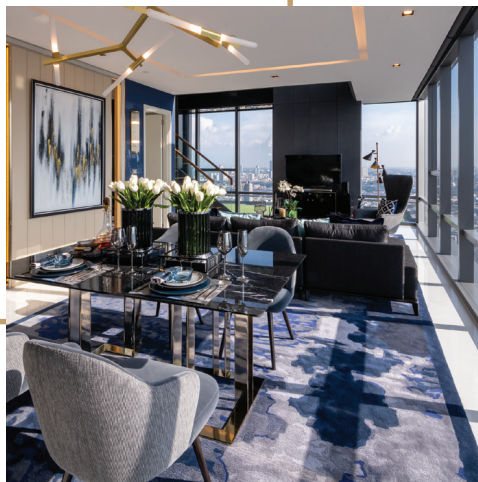
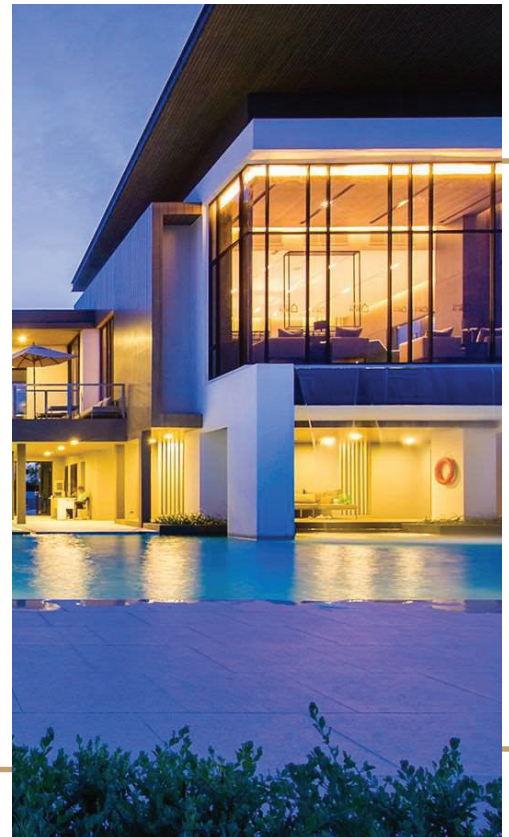




Annual Report 2018

Land and Houses Public Company Limited



#THINK FOR
A BETTER
LIVING

Content

Business Operation

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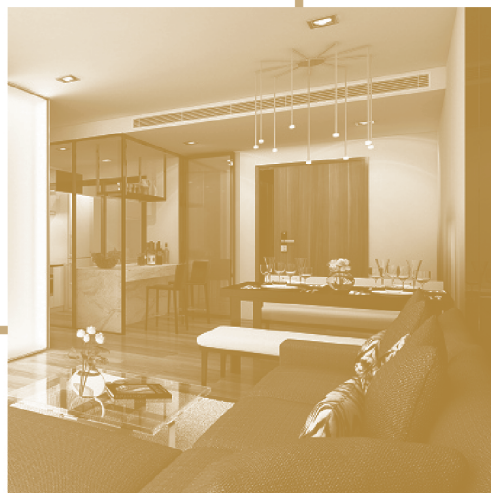
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2018 HIGHLIGHT

LAND AND HOUSES PUBLIC CO., LTD. & SUBSIDIARIES

	2018	2017	Change Increase (Decrease)
OPERATING RESULT			
NUMBER OF ACTIVE PROJECTS	80	78	2.6
EARNING ABILITY			
RETURN ON TOTAL REVENUES	28.74%	26.98%	1.8
HIGHLIGHT OF THE FINANCIAL STATEMENT (MILLION BAHT)			
TOTAL REVENUES	36,447	38,786	(6.0)
NET PROFIT	10,475	10,463	0.1
INVENTORIES	48,243	48,198	0.1
TOTAL ASSETS	111,481	109,491	1.8
TOTAL SHAREHOLDERS' EQUITY INCLUDING MINORITY INTEREST	50,752	50,809	(0.1)
PER SHARE DATA			
EARNING PER SHARE	0.88	0.88	-
BOOK VALUE	4.18	4.19	(0.2)
MARKET PRICE (AT YEAR END)	9.90	10.50	(5.7)
NUMBER OF OUTSTANDING SHARES (MILLION SHARES) AS AT 31 DECEMBER	11,950	11,950	-

Policy and Overall Business

1. Vision, goal or strategy in the operation of the Company

The Company has set its goal to retain its leadership in Thailand's property development industry by focusing on the development of quality residential units in forms of single-detached houses, townhouses and residential condominiums for its target customer groups base on the requirement of customers in different ranges of price which match with their 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 29, 2018, the Asavabhokhin family still remained the largest shareholder group, with 30.73 % of total shares, while GIC controlled 8% of shares.

During 2013 to the latest register book closing date on August 29, 2018, there were key changes and significant development in the shareholding structure and capital increase as follow :

Shareholders	Shareholding (%)					
	Aug 2013	Sep 2014	Aug 2015	Aug 2016	Aug 2017	Aug2018
1. Mr. Anant Asavabhokhin's group						
1.1 Mr. Anant Asavabhokhin	23.76	22.07	24.43	24.27	23.93	23.93
1.2 Mayland Co., Ltd.*	5.62	5.22	5.78	5.74	5.66	5.67
1.3 Ms. Piangjai Harnpanij**	1.14	1.03	1.15	1.15	1.13	1.13
Total of Mr. Anant Asavabhokhin's group	30.52	28.32	31.36	31.16	30.72	30.73
2. GIC Private Limited C.***	16.12	14.96	16.55	17.01	16.17	8.01
3. Others	53.36	56.72	52.09	51.83	53.11	61.26
Total	100.00	100.00	100.00	100.00	100.00	100.00
Total Paid up (Million baht)	10,025.90	10,798.20	11,694.90	11,779.10	11,949.70	11,949.70

Note : * 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 8.01%

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. They all operate property development businesses. To develop property projects, the Company and its subsidiaries develop residential projects for sale, ranging from detached houses, townhouses to residential condominiums. They focus primarily on developing projects in Bangkok and its perimeter, and in large provinces; Chiang Mai, Chiang Rai, Nakhon Ratchasima, Khon Kaen, Maha Sarakham, Udon Thani, Prachuap Khiri Khan, Ayudhaya and Phuket. The Company adopted a pre-built strategy in year 2000, 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. Land & Houses Property and Loan Fund II and Quality Houses Plc.

(2) Two of its associated companies operate businesses related to property development which 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 which 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 set 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 which operate 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 business and conduct other business which related to the Company's main business such as retail business, construction material manufacturing business, as well as commercial banks with the main policy of extending credit loans for small or retail residential buyers. The Company may also consider to invest in any other interesting business which yields in high-return provided that such investment must be considered by the Board of Directors.

In terms of the policy to manage the 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 percent of shareholding to help determine key policies and control the operations of the subsidiaries and associated companies to ensure they are operating in the right and prompt directions and shall generate profit for the Company.

Legal disputes

As at December 31, 2018, 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 its shareholders' equity

Report of the Board of Directors

Dear Shareholders

In 2018, the Company booked the pre sales of 28,788 million baht from the residential business, increased 9% from the level in 2017. Of the total, 71% were detached houses, 12% were townhouses and 17% were condominium units. Realized revenue from residential unit transfers was 30,514 million baht, down 4% from 2017, with detached houses making up 69%, townhouses 10% and condominium units 21%. Moreover, the Company received rentals and service fees from hotels, malls and apartments 3,733 million baht, up 17% from the level in 2017. Lastly, the Company received share of profit from investment in associated companies 3,404 million baht, up 9% from the previous year,

During the year, the Company launched 12 projects, with total value of 23,110 million baht. Of all new projects, 8 were detached house, duplex house and townhouse projects and 4 were condominium projects.

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

- Three lots of debentures totaling 12,200 million baht, were issued,
Lot 1 /2018 worth 1,200 million Baht, with a maturity of 7 years, and a coupon rate of 2.96%
Lot 2 /2018 worth 6,000 million Baht, with a maturity of 3 years, and a coupon rate of 1.98 %
Lot 3 /2018 worth 5,000 million Baht, with a maturity of 3 years, and a coupon rate of 3.02 %
- An interim dividend was paid for the operation in the first six months of 2018 at 0.40 baht a share. Dividend for the last six months of 2018 at 0.35 baht a share was then approved on February 27, 2019 by the Board.
- On May 11, 2018, Land and Houses U.S.A. Inc., a 100% owned subsidiary of the Company sold The Domain Residence in California, USA at the price of USD 140 million, with a profit before tax of USD 41 million approximately.
- On October 19 and 26, 2018, LH Mall and Hotel Co.,Ltd. (LHMH), a 100% owned subsidiary of the Company has opened Terminal 21 Pattaya and Grande Centre Point Hotel Pattaya respectively which became new landmark in the center of North Pattaya and received very good feedback from both Thai and foreign tourists.

- In early September 2018, the Company had launched a new brand, namely VIVE ('Vi-Ve', meaning 'Long Life') located on Bangna-Trad.KM.7 Road nearby MEGA Bangna Shopping Center. The customers are interested in visiting the project and booking the house. It is a great success for the launch of the new brand VIVE from Land and Houses.
- In 2018, The Company received 3 Awards from Agency For Real Estate Affairs (AREA) Co.,Ltd. AREA's Thai Real Estate Research and Valuation Information Center reviewed and recommended excellent real estate projects with development quality that assure consumers of best possible value for their money spent. Among Land & Houses' developments, 3 projects were selected and awarded as follow:

- Mantana Ratchaphruek - Maha Jesdabordhin Bridge - Awarded on Detached House-High Price Category
- Inizio 3 - Pinklao-Wongwan - Awarded on Detached House - Medium Price Category
- 333 Riverside Condominium - Awarded on Condominium - High Price Category

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.

Yours sincerely,



(Mr. Naporn Sunthornchitcharoen)
Chairman of the Board of Directors

Financial Ratio

Land and Houses Public Company Limited and its subsidiaries

Financial Ratio

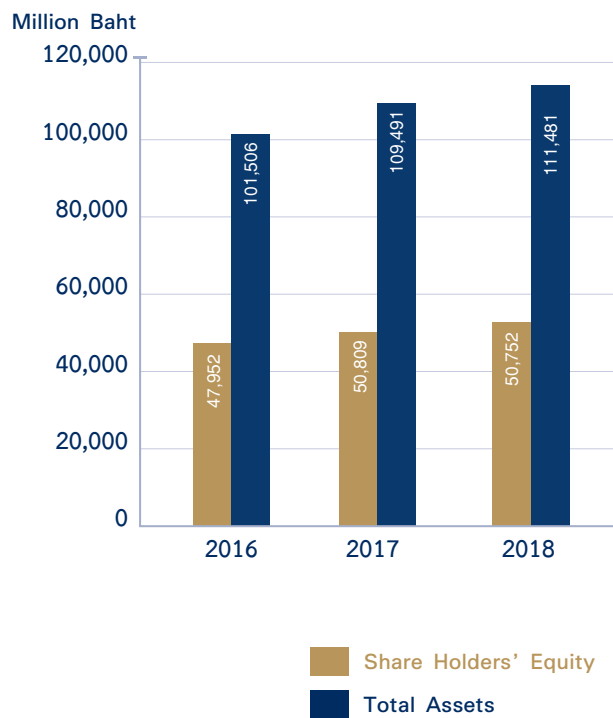
As at 31 December 2018, 2017 and 2016

		31-Dec-18	31-Dec-17	31-Dec-16
Liquidity Ratio				
Current Ratio	(Times)	2.55	2.32	2.72
Quick Ratio	(Times)	0.36	0.23	0.16
Quick Ratio (Cash Basis)	(Times)	0.45	0.42	0.46
Account Receivable Turnover	(Times)	-	-	-
Average Collection Period	(Days)	-	-	-
Inventory Turnover	(Times)	0.40	0.42	0.37
Average Sales Period	(Days)	895	854	980
Account Payable Turnover	(Times)	5.46	6.10	5.45
Payment Period	(Days)	66	59	66
Cash Cycle	(Days)	831	797	916
Profitability Ratio				
Gross Profit Margin	(%)	35.07	34.36	34.35
Operating Profit Margin	(%)	21.43	19.14	20.61
Other Profit Margin	(%)	15.38	18.05	15.41
Operating Profit Margin (Cash Basis)	(%)	141.21	137.11	137.98
Net Profit Margin	(%)	28.74	26.98	27.06
Return On Equity	(%)	20.94	21.57	18.62
Basic Earnings Per Share	(Baht/Share)	0.88	0.88	0.73
Diluted Earnings Per Share	(Baht/Share)	-	0.87	0.72
Efficiency Ratio				
Return On Asset	(%)	9.48	9.92	8.64
Return On Fixed Asset	(%)	50.93	54.31	64.28
Total Assets Turnover	(Times)	0.33	0.37	0.32
Financial Policy Ratio				
Debt to Equity Ratio	(Times)	1.20	1.15	1.12
Interest Coverage Ratio	(Times)	7.88	6.89	6.42
Obligation Coverage Ratio	(Times)	0.80	0.86	0.48
Dividend Payout	(%)	85.53	85.65	89.23

COMPARATIVE 3 YEARS FINANCIAL STATISTICS

	2018	2017	2016
Total Assets (Million Baht)	111,481	109,491	101,506
Inventories	48,243	48,198	48,926
Investment	29,280	29,734	25,771
Liabilities And Share Holders' Equity (Million Baht)			
Short Term Loan (Interest Bearing Debt)	14,274	16,139	11,075
Long Term Loan (Interest Bearing Debt)	35,781	32,835	32,581
Total Liabilities	60,729	58,683	53,554
Paid Up Share Capital	11,950	11,950	11,787
Share Holders' Equity	50,752	50,809	47,952
Result Of Operation (Million Baht)			
Sales income	30,514	31,724	27,372
Total Revenues	36,447	38,786	31,853
Gross Profit	12,012	11,998	10,274
Net Profit	10,475	10,463	8,618
Per Share Figure (Baht)			
Book Value	4.18	4.19	3.98
Earning	0.88	0.88	0.73
Ratio			
Current Ratio	2.55	2.32	2.72
Quick Ratio	0.36	0.23	0.16
Profitability Ratio			
Gross Profit Margin	35.07%	34.36%	34.35%
Operation Profit Margin	21.43%	19.14%	20.61%
Net Profit Margin	28.74%	26.98%	27.06%
Return On Equities	20.94%	21.57%	18.62%
Efficiency Ratio			
Return On Assets	9.48%	9.92%	8.64%
Financial Policy Ratio			
Debt / Equities Ratio	1.20	1.15	1.12
Interest Coverage Ratio	7.88	6.89	6.42
Number Of Outstanding Shares (Millon Shares)			
As at 31 December	11,950	11,950	11,787

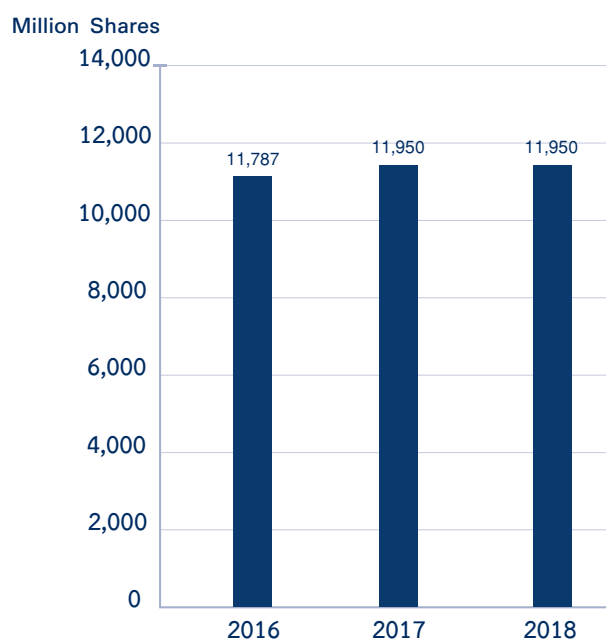
Total Assets and Share Holders' Equity



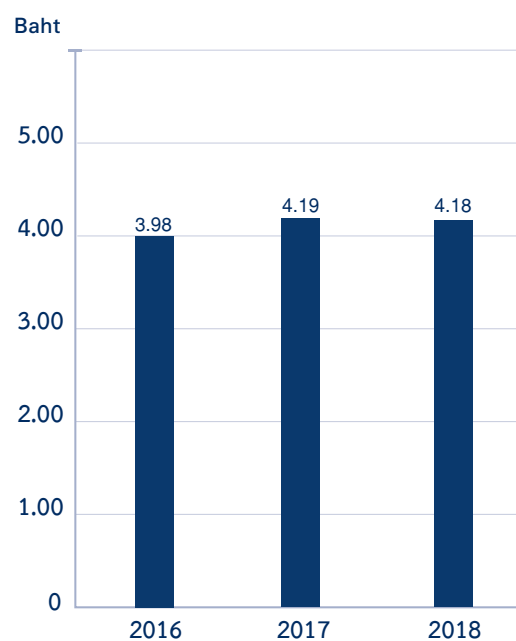
Result of Operation



Number of Outstanding shares



Book Value



Operating Results

Revenue Structure

Product	Operated by	% Hold	2018		2017		2016	
			Million Baht	%	Million Baht	%	Million Baht	%
1. Real Estate Business								
Detached houses	The Company		20,466	56.2	18,534	47.8	19,178	60.2
	Subsidiary : Land & Houses Northeast Co.,Ltd.	99.99	-	-	-	-	5	0.0
	Subsidiary : LH Muang Mai Co.,Ltd.	55.00	397	1.1	227	0.6	226	0.7
	Subsidiary : LH Asset Co.,Ltd.	99.99	115	0.3	108	0.3	138	0.4
Total revenue from detached house			20,978	57.6	18,869	48.7	19,547	61.3
Townhouses	The Company		2,486	6.8	1,761	4.5	1,763	5.5
	Subsidiary : Land & Houses Northeast Co.,Ltd.	99.99	637	1.7	468	1.2	274	0.9
Total revenue from Townhouses			3,123	8.5	2,229	5.7	2,037	6.4
Condominiums	The Company		6,413	17.6	10,619	27.4	5,771	18.1
Total revenue from Condominiums			6,413	17.6	10,619	27.4	5,771	18.1
Land	The Company		-	-	5	0.0	17	0.1
	Subsidiary : Land & Houses Northeast Co.,Ltd.	99.99	-	-	2	0.0	-	-
	Subsidiary : Atlantic Real Estate Co.,Ltd.	99.99	-	-	-	-	1	0.0
Total revenue from Land			-	-	7	0.0	18	0.1
Total revenue from Real Estate Business			30,514	83.7	31,724	81.8	27,373	85.9
2. Rental income								
	Subsidiary : L&H Property Co.,Ltd.	60.00	1,861	5.0	1,652	4.3	1,707	5.4
	Subsidiary : Land and Houses U.S.A. Inc.	100.00	715	2.0	672	1.7	619	1.9
	Subsidiary : LH Mall and Hotel Co.,Ltd.	99.99	1,157	3.2	874	2.3	210	0.7
Total revenue from Rental income			3,733	10.2	3,198	8.3	2,536	8.0
3. Gain on change in shareholders' equity of an associate	Associate : LH Financial Group Plc.	21.88	-	-	1,135	2.9	-	-
4. Gain on sales of Land held for development	Subsidiary : LH Muang Mai Co.,Ltd.	55.00	-	-	80	0.2	1,240	3.9
5. Gain on sales of assets to REIT	Subsidiary : L&H Property Co.,Ltd.	60.00	-	-	2,080	5.4	-	-
6. Gain on Sales of Assets	The Company		116	0.3	-	-	-	-
7. Gain on Sales of Investment property	Subsidiary : Land and Houses U.S.A. Inc.	100.00	1,335	3.7	-	-	-	-
8. Other Income			749	2.1	569	1.4	704	2.2
9. Total revenue (1-8)			36,447	100.0	38,786	100.0	31,853	100.0
10. Share of income from investment in associates			3,404	9.3	3,137	8.1	2,963	9.3
Total revenue (9+10)			39,851	109.3	41,923	108.1	34,816	109.3

Market and Competition

(a) Policy and Marketing

Competitive strategies

The Company's operational strategy has still maintained the Pre-built policy in every single detached house and townhome projects, except for the condominium projects which the sale policy will be to allow the customers to book the units before the start of construction. This policy is to minimize the operating risk as the condominium project needs to be completed before each unit ownership can be transferred. In addition, it also provides customers time to make their financial plans and pay only amount of down payment which will assist them the ability to borrow loans from commercial banks more easily.

For the new projects and the projects which are very well sold which resulted in the construction of houses cannot meet the requirement of customers, for the sale operation in this part, the Company has adjusted the marketing and sale to Pre-booking which will set the time of units sold in advance to be completed within 3 months. However for the Pre-booking sales, before the ownerships will be transferred to customers, every unit is subject to pass the Company's standard of Quality Control. In addition, for the new projects, the Company will provide the opportunities for the special group of customers such as VIP group, old customers and customers that have registered before the opening of the project. This mean is to conduct the marketing for special groups before open the sale for general customers which is an efficient strategy as it provides the Company clear insight of market conditions, and can be used to set additional effective marketing strategy to serve other general customers.

The Company's Pre-built and the marketing and sale strategies which have been conducted continuously are still an effective strategies in competitiveness and bolster its customers' confidence. Furthermore, the Company still emphasizes on how to respond the needs of customers both the design of house and projects to serve all requirement of every member in the family living in the project and also places importance on the quality of products and services, quality of staff including after sale services which are the Company's strong point. In addition, the Company also gives priority to create the value-added of its products and the importance of its brand.

For its business operation, the Company continuously conducts the innovation research for residential living and the responding to customers' needs which will be used to develop the products and services to better fulfill the customers' requirements. Currently, the Company also aware of its operation under all kinds of operational risks and operations 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, new market in new locations, both in Bangkok and surroundings, including some more provincial market by emphasizes on the expansion of style of living in the semi-detached house. More important, the Company also put a strong emphasis on the innovation for living to meet the better quality of living, such as:

- The breathable house innovation under the Air Plus campaign which the Company has registered its patent as the Company's right. This innovation will be set as a standard in every new home model and will be defined in every single house project and will be continued to use in every type of residential of the Company.
- Smart Home or the Home Automation system for more convenience in the better living place.
- Prioritize on taking care of the elderly person
The Company has designed new concept to meet their requirement by set the bedroom on the ground floor and provide the handrail to support themselves in the bathroom in the single-detached house which there are no prior precedent in this market
- Furthermore, the Company also designs the common area which will serve and meet the physical requirement of the elderly person such as the wheelchair ramps and route etc.
- Develop working systems to increase more convenience to customers such as
 - Implement the housing introduction system by using QR code which will help the customers to

understand in every detail of any usage, how to maintain the internal equipment, significant components in the house including the project information and other important information etc.

- Develop the financial system such as QR Code Credit System, QR Payment, Payment Gateway, QR Cross Bank
- The increase in 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 in part of sales, construction and services including other related divisions for more efficient and faster operations.

Another significant Company's marketing strategy, the "pre-built house before sale", is still the main strategy of the Company's operation as it can build confidence to customers in several aspects such as having a chance to see the real project, plot of land, style of house which they are interested, other facilities and environment. Most important is that the customers can decide to move in as soon as they need which the Company has provided all preparedness in every section of the house to ensure that a house is ready and promptly for customer 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, the Company 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 its customers under the "Beyond Services" policy.

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

- Location : The Company focuses priority on selected ideal locations for its projects which must meet the demands of customers in each segment in terms of convenient transportation, easily access to public utility and amenity surrounding the projects. To select such locations, the Company will consider to spread its projects to all key areas in Bangkok and its surroundings to meet the demand in each area and to meet the structure and consumers' residential needs which referred to geographic and demographic characteristic i.e. their old living places, working offices and the status of population in each location. The Company's residential operation also gives priority and expands in variety segmentation to increase opportunities and meet the requirements of various customers' groups. In addition, the Company also runs the study for the future plan by researches the locations which have high potential and purchases the land for its Land Bank for future development which will result in Company's advantage in terms of land costs which leads to higher competitiveness and high yields. Currently, the Company has many potential land plots which are closed to BTS/MRT.
- House or product designs : Due to the differentiation in requirements of consumers in each segment of price or each brand, the Company mainly and continuously emphasizes on conducting the study and research relating to the behaviors of each group of consumers 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 create customers' satisfaction in every concern. Currently, several new designs have been introduced periodically with the new innovation of the "Breathable House, Air Plus innovation" which creates the differentiate of the Company's products amongst other products in the market.
- Product quality: The Company has valued the importance of working standards in house building and construction including utility systems in its

- projects. It sets construction standards, procedures, and examination for high-quality products. It also has written policy that “Every house must pass quality control (QC) at an accepted level” before delivering to the customer. The standard of quality products starts from checking construction plans, analyzing structure of 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 emphasizes the importance of project environment operation starting from project planning, selection of durable materials, project’s utility systems, other facilities which in line for living and most important is to provide safety for its project residents. The Company also makes sure that it also lay the foundation for project management, maintenance including the utility system to be in good condition 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.

