throughout the period of construction and the period of the lease.

The rentals under the above land lease agreement are recognised as liabilities in the consolidated financial statement, at present value, as part of relevant expenses in the sales of assets of Grande Centre Point Hotel Ratchadamri project to REIT.

b) Land lease agreement - LHP

Agreement date	Agreement period	Rental rate
10 March 2006	30 years*	<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 2017: already paid Baht 11 million in total)</p> <p>11th - 15th year, total rental of Baht 27 million</p> <p>16th - 20th year, total rental of Baht 31 million</p> <p>21st - 25th year, total rental of Baht 35 million</p> <p>26th - 30th year, total rental of Baht 41 million</p>

* The agreement runs from 1 September 2010 to 31 August 2040. However, the lessor consented to allow LHP to develop or construct on the leased land between 1 September 2007 and 31 August 2010, and LHP agreed to pay additional ground rental fee of Baht 160,000 per month.

The rentals under the above land lease agreement are recognised as liabilities in the consolidated financial statement, at present value, as part of relevant expenses in the sales of assets of Terminal 21 Shopping Center Project and Grande Centre Point Hotel Terminal 21 Project to REIT.

c) Land lease agreements - LHMH

Agreement date	Agreement period	Maturity date	Rental rate
3 October 2013	30 years*	31 March 2047	<p>From 1 April 2017, the following rental is to be paid annually</p> <p>1st - 7th year, total rental payment of Baht 35 million (As at 31 December 2017: already paid 5 million in total)</p> <p>8th - 17th year, total rental payment of Baht 100 million</p> <p>18th - 27th year, total rental payment of Baht 150 million</p> <p>28th - 30th year, total rental payment of Baht 75 million</p>

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

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

d) Land lease agreements - LHMH

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

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

e) Land lease agreements - LHMH

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

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

37.1.3 As at 31 December 2017 and 2016, L&H Hotel Management Company Limited, the Company's subsidiary, is committed to pay a fixed rental fee and variable rental fee to fund and/or REIT in accordance with the conditions stipulated in the lease agreements to lease assets of the followings:

Fund and/or REIT	Project	Term
Land and Houses Property and Loan Fund-II	Grande Centre Point Hotel Ploenchit	From 1 January 2016 to 31 December 2018
LH Hotel Leasehold Real Estate Investment Trust	Grande Centre Point Hotel Terminal 21	From 1 January 2016 to 31 December 2018
	Grande Centre Point Hotel Ratchadamri	From 15 June 2017 to 14 June 2020

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

(Unit: Million Baht)

	Consolidated and separate financial statements	
	2017	2016
Payable:		
In up to 1 year	588	317
In over 1 and up to 3 years	356	317

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

(Unit: Million Baht)

	Consolidated and separate financial statements	
	2017	2016
Commitment to purchase of land	3,917	2,380

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

37.1.6 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 2017 and 2016, the future minimum lease payments and services fee payments required under these non-cancellable contracts were as follows.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Payable:				
In up to 1 year	56	57	46	45
In over 1 and up to 3 years	82	19	73	13

37.2 Bank guarantees

As at 31 December 2017 and 2016, there were the following outstanding bank guarantees issued by the banks in respect of certain performance bonds required in the normal course of business by the Company and its subsidiaries.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Letter of guarantees for arrangement and maintenance of public utilities	2,998	2,647	2,769	2,458
Letter of guarantees for electricity usage	62	71	49	58
	3,060	2,718	2,818	2,516

37.3 Guarantees

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

(Unit: Million Baht)

Guarantor	Guarantee	2017	2016
Land and Houses Plc.	Customers	7	7

37.3.2 The Company has contingent liabilities to a bank in relation to the financial support in form of issuance of a letter of comfort to provide to the subsidiaries company for loans and guarantee facilities obtained for development of the subsidiaries' projects. As at 31 December 2017, the subsidiaries have outstanding loans related to guarantee portion of the Company as specified in the letter of comfort amounting to Baht 1,730 million (2016: Baht 1,130 million).

37.4 Litigations

1) In 2006, two housing estate juristic persons and housing residents filed a lawsuit against the Company and Atlantic Real Estate Co., Ltd., the Company's 99.99% owned subsidiary, for claim of Baht 1,013 million in relation to access to public thoroughfares. Subsequently, in June 2009, the plaintiffs requested to reduce the claim to be Baht 800 million. The Court of First Instance and the Appeal Court dismissed the lawsuit on 24 July 2014 and 24 April 2017, respectively. At present, the case is under the process of the Supreme Court.

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

- Currently, the Court has suspended the civil case Baht 310 million while waiting for the Court decision of the civil case Baht 800 million.
- On 10 August 2012, the Court of First Instance issued a verdict on a civil case with the amount in dispute of Baht 102 million. The Court ordered the Company to pay for damages of Baht 104 million plus interest at a rate of 7.5% per annum, commencing from 8 December 2008 until the full amount is paid. Subsequently, the Appeal Court rendered a conflict judgement with the Court of First Instance, by instructing the Company to pay for damages of Baht 5 million plus interest at a rate of 7.5% per annum, commencing from 10 December 2008 until the full amount is paid. At present, the case is under the process of the Supreme Court.

2) In 2010 - 2016, a housing estate juristic persons and housing residents filed totaling 10 lawsuits against the Company, involving the construction of a kindergarten in project demanding claim totaling Baht 494 million.

The Court of First Instance ordered the Company to pay for damages of Baht 27 million plus interest at a rate of 7.5% per annum, commencing from 18 January 2008 until the full amount is paid. Subsequently, the Appeal Court rendered a conflict judgement with the Court of First Instance, by instructing the Company to pay for damages of Baht 13.5 million plus interest at a rate of 7.5% per annum, commencing from 18 January 2008 until the full amount is paid. At present, the case is under the process of the Supreme Court.

3) In August and September 2016, the Company has been sued by two condominium juristic persons in civil lawsuits (Consumer Protection legal cases) for breach of agreements, claiming for compensation total of Baht 544 million. The lawsuits are currently in the judicial process and the Company is during in negotiation with the plaintiffs.

4) In July 2017, the Company has been sued by condominium juristic persons in civil lawsuits (Consumer Protection legal cases) for breach of agreements, claiming for compensation total of Baht 81 million. The lawsuits are currently in the judicial process and the Company is during in negotiation with the plaintiffs.

5) As at 31 December 2017, the Company has been sued for breach of agreements, claiming for a total of Baht 151 million (31 December 2016: Baht 20 million).

As at 31 December 2017, the Company has set aside a provision of Baht 1,085 million for liabilities arising as a result of the legal cases (31 December 2016: Baht 349 million).

38. Fair value hierarchy

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

(Unit: Million Baht)

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

(Unit: Million Baht)

Consolidated financial statements			
As at 31 December 2016			
Level 1	Level 2	Level 3	Total

Financial assets measured at fair value

Other long-term investments - Available-for-sale securities

Equity securities - Overseas	3,654	-	-	3,654
Investment units - Domestic	1,764	-	-	1,764

Assets for which fair value are disclosed

Investments in associates that are listed

companies on the Stock Exchange	55,450	-	-	55,450
---------------------------------	--------	---	---	--------

Investment properties	-	-	15,264	15,264
-----------------------	---	---	--------	--------

Liabilities for which fair value are disclosed

Long-term loans	-	-	7,406	7,406
-----------------	---	---	-------	-------

Debentures	-	33,685	-	33,685
------------	---	--------	---	--------

Unfavourable cross currency and interest rate

swap agreements	-	388	-	388
-----------------	---	-----	---	-----

(Unit: Million Baht)

Separate financial statements			
As at 31 December 2017			
Level 1	Level 2	Level 3	Total

Financial assets measured at fair value

Current investments - Trading securities	-	500	-	500
--	---	-----	---	-----

Other long-term investments - Available-for-sale securities

Equity securities - Overseas	4,584	-	-	4,584
Investment units - Domestic	780	-	-	780

Assets for which fair value are disclosed

Investments in associates that are listed

companies on the Stock Exchange	67,916	-	-	67,916
---------------------------------	--------	---	---	--------

Investment properties	-	-	210	210
-----------------------	---	---	-----	-----

Favourable cross currency and interest rate

swap agreements	-	426	-	426
-----------------	---	-----	---	-----

Liabilities for which fair value are disclosed

Long-term loans	-	-	3,075	3,075
-----------------	---	---	-------	-------

Debentures	-	38,691	-	38,691
------------	---	--------	---	--------

(Unit: Million Baht)

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

39. Financial instruments

39.1 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 2017 and 2016, 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						
2017						
Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate
At call	Within 1 year	1 - 5 years				

(% p.a.)