- In setting selling price: From the Company’s strategy as a pre-built before selling thus gives the Company a competitive advantage in terms of knowing clear and real actual costs of construction and operation which allows it to set the clear selling price to be in line with the competition. In order to set the selling price, the Company will take into accounts the market conditions, in each location, at each time interval. The Company has no policy of setting price for customers to bargain down since this practice is not fair for the customers. The Company set the policy of setting selling price to be appropriate and fairness to the value of its product’s quality.
- Sale promotion: In order to communicate any information to the public, the Company gives priority to how consumers can access to its project information, especially through online communication, which is the most used media that consumers use to search for information on residential projects. The Company mainly emphasizes on online media by setting into the following groups

- Google : both for the SEO (Search Engine Optimization) and SEM (Search Engine Marketing)
- Facebook : In year 2018, the Company has its fan pages at 590,000 persons
- Twitter : currently has 9,000 Followers
- The Company also uses Line official account to send Rich message to its Line Friend regarding tips about housing and marketing activities
- The Company also emphasizes much on internet media. It has improved its website to be modern, attractive and easy to access and search for any required information

The Company also maintains the format of using single-number 1198 as a Call-center Front Line Management which customers can call to inquire any details of the projects and make their appointments to visit the project. The operation regarding the Company’s project communication has been adapted to in line with changes in technology and media consumption behavior of customers. The Company also emphasizes on controlling its communications costs, especially on budget spending on billboards. The decisions on media used are handled by Corporate Communication Department which has expertise in planning advertisements and other forms of communication before launch them public to consumers.

Customers and Target Groups

As mentioned before that the Company’s residential projects are spanning over various areas in Bangkok and its surroundings and other provincial such as Chiang Mai, Khon Kaen, Nakhon Ratchasima, Maha Sarakham, Udon Thani and Phuket which are also operated under the “Baan Sabai pre-built before sale” concept where customers can readily to move in. The Company’s adherence to the quality of house, project environment and good standard checking system, all these make the Company successfully reach the wide different target customer group according to the requirements of each brand which reflect different pricing in each brand and also the range of pricing. (Segmentation)

The market expansion in every range of price setting (segmentation strategy) has enabled the Company to meet more requirement of customers and increase new market opportunities in different new customer groups, resulting in higher sale revenue. However, the Company has also

expanded its market by targeting new user and launching new projects both in Bangkok and surroundings including the provinces, while still mainly emphasizes on the good quality of its products including the after sale services 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 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 year 2018, the Company has widen its target customer base group continuously from the year 2017 by designing new products for new pricing segmentation in the new brand name VIVE to serve the new living style of new generation where the living places are in form of single-detached house, townhome, and condominium with all functions to fulfill the meet the customers' needs.

In sale management, the Company has continuously developed the concepts of Customer Relationship Management (CRM) and Customer Emotional Management (CEM) which assist in the sale and marketing process including customers' satisfaction. These tools 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 those 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 its distribution channels by selling its products through the sales offices at each site of its projects, which expand in key areas across Bangkok and the surroundings. It reaches target customers through advertisements in several media especially through Internet

system development. From the information in year 2018, 47% of customers who come to visit the projects come from those who have seen internet media. From the view point of the Brand, the fact is shown that for brand of townhome and single-detached house which price is less than 10 million Baht 54% of the customers who come to visit the projects come from the group that have seen the internet online media and in total picture, 30% of the customers who visit the projects in total come from those who have seen the billboard advertisement. So the internet media is a very efficient media to attract the customers. In 2018, the Company's booking comes from internet media 46% and the operational cost is comparatively low, the cost per one visited customer is at 3,408 Baht and the cost per one booking customer is at 20,420 Baht whereas other media cost is relatively much higher.

The Company gives priority to the operation on communication and consumers' analyzing, it sets up the consumers' data base and relationship with the efficient CRM (Customer Relationship Management) which each salesperson can access to the company's customer database from his/her notebook through the network at any time. In addition, the Company also has e-brochure system to send the news to customers who have email address, which results in lower cost to communicate to customers than other players in the market. Furthermore, the Company also set the policy and plans to develop and train its sales staffs continuously and regularly so they can effectively present products and create good customers' satisfactions.

(2) Industry and Competition

Housing Market in 2018

The total housing market in 2018, according to the number of registered houses in total of 122,877 units which can be classified as self-building of 20,291 units and housing projects 102,586 units, 7.3% increase from year 2017, which is an increase in housing projects of 8.8% which details will be provided later.

Comparative data of newly registered housing units in Bangkok and surroundings
Classified by type of operation during year 2015-2018

Unit : units

Type	2015	2016	2017	2018	1995*
Self-building	22,375	21,915	20,206	20,291	32,118
Housing project	101,455	104,628	94,297	102,586	146,735
Total	123,830	126,543	114,503	122,877	178,853
% change	-7.2%	2.2%	-9.5%	7.3%	27.7%

Source: - Government Housing Bank, p = projection

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

** % change in year 2015 is calculated on year-on-year basis with the prior year

Comparative data of newly registered housing units in Bangkok and surroundings
Classified by self-buiding during 2015-2018

Unit : units

Newly registered house Classified by self-building	2015	2016	2017	2018	1995*
Single-detached house	19,591	19,156	17,964	17,890	28,116
% change	- 4.6%	- 2.2%	- 6.2%	- 0.4%	- 9.4%
Duplex	95	119	142	104	151
% change	- 10.5%	25.3%	19.3%	- 26.8%	228.3%
Townhouse and commercial building	2,689	2,640	2,100	2,297	3,851
% change	- 29.7%	- 1.8%	- 20.5%	9.4%	- 5.7%
Total of Self-building	22,375	21,915	20,206	20,291	32,118
% change	- 8.5%	- 2.1%	- 7.8%	0.4%	- 8.6%

Source: - Government Housing Bank, p = projection

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

** % change in each year is calculated on year-on-year basis with the prior year

Considering the residential compared to 2017 for the housing project was increase. When classified by type of housing, the significant changes are as follow :

- Single-detached house : In 2018, an increase of 22.3% comparing to 2017 and when compare to the year 2017 and 2016, the figure showed the decrease of 4.3% in year 2017
- Duplex house : In 2018, a decrease of 19.9% from 2017 and if compare the amount of 2017 with 2016, the figures showed that in 2017 the amount increase by 33.7%
- Townhouse and Commercial building : in 2018, an increase of 22.1% comparing to 2017. And when compared amongst 2017 and 2016, the figures showed that in 2017 compared to 2016 decreased by 5.0%
- Condominium: in 2018, an increase of 3.9% from year 2017 and when compared the amount amongst year 2017 and 2016 , the amount in year 2017 decrease by 13.1%

Comparative data of newly registered housing units in Bangkok and surroundings
By type of residents during year 2015-2018

Unit : units

New registered Housing Type : housing project	2015	2016	2017	2018	1995*
Single detached house	11,837	12,736	12,183	14,897	20,793
% change	-9.3%	7.6%	-4.3%	22.3%	16.4%
Duplex	2,366	1,895	2,533	2,028	938
% change	-16.1%	-19.9%	33.7%	-19.9%	336.3%
Town house and commercial building	19,624	17,111	16,262	19,853	58,093
% change	8.7%	-12.8%	-5.0%	22.1%	16.0%
Condominium	67,628	72,886	63,319	65,808	66,911
% change	-9.9%	7.8%	-13.1%	3.9%	-1.5%
Total housing project	101,455	104,628	94,297	102,586	146,735
% change	-6.9%	3.1%	-9.9%	8.8%	7.8%

Source: - Government Housing Bank, p = projection

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

** % change in each year is calculated on year-on-year basis with the prior year

In addition, the change in residential market in 2018 are as a result of many significant factors as follow

- The expansion in economic in 2018 is approximately at 4.2% compare to 3.9% in 2017 The expansion in each quarter in 2018 was Q1 = 4.9% , Q2 = 4.6%, Q3 = 3.3% and estimated that Q4 = 4.0%
- Inflation rate in 2018 is at the average of 1.1% compared to the average inflation in 2017 which was 0.7%
- Interest rate in the year 2018
 - The policy interest rate was at 1.5% for the whole year but had been adjusted to increase 0.25% in the meeting on December 19, 2018. The trend of the adjust interest rate according to the policy of the Monetary Policy Committee should be gradually increase.
 - Through the year 2018, The minimum lending rate (MLR) and the Minimum Retail rate (MRR) of the top 5 Commercial Banks was quite stable, without any change such as
 - SCB's MLR and MRR was at 6.025% and 7.370% respectively
 - BBL's and KBank's MLR and MRR was at 6.25% and 7.125% respectively

The interest rate for housing loan in quarter 3 compared to quarter 4 on average 3 year was stable but the 3 years Fixed interest rate has been changed to Float rate instead as a result of the interest rate which had been adjusted to increase. Except for the SCB's interest which has been

increase more than 0.50%, but finally has to decrease to be in line with the market condition.

- Bank's credit / Loan rejection rate for LH in the past year , the proportion of cash sales = 20% when considered as numbers of person and is equal to 26% when considered as value. The rejection rate can be divided according to brands as follow :
 - Brand Ladawan ,Nantawan, Mantana Rejection Rate from Bank was 7.2%
 - Brand TH, Chaiyaphruek, Inizio Rejection Rate from Bank was 10.5%
 - Brand Condo Rejection Rate from Bank was 2.2%
 - Provincial Rejection Rate from Bank was 12.0%
- The impact from the Policy regarding the credit lending for residential (Macroprudential) of Bank of Thailand which was announced in October 2018
- The price of construction materials which on average in year 2018 has increased 2.5% from year 2017. The price indices for the construction materials in 2017 was at 105.2 whereas in 2018 was at 107.9
- Whereas the price indices for steel and steel products has increased from the average 94.8 in 2017 to 102.8 in 2018 , an increase of 8.4%
- Land prices increased significantly which has impact on the cost of new projects and numbers of new projects which decrease due to the additional cost

Company's operating result in 2018

In 2018, the Company's operating results can be categorized by types and price level as follows:

By type of property		By range of Price	
Type	Share	Price Range	Share
Single-detached	71%	Less than 2.0 MB	1%
Townhouse	12%	2.00 - 4.00 MB	15%
Condominium	17%	4.01 - 6.00 MB	20%
		6.01 - 10.00 MB	18%
		10.01 - 25.00 MB	25%
		above 25.0 MB	21%
Total	100%		100%
Bangkok and surroundings	89%		
Provincial	11%		

At the beginning of 2018, the Company had 68 projects in progress. Of the total, 40 were in Bangkok and the surroundings, and 28 projects were in the provinces. During the year, 12 more projects were launched, bringing the total number of operating projects in 2018 to 80 projects. The new launched projects this year have total project value of 23,110 MB

which can be classified as

- Single-detached house 6 projects (Duplex also counted as Single-detached)
- Townhouse 5 projects (For the project which have mixed products, the number will be counted according to type of product and double the number of project)
- Condominiums 4 projects

Table : Information of Operating projects in 2018-2019

As at beginning of January	2018	2019
Total numbers of project	68	70
Bangkok and its surroundings	40	42
Provinces	28	28
New projects launched during the year	12	16
Bangkok and its surroundings	10	14
Provinces	2	2
Total Value (MB)	23,110	29,960
Total operating projects	80	86

Note: The project in Maha chai and Nakhon Pathom will be counted in Bangkok and its surroundings

Market Share by numbers of units in Bangkok and surroundings in 2018 can be classified by types of residential as follow :

- Detached House Company's share 10.1 %
- Duplex House Company's share 15.4 %
- Townhouses Company's share 4.1%
- Condominiums Company's share 1.2%

For the operation of Land and Houses U.S.A Inc. In the past year, it has sold the apartment name "The Domain Residence" in California at the price of USD 140 million or equivalent to 4,480 MB and has operating income before tax of USD 41.17 million or 1,317 MB. Currentl, Land and Houses U.S.A Inc. has 4 projects in hands

Project	Yard	Revere	Mode	Parce at Pruneyard
Location	Portland OR	Campbell CA.	San Mateo CA.	Campbell CA.
No. Units	284	168	111	252
Occupancy rate in 2018	83%	84%	92%	45%
Estimated project's IRR	10%	9%	9%	9.3%

And the operation of LHMH in the year 2018 , the Company has opened the project Terminal 21 Pattaya which is the mixed used concept consists of hotel and shopping mall. Details of the project is total area of 32.84 rai, total project investment of 5,587 MB, total hotel rooms available 396 units and total retail area 42,000 sq. meter

Details of new projects launched in 2018

Project	Type	Size of Area (Rai)	Total units	Average price per unit (MB)	Total Project (MB)	Quarter to open for sale
1. Villaggio Sansai Chiangmai	Total	32.3	246	3.3	820	Q1
	SH	17.4	72	5.6	400	
	TH	14.9	174	2.4	420	
2. Villaggio Koh Krien Ayutthaya	Total	50.4	296	3.1	1,040	
	SH	41.5	187	4.2	790	
	TH	8.9	109	2.3	250	
3. Mantana Onnut Wongwan 5	SH	85.0	313	10.1	3,150	Q2
4. Indy 2 Srinakarin	TH	45.5	445	3.4	1,500	
5. The Room Sukhumvit 38	CD	2.3	229	14.0	3,200	
6. The Room Phayathai	CD	2.6	437	8.9	3,900	
7. The Ease (2) Praram 2	CD	4.4	329	2.3	760	Q3
8. Vive Bangna	TH	20.7	92	10.4	960	
9. Villaggio Rangsit Klong 2	Total	87.0	483	4.4	2,020	
	SH	34.8	185	5.4	1,000	
	SEMI	52.2	298	3.4	1,020	
10. Mantana Phutthamonthon Sai 2 –Bang Waek	SH	73.4	146	16.4	2,400	Q4
11.The Key Phet Kasem	CD	3.8	639	3.4	2,200	
12. Villaggio Phet Kasem Sai 4	Total	48.0	405	2.8	1,160	
	SEMI	24.3	146	3.7	540	
	TH	23.7	259	2.4	620	
Total new launched in 2018		455.4	4,060	5.7	23,110	

Residential Market Outlook in 2019

The residential market outlook in 2019 when considered the type of Housing project is likely to slightly increase from 2018 at the rate of 3-5%. The new registered house for all type of residential is estimated to be in total of 107,000 units where the townhouse and single-detached house have highest tendency to increase whereas the duplex is the market that the demand is not quite high but still has trend to increase. The market for Condominium will have tendency to slow down.

In conclusion, in year 2019, the key factors that will have impacts on the residential market are as follow :

- Thai economy which likely to expand at 4.0%
- Factors that will have impact to the expansion of economy in 2019
 - The improvement on export sector
 - The investment in public sector which is accelerate in every parts. The public investment is expected to increase at the rate of 6%, a speed up from 2017 which was only 5%
 - Tourism is still supportive factor
 - Spending for consumption of Private sector has trend to expand in the good rate continuously at the level of 4.2%
- The Housing Loan interest rate which has tendency to adjust to be higher according to the increase of Policy interest rate which will increase by 0.25% - 0.50% and the direction to be a Float rate
- Inflation rate which trend is expected to increase but in the lower rate at 0.7% - 1.7%
- Construction cost, quite stable from the year 2018 except for the development of new project and some expense may be increase such as cost of filling etc.

- The acceleration in the building of utility which are in operation and which are in the plan according to the policy of the government sector.
- The increase in cost of land according to the investment in public utility system.
- The strictness from the Commercial Banks in order to consider the credit loan to the entrepreneur (Pre-finance) and the housing loan for retail customers (Post-Finance) which is more rigid and credit approval is much more careful.
- Pricing of living place will be increase in some location but for the Condominium will have the tendency to slow down and in some locations, the pricing will be more competitive because of the amount supply which is much higher than demand.

Company's Operational Plan in 2019

As at the beginning of the year 2019, the Company has in total 70 projects in hands which are in Bangkok and surroundings of 42 projects and in the provinces of 28 projects. In 2019, the Company has an operational plan to launch 16 new projects with total value of 29,960 MB which are in Bangkok and surroundings 14 projects and in the province of 2 projects which can be classified by type of residential as follow

- Single detached house 11 project (Duplex will be counted in single – detached house)
- Townhouse Projects 6 project (In some project that has mix item will count by type of product and double count on project)
- Condominium - None

In total, the total numbers of projects that operate in 2019 will be 86 projects

The ratio of total booking of 2019 are detailed as follow :

Classified by type of residential		Classified by range of pricing	
Type	percentage	Range of price	percentage
Single detached and Duplex	72%	Less than 2 MB	-
Townhouse	8%	2.01 – 4.0 MB	17%
Condominium	20%	4.01 – 6.0 MB	17%
		6.01 – 10.0 MB	19%
		10.01 – 25.0 MB	27%
		Higher than 25.0 MB	20%
Total	100%		100%
% in Bangkok and surroundings	91%		
% in provincial	9%		

Note : % calculated by value

The sale target in 2019, the Company has set the Booking at 33,000 million Baht and the ownership transferred will be at value of 32,000 million Baht, whereas the average price per unit in 2019 will be 7.3 million Baht (in year 2018 the average price per unit is 7.3 million Baht)

For the proportion of sales in 2019 when considered by the value and classified by type of residential will be as follow

- Single-detached and Duplex 72%
- Townhouses 8%
- Condominium 20%

For the plan of new land acquisition to serve for the expansion in the future, in various area both Bangkok and boundaries and provinces, the total budget should be around 7,000 million Baht. The Company will consider to the potential area which can be promptly developed with high potentials.

Details of new projects opened in 2019

Project	Type	Size (Rai)	Total units	Average price per unit (MB)	Total Project Value (MB)	Quarter to open Sale
1. Chaiyapruk Ramindra Chatuchote Expressway	SH	98.5	398	7.5	3,000	Q1
2. Nantawan Ramindra Phahol Yothin 50	SH	98.1	212	24.5	5,200	
3. Mantana Westgate	SH	93.7	293	15.0	4,400	
4. Indy Pinklao Sirindhorn	TH	11.5	94	4.3	405	
5. Mantana Bangna km. 7 (2)	SH	53.1	159	15.7	2,500	Q2
6. Indy Ayutthaya	TH	23.4	230	2.7	630	
7. Vive Ekamai Ramindra	SH	17.3	48	47.9	2,300	Q3
8. Vive Ratanathibet Rachapruk	SH	20.4	34	32.9	1,120	
9. Villaggio Pracha Uthit 90	Total	57.9	351	4.0	1,410	
	SH	16.5	77	5.6	430	
	SEMI	41.4	274	3.6	980	
10. Indy Rungsit Klong 2	TH	20.1	198	2.8	550	
11. Vive Bang Na	TH	25.4	49	29.6	1,450	
12. Villaggio Bang Na Teparak	Total	63.1	342	4.6	1,570	
	SH	32.3	136	6.2	840	
	SEMI	30.8	206	3.5	730	
13. Mantana Serene Lake Chiang Mai	SH	47.4	78	17.0	1,330	Q4
14. Indy 3 Bang Yai	TH	34.7	353	3.6	1,270	
15. Indy Bang Na Suan Luang	TH	39.0	385	3.7	1,425	
16. Villaggio Srinakarin Bangna	Total	50.5	307	4.6	1,400	
	SH	34.0	128	6.5	830	
	TH	16.5	179	3.2	570	
Total		754.1	3,531	8.5	29,960	

(3) Product/Service Procurement

A) Nature of the product acquisition

• 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 to 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 – services 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 selling 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, clubhouse, 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 with other projects in the market.

• Nature of production and procurement

Production and Production Policy

The Company has production policy and also the 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

- 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.

- The Company has arranged the training courses of its construction standards to all contractors regularly

- The Company has its Project Head at each site of the Projects to control and check the contractors' performance.

- The Company also has the quality control over all its construction by sending the Company's central engineers to check the quality of work to make sure that they are comply with its quality standard.

(4) 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 :

- 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 land broker and sales.
- contact the land and purchased directly by the company's team

- 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 maintains good relationship with all construction material vendors 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.

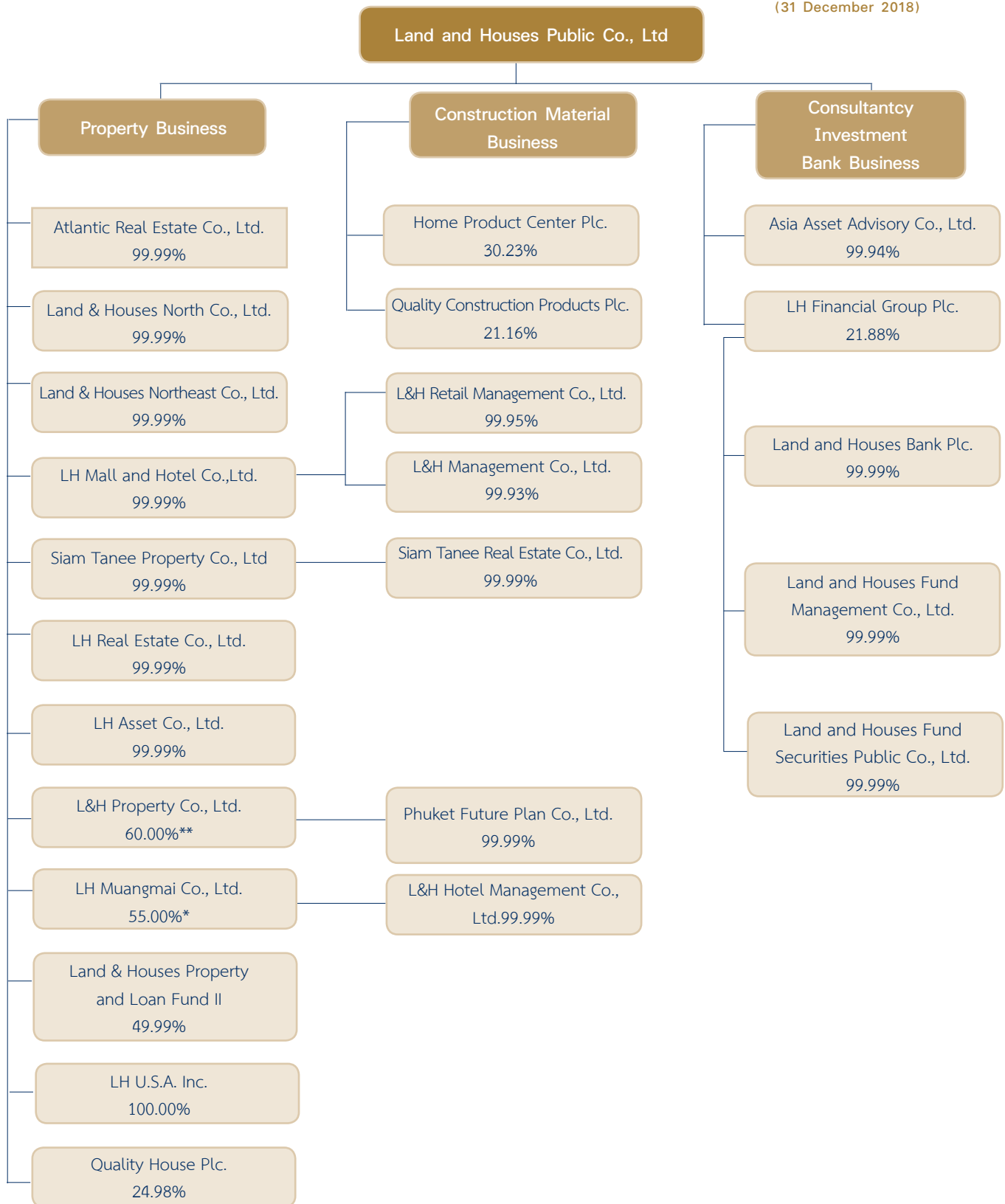
(5) Environmental Impacts

Developing a housing project and other infrastructure and utility of the project may have impact to main environment in the community such as the waste water 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 waste water 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 2018)



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%)
- * Filed for deregistration and completely the liquidation process

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. QUALITY CONSTRUCTION PRODUCTS PLC.	400	84,627,680	1	21.16
2. LH FINANCIAL GROUP PLC.	21,184	4,634,761,967	1	21.88
3. QUALITY HOUSES PLC.	10,714	2,675,945,601	1	24.98
4. LAND AND HOUSES FREEHOLD AND LEASEHOLD PROPERTY FUND	3,300	88,958,300	10	26.96
5. HOME PRODUCT CENTER PLC.	13,151	3,975,878,432	1	30.23
NON-LISTED COMPANY				
1. LAND AND HOUSES PROPERTY AND LOAN FUND II	1,486	74,278,549	10	49.99
2. LH 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.	0.10	9,994	10	99.94
5. ATLANTIC REAL ESTATE CO.,LTD.	15	149,979	100	99.99
6. LAND AND HOUSES NORTH CO.,LTD.	14	499,991	100	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.	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	635,925,646	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 Direct and Indirect
1. Quality Construction Products Plc.	144 Moo 16 Bangpa-in Industrial Estate Udomsorayuth Rd., Bangkrason Bangpa-in, Ayutthaya Thailand 13160. Website : qcon.co.th	0 3522 1271	0 3522 1270	Building Material	400 Common million shares of Baht 1 each	21.16
2. LH Financial Group Plc.	5 th Floor Q.House Lumpini Building, 1 South Sathon Road, Thungmahamek, Sathon, Bangkok, Thailand 10120 Website : www.lhfg.co.th	0 2359 0000	0 2677 7223	Holding Company	21,183.7 Common million shares of Baht 1 each	21.88
3. Quality House Plc.	6 th , 7 th 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. Land and Houses Freehold and Leasehold Property Fund	14 th 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	26.96
5. Home Product Center Plc.	31 Prachachuennonthaburi Road, Bangkhen, Muang, Nonthaburi, Thailand 11000 Website : www.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
6. Land and Houses Property and Loan fund-II	130-132 Wireless Road, 15 th -17 th 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 Thepkasadtrees Tumbonratsada Aumphoemuang Phuket Thailand 83000	0 7638 1150-3	0 7638 1112	Property Development	90 Common million shares of Baht 10 each	55.00
8. L&H Property Co., Ltd.	15 th Floor Q.House Lumpini Building, 1 South Sathon Road 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.	15 th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	0 2343 8899	0 2343 8890	Investment Advisor	10,000 Common shares of Baht 10 each	99.94
10. Atlantic Real Estate Co.,Ltd.	37-38 th 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 ThumbonnongJom Aumphoesansang Chiang Mai Thailand 50210	0 5349 8911-3	0 5311 1111	Property Development	0.5 Common million shares of Baht 100 each	99.99
12. LH Mall and Hotel Co.,Ltd.	15 th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120 Website : www.lhmm.co.th	0 2343 8899	0 2343 8890	Property Development	20 Common million shares of Baht 100 each	99.99
13. Siam Tanee Property Co.,Ltd.	37-38 th Floor Q.House Lumpini Building, 1 South Sathon Road 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.	37-38 th 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
15. L H Real Estate Co.,Ltd.	37-38 th 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

COMPANY NAME	ADDRESS	TEL. NO.	FAX. NO.	TYPE OF BUSINESS	AUTHORIZED SHARE CAPITAL	% Hold Direct and Indirect
16. Land and Houses North-East Co.,Ltd.	114/39 Ratchasima-Pakthongchai Road Tumbonhnongjabok Aum-phoemuang Nakhonratchasima Thailand 30000	0 4435 7634	0 44334 9344	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 Tanee Real Estate Co.,Ltd.	37-38 th 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	99.99
19. L&H Hotel Management Co.,Ltd.	15 th Floor Q.House Lumpini Building, 1 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	0 2343 8899	0 2343 8890	Property Development	100,000 Common shares of Baht 10 each	60.00
20. L&H Retail Management Co.,Ltd.	15 th 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
21. L&H Management Co.,Ltd.	15 th 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
22. Land and Houses Bank Plc.	G, 1 st , 5 th , 6 th Floor Q.House Lumpini Bldg.,No. 1 South Satorn Road, Tungmahamek, Satorn, 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
23. Land and Houses Securities Plc.	M, 10 th 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
24. Land and Houses Fund Management Co.,Ltd.	14 th Floor Q.House Sathon Building, 11 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120 Website : www.lhfund.co.th	0 2286 3484 0 2679 2150	0 2286 3585 0 2679 2150	Management Fund	3 Common million shares of Baht 100 each	21.88
25. Land and Houses Advisory Co.,Ltd.	14 th Floor Q.House Sathon Building, 11 South Sathon Road Thungmahamek Sathon Bangkok Thailand 10120	0 2352 5100	0 2286 2681 0 2286 2682	Advisory	2 Common million shares of Baht 10 each	21.88

Equities and Shareholders

1. Registered and Paid-up Capital

(1) As of December 31, 2018, 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 March 5, 2018, the number of 1,721,374,443 Company's ordinary shares representing 14.41% of all paid up ordinary were held by Thai NVDR Co.,Ltd which such shares are not entitled to a voting right in the shareholders' meeting (except for a decision to delist the stock), the holders of non-NVDR shares shall have 16.84% more of the voting right. As a result, holders of only 21.40 % 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 29, 2018, the 10 largest shareholders of the Company were as follow :

Rank	Name of individual / Juristic Person	Number of shares held	Percentage of all sold shares
1.	Mr. Anant Asavabhokhin*	2,860,000,047	23.93
2.	Thai NVDR Co., Ltd.	1,964,517,864	16.44
3.	GIC Private Limited	957,231,354	8.01
4.	Mayland Co., Ltd.**	677,000,069	5.67
5.	South East Asia UK (Type C) Nominees limites	463,430,768	3.88
6.	Social Security Office	408,892,940	3.42
7.	State street Europe Limited	353,451,177	2.96
8.	State Street Bank and Trust Company	142,272,552	1.19
9.	The Bank of New York Mellon	138,448,340	1.16
10.	Ms. Piangjai Harnpanij	134,960,000	1.13
	Total	8,100,205,111	67.79

Note : * The shareholders under Mr. Anant Asavabhokhin's group held a combined 30.73%

** 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

Debentures

The Company had outstanding senior unsecured debentures worth 40,450 million baht as of December 31, 2018:

Debenture	Amount Million Baht	Coupon rate per year	Maturity / Due date
Series 2/2015 Lot 2	1,000	3.31%, paid every 6 months	5 years / April 2, 2020
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
Series 1/2018	1,200	2.96%, paid every 6 months	7 years / March 7, 2025
Series 2/2018	6,000	1.98%, paid every 6 months	3 years / May 7, 2021
Series 3/2018	5,000	3.02%, paid every 6 months	3 years / October 5, 2021

All debentures were last rated A+ Stable by TRIS Rating Co., Ltd. on August 27, 2018

For all debentures, the Company must maintain its debt-to-equity ratio at not more than 1.50 :1.

4 Dividend payment policy

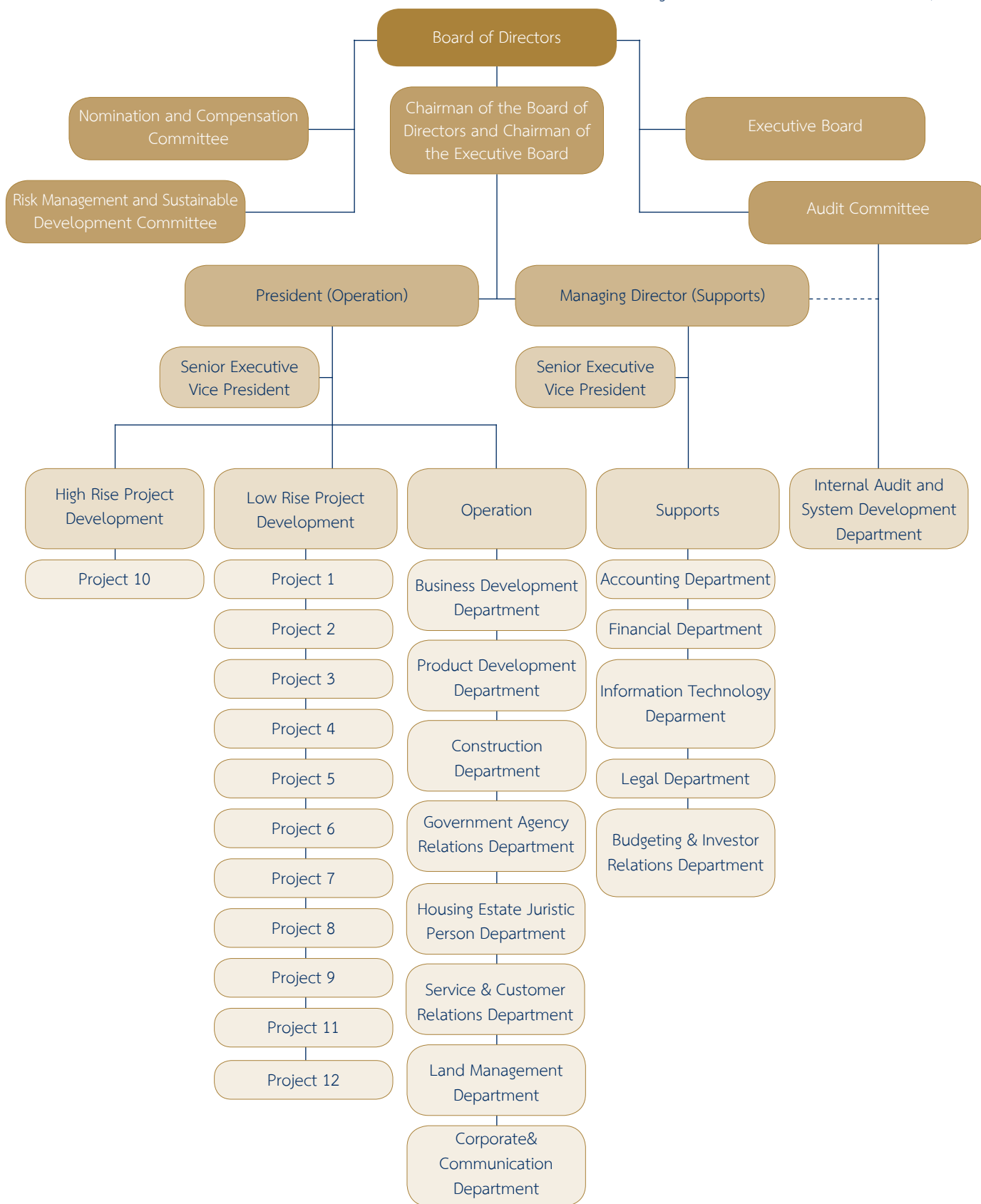
At present, the Company has a policy to pay dividends from its net profit to its shareholders every year in considering the payments; the following factors are taken into consideration. There are the Company's operating results and its financial position, liquidity, expansion plans and other management-related factors. Any dividend payment is subjected to the approval 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 any damages to the Company's capital".

As for the dividend payment policies of its subsidiaries, the subsidiaries shall 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

Organization Structure as of December 31, 2018



Organization Structure

1. Board of Directors

The Company's Management Structure as of December 31, 2018, has 8 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 them are domiciled in Thailand. In conducting business, the directors must perform their duties according to laws, objectives and Articles of Association of the Company, as well as the resolutions of shareholders' meetings, with integrity and care in protecting the Company's interests and benefits

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

a) The Board of Directors consists of 3 independent directors, or 37.5% of all directors, other 3 executive directors and other 2 non-executive directors

b) All of the Audit Committee are independent and their duties are as stipulated by the Stock Exchange of Thailand's regulations and the Audit Committee Charter.

c) Delegation and authorization among the boards and management has been clearly established as detailed which are disclosed in the "Corporate Governance section."

As at December 31, 2018, the names and meeting attendance records of directors in 2016-2018 were as declared in the table below :

Name	Position	Numbers of Attended meetings/ total meetings		
		2016	2017	2018
1. Mr. Anant Asavabhokhin	Chairman and Chief Executive Officer (resigned on May 22 nd , 2017)	9/9	1/2	-
2. Mr. Naporn Sunthornchitcharoen	Chairman of the Board of Directors and Chairman of the Executive Board (appointed on August 11 th 2017)	8/9	6/6	7/7
3. Mr. Pakhawat Kovithvathanaphong	Director, Chairman of the Audit Committee, Independent Director	9/9	6/6	6/7
4. Mr. Chalerm Kietitanabumroong	Director, President, Risk Management and Sustainable Development Director	9/9	6/6	7/7
5. Mr. Adisorn Thananan-narapool	Director, Managing Director, Nomination and Compensation Director	9/9	6/6	6/7
6. Mr. Nantawat Pipatwongkasem	Director, Company Secretary and Risk Management and Sustainable Development Director	9/9	6/6	7/7
7. 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)	3/3	-	-
8. Mr. Piphob Veraphong	Director, Audit Director, Independent Director, Chairman of the Nomination and Compensation Committee	9/9	5/6	7/7
9. Mr. Bundit Pitaksit	Director, Audit Director, Independent Director, Chairman of the Risk Management and Sustainable Development, Nomination and Compensation Director	8/9	6/6	7/7
10. Mr. Achawin Asavabhokhin**	Director	--	--	6/6
Total meetings in 2018		9	6	7

* Mr. Chalerm Kietitanabumroong retired from Managing Director and also resigned from the Company's director on January 1st, 2019

** Mr. Achawin Asavabhokhin appointed to be director on February 28th 2018

Authorized signatories

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

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' which is 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. The meeting shall be convened 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 date 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. The Company has set the policy regarding the minimum quorum at the time when the directors shall vote

in the meeting that at least two-third of total directors are in the meeting.

9. Allow free expression of opinions at meetings

10. Allocate adequate time for each agenda to allow for careful debate and expression of opinions.

11. 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

2. Executives

As of December 31, 2018, the Company had 7 executives:

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

3. 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 with the Board of Directors' activities, as well as archive documents as required by law.

4. Executive Remuneration

(a) Cash Remuneration

- Remuneration for directors

The Company has set a clear policy on Remuneration 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 taking into account are area of suitability, as well as the size, business expansion and profit growth of the Company. Its Remuneration is at the same level in the similar industry. For directors, the Remuneration is approved at a shareholders' meeting each year. The Remuneration comes in the form of annual remuneration, meeting allowances, director pensions and bonuses. The details for 2017 and 2018 are as follows

Name	Position	2017		2018	
		Meeting attendance rate%	Remuneration (million Baht)	Meeting attendance rate %	Remuneration (million Baht)
1. Mr. Anant Asavabhokhin	Chairman and Chief Executive Officer (resigned on May 22, 2017)	50%	2.85	-	0.99
2. Mr. Naporn Sunthornchitcharoen	Chairman of the Board of Directors and Chairman of the Executive Board (appointed in August 11, 2017)	100%	2.16	100%	3.59
3. Mr. Pakhawat Kovithvathanaphong	Director, Chairman of the Audit Committee, independent director	83%	2.24	86%	2.46
4. Mr. Chalerm Kietitanabumroong	Director, Executive Director, member of the Risk Management and Sustainable Development Committee	100%	1.86	100%	2.04
5. Mr. Adisorn Thananan-narapool	Director, Executive Director, member of the Nomination and Compensation Committee	100%	1.86	86%	2.04
6. Mr. Nantawa Pipatwongkasem	Director and company Secretary, member of the Risk Management and Sustainable Development Committee	100%	1.86	86%	2.04
7. Mr. Piphob Veraphong	Director, member of the Audit Committee, independent director, Chairman of the Nomination and Compensation Committee	83%	2.21	100%	2.51
8. 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	100%	2.30	100%	2.57
9. Mr. Achawin Asavabhokhin *	Director	-	-	100%	0.78
Total Remuneration			17.34		19.02

* Mr. Achawin Asavabhokhin was appointed to be Director on Feb 28th, 2018

The details of directors' Remuneration by category in 2018 are as follows: (unit : Baht)

Position	Name	Remuneration		Total
		Annual Pay	Bonus	
Audit / independent directors	1. Mr. Pakhawat Kovithvathanaphong	720,000	1,320,000	2,040,000
	2. Mr. Piphob Veraphong	720,000	1,320,000	2,040,000
	3. Mr. Bundit Pitaksit	720,000	1,320,000	2,040,000
Directors who are employees	1. Mr. Anant Asavabhokhin	-	990,000	990,000
	2. Mr. Naporn Sunthornchitcharoen	1,440,000	2,145,000	3,585,000
	3. Mr. Adisorn Thananan-narapool	720,000	1,320,000	2,040,000
	4. Mr. Chalerm Kietitanabumroong	720,000	1,320,000	2,040,000
	5. Mr. Nantawat Pipatwongkasem	720,000	1,320,000	2,040,000
Director who are not employee	1. Mr. Achawin Asavabhokhin	600,000	-	600,000
Total				17,415,000

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	Kovithvathanaphong	180,000	240,000	N/A	N/A	420,000
2. Mr. Piphob	Veraphong	210,000	180,000	80,000	N/A	470,000
3. Mr. Bundit	Pitaksit	210,000	180,000	60,000	80,000	530,000
4. Mr. Achawin	Asavabhokhin	180,000	N/A	N/A	N/A	180,000
Total		780,000	600,000	140,000	80,000	1,600,000

- Executive remuneration : The Company has set the criteria to pay the remuneration to executives by link to the Company's performance, knowledge, capability and the performance evaluation of each person. The remuneration of executives in 2017 and 2108 comprises of salary, bonus and other remuneration as follow :

	2017		2018	
	numbers	Total (million Baht)	numbers	Total (million Baht)
Salary	7	68.86	7	79.19
Bonus*	7	86.24	7	83.79
Total	7	155.10	7	162.98

Note* Bonus will be paid in January every year

(b) Other Remuneration which is not in term of cash

1. The Company has set up provident funds to which the staff voluntarily contributes at the ratio of 2-7% of their monthly salaries and the Company will match 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 Fund B.E. 2542 (1999). In 2018, the Company contributed 2.4 million Baht to the portion owned by the 7 executives

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

5. Human Resources (as at December 31, 2018)

- Total number of employees 787
Number of employees in each line
Management 7
Operations 668
Support 112
- Total compensation and types of compensation
 - Salary, bonuses and other compensation in 2018 totaled 1,360 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 808
Divided by company
LH Muang Mai Co.,Ltd 24
LAND AND HOUSES U.S.A., INC. 6
L&H Mall and Hotel Co.,Ltd 99
L&H Hotel Management Co.,Ltd 503
L&H Hotel Retail Managemen Co.,Ltd 130
L&H Management Co.,Ltd 46

Board of Director

MR. NAPORN SUNTHORNCHITCHAROEN Age 60 Years

Position

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

Appointed Date 11 August 2017

Education

- Bachelor of Engineering (Civil Engineering), Chiangmai University
- MBA, Thammasat University
- National Defense College Class of 2006
- Directors Accreditation Program (DAP) 25/2004 : IOD
- Directors Certification Program (DCP) 53/2005 : IOD
- Financial Institutions Governance Program (FGP) 2/2011 : IOD
- Stanford Executive Programme (SEP), Graduate School of Business, Stanford University, USA

% of Shareholding as 31 December 2018

- 0.23

Relationship

-

5-year Past Experience

Listed Company

Aug 2017 - Present	Chairman of the Board of Directors, Chairman of the Executive Board, Land and Houses Plc. (Property Development)
May 2013 - Aug 2017	Executive Director, President (Operation) Land and Houses Plc. (Property Development)
2002 - Apr 2013	Executive Director, Senior Executive Vice President (Operation) Land and Houses Plc. (Property Development)
1991 - 2001	Executive Vice President Land and Houses Plc. (Property Development)
Jun 2017 - Present	Director Quality Houses Plc. (Property Development)
2015 - Present	Member of the Nomination and Remuneration Committee Home Product Center Plc. (Trading of construction material)
2001 - Present	Director, Executive Director Home Product Center Plc. (Trading of construction material)
1994 - Present	Director Quality Construction Products Plc. (Building Material)
May 2011 - Present	Director, Member of the Nomination and Remuneration Committee, LH Financial Group Plc. (Holding Company)
May 2016 - Jun 2017	Executive Director LH Financial Group Plc. (Holding Company)

Non-Listed Company

Dec 2013 - Present	Director Land and Houses Securities Plc. (Management Fund)
2012 - Present	Director Land and Houses U.S.A., Inc. (Property Investment)
2012 - Present	Director Land and House Property and Loan Fund-II (Property Fund)
2005 - Present	Director, Executive Director, Member of the Nomination and Remuneration Committee Land and Houses Bank Plc. (Bank)
2004 - Present	Director LH Asset Co., Ltd. (Property Development)
2003 - Present	Director LH Real Estate Co., Ltd. (Property Development)
1995 - Present	Director Land and Houses Northeast Co., Ltd. (Property Development)
1995 - Present	Director Land and Houses North Co., Ltd. (Property Development)
1995 - Present	Director LH Muang Mai Co., Ltd. (Property Development)
1993 - Present	Director Siam Tanee Real Estate Co., Ltd. (Property Development)
1990 - Present	Director Siam Tanee Property Co., Ltd. (Property Development)
1987 - Present	Director Atlantic Real Estate Co., Ltd. (Property Development)
1986 - Present	Director LH Mall and Hotel Co., Ltd. (Property Development)
2005 - Sep 2018	Director Phuket Future Plan Co., Ltd. (Property Development)
2005 - Aug 2017	Director Double Three Co., Ltd. (Property Development)

MR. CHALERM KIETITANABUMROONG Age 65 Years**Position**

- President
- Executive Director
- Director and authorized signatory
- Risk Management and Sustainable Development Committee

Appointed Date 11 August 2017**Retirement Date 31 December 2018****Education**

- Bachelor of Engineering (Civil Engineering), Chulalongkorn University
- MBA, Chulalongkorn University
- Directors Certification Program (DCP) 54/2005 : IOD
- Director Diploma Examination 16/2005 : IOD

% of Shareholding as 31 December 2018

- 0.08

Relationship

-

5-year Past Experience**Listed Company**

Aug2017-Dec2018	Executive Director, President (Operation) Land and Houses Plc. (Property Development)
2014 - Dec 2018	Member of the Risk Management and Sustainable Development Committee Land and Houses Plc. (Property Development)
May2013-Aug2017	Senior Executive Vice President, Chief Operation Officer Land and Houses Plc. (Property Development)
2011 - Dec 2018	Director Land and Houses Plc. (Property Development)
1988 - Apr 2013	Executive Vice President Subsidiary and Associated Companies Land and Houses Plc. (Property Development)

Non-Listed Company

2004 - Present	Director LH Asset Co.,Ltd.. (Property Development)
2003 - Present	Director LH Real Estate Co.,Ltd. (Property Development)
1993 - Present	Director Siam Tanee Real Estate Co.,Ltd. (Property Development)
1990 - Present	Director Siam Tanee Property Co.,Ltd. (Property Development)
1987 - Present	Director Atlantic Real Estate Co.,Ltd. (Property Development)
1986 - Present	Director LH Mall and Hotel Co.,Ltd. (Property Development)
2005 - Sep 2018	Director Phuket Future Plan Co., Ltd. (Property Development)
2005 - Aug 2017	Director Double Three Co., Ltd. (Property Development)

MR. ADISORN THANANAN-NARAPOOLM Age 64 Years**Position**

- Managing Director
- Executive Director
- Director and authorized signatory
- Director and Secretary of Nomination and Compensation Committee

Appointed Date 12 December 1992**Education**

- Bachelor of Accounting, Thammasat University
- MBA, Thammasat University
- Directors Accreditation Program (DAP) 7/2004 : IOD
- Directors Certification Program (DCP) 41/2004 : IOD
- Certificate of Leadership Program at Capital Market Academy Batch 2
- Stanford Executive Program (SEP), Graduate School of Business, Stanford University, USA

% of Shareholding as 31 December 2018

- 0.70

Relationship

-

5-year Past Experience**Listed Company**

May 2013 - Present	Director, Executive Director, Managing Director (Support), Director and Secretary of Nomination and Compensation Committee, Land and Houses Plc. (Property Development)
2002 - Apr 2013	Director, Executive Director and Senior Executive Vice President, Land and Houses Plc. (Property Development)
1992 - 2001	Executive Vice President Land and Houses Plc. (Property Development)
2003 - Present	Director, Quality Houses Plc. (Property Development)

Non-Listed Company

2012 - Present	Director Land and Houses U.S.A., Inc. (Property Development)
2005 - Present	Director L&H Property Co.,Ltd. (Property Development)
2004 - Present	Director LH Asset Co.,Ltd.. (Property Development)
2003 - Present	Director LH Real Estate Co.,Ltd. (Property Development).
2002 - Present	Director Land and House Property and Loan Fund-II (Property Development)
2001 - Present	Director LH Muang Mai Co.,Ltd. (Property Development)
1991 - Present	Director LH Mall and Hotel Co.,Ltd. (Property Development)
2005 - Sep 2018	Director Phuket Future Plan Co., Ltd.
2005 - Aug 2017	Director Double Three Co., Ltd.