Financial assets

Cash and cash equivalents	177	810	-	3,191	605	4,783	Note 8
Current investments	-	-	-	-	500	500	-
Trade and other receivables	-	-	-	-	163	163	-
Other investments							
- Available - for - sale securities	-	-	-	-	7,063	7,063	-

Financial liabilities

Trade and other payables	-	-	-	-	3,400	3,400	-
Long - term loans	-	3,075	-	4,649	-	7,724	Note 22
Debentures	-	13,000	28,250	-	-	41,250	Note 23

(Unit: Million Baht)

Separate financial statements						
2017						
Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate
At call	Within 1 year	1 - 5 years				

(% p.a.)

Financial assets

Cash and cash equivalents	-	600	-	942	330	1,872	Note 8
Current investments	-	-	-	-	500	500	-
Trade and other receivables	-	-	-	-	29	29	-
Loans to related parties	1,313	5,059	8,465	-	-	14,837	3.00 - 4.85
Other investments							
- Available - for - sale securities	-	-	-	-	5,364	5,364	-

Financial liabilities

Trade and other payables	-	-	-	-	2,215	2,215	-
Loans from related parties	160	-	-	-	-	160	2.00
Long - term loans	-	3,075	-	-	-	3,075	Note 22
Debentures	-	13,000	28,250	-	-	41,250	Note 23

(Unit: Million Baht)

Consolidated financial statements						
2016						
Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate
At call	Within 1 year	1 - 5 years				

(% p.a.)

Financial assets

Cash and cash equivalents	98	109	-	1,375	1,019	2,601	Note 8
Current investments	-	410	-	-	-	410	Note 9
Trade and other receivables	-	-	-	-	157	157	-
Other investments							
- Available - for - sale securities	-	-	-	-	5,418	5,418	-

Financial liabilities

Trade and other payables	-	-	-	-	3,317	3,317	-
Long - term loans	-	-	-	7,406	-	7,406	Note 22
Debentures	-	8,000	28,250	-	-	36,250	Note 23

(Unit: Million Baht)

Separate financial statements						
2016						
Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate
At call	Within 1 year	1 - 5 years				

(% p.a.)

Financial assets

Cash and cash equivalents	-	-	-	659	784	1,443	Note 8
Trade and other receivables	-	-	-	-	26	26	-
Loans to related parties	263	5,548	4,292	-	-	10,103	3.50 - 5.50
Other investments							
- Available - for - sale securities	-	-	-	-	4,431	4,431	-

Financial liabilities

Trade and other payables	-	-	-	-	2,759	2,759	-
Long - term loans	-	-	-	3,075	-	3,075	Note 22
Debentures	-	8,000	28,250	-	-	36,250	Note 23

Foreign currency risk

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

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2017 and 2016 are summarised below:

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	2017	2016	2017	2016	2017	2016
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Philippines Peso	4,674	5,134	-	-	0.6556	0.7248
US Dollar	5	4	90	90	32.6809	35.8307

Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	2017	2016	2017	2016	2017	2016
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Philippines Peso	4,674	5,134	-	-	0.6556	0.7248
US Dollar	420	278	-	-	32.6809	35.8307

The Company entered into Cross Currency and Interest Rate Swap agreements to manage risk associated with the financial liabilities carrying floating interest. The details of long-term loans from financial institutions are set out in Note 22. The details of the Cross Currency and Interest Rate Swap agreements outstanding as at 31 December 2017 and 2016 are as follows:

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

Consolidated and separate financial statements				
As at 31 December 2016				
Currency and Interest Revenue Rate Swap agreement		Currency and Interest Expense Rate Swap agreement		Termination date
Principal amount	Interest rate	Principal amount	Interest rate	
Baht 3,075.1 million	Floating rate MLR-2.25%	USD 95.8 million	Floating rate LIBOR 6 months plus 3.19%	8 December 2017
Baht 1,950.8 million	Fixed rate 3.00%	USD 54.8 million	Fixed rate 2.915%	14 December 2017
Baht 2,385.2 million	Fixed rate 3.00%	USD 67.0 million	Fixed rate 3.31%	14 December 2021