MR. NANTAWAT PIPATWONGKASEM Age 59 Years**Position**

- Executive Vice President
- Company Secretary
- Risk Management and Sustainable Development Committee
- Director and authorized signatory

Appointed Date 01 September 2017**Education**

- Bachelor of Law, Barrister at Law
- MBA, Thammasat University
- Directors Certification Program (DCP) 62/2005 : IOD
- Directors Accreditation Program (DAP) 18/2004 : IOD
- Finance for Non-Finance Director (FN) 13/2004 : IOD

% of Shareholding as 31 December 2018

- 0.00

Relationship

-

5-year Past Experience**Listed Company**

Sep2017 -Present	Executive Vice President Land and Houses Plc. (Property Development)
2014 - Present	Member of the Risk Management and Sustainable Development Committee, Land and Houses Plc. (Property Development)
Jul2013 -Present	Senior Vice President (Legal Department) Land and Houses Plc. (Property Development)
1992 - Present	Director Land and Houses Plc. (Property Development)
1990 - Jun 2013	Vice President (Legal Department) Land and Houses Plc. (Property Development)

Non-Listed Company

2012 - Present	Director Land and Houses U.S.A., Inc. (Property Investment)
2004 - Present	Director LH Asset Co.,Ltd.. (Property Development)
2003 - Present	Director LH Real Estate Co.,Ltd.. (Property Development)
1995 - Present	Director Land and Houses North Co.,Ltd. (Property Development)
1995 - Present	Director Land and Houses Northeast Co.,Ltd. (Property Development)
1995 - Present	Director LH Muang Mai Co.,Ltd. (Property Development)
1993 - Present	Director Siam Tanee Real Estate Co.,Ltd. (Property Development)
1990 - Present	Director Siam Tanee Property Co.,Ltd. (Property Development)
1987 - Present	Director Atlantic Real Estate Co.,Ltd. (Property Development)
2005 - Sep 2018	Director Phuket Future Plan Co., Ltd. (Property Development)
2005 - Aug 2017	Director Double Three Co., Ltd. (Property Development)

MR. PAKHAWAT KOVITHVATHANAPHONG Age 69 Years**Position**

- Chairman of the Audit Committee
- Independent Director
- Director

Appointed Date 12 May 2015**Education**

- Master's Degree of Marketing & Finance Wharton School, University of Pennsylvania, USA
- Bachelor Degree of Economics (First Class Honors), Thammasat University
- National Defense College Class 344
- Certificate of Leadership Program at Capital Market Academy Batch 5
- Directors Accreditation Program (DAP) 4/2003 : IOD
- Directors Certification Program (DCP) 58/2005 : IOD
- Corporate Governance for Capital Market Intermediaries (CGI)
- Certificate course of Corporate Governance for Director and Senior Executive of State Enterprises and Public Organization, King Prajadhipok's Institute Batch 15

% of Shareholding as 31 December 2018

- 0.001

Relationship

-

5-year Past Experience**Listed Company**

May2015 -Present	Chairman of the Audit Committee Land and Houses Plc. (Property Development)
1999 - Present	Director, Independent Director, Member of the Audit Committee Land and Houses Plc. (Property Development)
2016 - Present	Chairman Trinity Watthana Plc. (Holding Company)
2001 - 2016	Chief Executive Officer, Director Trinity Watthana Plc. (Holding Company)
Nov2018 -Present	Independent Director, Audit Committee P.C.S. Machine Group Holding Plc. (Automotive)
2017 - Present	Independent Director Dusit Thani Plc. (Hotel)
2016 - 2018	Audit Committee Thai Rubber Latex Corporation (Thailand) Plc. (Rubber Business)
2011 - 2018	Independent Director Thai Rubber Latex Corporation (Thailand) Plc. (Rubber Business)

Non-Listed Company

Jun 2018 -Present	Director Trinity One Co.,Ltd. (Holding Company)
2017 - Present	Chairman Smart ID Group Co.,Ltd (Electronic Components)
2011 - Present	Chairman Trinity Advisory 2001 Co., Ltd. (Financial Advisor)
2001 - Present	Chairman Trinity Securities Co.,Ltd (Securities Business)
2016 - 2017	Vice Chairman The Thai Bond Market Association
2011 - 2016	Director The Thai Bond Market Association
2010 - 2017	Director, Chairman of Corporate Strategy TSFC Securities Plc. (Securities Business)

MR. PIPHOB VERAPHONG Age 56 Years**Position**

- Chairman of Nomination and Compensation Committee
- Audit Committee
- Independent Director
- Director

Appointed Date 12 May 2015**Education**

- Master Degree of LL.M., Harvard University
- Master Degree of LL.M., Boston University
- Certificate of International Taxation, Harvard University
- Bachelor of Law (Honors), Chulalongkorn University
- Barrister - at - Law
- Directors Certification Program (DCP) 238/2017 : IOD

% of Shareholding as 31 December 2018

-

Relationship

-

5-year Past Experience

Listed Company	
2015 - Present	Director, Independent Director, Member of the Audit Committee, Chairman of Nomination and Compensation Committee Land and Houses Plc.(Property Development)
2004 - Present	Independent Director, Audit Committee Bangkok Chain Hospital Plc. (Health Care Service)
2003 - 2010	Independent Director, Audit Committee Quality Construction Products Plc. (Building Material)
Non-Listed Company	
2002 - Present	Partner LawAlliance Co.,Ltd. Legal (Advisory)
2005 - 2008	Independent Director, Audit Committee Land and Houses Retail Bank Plc. (Bank)

MR. BANDIT PITAKSIT Age 53 Years**Position**

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

Appointed Date 01 March 2017**Education**

- Bachelor of Engineering (Civil Engineering), Chulalongkorn University
- Certificate of Leadership Program at Capital Market Academy Batch 12
- The Program for Senior Executives on Justice Administration Batch 17th
- Politics and Democracy for Executive, King Prajadhipok's Institute (KPI 14th)
- The National Defence Collage Class of 2014
- Directors Certification Program (DCP) 237/2017 : IOD

% of Shareholding as 31 December 2018

-

Relationship

-

5-year Past Experience

Listed Company	
2017 - Present	Member of the Nomination and Compensation Committee Land and Houses Plc. (Property Development)
2016 - Present	Member of the Audit Committee, Chairman of Risk Management and Sustainable Development Committee Land and Houses Plc. (Property Development)
2015 - Present	Director, Independent Director Land and Houses Plc. (Property Development)
Non-Listed Company	
Present	Chairman of the Advisory Isuzu Sanguanthalai Group (Automotive)
Present	Chief Advisory Siam Car Rent Co.,Ltd. (Car Rental)
2005 - 2009	Director Isuzu Sanguanthalai Sraburi Co.,Ltd. (Automotive)

MR. ARCHAWIN ASAVABHOKHIN Age 43 Years**Position**

- Director and authorized signatory
- Director

Appointed Date 28 February 2018**Education**

- Bachelor Degree of Industrial engineering, University of Pennsylvania, USA
- Bachelor Degree of Finance, University of Pennsylvania, USA
- Directors Certification Program (DCP) 2014

% of Shareholding as 31 December 2018

0.013

Relationship

-

5-year Past Experience**Listed Company**

Mar 2018 - Present	Director Land and Houses Plc. (Property Development)
Oct 2018 - Present	Chief Marketing Officer, Senior Executive Vice President SCB Asset Management Co.,Ltd. (Asset Management)
2014 - Sep 2018	Executive Vice President, Product & Foreign Fixed Income Group SCB Asset Management Co.,Ltd. (Asset Management)
2017 - Present	Director Quality Houses Plc. (Property Development)
2014 - Present	Director Home Product Center Plc. (Trading of construction material)

MR. WATCHARIN KASINRERK Age 57 Years**Position**

- Senior Executive Vice President

Appointed Date 01 September 2017**Education**

- Bachelor of Engineering (Civil Engineering), Chiangmai University
- MBA, Thammasat University
- Stanford Executive Programe (SEP), Graduate School of Business, Stanford University, USA

% of Shareholding as 31 December 2018

-

Relationship

-

5-year Past Experience**Listed Company**

Sep 2017 - Present	Senior Executive Vice President Land and Houses Plc. (Property Development)
2015 - Aug 2017	Executive Vice President Land and Houses Plc. (Property Development)
2013 - 2014	Senior Vice President (Project 2) Land and Houses Plc. (Property Development)

MR. WIT TANTIWORAWONG Age 60 Years**Position**

- Senior Executive Vice President
- Executive Director

Appointed Date 01 September 2017**Education**

- Bachelor of Administration, Bangkok University
- MBA, Thammasat University

% of Shareholding as 31 December 2018

- 0.013

Relationship

-

5-year Past Experience**Listed Company**

Sep 2017 - Present	Senior Executive Vice President Land and Houses Plc. (Property Development)
May 2013 - Present	Chief Finance Officer Land and Houses Plc. (Property Development)
2002 - Present	Executive Director Land and Houses Plc. (Property Development)
May 2013 - Aug 2017	Executive Vice President Land and Houses Plc. (Property Development)
2009 - Apr 2013	Senior Vice President (Financial Department) Land and Houses Plc. (Property Development)
1991 - 2008	Vice President (Financial Department) Land and Houses Plc. (Property Development)

Non-Listed Company

2012 - Present	Director L&H Hotel Management Co.,Ltd. (Hotel)
2012 - Present	Director Land and Houses U.S.A., Inc. (Property Development)
2007 - Present	Director L&H Property Co.,Ltd. (Property Development)
2007 - Present	Director L&H Management Co.,Ltd. (Management)
2000 - Present	Director Asia Asset Advisory Co.,Ltd. (Advisory)
1986 - Present	Director LH Mall and Hotel Co.,Ltd. (Property Development)

MR. ADUL CHUVANICHANON Age 63 Years**Position**

- Senior Executive Vice President

Appointed Date 01 September 2017**Education**

- Bachelor of Engineering (Civil Engineering), Chiangmai University
- MBA, Thammasat University

% of Shareholding as 31 December 2018

- 0.009

Relationship

-

5-year Past Experience

Listed Company	
Sep 2017 - Present	Senior Executive Vice President Land and Houses Plc. (Property Development)
Jan 2017 - Aug 2017	Executive Vice President Land and Houses Plc. (Property Development)
2009 - 2013	Senior Vice President (Project 10) Land and Houses Plc. (Property Development)
2003 - 2008	Vice President (Project 10) Land and Houses Plc. (Property Development)

MR. TEERA BENJASILARAK Age 59 Years**Position**

- Executive Vice President (Accounting Department)

Appointed Date 01 September 2017**Education**

- Bachelor of Science (Accounting), Kasetsart University
- MBA, Thammasat University

% of Shareholding as 31 December 2018

- 0.009

Relationship

-

5-year Past Experience

Listed Company	
Sep 2017 - Present	Executive Vice President Land and Houses Plc. (Property Development)
2013 - Aug 2017	Senior Vice President (Accounting Department) Land and Houses Plc. (Property Development)
1991 - 2012	Vice President (Accounting Department) Land and Houses Plc. (Property Development)

MR. CHOKCHAI WALITWARANGKON Age 56 Years**Position**

- Senior Executive Vice President

Appointed Date 01 September 2017**Education**

- Bachelor of Business Administration (Marketing), Chulalongkorn University

% of Shareholding as 31 December 2018

- 0.003

Relationship

-

5-year Past Experience

Listed Company	
Sep 2017 - Present	Senior Executive Vice President Land and Houses Plc. (Property Development)
2015 - Aug 2017	Executive Vice President Land and Houses Plc. (Property Development)
2013 - 2014	Senior Vice President (Corporate Communication Department) Land and Houses Plc. (Property Development)

MR. VISIT TANTICHAIPAKORN Age 59 Years**Position**

- Vice President Finance Department

Appointed Date 22 January 2014**Education**

- Bachelor of Communication Arts, Sukhothai Thammathirat Open University

% of Shareholding as 31 December 2018

-

Relationship

-

5-year Past Experience

Listed Company	
2014 - Present	Vice President (Finance Department) Land and Houses Plc. (Property Development)
2002 - 2013	Assistant Vice President (Finance Department) Land and Houses Plc. (Property Development)

Shareholdings of directors and executives (2018)

Rank	Name	Position	Number of shares held as of 31/12/2017	Number of shares held as of 31/12/2018	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	11/08/2017
2	Mr. Adisorn Thananan-narapool Spouse and minor children	Managing Director	83,233,106	83,333,106	100,000	0.70	12/12/1992
3	Mr. Chalerm Kietitanabumroong Spouse and minor children	President	9,048,030	9,048,030	-	0.08	11/08/2017
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	163,597	163,597	-	0.00	03/12/1999
6	Mr.Piphib Veraphong Spouse and minor children	Independent Director	-	-	-	-	29/04/2015
7	Mr. Bandit Pitaksit Spouse and minor children	Independent Director	-	-	-	-	29/04/2015
8	Mr. Achawin Asavabhokhin Spouse and minor children	Director	1,586,028	1,586,028	-	0.01	28/02/2018
9	Mr. Wit Tantiworawong Spouse and minor children	Senior Executive Vice President	1,527,118	1,527,118	-	0.01	01/09/2017
10	Mr. Watcharin Kasinrerk Spouse and minor children	Senior Executive Vice President	-	-	-	-	01/09/2017
11	Mr. Adul Chuvanichanon Spouse and minor children	Senior Executive Vice President	1,055,136	1,055,136	-	0.01	01/09/2017
12	Mr. Chokchai Walitwarangkoon Spouse and minor children	Senior Executive Vice President	954	300,954	300,000	0.00	01/09/2017
13	Mr. Teera Benjasilarak Spouse and minor children	Senior Executive Vice President (Accounting Department)	1,110,417	1,110,417	-	0.01	01/09/2017
14	Mr. Visit Tantichaipakorn Spouse and minor children	Vice President (Financial Department)	-	-	-	-	22/01/2014

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 |
| 3. Mr. Adisorn Thananan-narapool | Member of Nomination and Compensation Committee and Secretary to 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 2018, the Nomination and Compensation Committee held 2 meetings to consider various agendas and proposed the report of meeting together with comments and recommendation to the Board of Directors' Meeting as follows;

1. To nominate qualified person as the company's directors replacing those who resigned.
2. To nominate qualified person as the company's directors replacing those who retired by rotation.
3. To consider and allocate the amount of bonus for 2017's operation to directors.
4. To determine and fix remuneration for year 2018 to directors.
5. To consider and allocate remuneration and meeting allowance to Boards of directors and each committees.
6. To consider and review the report of the Nomination and Compensation Committee in order to publish in the Company's annual report.
7. To consider the renewal of retirement for the Chairman of Executive Committee.
8. To review salary increase and bonus to the Chairman of Executive Committee.
9. To consider and review the Self-Assessment of the Nomination and Compensation Committee for 2018.

Yours sincerely,



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

Corporate Governance

1. Corporate Governance Policy

The Board of Directors is committed to manage the organization efficiently to achieve its objectives. With 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-added 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 2018, the Company has mainly performed in comply with the good governance principles, except the cases with regarding to the following issues

(1) The chairman of the Board of Directors is not an independent director. This is because the Company still needs a person with knowledge, competence, long experience and leadership to lead its business so it can achieve of the Company's 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.

(2) The Company has not set up a corporate governance committee (CG Committee). However it has assigned the Risk Management and Sustainable Development Committee to perform and ensure the compliance and risk of the Company including the responsible of sustainable development of the organization which include the environment, social responsibility and corporate good governance.

2. Subcommittee

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

(a) Audit Committee

As at December 31, 2018, 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 independent directors, are in possession of extensive knowledge, understandings and working experiences. Especially Mr. Pakhawat Kovithvathanaphong 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 2016, 2017 and 2018 are as follows :

Name	Position	Numbers of attended meetings / all meetings		
		2016	2017	2018
1. Mr. Pakhawat Kovithvathanaphong	Chairman of the Audit Committee	6/6	5/6	6/6
2. Mr. Waisanu Subsompon	Member of the Audit Committee (resigned on May 1, 2016)	1/1	-	-
3. Mr. Piphob Veraphong	Member of the Audit Committee	6/6	5/6	6/6
4. Mr. Bundit Pitaksit	Member of the Audit Committee (appointed on May 12, 2016)	4/4	6/6	6/6
Total Number of meetings for the year		6	6	6

Mr. Pornchai Kiatkhajornvirach, 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) Nomination and Compensation Committee

At December 31, the Nomination and Compensation Committee consists of 3 members, 2 of whom are independent directors. The names and the detailed records of the meeting attendance of the Audit Committee in 2016, 2017 and 2018 are as follows

Name	Position	Numbers of attended meetings / all meetings		
		2016	2017	2018
1. Mr. Piphob Veraphong	Chairman of the Nomination and Compensation Committee	2/2	2/2	2/2
2. Mr. Adisorn Thananan-narapool	Member of the Nomination and Compensation Committee	2/2	2/2	2/2
3. Mr. Wisanu Subsompon	Member of the Nomination and Compensation Committee (resigned on May 1, 2016)	1/1	-	-
4. Mr. Bundit Pitaksit	Member of the Nomination and Compensation Committee (appointed on March 1, 2017)	-	1/1	2/2
Total Number of meetings for the year		2	2	2

Mr. Adisorn Thananan-narapool, Board of Director and Executive Director, is the Secretary to the Nomination and Compensation Committee.

Scope of authority and duties of the Nomination 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. The minutes 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

As at December 31, 2018, the Risk management and Sustainable Development Committee consists of 3 members. The names and the detailed records of the meeting attendance of the Committee in 2016, 2017 and 2018 are as follows

Name		Position	Numbers of attended meetings / all meetings		
			2016	2017	2018
1. Mr. Bundit	Pitaksit	Chairman of the Risk Management and Sustainable Development Committee (appointed on December 1, 2016)	1/1	2/2	2/2
2. Mr. Wisanu	Subsompon	Chairman of the Risk Management Committee (resigned on May 1, 2016)	1/1	-	-
3. Mr. Chalerm	Kietitanabumroong	Member of the Risk Management and Sustainable Development Committee	2/2	2/2	2/2
4. Mr. Nantawat	Pipatwongkasem	Member of the Risk Management and Sustainable Development Committee	2/2	2/2	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, to be proposed to the Board of Directors for approval
2. Study and evaluate the potential risk and to prevent and mitigate them 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

As at December 31, 2018 The Executive Board consists of 4 directors whose names and details of meeting attendance records in 2016, 2017 and 2018 are as follows

Name		Position	Numbers of attended meetings / all meetings		
			2016	2017	2018
1. Mr. Anant	Asavabhokhin	Chairman of the Executive Board (resigned on May 22, 2017)	12/12	4/5	-
2. Mr. Naporn	Sunthornchitcharoen	Chairman of the Executive Board (appointed on August 11, 2017)	12/12	11/11	12/12
3. Mr. Adisorn	Thananan-narapool	Executive Director	12/12	11/11	12/12
4. Mr. Wit	Tantiworawong	Executive Director	12/12	11/11	12/12
5. Mr. Chalerm	Kietitanabumroong	Executive Director (appointed on August 11, 2017)	-	4/4	12/12
Total Number of meetings for the year			12	11	12

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 in every case.

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 making any significant decision 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.Naporn Sunthornchitcharoen or Mr.Adisorn Thananan-narapool or Mr.Nantawat Pipatwongkasem or Mr.Chalerm Kietitanabumroong or Mr.Achawin Asavabhokhin, 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 Nomination and Compensation Committee is responsible for selecting and screening qualified individuals or candidates to be nominated 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 have qualification conformed with the Company's business strategies as well as required necessary skills, knowledge as specialist or essential skills to enhance the strengths and effectiveness of the Board of Directors, to get the professional directors with diversification in skills by taking into account the structure, size and composite of the board. The Nomination and Compensation Committee

shall allow the directors and shareholders to participate in propose qualified candidates which possesses the qualification in line with the criteria and selection process of the Company

(a) Independent directors

The Company has 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 or 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 which will incur the lack of independent
- 4) Is not a close relative with any members of any executives or majority shareholders 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 directors, majority shareholders or other shareholders who are related to such majority shareholders 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 and still hold the amount of shares for more than 12 months to the date of exercising the right, These people can 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 Nomination 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 Nomination and Compensation Committee

3) The Nomination and Compensation Committee will consider all details and then submit the names candidates of suitable director 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 number exceeds the required numbers of directors, the Chairman of the meeting shall have an additional casting vote to settle the final decision.

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 registration, 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 resign. 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 Nomination and Compensation Committee for endorsement before submits to the Board of Directors for approval.

(c) Number of directors from majority shareholders

Five directors came from majority shareholders comprises of Mr.Adisorn Thananan-narapool, Mr.Naporn Sunthornchitcharoen, Mr.Nantawat Pipatwongkasem, Mr.Chalerm Kietitanabumroong and Mr.Achawin Asavabhokhin

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 person to be the directors of the Company's subsidiaries and associated companies must be executed by the management and must get 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 its operating results, their report on connected transactions, asset acquisitions and disposition, or other important transactions. Such regulations on connected transactions and the disclosures which will be in accordance with the Company's principle. Including 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 to all.

(a) Reporting of Securities holding

The Company has set a measure to prevent the exploit of inside 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 either by themselves, by their spouses including their children underage. They have also been acknowledged to prepare the report regarding changes in their shareholdings for every time they buy, sell, transfer or accept the transferred shares within 3 days after such transaction date according to the regulations set by the Securities 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 to 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 Commission, Thailand.

6. Auditor's Compensation

6.1 Audit Fee : In year 2018, the Company has made the following payments to EY Office Limited

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 2018, the Company has made the payment for the operation cost for creating a framework and guidelines and sustainable development report to EY Corporate services Co.,Ltd. in total sum of 2,675,000 Baht.

Every year, the Company invites other audit companies to make offers for their services to compare for their services and price. The Company then hires independent auditor who is independent and possesses the acceptable qualification to be the Company's auditor. That auditor must also be approved by the Securities and Exchange Commission (SEC) and must be rotated every 5 consecutive years to comply with the SEC's regulations.

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

(a) Shareholders' rights

Prior to the meeting date

The Company realizes 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 receiving adequate 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 including 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 Investor Relation unit.

In 2018, the Company held one shareholders' meeting, which was the 2018 annual general shareholders' meeting at 1.30 p.m. on April 26, 2018. The Company posted the invitation letter, enclosed with the documents related to each agenda item, on its website at www.lh.co.th in advance of 30 days prior to the meeting date so the shareholders will have 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. The package 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 which shareholders needed to bring with them on the meeting date. In case that 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 the unattended shareholders at the meeting so that they could authorize anyone or these independent directors to be their proxy in the meeting.

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 Building, at No. 1 South Sathorn Road, Kwaeng Thungmahamek sub-district, Sathorn district, Bangkok, which is closed to the Lumpini subway station, a convenient location with can easily travel 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 and 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 Company 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. Including the shareholders were also given an equal opportunity to express their opinions, 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 to the shareholder properly.

After the meeting

At the annual general shareholders' meeting 1/2018, there was 1,449 shareholders and proxies attended the meeting representing 7,667,435 shares or equaled to 64.16% which was more than one-third of the total shares of which was 11,949,713,176 shares. Mr. Naporn Sunthornchitcharoen was the Chairman of the meeting and Mr. Nantawat Pipatwongkasem, director and Secretary to Board of Directors, was the secretary of the meeting. Eight directors attended the meeting. They were:

1. Mr. Naporn Sunthornchitcharoen	Chairman and Chairman of the meeting
2. Mr. Pakhawat Kovithvathanaphong	Independent Director and Chairman of Audit Committee
3. Mr. Piphob Veraphong	Independent Director, Chairman of Nomination and Compensation Committee and Member of Audit Committee
4. Mr. Bundit Pitaksit	Independent Director, Chairman of Risk Management and Sustainable Development Committee and Member of Nomination and Compensation Committee

5. Mr. Adisorn Thananan-narapool	Director, Managing Director (supports) and Member of Nomination and Compensation Committee
6. Mr. Chalerm Kietitanabumroong	Director, President (operations) and Member of Risk Management and Sustainable Development Committee
7. Mr. Achawin Asavabhokhin	Director
8. Mr. Nantawat Pipatwongkasem	Director, Company secretary and Member of Risk Management and Sustainable Development Committee

The Company also invited Ms. Roongnapa Lertsuwannakul, the auditor from EY Office Limited who was the Company's auditor to attend the meeting and answered any relevant issues. In addition, the Company also invited legal consultant which is independent person to observe the meeting and to responsible for the meeting to be transparency, legal according to law and regulation of the Company and also act as middleman to count in English on the web Home Page : www.lh.co.th of the Company in order to let the shareholders to receive the information instantly without need to waiting for next meeting. Afterwards, the result will be submitted to the shareholders 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 to all 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 the website 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 Nomination and Compensation Committee will then proceed according to the procedures to nominate, to screen and select the proposed candidates before 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 2018, no shareholder had proposed an additional agenda or nominate any candidate to be director.

4. The Company shall propose the names of all of its independent directors as a choice for proxies. Shareholders may choose to give proxy or authorize any one of them to represent them at the meetings. The proxy forms are also in form which set by the Ministry of Commerce, 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 collected 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 under age, 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 inside 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 of all these groups are well protected and recognized based on laws and related rules and regulations. The Company also establishes 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 always considers that its employees are a major element of its success so it 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 is evaluated by supervisors and a portion of the compensation will be allocated as bonuses to the employees based on the operating results which takes into account the 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 contribute at the rate of 5-7% of their 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 at all levels and is considered as a basic course for operation.
- 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 an intermediary to express the employees' demands and propose appropriate forms of benefits and welfare to the Company, to consult, suggest 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 maintenance, improvement and development security and sanitation systems, as well as working 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 working 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 2018 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 also 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, Line and Function programs, at the supervisory and executive level, including Special & Supporting programs, to prepare their employees capabilities for both present position 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.

The Company steadily supported skill and competency development by organizing training at all levels - from holding internal training, inviting experts to conduct training at the Company and sending employees to receive training outside the Company, including organizing overseas training and observation trips. These enhanced the potential, knowledge and capabilities of the employees in developing the organization to sustainable success. In 2018, the Company provided an average of 16 hours of training per employee.

In 2018, the Company still provided the activity to support knowledge under the scheme “Did you know ?” by allow each employee to register to join the training class of each department which each department will invite the boss or supervision to share or give lecture about the knowledge about their jobs in their department, share their experience, update new knowledge etc, This activity, besides increase the knowledge to the staff but also help all staff to understand the procedure in total picture, the link between the work in each department and let the staff to exchange their ideas which will benefit in adapting or developing working system, In addition, the Board of directors also foreseez and emphasizes in the skill that will help increase the potential of the work of each staff to be more efficient so if the staff can make a creative thinking. The Company then set up the activity for all staff in every department in the headquarter to join the recreation room under the activity scheme “Shape Up Your Skape”

- Trading Partners

The Company has laid down its business ethics to be used as the guideline on appropriately treating 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 transparency, fairly, frankly and equitably by setting such criteria to select trading partners and parties 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, settle the payment for the goods and services from the partners as the conditions which has been agreed. 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 creditors’ 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 2018 the Company also won significant awards for 3 projects which details can be found in the “Social Responsibility”, under “Responsibility to Consumers”

- Competitors

The Company competes with its rivals within the framework of ethics, professionalism, transparency and under 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, it also views 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 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 law Including 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

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 Sathorn Road, Thung Mahamek, Sathorn, 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 Securities 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 Auditor 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 Managing Director, 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 2016 – 2018 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:

	2016	2017	2018
- Domestic & International Road show	10	9	6
- Analyst Meeting	5	5	5
- Company Visit	52	53	44
- Conference Call	9	7	13

(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 and based on the criteria and legal procedure 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. At December 31, 2018, the Board of Directors consists of 8 members:

Executive directors	3
Directors who are not executive directors	2
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 has set up the qualifications of the directors which will focus on skill diversification (Board Diversify) when searching its members with necessary skills and the expertise which the Company is lacking at that time. As can be seen from the structure and composition of the Board of Directors at present consists of directors with knowledge and 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 Nomination and Compensation Committee and the Risk Management and Sustainable Development Committee. The Board of Directors has 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 have knowledge, skills and extensive experiences in several fields and can apply them at their discretion independently and they all have strong leadership. Their duties are 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 2018, 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 to monitor 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 has considered to review the use of Corporate good governance to adapt and use for business context. In 2018 the Board of directors has reviewed and considered the principles in the Board meeting of 7/2018 on December 19, 2018 and had recorded as part of Board of director's resolution for the reason of determination.

3.4 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 reports to the Audit Committee for the results including any suggestions to improve. In 2018, the Company's auditors, which is an independent entity outside the organization had also evaluated ethical compliance and had no recommendations on this matter.

3.5 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 (SEC) 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. Including in the financial statements to conform with the accounting standard.

3.6 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 has set up its scope of authorities, duties and responsibilities 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 must be 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 each director 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 the forms were completed, 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. In 2018, at the Board meeting 7/2018 on December 19, 2018, the Board meeting has evaluated the performance. 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 19, 2018, 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 and Nomination and Compensation committee by evaluate as a committee in group. The evaluation is the same as the one used to evaluate the directors. This is to use as the framework for the performance evaluation during the past year which will use to resolve and increase the efficiency in working. The evaluation has been submitted to Board of directors' meeting for acknowledgement.

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 Nomination and Compensation Committee before submitted 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 2018, directors have attended the seminars and also joined as the lecturer in several activities as follow

Name	Position	Date	Title
Mr. Naporn Sunthornchitcharoen	Chairman of the Board of Directors and Chairman of the Executive Board	August 28, 2018	- Join the seminar “Market sounding” No. 1 Digital Park Thailand by CAT Telecom at Sofitel Hotel, Sukhumvit
		September 22, 2018	- Lecture on topic “Real Estate Development and Cities Workshop on Operational Level 4” at Civil Engineering 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 2018, 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 5 executives).

9. Orientation of new directors

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. Also to provide them with insight knowledge which is important for their work such as procedures and cross-shareholding structures, Company’s regulation, objectives, code of conduct of directors, articles of association, company 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 2018, the meeting was held on December 18, 2018.

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 by 7 themselves without any executives or management presented. In 2018, the Audit Committee met with auditors on December 18, 2018 .

12. Limitation of company which the directors of the Company can join to be the director

The Company Board of directors has set the policy to limit the numbers of company which the company’s director can join and serve as the directors in total not exceed 5 companies so as to optimize that each director can provide times to perform his duties efficiently.

Corporate social responsibility report

The Company recognizes the importance of complying with good corporate governance to be 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 - such as 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 seen 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, evaluating corruption risk and Monitoring and Evaluation

- 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 and Sustainable Development Committee mechanisms and also the function of Internal Control Department.

- Supervision at the department level, with the head of each unit supervising his unit by assessing internal control and corruption risk at the unit level. An efficient and effective internal control was 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.

- The Company will provide channels to report any 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. 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 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 the 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 in 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 includes monitoring the cases of unfair practices which may 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 Most Powerful Brand of Thailand 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) Ban – Sabai (pre-built) allows customers to 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 2018, the Company received significant awards as follow :

- Best Real Estate projects 3 projects as follow: Mantana Ratchaphruek – Mahajetsadabadi Bridge as the best real estate project in single-detached house at high expensive price, The Inizio 3, Pinklao-Wongwann as the best real estate project in single-detached house at the medium price and The Condominium 333 Riverside as the best condominium at high-end expensive price. All these prizes are awarded by The Agency for Real Estate Affairs (AREA) which the main committee have viewed each projects and selected the projects which are "worth to buy" before awarded the prizes.

6. Environment conservation

The Company recognizes the importance of impacts on the environment, therefore it designs and produces products which take into consideration of environment, such as product designs, the use of quality materials and energy saving, environmentally friendly materials, design plotting., using of technology and system to help the air ventilation and circulation in each house, use of self-generated electricity from solar cells, a system to control and check construction standards, gardens and the arrangement of appropriate environment. The Company has developed the new innovation of "Air Plus 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 environmental protection. Executive cars are the hybrid type and electric golf cars are used in the projects, which are energy-efficient and help reduce air pollution. Energy-efficient light bulbs are also used at its offices.

Promotion of using efficient resources and environmental education for employees

The Company is determined to use resources efficiently by taking into consideration impacts to social and environmental. It encourages and educates employees to create a good environment at work, to use 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 in everyday activities 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 2018, the Company started to install the Photovoltaic Panel size 18.0 kW, 2 projects and an other one at 16.3 kW on the clubhouse in swimming pool during the day time including the Monitoring system which can see the energy level that are produced all the time.

In addition, the Company has arranged the training both in house and external training by setting the activity under the name “Air Plus Workshop” on October 19 and 26, 2018 at Ladawan Praram 2 Project “to educate and enhance the knowledge of the Air Plus Innovation which is the patented innovation of L&H to all sale staff team so that they can also convey these message to customers and outsiders to understand the importance of quality of air inside the house. Furthermore the Company also relay new innovation to society by setting the workshop which are supported by Sakol Intertrade Co,Ltd and Dr, Joseph Kedari specialist on building technology innovation

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 2018, it organized the following activities:

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

On February 6, 2018, the Company has donated a fund of 5,000,000 Baht to Faculty of Medicine, Siriraj University to be part of solving the shortage of medical tools and equipment.

8. Innovation and disseminate CSR

The Company has study and test the efficiency if the system : Home Automation’ to use in L&H houses for any convenience and safety of resident. This system can control the working of electricity from outside and can also sound an alarm in case of unnormal situation. The example of equipment is as follow :

- IP Camera : The system which can watch the occurrence at home at all time and also communication through Smart-service.

- Motion sensor : The sensor system to increase convenience in open and close the electricity and also alarm when there are intruder.

- IR remote : Remote control Cloning for air conditioning, television and other electricity equipment, which can be open and close equipment from outside the house.

- Relay Switch Equipment which control the opening and closing the electric switch which make it to open or close the light bulb from outside the house

There are also several equipments such as using the Home Automation to use with the single-detached home in single detached project as VIVE Bang Na, VIVE Ekamai Ramindra and VIVE Ratanathibet Ratchapruet and will further use in other Single-detached and other townhome respectively.

Risk Management and Sustainable Development Committee Report 2018

Dear Shareholders

According to the Board of Directors' meeting 6/2017 on December 18, 2017, the Board had assigned the Corporate Sustainable Development to the Risk Management Committee. In 2018, the Risk Management and Sustainable Development Committee met 2 times. All members attended the meetings and executives were invited to join as appropriate. The summary of the tasks performed in 2018 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.

3. Considered corporate sustainable development initiatives and approach. The Committee agreed to hire EY Corporate Services Company Limited (EY) as a consultant

to set up corporate sustainable development system and develop sustainability report as business operation guideline which is the key mechanism for the Company to achieve success to its business.

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 and sustainable development 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.

Yours sincerely,



(Mr. Bundit Pitaksit)

Chairman of Risk Management and Sustainable Development Committee

Internal controls and risk management

The Board of Directors and executives are responsible for the efficiency of the internal control system, including the review and monitoring the system regularly to increase its efficiency and minimize operating losses in the midst of all time changing situation from both 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 Nomination 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 includes 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. 7/2018 on Dec 19, 2018, the Board of Directors considered the preliminary report on the assessment of the adequacy of the internal control system in 2018 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 well 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 working 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, emphasize mainly on housing construction for sale as 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 2001-2002 and since 2003 up till now, 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 to the Company as the Company needs higher advance funds for construction since the Company no longer received any advance payments from its customers, which could be used as revolving funds during construction periods. In addition, other factors that may potentially affect home-buying decisions in the future include: (1) higher prices of residential units which 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. The Company is therefore exposed to the risk of not being able to sell all the finished residential units after they have been built, thus resulting in a high level of inventory cost and eventually affecting the Company’s 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 the consumer behaviors by conducting surveys on visitors who come to visit its housing projects in many areas such as budgets, style of houses and size of land-plot etc. In addition sales statistics in the past can be used to enable to analyze the needs of customers and cause the Company to construct pre-built houses and also to be able to sell them.

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

(3) Since the Company is a major and large 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 and requirement of customers, resulting in the residential projects developed under the logo brand “Land & Houses” 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 from many operators in the market today has spurred higher demand for construction materials and labor. The increase in those demand could lead to shortages in construction materials and labor workers and thus result in higher construction-material costs. In 2016, the overall construction-material price index has decreased from the year 2015 by 2.75%. 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 affects the higher construction cost, which eventually affecting the Company’s liquidity and profitability.

However, as of December 31, 2018, the Company and its subsidiaries had 73 ongoing projects, thus giving the Company 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 their booking (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). This policy has enabled the Company and its contractors to plan the construction schedule 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, 2018, the Company and its subsidiaries had long-term investment of totaled 5,708 million baht, representing 5.1 % of total assets (Details in Explanations and Analysis of Financial Position and Operating Results) Most of them were investment in equity securities. Among the major items are:

- (1) Starmalls Inc. in Philippines (2,644 million baht)
- (2) Land and Houses Freehold and Leasehold Property Fund (725.0 million baht)
- (3) Quality Houses Property Fund (383 million baht)
- (4) Bangkok Mass Transit System Plc. (178 million baht)
- (5) LH Shopping Centers Leasehold Real Estate Investment Trust (707 million baht)
- (6) LH Hotel Leasehold Real Estate Investment Trust (1,155 million baht) and other investments which the Company has provided the allowances of 111 million baht. The Company then has the risk from the impairment of the investment which will decrease value of investment.

The Company's policy in investing in equity securities, the Company will focus primarily on investment in real-estate businesses and those which 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 statement of financial position.

(2) Risk incurred from lending to subsidiaries

As of December 31, 2018, the Company extended short-term loans to 3 of its subsidiaries. The principle and outstanding interest of these loans totaled 3,249.6 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 the subsidiary (million baht)	Interest rate (%)
LH Mall and Hotel Co.,Ltd	99.99	2,328.9	3.0
Atlantic Real Estate Co.Ltd	99.99	153.1	3.5
LH Assets Co.,Ltd	99.99	715.8	3.5
Land and Houses Northeast Co.,Ltd	99.99	50.2	3.5
Land and Houses Bank Plc.	21.88	1.6	Deposit rate
Total		3,249.6	

Long-term loans to subsidiaries As of June 30, 2018, the Company had extended a long-term loan with accrued interest receivable as follows:

Subsidiary	% of shares held by the Company	Loan extended to the subsidiary (million baht)	Interest rate (%)
Land and Houses U.S.A. Inc.	100	9,611.1	3.12 - 4.0

As of December 31, 2018, 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 in amount of US\$ 296.8 million or approximately 9,611.1 million baht at 3.12 - 4.00 % annual interest rate, and due to be repaid when the company can sell the property which it bought or when it can borrow loan from financial institutions.

The Company is therefore exposed to the risk of debt defaults by its subsidiaries. However, the subsidiaries have invested in the properties as follow : LH USA which borrowed from the Company to invest in buying 4 apartments for rent, 3 in California and 1 in Oregon, which will generate a long-term return for the Company in future.

Moreover, the Company has a policy to give priority to the operations of the 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 that the subsidiaries are unlikely to fail in repaying their debts owed to the Company. Thus it has not allocated any allowance for doubtful accounts for the amount lent to its subsidiaries.

(3) Risk incurred by lawsuits

As of December 31, 2018, the Company has significant lawsuits as follow :

1. Two housing estate juristic persons filed a lawsuit against 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 million Baht. This case is now still under the process of the Supreme Court

2. Two housing estate juristic persons filed a lawsuit against 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 183 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 516 million baht. The Company estimated the damages of 435 million baht. At present, the case is under the process of the Supreme Court

4. There are some other cases that the Company has been sued and be a plaintiff. The total damage is 160 million baht which the Company has set the provision in total of 11 million baht

So in total, all lawsuits have total claims of 1,888 million baht which the Company has set the provision of 852 million baht. In worst case, the maximum damage to the Company will be in total sum of 1,888 million baht.

Related-party transactions

1. Related-party transactions

The Company and its subsidiaries entered into the following related-party transactions which may create potential conflicts of interests (for more details, please refer to “Notes to the Financial Statement”):

Individual/ juristic person	Relationship (as of December 31, 2018)	Nature of transaction	Value (million Baht)		Opinion of Directors
			2017	2018	
Quality Construction Product Plc. (Q-CON)	<ul style="list-style-type: none"> - The Company 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"> - The Company and its subsidiaries bought construction materials from Q-CON. - Goods purchases - Trade accounts payable - Dividends income 	19 3 -	23 6 3	<ul style="list-style-type: none"> - The terms and prices were done as normal business practices and comparable to similar transactions with outsiders. - The dividends income 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"> - The Company is the majority shareholder of HMPRO (30.23% of all shares sold) - 2 Directors, Mr.Naporn Sunthornchitcharoen and Mr.Achawin Asavabhokhin serve on the Boards of Directors of both companies. 	<ul style="list-style-type: none"> - The Company and its subsidiaries bought home-decoration items from HMPRO - Goods purchases - Trade accounts payable - Other accounts payable - Dividends income 	37 - 4 1,113	29 - - 1,312	<ul style="list-style-type: none"> - The terms and prices were done as normal business practices, comparable to the same transactions with outsiders. - The dividends income were in proportion to the Company’s holding and at the same rate as paid to other shareholders.
Quality Houses Leasehold 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 30.73 % in the company as of August 29, 2018. - The Company is the majority shareholder which holds 24.98% in QH. - QH is the majority shareholder of QHPPF (25.66%). - The Company and QH have 3 common directors serve on the boards of both companies : They are Mr.Naporn Sunthornchitcharoen, Mr.Adisorn Thananan-narapool and Mr.Achawin Asavabhokhin 	<ul style="list-style-type: none"> - The Company and its subsidiaries rented office building space from QHPPF for using as their head office. - Rentals and service fees - Advance payments - Dividends income 	68 15 25	72 16 26	<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 income were in proportion to the Company’s holding and at the same rate as paid to other shareholders.

Individual/ juristic person	Relationship (as of December 31, 2018)	Nature of transaction	Value (million Baht)		Opinion of Directors
			2017	2018	
Land and Houses Bank Plc. (LH Bank)	<ul style="list-style-type: none"> - The Company is the majority shareholder (21.88%) of LH Financial Group (LHFG), which owns 99.99% of LH Bank and LH Fund - QH, an associated company of LH, holds 13.74% of shares in LHFG. - 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 accounts and fixed deposit receipt with LH Bank. - Interest income - Accrued interest - Dividends income 	2,311 27 1 371	5,191 36 5 301	<ul style="list-style-type: none"> - 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 income were in proportion to the Company's holding and at the same rate as paid to other shareholders.
Land and Houses Fund Management Co., Ltd. (LH Fund)		- Investment in funds	500	500	- Returns were the same as what other investors got.
Quality Houses Plc. (QH)	<ul style="list-style-type: none"> - The Company is the majority shareholder which holds 24.98% of shares in QH. - The Company and QH have 3 common directors serve on the boards of both Companies : They are Mr.Naporn Sunthornchitcharoen, Mr.Adisoran Thananan-narapool and Mr.Achawin Asavabhokhin. 	- Dividends income	401	562	- The dividends income were in proportion to the Company's holding and at the same rate as paid to other shareholders.
Land and Houses Property and Loan Fund II (LHPF II)	- The Company holds 49.99% of shares in LHPF II	- Dividends income	82	89	- The dividends income were in proportion to the Company's holding and at the same rate as paid to other shareholders.

Individual/ juristic person	Relationship (as of December 31, 2018)	Nature of transaction	Value (million Baht)		Opinion of Directors
			2017	2018	
Siam Retail Development Co., Ltd. (SRD) and LH Mall and Hotel Co., Ltd. (LHMH)	<ul style="list-style-type: none"> - Mr.Anant Asavabhokhin holds 23.93 % of shares in the Company and 27.00% and indirectly holds 13.00% in SRD. - LHMH is a subsidiary which the Company holds 99.99% of shares in LHMH. 	<ul style="list-style-type: none"> - LHMH was hired to provide consulting services and management to SRD for one year from March 1, 2016 to February 28, 2017 in the value not exceed 35 million baht and then extend the agreement for 3 years from March 1, 2017 to February 29, 2020 in the value not exceed 200 million baht. - LHMH was hired to be a consultant to improve the space and manage the sale of stores in the improved area for SRD for 1 year and 8 months since July 1, 2018 to February 29, 2020 in the value not exceeds 50 million Baht. - Property management fee income - Human resources management income - Trade account receivable 	47 - 16	69 1 9	<ul style="list-style-type: none"> - 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 shared the same opinion. - The Board of Directors' meeting on August 14, 2018 was of the opinion that the transactions and their terms were normal trade practices. The Audit Committee also shared the same opinion.
Land and Houses Freehold and Leasehold Property Fund (LHPF)	<ul style="list-style-type: none"> - The Company holds 26.96% of shares in LHPF. 	<ul style="list-style-type: none"> - Dividends income 	26	37	<ul style="list-style-type: none"> - The dividends income were in proportion to the Company's holding and at the same rate as paid to other shareholders.
Land and Houses Property and Loan Fund II (LHPFII) and L&H Hotel Management Co., Ltd. (LHH)	<ul style="list-style-type: none"> - The Company holds 49.99% of shares in LHPFII - GIC owns 50.00% of LHPF II and 8.01% in the Company. - LHH is a subsidiary of the Company (indirectly holds 60.00%) and GIC (indirectly holds 40.00%). 	<ul style="list-style-type: none"> - LHH leased Grande Centre Point Ploenchit Hotel from LHPF II for 3 years from January 1, 2016 to December 31, 2018 for a rent not more than 500 million baht. - Rental payable - Other accounts payable 	173 47	191 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 also shared the same opinion.

Individual/ juristic person	Relationship (as of December 31, 2018)	Nature of transaction	Value (million Baht)		Opinion of Directors
			2017	2018	
* L&H Property Co., Ltd. (LHP) and L&H Hotel Management Co., Ltd. (LHH)	<ul style="list-style-type: none"> - GIC is a shareholder which holds indirectly 40.00% of shares in LHP and 8.01% of shares in the Company. - LHH is a subsidiary which the Company holds indirectly 60.00% and GIC holds indirectly 40.00%. 	<ul style="list-style-type: none"> - LHP hired LHH to procure staff for operations of Grande Centre Point Ratchadamri Hotel and Grande Centre Point Terminal 21 Hotel from January 1, 2015 to December 31, 2017 for a fee not more than 540 million baht. - As of December 16, 2015, the agreement was terminated for Grande Centre Point Terminal 21 Hotel and as of June 12, 2017, the agreement was terminated for Grande Centre Point Ratchadamri Hotel as it was sold to the fund. 	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 opinion.
* LH Mall and Hotel Co., Ltd. (LHMH) and QH International Co., Ltd. (QHI)	<ul style="list-style-type: none"> - The Company holds 99.99% of shares in LHMH - GIC holds 8.01% of shares in the Company. - The Company holds 24.98% of shares in QH. 	- LHMH agreed to manage retail spaces for QHI from January 1, 2017 to December 31, 2017 and the agreement has been extended for 1 year from January 1, 2018 to December 31, 2018	5	3	- The transaction was based on general trade terms.