39.2 Fair values of financial instruments

The estimated fair values of financial instruments as at 31 December 2017 and 2016, 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	
	2017	2016	2017	2016	2017	2016	2017	2016
Financial assets								
Cash and cash equivalents	4,783	2,601	4,783	2,601	1,872	1,443	1,872	1,443
Current investment	500	410	500	410	500	-	500	-
Trade and other receivables	163	157	163	157	29	26	29	26
Loans to related parties	-	-	-	-	14,837	10,103	14,837	10,103
Other investments								
- Available - for - sale securities	7,063	5,418	7,063	5,418	5,364	4,431	5,364	4,431
Financial liabilities								
Trade and other payables	3,400	3,317	3,400	3,317	2,215	2,759	2,215	2,759
Loans from related parties	-	-	-	-	160	-	160	-
Long - term loans	7,724	7,406	7,724	7,406	3,075	3,075	3,075	3,075
Debentures	41,250	36,250	38,691	33,685	41,250	36,250	38,691	33,685

The estimated fair value of the derivatives is as follows:

(Unit: Million Baht)

	As at 31 December 2017	As at 31 December 2016
	Fair value	Fair value
	Gain (loss)	Gain (loss)
Cross Currency and Interest Rate Swap agreements	426	(388)

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

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

40.Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 1.15:1 (2016: 1.12:1) and the Company's was 1.02:1 (2016: 1.00:1).

41.Subsequent events after reporting period

41.1 On 16 January 2018, LH Mall & Hotel Co., Ltd. ("LHMH"), the Company's 99.99% owned subsidiary, entered into a land lease agreement for a term of 33 years with a company. LHMH had commitment under the agreement totaling Baht 1,100 million, comprising Baht 420 million for commission which was already paid in October 2017 and January 2018 and commission for land lease agreement during the construction period and annual rental fee totaling Baht 680 million.

41.2 On 28 February 2018, 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 2017 of Baht 0.75 per share. However, since the Board of Directors previously approved an interim dividend from profit of the year 2017 amounting to Baht 0.40 per share, the Board will propose the remaining dividend payment of Baht 0.35 per share, amounting to Baht 4,182 million. The payment of such dividend shall be made within May 2018.

42.Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2018.

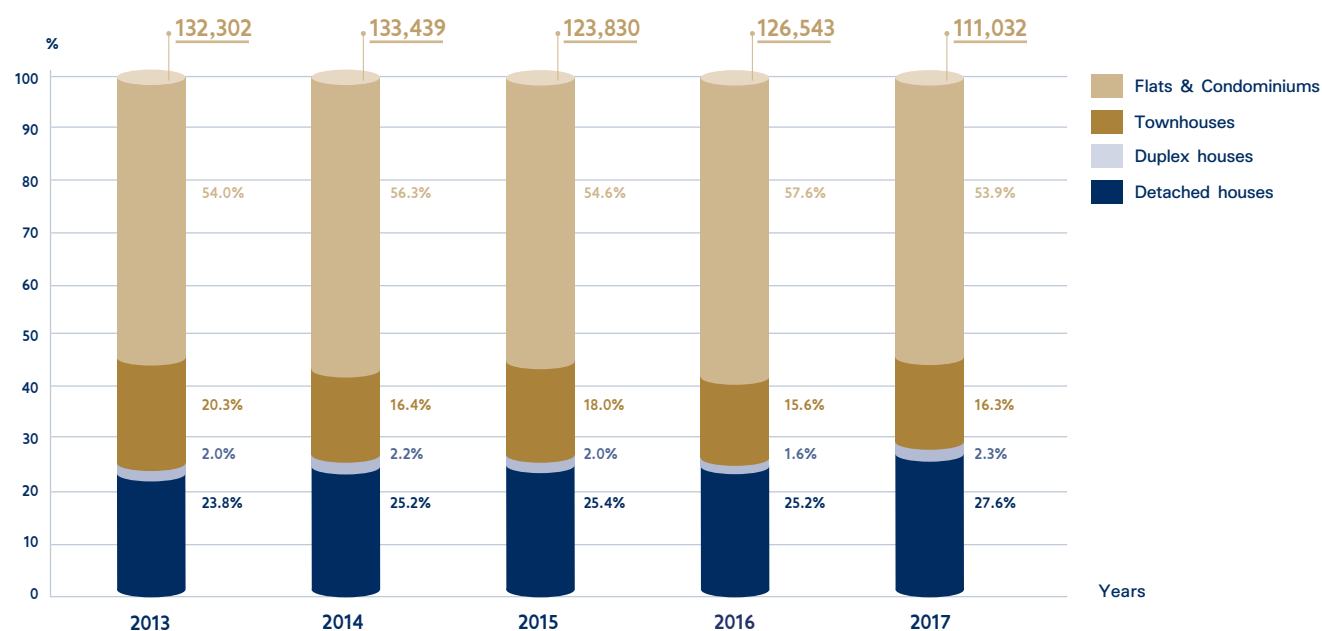
Number of Housing Registered Units in Greater Bangkok During 2013-2017