Individual/ juristic person	Relationship (as of December 31, 2018)	Nature of transaction	Value (million Baht)		Opinion of Directors
			2017	2018	
* L&H Hotel Management Co., Ltd. (LHH) and LH Mall and Hotel (LHMH)	<ul style="list-style-type: none"> - GIC holds 8.01% of shares in the Company. - LHH is a subsidiary of the Company (indirectly holds 60.00%) and GIC (indirectly holds 40.00%) - LHH is a subsidiary which the Company holds 99.99% of shares. 	<ul style="list-style-type: none"> - LHH hired LHMH to manage Grande Centre Point Ploenchit Hotel for 3 years from January 1, 2016 to December 31, 2018 by the fee not more than 100 million baht. - Consulting and management fee for Grande Centre Point Terminal 21 Hotel for 3 years from December 16, 2015 to December 15, 2018 and then extend the agreement for 3 years from December 16, 2018 to December 15, 2021 for the fee not more than 200 million baht. - Consulting and management fee for Grande Centre Point Ratchadamri Hotel for 3 years from June 15, 2017 to June 14, 2020 for the fee not more than 200 million baht. - Consulting fee (Total 3 hotels) 	108	136	<ul style="list-style-type: none"> - The Board of Directors of the Company on December 21, 2015 was of the opinion that transaction was done at fair price.The Audit Committee also shared the same opinion. - The Board of Directors of the Company on December 21, 2015 was of the opinion that transaction was done at fair price.The Audit Committee also shared the same opinion. - The Board of Directors of the Company on June 13, 2017 was of the opinion that transaction was done at fair price.The Audit Committee also shared the same opinion.
* L&H Property Co., Ltd (LHP) and LH Mall and Hotel Co., Ltd. (LHMH)	<ul style="list-style-type: none"> - GIC holds 8.01% of shares in the Company. - LHP is owned by the Company (60.00%) and GIC (40.00%). - LHMH is a subsidiary which the Company holds 99.99% of shares. 	<ul style="list-style-type: none"> - LHMH was hired to manage Grande Centre Point Ratchadamri Hotel and Grande Centre Point Terminal 21 Hotel from April 1, 2015 to December 31, 2017 for a fee not more than 161 million baht. - As of December, 2015 the contract was terminated for the Grande Centre Point Terminal 21 as the hotel is sold to the fund. - As of December 21, 2015, services contract of Grande Centre Point Ratchadamri Hotel has been extended to December 31, 2018 and from January 1, 2016 to December 31, 2018 additional fee was not more than 110 million baht. - As of June 2017, the contract was terminated for the Grande Centre Point Ratchadamri Hotel as the hotel is sold to the fund. 	51	-	<ul style="list-style-type: none"> - The Board of Directors on February 24, 2015 viewed the price as appropriate and the Auditor Committee also shared the same opinion. - The Board of Director on December 21, 2015 viewed the price as appropriate and the Auditor Committee also shared the same opinion.

Transactions	Value (million baht)	
	2017	2018
L&H Property Co.,Ltd. (LHP), a subsidiary which the Company holds 60.00%, received the income from the sale of Grand Center Point Ratchadamri Hotel to the LH Hotel Leasehold Real Estate Investment Trust (LHHOTEL) (LHP holds 13.25% of LHHOTEL)	3,749	-
L&H Property Co.,Ltd.(LHP), a subsidiary which the Company holds 60.00%, entered into the addendum with the Company and Reco Resorts Pte Ltd. According to the proportion of holding.		
1. Loan to the Company (the Company holds 60.00%) at the interest rate of 1.65% p.a.		
- Loan	-	870
- Accrued Interest receivables	-	12
- Interests income	-	12
2. Loan to Reco Resorts Pte Ltd (Reco holds 40.00% of shares) interest rate at 3.10% p.a. (Cross Currency Swap : The Siam Commercial Bank Plc.)		
- Loan	-	597
- Accrued Interest receivables	-	16
- Interests income	-	16

2. 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 such transactions were in line with common business practices and consistent with what was offered to other customers, and that the Company paid and were compensated at fair market prices

3. Measures or procedures of approving related-party transactions

A related-party transaction must be considered and approved 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 them may not approve any transactions which they or parties who may constitute potential conflicts of interests in any manners with the Company or its subsidiaries. The Company 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.

4. 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 setting the conditions 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

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 and to propose to the decision making of the Board of directors or shareholders subject to case. The Company also include such transactions in the notes to the audited financial statements, except for the following transactions which the Management has the mandate to approve

4.1 Normal business transactions or those 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.

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

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

LH Financial Group Plc. (LHFG)

As of December 31, 2018, 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 30.73% (as of August 29, 2018)

The indirect holding of Ms. Piangjai Harnpanij more than 10% in LH Bank, whereas LH Bank is an subsidiary company of LH which is a subsidiary of LH and QH, and held shares in LH Bank of 13.74 % thus the structure of holding is not comply with status of 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 dated January 23, 2004. Item 4.6 which stated that 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 Harnpanij was granted the approval. As of April 29, 2014, Ms.Piangjai Harnpanij 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 Harnpanij 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 Harnpanij 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 Harnpanij 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 thus diluted the shareholding of Ms.Piangchai Harnpanij is now only 10.43%

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 general investors to use the Financial Statement. 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, including setting up the efficient and effective risk management system and internal control system so it can be reasonably confident that the Company's accounting information is accurate, comprehensive and adequate to maintain

the Company's assets and to know any weak points and prevent the operational risk promptly. The Board of Directors also set up the Audit Committee comprising 3 independent directors to supervise and review the quality of financial reporting, to audit and assess internal control system including to consider the connected transactions or any transactions which may cause conflict of interest, and to monitor to ensure the compliance with laws and regulations and the accurate and complete disclosure of information. The opinions of Audit Committee regarding these issues are expressed and included 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, 2018 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 experience in law, accounting, finance and management All of them are not the executives or employees of the Company .

In 2018, the Audit Committee held 6 meetings :

Name		Position	Attendance / Total number of meetings
Mr. Pakhawat	Kovithvathanaphong	Chairman of the Audit Committee	6 / 6
Mr. Piphob	Veraphong	Member of the Audit Committee	6 / 6
Mr. Bandit	Pitaksit	Member of the Audit Committee	6 / 6

The Audit Committee performed its duties which assigned by the Board of Directors and in line with the Articles of Association of the Company on criteria and guidelines of the Stock Exchange of Thailand , by focusing on the compliance with good corporate governance and a good internal audit system. To optimize its efficiencies, the Audit Committee has invited the external auditors, the executive vice presidents of the Accounting Department and executives from other departments to join the meetings and to discuss in several issues that may be concerned. The fifth meeting was held exclusively with the external auditors only without any attendance of the management or executives from any departments of the Company. The purpose was that the Audit Committee wanted to realize and learn about their work environment, to exchange the views and acknowledged their notices and significant recommendations and to listen to updated financial and accounting standards.

The major activities of the Audit Committee in 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 that 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 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 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 which 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 including the set of provision liabilities in each lawsuits to be more appropriate.

4. Reviewing any related 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 2018 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 help manage risks as well as to mitigate those short-term and long-term risks regularly include the prepare the sustainable development plan in a material object.

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 and also suggests to review DL200 which has been used for a long time, thus it may have risks regarding the limitation of usage as the servicers has stopped the development of software for a long time.

8. The Audit Committee has performed its duties independently throughout the year and also evaluate itself at the end of the year to review the comprehensiveness and accuracy according to the scope which defined in the Audit Committee Charter

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

Yours sincerely,



(Mr. Pakhawat Kovithvathanaphong)
Chairman of the Audit Committee
February 27 , 2019

Explanations and Analysis of Financial Position and Operating Results

(a) Overall picture of past performances

Operating results

As the purchasing power has increased continuously during year 2016-2017, total revenue from sale in 2016 has increased by Baht 3,149.54 million or 13% up from 2015, amounted to 27,372.38 million Baht and in 2017, revenue from sale still growth and increase of 4,351.92 million Baht which was 15.9% increase from 2016.

As for 2018, as a consequence of the slowdown in the decision making to purchase in residential housing due to the rigid credit approval of the public sector, the decision to purchase the residential then decelerated in the second half of 2018 which cause the revenue of the Company to decrease when compared to prior year. Revenue in 2017 amounted to 31,724.30 million baht and declined to 30,513.64 million Baht in 2018, a decrease of 1,210.68 million Baht or 3.82% decrease.

Gross profit of the Company and subsidiaries in the past 3 years

	2016	2017	2018
Gross Profit	10,273.81	12,006.73	12,011.52
Gross Profit Margin	34.35%	34.38%	35.07%

Gross profit in 2018 increased by 4.78 million Baht.

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 2016 and 2017, the Company and its subsidiaries earned revenue from real estate business at the proportion of 85.93% and 81.79 % of total revenue consecutively, and rental revenue in 2016 and 2017 accounted for 7.96% and 8.24% of total revenue consecutively.

In 2017, on tops of the revenue from the real estate and rental, the Company also earned 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 or approximately 5.36 % of total revenue. In addition, the change in shareholders' equity of the Company from the acquisition of newly issued ordinary shares in LH Financial Group Plc. (LHBANK) from the purchase of capital increase by CTBC Bank of 35.36 % of

paid up capital after the increase of shares of LH BANK at the price of 2.20 baht, which was recorded as gain on change in shareholders' equity of an associate of 1,135 million Baht or 2.93% of total revenue.

In 2018, the Company also booked the profit from sale of apartment for rent in USA at the price of USD 140 million with the profit of USD 41 million or 1,335.49 million Baht or 3.66% of total revenue.

Revenue from Sale : comprises of sales of 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 2016, 2017 and 2018 came from detached houses 71.4%, 59.5% and 68.7% consecutively. Though the Company and its subsidiaries emphasize on building detached houses for sale, it has also expanded its target customer group by developing other types of products for sale such as townhouses and condominiums to meet their customers' requirements as we can see from the decrease in proportion of detached house in total revenue. In 2018 the sale revenue can be classified by type of products as detached houses 68.7%, townhouses 10.2% and condominium 21.1%.

Sale revenue has increase respectively in 2016-2017 then declined in 2018 as follow

In 2016, sales revenue was 27,372.38 million Baht, an increase of 3,149.24 million Baht from the previous year or growth at 13.00 % as a result of the increase in confidence and purchasing power after the slowed down in 2015.

In 2017, revenue was booked at 31,724.30 million Baht, an increase of 4,351.92 million Baht from 2016 or growth at 15.9%, a consequently improved from the gain in confidence and also the increasing in purchasing power from the year 2016.

For the year 2018, sale revenue equaled to 30,513.64 million Baht, a decrease of 1,210.68 million Baht or down 3.8% from the decrease in both confidence and purchasing power.

Rental income

The rental income proportion to total revenue has increased consecutively during 2016-2018 as follow :

unit : million Baht

	2016	2017	2018
Rental income	2,536.13	3,197.31	3,733.32
Percentage of total income	7.96	8.24	10.24
Increase from prior year (MB)	499.64	661.18	536.31
Percentage increase (%)	24.53	26.07	16.77

The rental income increased consecutively as a result from the Company has increased their investment the leasehold and investment properties.

In 2016, the Company's rental income 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% .

In 2017, the rental income 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.

In 2018, the rental income was 3,733.32 million Baht or 10.24% of total revenue, an increase of 536.31 million Baht from the previous year, or a 16.76 % increase.

Share of profit (losses) from investments in associated companies: in 2016, the share of profit from investments 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, an increase of 5.85% from 2016. In 2018, the Company booked the share of profit from investments in associates at 3,404.49 million Baht, an increase of 267.58 million Baht or a growth of 8.53%.

Share of profit from investments in associated companies (2016-2018)

unit : million Baht

Name of Company	2016	2017	2018
LH Financial Group Plc.	916.31	737.24	680.04
Quality Construction Products Plc.	(22.79)	1.16	12.12
Home Product Center Plc.	1,247.17	1,477.26	1,696.82
Land and Houses Property and Loan Fund II	52.36	56.53	66.28
Quality House Plc.	770.48	864.72	949.23
Total	2,963.53	3,136.91	3,404.49
Increase from prior	526.93	173.38	267.58
% increase from prior year	21.63	5.85	8.53

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 income, dividends income and other incomes.

In 2016, other incomes was totaled 1,944.45 million Baht, a decrease of 821.24 million Baht from 2015 or decrease 29.69%. The income in this year was from gain on sale of land held for development at Had Mai Khao, Phuket Province in value of 1,240.00 million Baht, utility service income 249.31 million Baht, dividend earned 147.21 million Baht and interest and other incomes 307.93 million Baht.

In 2017, the other incomes was accounted for 3,864.17 million Baht, an increase of 1,919.72 million Baht or 98.73% from year 2016 which came from the sale of leasehold rights of Grande Centre Point Hotel Ratchadamri Project in value of 2,080.00 million Baht, utility services income 278.61 million Baht, dividend earned 152.74 million Baht, and gain from the accounting record of the net result from the change in the shareholders' equity of 1,135.22 million Baht of the Company's shareholding in LH Financial Group (LHFG), and interest and other incomes 217.82 million Baht.

In 2018, other income was recorded at 2,200.18 million Baht, decreased by 1,663.99 million Baht or 43.06% from the previous year. Other income represented gain on sale of investment property 1,335.49 million Baht which came from the divestment of rental apartment building in the United States at USD 140 million - with gain at around USD 41 million, utility services income 327.27 million Baht, dividend income 227.89 million Baht, profit from sale of project 115.73 million Baht, and interest and other incomes 193.80 million Baht.

Gross profit margin: in 2016, gross profit margin was 34.35%, slightly increased by 0.28% from the prior year. The gross profit margin of revenue in 2016 came from revenue from sale of building and land sales at 34.89% and the gross profit margin of rental income was at 28.55%. In 2017, the gross profit margin was at 34.38%, from revenue from sale of building and land sales at 35.46% and the gross profit margin of rental income was at 23.66%.

In 2018, the gross profit margin was stable at 35.07% with the gross profit of revenue from sale of building and

land sales at 36.42% and the gross profit margin of rental income was at 24.03%.

Administrative expenses : administrative expenses in 2016 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, administrative expenses was total 2,802.28 million Baht, representing 7.23% of total revenue, an increase of 743.35 million Baht from the past year or 36.10% increase, from the prevunder legal disputes in amount of 735.63 million Baht

In 2018, the administrative expenses was 2,407.86 million Baht, or 6.61% of total revenue. Comparatively to last year, the expenses decreased by 394.42 million Baht or 14.07 % from the reversal of provision for liabilities from legal cases which previously set aside last year.

Selling expenses : selling expenses, excluding special business taxes and transfer fees, in 2016, the selling expenses was 920.13 million Baht which was 2.89 % of revenue, an increase from the past year of 32.42 million Baht or 3.65%. In 2017, selling expenses were 987.45 million Baht or 2.55% of total revenue which was higher than the previous year of 67.32 million Baht or an increase of 7.32 %

For the year 2018, selling expenses was totaled 1,095.55 million Baht or 3.01% of total revenues. The selling expenses was increase from last year 108.10 million Baht or an increase of 10.95%

Special business taxes and transfer fees : In 2016, the special business taxes and transfer fees were 991.49 million Baht, or 3.11% of revenue, when compared to the previous year, it was an increase of 112.98 million Baht, or 12.86% growth compared to the previous year as a result of the expiration of the tax break and transfer fees promotion together with the increase in the Company's Sale in 2016. In 2017, the special business taxes and transfer fees were 1,221.25 million Baht which was 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

In 2018, the special business taxes and transfer fees were 1,166.60 million Baht or 3.20% of the total revenue, a decrease from 2017 of 54.65 million Baht or a 4.47% decrease according to the decrease in sales in 2018.

Earnings before interest and corporate income tax :

Earnings before interest and corporate income tax in 2016 was 8,109.16 million Baht, a decrease of 26.97 million Baht or a 0.33% reduction from the previous year and in 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 when compared to year 2016 respectively.

For the year 2018, the Company's earnings before interest and corporate income tax was 9,537.98 million Baht, a decrease of 1,010.07 million Baht or 9.58% from 2017

Earnings before corporate income tax : Earnings before corporate income tax in 2016 was 10,699.53 million Baht, an increase of 431.50 million Baht or 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.

For the year 2018, the Company's Earnings before corporate income tax was 12,211.89 million Baht, a decrease of 831.32 million Baht or 6.38% when compared to 2017

Net profit : Net profit of the Company and its subsidiaries in 2016 was 8,617.97 million Baht, an increase of 697.74 million Baht or 8.81% from the prior year 2015. In 2017, Net profit of the Company and its subsidiaries was 10,463.22 million Baht, an increase of 1,845.25 million Baht or a growth of 21.41% .

For the year 2018, Net profit of the Company and its subsidiaries in total was 10,475.43 million Baht, a slightly increase of 12.21 million Baht or 0.12 % growth from 2017

Based on the above mentioned operating results, when considered the profitability ratios of the Company in 2016 and 2017, the Company's gross profit margin stood at 34.35% and 34.36% respectively . Net profit margin in 2016 and 2017 was 27.06% and 26.98 % respectively.

In 2018, the Company's gross profit margin and net profit margin were at 35.07 % and 28.74% respectively.

Earnings per share : Based on the average number of shares of the Company in 2016 and 2017 which was 11,786.55 and 11,949.71 million shares respectively, basic earnings per share were calculated to be at 0.73 and 0.88 Baht per share respectively. In 2018, where the average number of shares used in the calculation 11,949.71 million shares, basic earnings per share for the year 2018 was 0.88 Baht.

Dividends payable : Based on the operating results, the Company considered its dividends payment for its performances in 2016, 2017 and 2018 as follows:

	Dividend Rate (%)	Dividend Payments (million Baht)	Payment date
Dividends for 2016 operations	89.23	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
Dividends for 2018 operations	85.53	4,780 4,182	September 11, 2018 May 21, 2019

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 operations of 2016 at the rate of 0.35 Baht per share (at one-Baht par), totaling 4,123 million Baht which was paid on September 9, 2016. The Board then also approved on February 29, 2017 the total dividend for the total year 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 89.23% of net earnings

For the dividend payment for the year 2017, the Board of Directors approved on August 11, 2017 on the payment of an interim dividend for the first six months operations of 2017 at the rate of 0.40 Baht per share (at one-Baht par), totaling 4,780 million Baht which was paid on September 6, 2017. And on February 28, 2018 the Board of Directors also ask for the approval of the total dividend for the year 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

As for the dividend payment for the year 2018, the Board of Directors approved on August 14, 2018 on the payment of an interim dividend for the first six months of 2018 at the rate of 0.40 Baht per share (at one-Baht par), totaling 4,780 million Baht which was paid on September 11, 2018. On February 27, 2019, the Board of Directors also ask approved for the total dividend for the 2018 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 21, 2019. Thus total dividends paid for the year 2018 operations were at the rate of 85.53 % of net earnings

(b) Financial Position

Assets

Total assets of the Company and its subsidiaries at the end of 2016, 2017 and 2018 were recorded at 101,505.54 million, 109,491.50 million and 111,480.89 million Baht consecutively. Since the Company operates the business of developing real estate by building pre-built houses and keeps launching new projects regularly, so its core assets are in form of inventories which comprise of land and projects under development. In addition, the assets next in importance are investments in subsidiaries and associated companies and investment properties. Details of the Company's assets are as follows

Inventories: At the end of 2016 and 2017, the Company held an inventories valued at 48,925.72 million Baht and 48,197.92 million Baht, respectively, which representing 48.20% and 44.02 % 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 3,215.94 million and 2,508.21 million Baht at the end of 2016 and 2017 respectively. The amounts were booked as land held for development and shown under Company's non-current assets, it will record as inventories when the development was started. As at the end of 2018, the Company's inventories and Land held for development were 48,243.27 and 1,337.20 million Baht consecutively, which were equaled to 43.27% and 1.20 % of total assets of the Company.

Trade receivables: As of the end of 2016, 2017 and 2018, the Company's trade and other receivables amounted to 156.93 million ,162.55 million and 228.57 million Baht respectively. Trade receivables were transactions under the leasing business.

Investment in associated companies The details of these items were as follow:

Investments in associated companies under the equity method as of December 31, 2016 - 2018

unit : million Baht

Name of Company	2016	2017	2018
LH Financial Group Plc.	6,913.22	8,444.89	8,697.40
Quality Construction Products Plc.	378.26	379.42	391.70
Home Product Center Plc.	5,906.44	6,252.42	6,639.18
Land & Houses Property and Loan Fund II	467.36	442.19	419.34
Quality House Plc.	6,593.70	7,058.91	7,425.35
Total	20,258.98	22,577.82	23,572.97
Percentage of total assets	19.96	20.62	21.15

Long term investments: Long-term investments at the end of 2016, 2017 and 2018 were valued at 5,512.07 million Baht, 7,156.48 million Baht and 5,707.52 million Baht which accounting for 5.43 % , 6.54 % and 5.12 % of total assets, respectively

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 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 as a result of 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.

In 2018, the Company's long-term investments was booked at 5,707.52 million Baht, a decrease of 1,448.96 million Baht from the previous year from the increase in additional investment in Unit trust - Domestic of 307.78 million Baht while the changes in fair value of securities had decreased 1,756.74 million Baht, mostly from the decrease in value of shares in Starmall Inc in Philippines.

Land held for development: As of the end of 2016 and 2017, land held for development was valued at 3,215.94

million and 2,508.21 million Baht, representing 3.17% and 2.29% of total assets respectively.

At the end of 2016, land held for development totaled 3,215.94 million Baht after an impairment allowance of 808.89 million Baht. In June 2016, two subsidiaries had sold a piece of land held for development which the Company had profit from sale of land held for development of 1,240 million baht and realized it in fiscal year 2016.

At the end of 2017, Land held for development was 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.

At the end of 2018, Land held for development was totaled 1,337.20 million Baht after an impairment allowance of 720.13 million Baht. During the year 2018, the Company had transferred land held for development of total 1,171 million Baht to the inventories account

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

unit : million Baht

As at December 31,	2016	2017	2018
Net book value of mortgaged land held for development to secure loans	2,551	1,860	689

Investment Properties

In 2016, 2017 and 2018 the Company had Investment Properties of 14,545.30 million, 17,397.42 million and 14,406.73 million Baht consecutively. In 2016, the Company held investment properties as apartments which LH USA, a subsidiary had acquired in California, USA, of which the fair value as at December 31, 2016 were 15,055.0 million Baht (USD 420 million). In 2017, LH USA had acquired

another apartment in California at the value of USD 118.9 million (approximately Baht 3,950 million) and in May 2018, it had sold the apartment for rent in California USA at the price of USD 140 million and earned a profit of USD 41 million, and had recognized this transaction as revenue for the current year in the amount of 1,335.49 million Baht.

The fair value of the investment properties as at 31 December 2016 , 2017 and 2018 were stated below

unit : million Baht

	2016	2017	2018
Fair Value	15,055	18,058	14,508

In the year 2016-2018 the rental income and direct operating expense arising from its apartment for rent of LH USA which are recorded in profit or loss as detailed below

unit : million Baht

	2016	2017	2018
Rental Revenue	619	672	715
Direct Operating Expenses	425	600	647

Property, plant and equipment - Net during the past 3 years are as follow :

unit : million Baht

	2016	2017	2018
Net Value	574.09	568.95	863.09
Increase (decrease)	263.23	(5.14)	294.14

Leasehold rights

In 2016, 2017 and 2018, the Company and its subsidiaries had leasehold rights worth 3,778.86 million Baht, 3,665.53 million Baht and 6,652.60 million Baht respectively. The details are as follow

unit : million Baht

Company	2016	2017	2018
Grande Centre Point Hotel Ratchadamri	1,514.20	-	-
Grande Centre Point Hotel Sukhumvit 55	1,613.20	1,584.53	1,530.38
Grande Centre Point Hotel Pattaya and Terminal 21 Shopping Center Pattaya	651.09	2,014.91	4,436.41
Terminal 21, Rama 3 Shopping Center	-	42.00	445.17
Vacant land	0.37	24.09	240.64
Total	3,778.86	3,665.53	6,652.60

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 as collateral for the Bank 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 and recorded 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.

In 2018, the Company has provided letter of comfort to the lenders of LH Hotel Leasehold Real Estate Investment Trust (“LHHOTEL”) relating to maintain the percentage of unit holding in LHHOTEL by LH Mall & Hotel Company Limited and maintain the period of the sublease of the Grande Centre Point Hotel Ratchadamri and the Terminal 21 shopping mall by L&H Hotel Management Company Limited.

Asset Quality

(1) Inventories

Inventories in the past three years had movement as follow :

Unit : million Baht

	2016	2017	2018
Net inventories	48,925.72	48,197.92	48,243.27
Increase (decrease)	807.76	(727.80)	45.35
% of total assets	48.20	44.02	43.27

Inventories of the Company during 2016-2018 were accounted for 43-48 % of total Assets

(2) Long-term Investment as of 31 December 2018

Unit : million Baht

	Securities available for sale	General investment	Total
Equity Securities	4,749.98	204.40	4,954.38
Add : Allowances for revaluation	863.63	-	863.63
Less : Allowances for impairment	-	(110.50)	(110.50)
Total	5,613.61	93.90	5,707.51

Liquidity

For the cash from operation, 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 repayment of its liabilities. The Company has a policy of managing its cash and cash equivalents to match with its operating environment

unit: million Baht

	2016	2017	2018
Cash flow from (used in) operating activities	7,278.48	7,409.07	8,652.33
Cash flow from (used in) investing activities	(5,980.83)	(340.38)	2,082.87
Cash flow from (used in) financing activities	(7,773.31)	(4,828.29)	(8,582.61)

In 2016, the Company had cash and cash equivalents decreased by 6,356.16 million Baht from the year 2015 as a result of the increase of cash flow from operating activities 7,278.48 million Baht, the decrease in investing activities 5,980.83 million Baht while it was spent on financing activities 7,773.31 million Baht including 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 Baht 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 spending on financing activities 4,828.29 million Baht including the Exchange differences on translation of financial statements in foreign currency which was a deficit of 57.96 million Baht.

For the year 2018, cash and cash equivalents increased by 2,348.79 million Baht from the increase of cash flow from operating activities 8,652.33 million Baht, an increase in investing activities 2,082.87 million Baht and a spending on financing activities 8,582.61 million Baht including the Exchange differences on translation of financial statements in foreign currency which was a surplus of 196.20 million Baht.

In 2016, a surplus in cash flow from operating activities was 7,278.48 million Baht, and it mainly came from earning before tax 10,699.53 million Baht, deducted by the share of profit from investments in associated companies, which is non-cash, at 2,963.53 million Baht and profit from sale of land held for development, which is not operating profit, at 1,240.00 million Baht. A corporate income tax of 1,227.32 million Baht was also paid. Other sources of operating cash flow were 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 portion of profit on sales of leaseholds of 2,080.09 million Baht and profit from 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.

For the year 2018, cash flow from operating activities was a surplus of 8,652.33 million Baht, which was mainly came from earning before tax 12,211.89 million Baht, less non-operating profits; the share of profit from investments in associates of 3,404.49 million Baht and gain on sales of investment property of 1,335.49 million Baht. Also, the surplus was underpinned by the decrease of inventories of 1,333.08 million Baht, combined depreciation expenses and provisions of 1,119.50 million Baht, and non-operating interest expenses of 693.50 million Baht. A corporate income tax of 1,709.17 million Baht was also paid.

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 10,080.70 million Baht while the Company had cash inflow from sales of land held for development of 2,185.00 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 of 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, investment in leasehold rights and other assets of 1,395.28 million Baht and other long-term investments of 559.59 million Baht.

Cash flow from investing activities in 2018 was a surplus of 2,082.87 million Baht, mainly from the sale in investment properties of 4,436.79 million Baht, dividends from associated companies 2,266.92 million Baht, and decrease from the investment in leasehold rights Grande Center Point and Terminal 21 Shopping Mall Pattaya of 3,799.51 million Baht and investment property of 581.37 million Baht.

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 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 cash of 13,000 million Baht from issuance of debenture.

Cash flow from financing activities in 2018 was minus 8,582.61 million Baht, mainly from the dividend payments of 8,961.19 million Baht, and debenture repayment of 13,000 million Baht. The Company had loans repayment totaling to 6,078.38 million Baht, and interest paid 1,314.11 million Baht. It also received cash from the issuance of debenture of 12,200 million Baht and drawdown loans of 7,967 million Baht.

Significant Liquidity Ratio

Liquidity ratio in 2016, 2017 and 2018 was 2.72, 2.32 and 2.55 times respectively, while the quick ratio was 0.16, 0.23 and 0.36 times. The liquidity ratios started to decline in 2016 as a result of the increase in current liabilities and still continued increase in 2017 which was totaled 23,906.10 million Baht. Current Liabilities started to decline in 2018, down to 22,630.55 million Baht. The Quick ratios were improved to be higher during the past three years.

In 2016, the liquidity ratio was 2.72 times while the quick ratio was at only 0.16. The liquidity ratio declined as a result of the decrease in current assets, especially cash which dropped 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 while the quick ratio was at only 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.

For the year 2018, the liquidity ratio was 2.55 times whereas the quick ratio was at only 0.36. The increase in liquidity ratio was a result from the increase in current assets of 2,348.35 million Baht while the current liabilities decrease 1,275.54 million Baht. The quick ratio for this period was 0.36, an improvement from the increase in cash and cash equivalent of 2,348.79 million Baht while the current portion of long term loans and debentures decreased by 1,865.0 million Baht, thus the quick ratio increased from the year 2017.

The creditor ratio in 2016 and 2017 was 5.45 and 6.10 times, with repayment periods standing at 66 and 59 days respectively.

In 2018, this ratio was 5.46 with the repayment period at 66 days.

Investment Expenses

Over the past few years, the Company has increased its investment in land plots which located in high potential area at reasonable acquisition cost for further development into housing projects, which is its core business, and in other business which engaged in operations related to its core business.

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:

LH Mall & Hotel Co., Ltd which was the subsidiary that the Company held 99.99%, had called for the payment of the increased subscribed shares from the Company at the amount of 13.8 million shares, at 55 Baht each, total amount paid was 759 million Baht. Currently, LH Mall & Hotel Co., Ltd had 20 million issued shares, valued at 100 Baht per share, making its registered capital worth in total 2,000 million Baht. The Company had paid the payment on January 8, 2016.

L&H Property Co., Ltd, a subsidiary with its 60% of total shares held by the Company, approved the minute of share capital as follow :

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

- Amended price per share from 100 Baht per share to 63 Baht per share. Thus after the change, the subsidiary then had registered capital of 1,638 million Baht, in form of 26 million common shares at 63 baht each. The Company 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 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 dividends received 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 Campbel, California at the amount of USD 118.9 million (approximately Baht 3,950 million) including the refurbishment of other apartment 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 cash paid for other long term investment of 559.59 million Baht.

For the year 2018, the Company had cash surplus from the investment activities of 2,082.87 million Baht. Mainly was cash received from the sale of apartment for sale in USA at the price of USD 140 million (approximately 4,436.79 million Baht). The Company also invested in leasehold rights, investment property, building and equipment and other assets in total sum 4,380.88 million Baht and received dividends from associates of 2,266.92 million Baht

Sources of fund

The Company's Debt-to-equity ratio at the end of 2016, 2017 and 2018 was 1.12, 1.15 and 1.20 times respectively. The upward trend was the result of increase in Company's borrowings for more investments in leasehold rights which resulted in the higher ratio of Debt-to-equity.

As of the end of 2016, shareholders' equity included minority shareholders stood at 47,951.55 million Baht, an increase of 1,056.43 million Baht which was from net operating profit 8,617.97 million Baht 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 of the end of 2017, shareholders' equity included minority interest 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

As of the end of 2018, shareholders' equity included minority interest stood at 50,751.72 million Baht, slightly decrease of 57.15 million Baht which was from net operating profit of 10,475.43 million Baht, after dividend payments of 8,961.19 million Baht and the decrease in revaluation surplus on change in value of available-for-sale investments of 1,940.24 million Baht from Starmall Inc., Phillipines.

Liabilities

The Company's total liabilities at the end of year 2016, 2017 and 2018 were 53,553.99 million, 58,682.63 million and 60,729.17 million Baht respectively. In 2018, the significant liabilities were Short-term and long-term borrowing of 9,605.32 million Baht, Debenture 40,450.00 million Baht, Trade & other payables 3,701.21 million Baht and other liabilities of 6,968.68 million Baht. The Company and its subsidiaries have repaid all debts duly on schedule.

Liabilities of the Company and its subsidiaries as of December 31, 2018

Company	Type	Currency	Amount (million Baht)	Interest Rate	Collateral	Maturity Date
LH	Overdraft	Baht	-	MOR	None	Upon call
	Promissory Note	Baht	609.0	2.50-2.75%	None	Upon Call
	Local Debentures 2/2015-2	Baht	1,000.0	Fixed rate 3.31 %	None	to be redeemed on April 2, 2020
	Local Debentures 3/2015-2	Baht	1,000.0	Fixed rate 2.66 %	None	to be redeemed on October 8, 2019
	Local Debentures 3/2015-3	Baht	1,000.0	Fixed rate 2.99 %	None	to be redeemed on October 8, 2020
	Local Debentures 1/2016	Baht	5,000.0	Fixed rate 1.82 %	None	to be redeemed on April 29, 2019
	Local Debentures 2/2016	Baht	7,250.0	Fixed rate 2.23 %	None	to be redeemed on October 28, 2019
	Local Debentures 1/2017	Baht	6,000.0	Fixed rate 2.48 %	None	to be redeemed on April 28, 2020
	Local Debentures 2/2017	Baht	1,000.0	Fixed rate 2.22 %	None	to be redeemed on April 28, 2019
	Local Debentures 3/2017	Baht	6,000.0	Fixed rate 2.13 %	None	to be redeemed on October 5, 2020
	Local Debentures 1/2018	Baht	1,200.0	Fixed rate 2.96 %	None	to be redeemed on March 7, 2025
	Local Debentures 2/2018	Baht	6,000.0	Fixed rate 1.98 %	None	to be redeemed on May 7, 2021
	Local Debentures 3/2018	Baht	5,000.0	Fixed rate 3.02 %	None	to be redeemed on October 5, 2021
LHMH	Long-term Loan	Baht	4,000.0	2.3 %	Land	Within April 2022
	Long-term Loan	Baht	2,550.0	MLR-2.75	Land and Building	First installment March 2020-December 2029
LH-USA	Long-term Loan	Baht	1,108.0	3% or 5% year Swap Rate (Bloomberg) +1.29% whatever higher	Apartment for rent of the project	Repaid in full in 5 years from the first drawdown date
	Long-term Loan	Baht	1,947.0	3.83 %	Apartment for rent of the project	Repaid in full in 5 years from the first drawdown date
	Total	Baht	50,664.0			

LH = Land and Houses Pcl LHMH=LH Mall and Hotel Co.,Ltd LH-USA= Land and Houses U.S.A.,Inc.

As of December 31, 2018, the Company and its subsidiaries had available undrawdown loan facilities of 482 million Baht from financial institutions (the amount at the end of 2017 = 2,900 million Baht)

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

Future obligations and liabilities

1. As of December 31, 2018, the Company and its subsidiaries had forecasted liabilities which may incur of 1,413.38 million Baht, details as follow :

(unit : million Baht)	2017	2018
After-sale cost of repair	170.1	91.7
Litigation charges	1,084.7	852.3
Contribution to Village juristic entity fund	183.7	291.2
Utility maintenance expenses	71.9	131.4
Damages from Project	-	31.8
Miscellaneous	15.0	15.0
Total	1,525.4	1,413.4

2. As of December 31, 2018, the Company and its subsidiaries had obligations under construction contract of 3,586 million Baht and Commitment in respect of the installation of utilities of projects of 1,225 million Baht

3. As of December 31, 2018, L & H Property Co.,Ltd and its subsidiaries had obligation under the rental agreement of Land and building to construct the building for rent as follow:

a) the rental agreement of Land and building - LHP

Date of Agreement	Term (years)	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 (Total amount had already paid) - 6 th - 10 th year, total rental payment of 42.31 million Baht (Total amount had already paid) - 11 th - 15 th year, total rental payment of 54.00 million Baht (6 million Baht already paid) - 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, 2018 , L&H Property Co., Ltd., one of the Company's subsidiaries, was committed to pay security fees at the rate of 11,160 baht a month throughout the construction period and the lease term

b) Land lease agreement - LHP

Date of Agreement	Terms (years)	Rental and leasehold rights fee
March 10, 2006	30 years*	Rental fee is to be monthly paid as follows: - 1 st - 5 th year, Total 20.16 million Baht (fully paid) - 6 th - 10 th year, Total 23.18 million Baht (at the end of 2018, 14.00 million Baht was paid) - 11 th - 15 th year, Total 26.66 million Baht - 16 th - 20 th year, Total 30.66 million Baht - 21 st - 25 th year, Total 35.25 million Baht - 26 th - 30 th year, Total 40.54 million Baht

* Although the lease term is from September 1, 2010 to August 31, 2040, the lessor agreed to allow L&H Property Co., Ltd. to enter the plot to develop and construct buildings from September 1, 2007 to August 31, 2010, with L&H Property agree to pay additional fee of 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 Present Value since the rentals fee are considered to be part of the expenses in selling assets of the project Terminal 21 Shopping Center and Grande Centre Point Hotel Terminal 21 to a real estate investment trust

c) Land lease contract - LHHM

Date of Agreement	Terms (years)	Maturity Date	Rental and leasehold rights fee
October 3, 2013	30 years*	March 31, 2047	From April 1, 2017, the rental fees are as follow - 1 st - 7 th year, total rental of 35.0 million Baht (at the end of 2018, 9 million Baht already paid) - 8 th - 17 th year, total rental of 100.0 million Baht - 18 th - 27 th year, total rental of 150.0 million Baht - 28 th - 30 th year, total rental of 75.0 million Baht

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

In addition, LHHM, 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 - LHHM

Date of Agreement	Terms (years)	Rental fees
August 4, 2015	30 years*	Rentals are paid monthly: - 1 st - 3 rd year, total rental of 71 million Baht - 4 th - 6 th year, total rental of 78 million Baht - 7 th - 9 th year, total rental of 86 million Baht - 10 th - 12 th year, total rental of 95 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.

e) Land lease contract - LHMH

Date of Agreement	Term (years)	Rental Fees		
August 1, 2017	40 years*	Rental are paid monthly		
		- 1 st - 3 rd year,	Total Rental	15 MB
		- 4 th - 6 th year,	Total Rental	17 MB
		- 7 th - 9 th year,	Total Rental	19 MB
		- 10 th - 12 th year,	Total Rental	21 MB
		- 13 th - 15 th year,	Total Rental	23 MB
		- 16 th - 18 th year,	Total Rental	25 MB
		- 19 th - 21 st year,	Total Rental	27 MB
		- 22 nd - 24 th year,	Total Rental	30 MB
		- 25 th - 27 th year,	Total Rental	33 MB
		- 28 th - 30 th year,	Total Rental	36 MB
		- 31 st - 33 rd year,	Total Rental	40 MB
		- 34 th - 36 th year,	Total Rental	44 MB
		- 37 th - 39 th year,	Total Rental	48 MB
		- 40 th year,	Total Rental	18 MB

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

f) Land Lease Agreement - LHMH

Date of Agreement	Term (years)	Rental Fees		
January 18, 2018	33 years*	Rental are paid monthly		
		- 1 st - 3 rd year,	Total Rental	30 MB
		- 4 th - 6 th year,	Total Rental	33 MB
		- 7 th - 9 th year,	Total Rental	36 MB
		- 10 th - 12 th year,	Total Rental	45 MB
		- 13 th - 15 th year,	Total Rental	50 MB
		- 16 th - 18 th year,	Total Rental	55 MB
		- 19 th - 21 st year,	Total Rental	60 MB
		- 22 nd - 24 th year,	Total Rental	66 MB
		- 25 th - 27 th year,	Total Rental	73 MB
		- 28 th - 30 th year,	Total Rental	80 MB
		- 31 st - 33 rd year,	Total Rental	135 MB

* Lease term starts on January 18, 2021, however, The lessor agreed to allow LHMH to enter the plot to develop and construct buildings from January 18, 2018 to January 17, 2021

4. As of December 31, 2018, 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 Ploenchit	January 1, 2019 to December 31, 2021
LH Hotel Real Estate Investment Trust	Grande Centre Point Hotel Terminal 21	December 16, 2018 to December 15, 2021
	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

	2016	2017	2018
Payable			
Within 1 year	317	588	599
1-3 years	317	356	809

5. As of December 31, 2018, The Company and its subsidiaries have commitment related to purchase the land.

unit : million Baht

	2016	2017	2018
commitment to purchase the land	2,380	3,917	1,481

6. As at 31 December 2018, the subsidiaries have servitude over land of approximately 100 rai of which the cost is included in the cost of projects

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

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

unit : million Baht

	2016	2017	2018
Payable			
Within 1 year	57	56	56
1 - 3 year	19	82	63

8. Bank guarantees As at 31 December 2018 and 2017, 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

	2016	2017	2018
Letter of guarantees for arrangement and maintenance of public utilities	2,647	2,998	4,183
Letter of guarantees for electricity usage	71	62	68
Total	2,718	3,060	4,251

9. 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 2018 the 2 subsidiaries have outstanding loans related to guarantee portion of the Company as specified in the letter of comfort amounting to Baht 3,159 million Baht

Maintenance of debt to equity ratio

Since from the No. 2/2013 debenture onward, the calculation has been based only on liabilities with interest burden

unit : million Baht

Transaction	31/12/16	31/12/17	31/12/18
Interest bearings liabilities	43,676.74	48,994.24	50,680.15
Shareholders' equity	47,951.55	50,808.87	50,751.72
Debt to Equity ratio	0.91	0.96	1.00

In the consolidated financial statements as of December 31 in 2016 , December 31, 2017, and December 31, 2018, the Company maintained the debt-to-equity ratio within the required levels for debenture issuances.

Debentures	Required rate	Calculated rate at 31/12/16	Calculated rate at 31/12/17	Calculated rate at 31/12/18
Debenture since 2/ 2013	1.50	0.91	0.96	1.00

Summary of factors that may affect future operations or financial position

1. Returns from investments in associated companies.

Since the Company has invested 23,572.97 million Baht, or 21.15% of its total assets, in associated companies as of December 31, 2018. Profits from these associated companies made up 32.50% of the Company's net profit. If these companies face any problems, the Company's operations may be affected too. However, the Company has well diversified in its investments in associated companies in line with its policy of diversifying risk.

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

2.1 Two housing estate juristic persons filed a lawsuit against the Company in relation to access to public thoroughfares, demanding damages totaling 1,013 million Baht. Subsequently in June 2009, the plaintiffs requested to reduce the claim to be 800 million Baht. The Court of First Instance and the Appeal Court dismissed the lawsuit on July 24, 2014 and April 24, 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. 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.

In these 2 lawsuits, the Company had set aside the provision of 405 million Baht as at December 31, 2018

2.2 housing estate juristic persons and housing residents filed 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. Subsequently, the Appeal Court rendered a conflict judgment with the Court of First Instance, by instructing the Company to pay for damages of Baht 13.5 million Baht with interest rate at 7.5 % per annum since January 18, 2008 until the full amount is settled. As at 31 December 2018, the Company has set aside a provision of Baht 435 million Baht. At present, the case is under the process of the Supreme Court.

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

2.3 There were some lawsuits which the Company was a defendant regarding the claim against damage from breach of contract which total claims was 160 million Baht

As of December 31, 2018, the Company had set aside provision of 852 million Baht for such liability which may incur as a result of the legal cases.

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 2018, 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 2018, 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.

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 to 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 4.1 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 35.4 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.

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.



Sophon Permsirivallop
Certified Public Accountant (Thailand) No. 3182

EY Office Limited
Bangkok: 27 February 2019

Statement of financial position

Land and Houses Public Company Limited and its subsidiaries

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017
Assets					
Current assets					
Cash and cash equivalents	6, 7	7,131,803,745	4,783,008,041	5,654,174,052	1,872,469,764
Current investments	6, 8	700,631,873	500,030,124	500,390,225	500,030,124
Trade and other receivables	9	228,566,983	162,544,881	55,486,747	28,915,303
Short-term loans and accrued interest receivables - related parties	6	57,525,235	953,763	3,249,644,110	1,340,035,836
Inventories	10	48,243,272,560	48,197,922,542	45,900,335,451	46,375,432,265
Advance payment for constructions		670,808,951	582,719,819	658,493,998	320,173,104
Deposits for purchase of land and others		54,773,816	407,240,757	51,352,439	403,891,374
Other current assets		636,653,651	741,272,736	261,824,640	359,519,283
Total current assets		57,724,036,814	55,375,692,663	56,331,701,662	51,200,467,053
Non-current assets					
Restricted bank deposit	11	10,183,077	10,072,867	-	-
Investments in subsidiaries	12	-	-	6,347,638,016	5,367,347,970
Investments in associates	13	23,572,973,722	22,577,823,149	23,572,973,722	22,577,823,149
Other long-term investments	14	5,707,515,378	7,156,477,746	3,751,742,936	5,363,644,807
Long-term loans and accrued interest receivables - related party	6	560,000,000	-	9,611,141,982	13,566,585,992
Land held for development	15	1,337,202,379	2,508,206,046	1,207,659,650	2,378,663,317
Investment properties	16	14,406,733,039	17,397,423,346	211,432,242	210,047,929
Property, plant and equipment	17	863,089,739	568,944,354	330,118,536	328,821,222
Leasehold rights	18	6,652,600,775	3,665,527,101	-	-
Other intangible assets	19	45,285,647	34,715,746	16,645,397	17,834,613
Deferred tax assets	30	583,200,620	178,982,653	551,718,320	136,898,440
Other non-current assets	6	18,066,596	17,633,943	12,381,215	11,555,672
Total non-current assets		53,756,850,972	54,115,806,951	45,613,452,016	49,959,223,111
Total assets		111,480,887,786	109,491,499,614	101,945,153,678	101,159,690,164

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institution	20	609,000,000	-	-	-
Trade and other payables	6, 21	3,701,206,513	3,399,842,783	2,670,676,465	2,214,903,916
Retention guarantees		566,318,403	511,213,686	385,972,394	445,775,589
Short-term loans and accrued interest payables - related parties	6	-	-	42,073,932	160,428,219
Current portion of financial lease liabilities		3,960,753	3,795,172	-	-
Current portion of long-term loans	22	24,166,213	3,139,180,000	-	3,075,180,000
Current portion of debentures	23	14,250,000,000	13,000,000,000	14,250,000,000	13,000,000,000
Income tax payable		581,787,318	584,890,312	496,860,779	552,282,059
Provisions	24	1,413,378,565	1,525,348,863	1,386,305,370	1,498,539,249
Advance received from customers		1,200,707,160	1,532,587,085	1,124,818,786	1,491,079,966
Other current liabilities		280,021,790	209,239,427	185,438,708	130,890,400
Total current liabilities		22,630,546,715	23,906,097,328	20,542,146,434	22,569,079,398
Non-current liabilities					
Financial lease liabilities - net of current portion		11,889,737	15,850,490	-	-
Long-term loans - related party	6	-	-	840,000,000	-
Long-term loans - net of current portion	22	9,581,151,861	4,585,422,688	4,000,000,000	-
Debentures - net of current portion	23	26,200,000,000	28,250,000,000	26,200,000,000	28,250,000,000
Provision for long-term employee benefits	25	508,830,621	353,858,440	380,347,923	274,090,625
Deferred tax liabilities	30	1,412,899,122	1,371,622,257	-	-
Other non-current liabilities		383,848,859	199,782,674	-	-
Total non-current liabilities		38,098,620,200	34,776,536,549	31,420,347,923	28,524,090,625
Total liabilities		60,729,166,915	58,682,633,877	51,962,494,357	51,093,170,023

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017
Shareholders' equity					
Share capital	26				
Registered					
12,031,105,828 ordinary shares of Baht 1 each		<u>12,031,105,828</u>	<u>12,031,105,828</u>	<u>12,031,105,828</u>	<u>12,031,105,828</u>
Issued and paid-up					
11,949,713,176 ordinary shares of Baht 1 each		11,949,713,176	11,949,713,176	11,949,713,176	11,949,713,176
Premium on ordinary shares		15,452,854,216	15,452,854,216	15,452,854,216	15,452,854,216
Other surplus		1,227,782,536	1,227,782,536	1,227,782,536	1,227,782,536
Retained earnings					
Appropriated - Statutory reserve	28	1,203,110,583	1,203,110,583	1,203,110,583	1,203,110,583
Unappropriated		19,291,704,641	17,805,212,324	19,291,704,641	17,805,212,324
Other components of shareholders' equity		<u>857,494,169</u>	<u>2,427,847,306</u>	<u>857,494,169</u>	<u>2,427,847,306</u>
Equity attributable to the shareholders of the Company		49,982,659,321	50,066,520,141	49,982,659,321	50,066,520,141
Non-controlling interests of subsidiaries	12.4	<u>769,061,550</u>	<u>742,345,596</u>	-	-
Total shareholders' equity		<u>50,751,720,871</u>	<u>50,808,865,737</u>	<u>49,982,659,321</u>	<u>50,066,520,141</u>
Total liabilities and shareholders' equity		<u>111,480,887,786</u>	<u>109,491,499,614</u>	<u>101,945,153,678</u>	<u>101,159,690,164</u>