Unit : Unit

Type	2013	2014	2015	2016	2017
Housing Registered by Built Type					
Owner - Built	23,285	24,446	22,375	21,915	20,407
Developer - built	109,017	108,993	101,455	104,628	90,625
Total Housing Registered (Owener & Developer)	132,302	133,439	123,830	126,543	111,032
Classified by Type - Owner built					
Detached House	17,596	20,537	19,591	19,156	18,164
Duplex Houses	131	86	95	119	142
Townhouses	5,558	3,823	2,689	2,640	2,101
Flats & Condominiums	0	0	0	0	0
Total Housing Registered by Owner - built	23,285	24,446	22,375	21,915	20,407
Classified by Type - Developer built					
Detached House	13,869	13,056	11,837	12,736	12,471
Duplex Houses	2,470	2,820	2,366	1,895	2,352
Townhouses	21,238	18,059	19,624	17,111	16,011
Flats & Condominiums	71,440	75,058	67,628	72,886	59,791
Total Housing Registered by developer built	109,017	108,993	101,455	104,628	90,625

Source : Housing Registered from Government Housing Bank
Greater Bangkok : Bangkok provinces and 5 Perimeter area included.

Number of Housing Registered Units in Greate Bangkok



Other Reference

Auditor

Rungnapa Lertsuwankul

EY Office Limited

Certified Public Accountant (Thailand) No. 3516 33rd Floor, Lake Rajada Office Complex

193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110 Thailand

Tel. 66 (0) 2264 9090 Fax. 66 (0) 2264 0789

Securities registra

Thailand Securities Depository Co., Ltd.

93 The Stock Exchange of Thailand Building, Ratchadapisek Rd, Din Daeng, Bangkok 10400 Thailand

Tel. 66 (0) 2009 9000 Fax. 66 (0) 2009 9991

Debentures registra

Siam Commercial Bank Public Company Limited

3rd Floor , Building 2 1060 New Pechaburi road Makhasan Rachathevi Bangkok 10400 Thailand

Tel. 66 (0) 2256 2323-7 Fax. 66 (0) 2256 2405

Financial Institutions

Siam Commercial Bank Public Company Limited

Head Office 9 Rutchadapisek Road, Chatuchak Sub District, Chatuchak District, Bangkok 10900

Land and Houses Bank Public Company Limited

Head Office 1 Q.House Lumpini Bld., South Sathon Rd., Thungmahamek, Sathon, Bangkok 10120

Kasikornbank Public Company Limited

Head Office 1 Soi Rat Burana 27/1, Rat Burana Road, Rat Burana Sub-district, Rat Burana District, Bangkok 10140

Appraisal Company

Grand Asset Advisory Co., Ltd.

1350/279-283 FL. 16 Thai Rong Tower Building Patthakarn Road Suanluang Bangkok Thailand 10250

Tel. 66 (0) 2719 4500 Fax. 66 (0) 2719 5070-71

TAP Valuation Co., Ltd.

37th Floor, RS Tower 121/101 Rajadapisek Road Dindang Bangkok 10320

Tel. 66 (0) 2642 2712-14 Fax. 66 (0) 2642 2711

Summary of Form 56-2's Required Items in Land and Houses's Plc.'s 2017 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, 2015. They are as follows:

		Page
1.	Policies and Overall Business	2-3
2.	Business Overview	8
3.	Risk Factors	68-70
4.	General and Significant Information	1, 4, 9-19, 17-23, 33-39, 65, 81-82, 181
5.	Shareholders	24
6.	Dividend Payment Policy	25
7.	Management Structure	26-32
8.	Corporate Governance	41-59
9.	Corporate Responsibilities	60-64
10.	Internal Control and Risk Management	66-67
11.	Connected Transactions	71-79
12.	Significant Financial Information	5-7
13.	Management Discussion and Analysis	83-100

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



Q. House Lumpini Building,
36th - 38th Floor, No. 1,
South Sathorn Road, Thung Maha Mek
Sathorn, Bangkok 10120

www.lh.co.th