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Revenues					
Sales income		30,513,634,992	31,724,296,810	29,419,473,191	30,918,784,810
Rental and services income		3,733,322,724	3,197,309,988	-	
Other income					
Dividend		227,890,654	152,738,230	103,337,349	51,710,879
Interest income		74,024,076	52,600,659	490,652,328	461,002,402
Infrastructure service income		327,271,726	278,606,345	295,512,490	250,620,735
Gain on change in shareholders' equity of an associate		-	1,135,221,024	-	1,135,221,024
Gain on investments		4,072,964	5,174,887	4,072,964	5,174,887
Gain on exchange rate		6,807,437	-	20,596,442	-
Gain on sales of property, plant and equipment		-	14,935,513	-	13,405,055
Gain on sales of project		115,725,476	-	115,725,476	-
Gain on sales of land held for development	15	-	80,195,297	-	80,195,297
Gain on sales of investment properties	16	1,335,486,720	-	-	-
Gain on sales of assets to REIT	6	-	2,080,094,785	-	-
Others		108,902,660	64,605,171	62,867,629	56,555,400
Total revenues		36,447,139,429	38,785,778,709	30,512,237,869	32,972,670,489
Expenses					
Cost of sales and services		19,399,302,936	20,483,113,395	18,625,091,004	19,931,999,643
Cost of rental and services		2,836,143,746	2,440,877,115	-	-
Selling expenses		1,095,551,452	987,450,222	929,144,354	848,079,482
Specific business tax and transfer fee		1,166,594,420	1,221,248,429	1,120,233,215	1,189,248,327
Administrative expenses		2,407,860,433	2,802,279,526	1,838,595,050	2,385,289,814
Other expenses					
Loss on sales of property, plant and equipment		3,709,175	-	990,610	-
Loss on exchange rate		-	302,764,724	-	302,764,724
Total expenses		26,909,162,162	28,237,733,411	22,514,054,233	24,657,381,990

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit before share of profit from investments					
in subsidiaries and associates, finance cost					
and income tax expenses		9,537,977,267	10,548,045,298	7,998,183,636	8,315,288,499
Share of profit from investments in subsidiaries	12.2	-	-	1,113,345,863	852,851,131
Share of profit from investments in associates	13.2	3,404,492,732	3,136,909,981	3,404,492,732	3,136,909,981
Profit before finance cost and income tax expenses		12,942,469,999	13,684,955,279	12,516,022,231	12,305,049,611
Finance cost		(730,576,921)	(641,250,207)	(547,509,796)	(508,379,194)
Profit before income tax expenses		12,211,893,078	13,043,705,072	11,968,512,435	11,796,670,417
Income tax expenses	30	(1,707,529,506)	(1,890,030,481)	(1,493,083,930)	(1,333,453,321)
Profit for the year		<u>10,504,363,572</u>	<u>11,153,674,591</u>	<u>10,475,428,505</u>	<u>10,463,217,096</u>
Net income attributable to:					
Equity holders of the Company		10,475,428,505	10,463,217,096	10,475,428,505	10,463,217,096
Non-controlling interests of the subsidiaries	12.4	28,935,067	690,457,495		
		<u>10,504,363,572</u>	<u>11,153,674,591</u>		
Earnings per share	31				
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>0.88</u>	<u>0.88</u>	<u>0.88</u>	<u>0.88</u>
Diluted earnings per share					
Profit attributable to equity holders of the Company			<u>0.87</u>		<u>0.87</u>

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit for the year		<u>10,504,363,572</u>	<u>11,153,674,591</u>	<u>10,475,428,505</u>	<u>10,463,217,096</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain (loss) on change in value of available-for-sale investments net of income taxes	27	(1,405,389,686)	867,848,875	(1,535,741,289)	746,456,788
Exchange rate differences on translation of financial statements in foreign currency		(22,542,335)	(78,099,767)	-	-
Share of other comprehensive income from investments in subsidiaries	12.2	-	-	107,809,234	43,292,290
Share of other comprehensive income from investments in associates	13.2	(144,363,639)	32,311,997	(144,363,639)	32,311,997
		<u>(1,572,295,660)</u>	<u>822,061,105</u>	<u>(1,572,295,694)</u>	<u>822,061,075</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial loss - net of income taxes	25	(29,724,961)	-	(19,376,056)	-
Share of other comprehensive income from investments in subsidiaries	12.2	-	-	(8,153,483)	-
Share of other comprehensive income from investments in associates	13.2	1,942,557	(18,474,361)	1,942,557	(18,474,361)
		<u>(27,782,404)</u>	<u>(18,474,361)</u>	<u>(25,586,982)</u>	<u>(18,474,361)</u>
Other comprehensive income for the year		<u>(1,600,078,064)</u>	<u>803,586,744</u>	<u>(1,597,882,676)</u>	<u>803,586,714</u>
Total comprehensive income for the year		<u>8,904,285,508</u>	<u>11,957,261,335</u>	<u>8,877,545,829</u>	<u>11,266,803,810</u>
Total comprehensive income attributable to:					
Equity holders of the Company		8,877,545,829	11,266,803,810	<u>8,877,545,829</u>	<u>11,266,803,810</u>
Non-controlling interests of the subsidiaries		26,739,679	690,457,525		
		<u>8,904,285,508</u>	<u>11,957,261,335</u>		

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 2018

(Unit: Baht)

Consolidated financial statements													
Equity attributable to the shareholders of the Company													
Other components of shareholders' equity													
Other comprehensive income													
Retained earnings													
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 from associates													
Premium on share capital of associates													
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													

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 2018

(Unit: Baht)

	Note	Separate financial statements											
		Issued and paid-up share capital	Premium on ordinary shares	Cash receipts from share subscription	Other surplus	Retained earnings		Other components of shareholders' equity				Total other components of shareholders' equity	Total shareholders' equity
						Appropriated - Statutory reserve	Unappropriated	Surplus on change in value of available-for-sale investments	Share of other comprehensive income from subsidiaries	Share of other comprehensive income from associates	Premium on share capital of associate		
Balance as at 1 January 2017		11,786,545,992	15,044,936,256	374,493,539	1,227,782,536	1,203,110,583	15,673,941,565	1,022,641,536	502,138,971	8,437,642	91,042,443	1,624,260,592	46,935,071,063
Profit for the year		-	-	-	-	-	10,463,217,096	-	-	-	-	-	10,463,217,096
Other comprehensive income for the year		-	-	-	-	-	-	746,456,788	43,292,290	13,837,636	-	803,586,714	803,586,714
Total comprehensive income for the year		-	-	-	-	-	10,463,217,096	746,456,788	43,292,290	13,837,636	-	803,586,714	11,266,803,810
Converted warrants to share capital	26	163,167,184	407,917,960	(374,493,539)	-	-	-	-	-	-	-	-	196,591,605
Dividend paid	34	-	-	-	-	-	(8,326,133,976)	-	-	-	-	-	(8,326,133,976)
Income tax from unpaid dividend		-	-	-	-	-	(5,812,361)	-	-	-	-	-	(5,812,361)
Balance as at 31 December 2017		11,949,713,176	15,452,854,216	-	1,227,782,536	1,203,110,583	17,805,212,324	1,769,098,324	545,431,261	22,275,278	91,042,443	2,427,847,306	50,066,520,141
Balance as at 1 January 2018		11,949,713,176	15,452,854,216	-	1,227,782,536	1,203,110,583	17,805,212,324	1,769,098,324	545,431,261	22,275,278	91,042,443	2,427,847,306	50,066,520,141
Profit for the year		-	-	-	-	-	10,475,428,505	-	-	-	-	-	10,475,428,505
Other comprehensive income for the year		-	-	-	-	-	(27,529,539)	(1,535,741,289)	107,809,234	(142,421,082)	-	(1,570,353,137)	(1,597,882,676)
Total comprehensive income for the year		-	-	-	-	-	10,447,898,966	(1,535,741,289)	107,809,234	(142,421,082)	-	(1,570,353,137)	8,877,545,829
Dividend paid	34	-	-	-	-	-	(8,961,187,092)	-	-	-	-	-	(8,961,187,092)
Income tax from unpaid dividend		-	-	-	-	-	(219,557)	-	-	-	-	-	(219,557)
Balance as at 31 December 2018		11,949,713,176	15,452,854,216	-	1,227,782,536	1,203,110,583	19,291,704,641	233,357,035	653,240,495	(120,145,804)	91,042,443	85,749,169	49,982,659,321

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit before income tax expenses	12,211,893,078	13,043,705,072	11,968,512,435	11,796,670,417
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	17,879,399,715	19,205,918,648	17,182,381,543	18,715,851,914
Depreciation and amortisation	615,745,931	542,943,484	60,642,048	54,061,351
Share of profit from investments in subsidiaries	-	-	(1,113,345,863)	(852,851,131)
Share of profit from investments in associates	(3,404,492,732)	(3,136,909,981)	(3,404,492,732)	(3,136,909,981)
Gain on sales of assets to REIT	-	(2,080,094,785)	-	-
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	3,709,175	(14,935,513)	990,610	(13,405,055)
Loss on diminution in value of projects	61,508,758	9,112,073	44,830,514	-
Gain on sales of project	(115,725,476)	-	(115,725,476)	-
Gain on sales of land held for development	-	(80,195,297)	-	(80,195,297)
Gain on sales of investment property	(1,335,486,720)	-	-	-
Unrealised loss (gain) on exchange rate	8,639,126	297,720,410	(5,149,880)	297,720,410
Provision for legal cases (reversal)	(231,067,184)	735,631,925	(231,067,184)	735,631,925
Provision for after-sale maintenance expenses (reversal)	(16,267,949)	146,920,865	(17,496,148)	145,749,915
Provision for compensation for Housing Estate Juristic Persons	122,111,622	33,941,714	120,402,872	32,249,234
Provision for public utilities maintenance	111,799,860	55,370,981	111,207,238	54,836,009
Provision for damages from project	109,402,870	-	109,402,870	-
Provision for long-term employee benefits	160,488,130	35,031,895	122,616,177	21,650,298
Write-off of withholding tax deducted at source	254,649	-	-	-
Interest income	(74,024,076)	(52,600,659)	(490,652,328)	(461,002,402)
Dividend income	(227,890,654)	(152,738,230)	(103,337,349)	(51,710,879)
Interest expenses	693,526,206	630,983,055	538,612,711	498,112,042
Profit from operating activities before change in operating assets and liabilities	26,573,524,329	28,084,584,633	24,778,332,058	26,621,237,746
Decrease (increase) in operating assets				
Current investments	(200,601,749)	(89,749,854)	(360,101)	(500,030,124)
Trade and other receivables	(66,317,561)	(6,180,136)	(26,571,444)	(2,850,396)
Inventories	(16,546,309,659)	(17,130,454,404)	(15,322,301,032)	(16,465,356,483)
Other current assets	362,905,983	(481,004,048)	111,912,683	(267,228,324)
Other non-current assets	(432,653)	739,456	(825,543)	(15,200)
Increase (decrease) in operating liabilities				
Trade and other payables	616,028,619	(274,778,801)	475,256,828	(530,926,103)
Retention guarantees	55,104,717	(62,930,283)	(59,803,194)	(46,367,060)
Other current liabilities	(573,789,798)	(1,008,341,528)	(621,139,119)	(1,040,585,112)
Provision for long-term employee benefits	(42,672,150)	(12,042,200)	(40,578,950)	(8,029,200)
Other non-current liabilities	184,066,183	144,475,992	-	-
Cash flows from operating activities	10,361,506,261	9,164,318,827	9,293,922,186	7,759,849,744
Cash paid for income tax	(1,709,173,038)	(1,755,249,660)	(1,574,765,312)	(1,467,050,497)
Net cash flows from operating activities	8,652,333,223	7,409,069,167	7,719,156,874	6,292,799,247

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Increase in restricted bank deposit	(110,209)	(10,072,867)	-	-
Increase in short-term loans to related parties	(611,083,551)	-	(1,903,000,000)	(1,050,000,000)
Decrease (increase) in long-term loan to related party	-	-	4,052,211,830	(4,646,650,000)
Cash received from share reduction of subsidiaries	-	-	212,500	909,487,152
Cash paid for purchase of other long-term investments	(307,774,740)	(559,590,330)	(307,774,740)	-
Dividend received from subsidiaries	-	-	232,499,070	614,099,359
Dividend received from associates	2,266,921,076	1,967,125,163	2,266,921,076	1,967,125,162
Dividend received from other companies	227,890,654	152,738,230	103,337,349	51,710,879
Proceeds from sales of project	393,908,000	-	393,908,000	-
Proceeds from sales of land held for development	-	100,696,500	-	100,696,500
Proceeds from sales of investment properties	4,436,789,391	-	-	-
Proceeds from sales of assets to REIT	-	3,749,300,000	-	-
Proceeds from sales of property, plant and equipment	2,167,144	21,859,674	2,129,200	18,674,000
Cash paid for purchase of investment properties	(581,367,531)	(4,420,137,024)	(1,384,313)	(1,084,712)
Cash paid for purchase of leasehold rights, buildings, equipment and intangible assets	(3,799,507,903)	(1,395,282,990)	(61,207,202)	(106,931,487)
Cash received from interest income	55,042,608	52,973,295	497,168,834	422,715,354
Net cash flows from (used in) investing activities	<u>2,082,874,939</u>	<u>(340,390,349)</u>	<u>5,275,021,604</u>	<u>(1,720,157,793)</u>
Cash flows from financing activities				
Increase in bank overdrafts and short-term loans from financial institution	609,000,000	-	-	-
Cash paid for financial lease liabilities	(4,897,818)	(4,734,062)	-	-
Increase in short-term loans from related parties	-	-	710,000,000	160,000,000
Cash paid for debentures repayment	(13,000,000,000)	(8,000,000,000)	(13,000,000,000)	(8,000,000,000)
Cash received from issuance of debentures	12,200,000,000	13,000,000,000	12,200,000,000	13,000,000,000
Cash paid for long-term loans repayment	(6,078,379,342)	(4,258,141)	(3,075,180,000)	-
Cash received from drawdown loans	7,966,988,000	604,000,000	4,000,000,000	-
Cash received from convert warrants to share capital	-	196,591,605	-	196,591,605
Interest paid	(1,314,112,570)	(1,329,155,761)	(1,086,107,098)	(1,173,685,747)
Cash paid for capital refund to non-controlling interests of subsidiaries	(13,993)	(603,196,430)	-	-
Subsidiaries paid dividend to non-controlling interests of subsidiaries	(9,730)	(361,400,688)	-	-
Dividend paid	(8,961,187,092)	(8,326,133,976)	(8,961,187,092)	(8,326,133,976)
Net cash flows used in financing activities	<u>(8,582,612,545)</u>	<u>(4,828,287,453)</u>	<u>(9,212,474,190)</u>	<u>(4,143,228,118)</u>
Exchange differences on translation of financial statements in foreign currency	196,200,087	(57,961,528)	-	-
Net increase in cash and cash equivalents	<u>2,348,795,704</u>	<u>2,182,429,837</u>	<u>3,781,704,288</u>	<u>429,413,336</u>
Cash and cash equivalents at beginning of year	4,783,008,041	2,600,578,204	1,872,469,764	1,443,056,428
Cash and cash equivalents at end of year (Note 7)	<u>7,131,803,745</u>	<u>4,783,008,041</u>	<u>5,654,174,052</u>	<u>1,872,469,764</u>

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Supplemental cash flow information				
Non-cash items				
Purchases of building and equipment, leasehold rights and investment properties recorded as liabilities	212,996,739	506,148,221	6,081,062	3,418,308
Transfer land held for development to inventories (net book value)	1,171,003,667	691,229,870	1,171,003,667	691,229,870
Interest expenses recorded as cost of projects	539,952,276	665,545,264	529,817,654	661,348,720
Interest expenses recorded as leasehold rights	40,445,801	3,061,901	-	-
Increase (decrease) in revaluation surplus on change in value of available-for-sale investments - net of income taxes	(1,405,389,686)	867,848,875	(1,535,741,289)	746,456,788
Actuarial loss	37,156,201	-	24,220,071	-
Exchange differences on translation of financial statement in foreign currency	(22,542,335)	(78,099,767)	-	-
Share of other comprehensive income from subsidiaries	-	-	99,655,751	43,292,290
Share of other comprehensive income from associates	(142,421,082)	13,837,636	(142,421,082)	13,837,636

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 2018

1. General information

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

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018	2017
			(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 subsidiary	Real estate business	Thailand	55.00	55.00
L&H Property Co., Ltd. and its subsidiary	Real estate for lease business	Thailand	60.00	60.00
Land and Houses U.S.A., Inc.	Real estate for lease business	USA	100.00	100.00
Asia Asset Advisory Co., Ltd.	Investment advisor	Thailand	99.94	99.98

Company’s name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018	2017
			(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
L&H Hotel Management Co., Ltd. (99.99 percent held by L&H Property Co., Ltd.)	Project administration	Thailand	60.00	60.00

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

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

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

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

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

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

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

3. New financial reporting standards

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

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

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

directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

TFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

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

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument,

the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

4. Significant accounting policies

4.1 Revenue recognition

(a) Sales of real estate

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

(b) Rendering of rental and services

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

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

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

(c) Interest income

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

(d) Dividends

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

4.2 Cost of real estate sold

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

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

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

4.3 Borrowing costs

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

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

4.4 Cash and cash equivalents

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

4.5 Trade accounts receivable

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

4.6 Real estate development costs (inventories)

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

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

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

4.7 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which the Company and its subsidiaries classify as other investments, are stated at cost net of allowance for impairment loss (if any).
- e) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- f) Investments in subsidiaries and associates are accounted for in the separate financial statements using the equity method.

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

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

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

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

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

4.8 Land held for development

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

4.9 Investment properties

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

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

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

4.10 Property, plant and equipment/Depreciation

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

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

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

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

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

4.11 Intangible assets

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

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

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

Computer software 5 and 10 years

4.12 Long-term lease

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

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

4.13 Leasehold rights

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

Amortisation is included in determining income.

4.14 Goodwill

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

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

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

4.15 Related party transactions

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

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

4.16 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.17 Impairment of assets

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

An impairment loss is recognised in profit or loss.

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

4.18 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

Actuarial gains and losses arising from defined benefits plans are recognised immediately in other comprehensive income.

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

4.19 Provisions

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

4.20 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.21 Derivatives

Interest rate swap contracts

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

Cross currency swap agreement

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

4.22 Fair value measurement

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

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

- | | |
|---------|---|
| Level 1 | Use of quoted market prices in an active market for such assets or liabilities |
| Level 2 | Use of other observable inputs for such assets or liabilities, whether directly or indirectly |
| Level 3 | Use of unobservable inputs such as estimates of future cash flows |

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

5. Significant accounting judgements and estimates

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

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

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

Provision for after-sale and utilities maintenance expense

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

Provision for compensation for Housing Estate Juristic Persons

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

Impairment of investments

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

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

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

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

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

Leases

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

Fair value of financial instruments

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

Litigations

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

6. Related party transactions

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

Name of related parties	Relationship
Atlantic Real Estate Co., Ltd.	Subsidiary
LH Mall & Hotel Co., Ltd.	Subsidiary
L&H Retail Management Co., Ltd.	Subsidiary (99.95 percent held by LH Mall & Hotel Co., Ltd.)
L&H Management Co., Ltd.	Subsidiary (99.93 percent held by LH Mall & Hotel Co., Ltd.)
Land and Houses North Co., Ltd.	Subsidiary
Land and Houses Northeast Co., Ltd.	Subsidiary
Siam Tanee Property Co., Ltd.	Subsidiary
Siam Tanee Real Estate Co., Ltd.	Subsidiary (99.99 percent held by Siam Tanee Property Co., Ltd.)
L H Real Estate Co., Ltd.	Subsidiary
L H Asset Co., Ltd.	Subsidiary
L H Muang Mai Co., Ltd.	Subsidiary
Phuket Future Plan Co., Ltd.	Subsidiary (99.99 percent held by L H Muang Mai Co., Ltd.)
L&H Property Co., Ltd.	Subsidiary
L&H Hotel Management Co., Ltd.	Subsidiary (99.99 percent held by L&H Property Co., Ltd.)
Land and Houses U.S.A., Inc.	Subsidiary
Asia Asset Advisory Co., Ltd.	Subsidiary
LH Financial Group Plc.	Associate
Land and Houses Bank Plc.	Associate (99.99 percent held by LH Financial Group Plc.)
Land and Houses Fund Management Co., Ltd.	Associate (99.99 percent held by LH Financial Group Plc.)
Quality Construction Products Plc.	Associate
Home Product Center Plc.	Associate
Land and Houses Property and Loan Fund-II	Associate
Quality Houses Plc.	Associate
Q.H. International Co., Ltd.	Associate (99.99 percent held by Quality Houses Plc.)
Quality Houses Leasehold Property Fund	Associate of Quality Houses Plc.
Muang Mai Property Co., Ltd.	Shareholder of subsidiary
Reco Resorts Pte Ltd.	Shareholder of subsidiary
Siam Retail Development Co., Ltd.	Common shareholder
Land and Houses Freehold and Leasehold Property Fund	Related company
LH Shopping Centers Leasehold Real Estate Investment Trust	Related company
LH Hotel Leasehold Real Estate Investment Trust	Related company
Trinity Securities Company Limited	Common director

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2018	2017	2018	2017	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	450	434	3.00% - 4.00% p.a. (2017: 3.00% - 4.85% p.a.)
Management fee income	-	-	9	9	Approximate cost
Dividend income	-	-	233	614	Declared rate
Sales of land	-	-	56	-	Approximate cost
Compensation for using of land	-	-	86	-	Approximate cost
Interest expenses	-	-	13	1	1.65% - 2.00% p.a. (2017: 2.00% p.a.)
<u>Transactions with associates</u>					
Management fee income	3	5	-	-	Contract price
Interest income	36	27	23	18	The interest rate as declared by the bank
Dividend income	2,267	1,967	2,267	1,967	Declared rate
Purchases of goods	52	56	50	54	Cost plus margin
Property rental fee expenses	191	173	-	-	Contract price
<u>Transactions with related companies</u>					
Property management fee income	227	203	-	-	Contract price
Human-resources management income	31	27	-	-	Contract price
Dividend income	178	140	62	52	Declared rate
IT management fee income	4	-	-	-	Contract price
Interest income	16	-	-	-	3.10% p.a. (2017: Nil)
Sale of assets to REIT	-	3,749	-	-	Contract price
Rental and services expenses	79	68	58	55	Baht 250 - 900 per square meter per month
Property rental fee expenses	769	599	-	-	Contract price

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deposit at financial institution (shown under cash and cash equivalents)				
<u>Associate</u>				
Land and Houses Bank Plc.	4,991.1	2,311.4	3,830.0	1,391.2
Current investments (Note 8)				
<u>Associates</u>				
Land and Houses Bank Plc.	200.2	-	-	-
Land and Houses Fund Management Co., Ltd.	500.4	500.0	500.4	500.0
Total	700.6	500.0	500.4	500.0
Amounts due from and accounts receivables - related parties (Note 9)				
<u>Subsidiaries</u> (Eliminated from the consolidated financial statements)				
L H Asset Co., Ltd.	-	-	0.1	-
Land and Houses Northeast Co., Ltd.	-	-	13.4	0.1
	-	-	13.5	0.1
<u>Associate</u>				
Q.H. International Co., Ltd.	-	0.4	-	-
	-	0.4	-	-
<u>Related companies</u>				
Quality Houses Leasehold Property Fund	1.5	0.6	-	-
Land and Houses Freehold and Leasehold Property Fund	4.2	1.3	-	-
Siam Retail Development Co., Ltd.	8.7	16.3	-	-
LH Shopping Centers Leasehold Real Estate Investment Trust	12.3	12.1	-	-
	26.7	30.3	-	-
Total	26.7	30.7	13.5	0.1
Short-term loans and accrued interest receivables - related parties				
<u>Subsidiaries</u> (Eliminated from the consolidated financial statements)				
Atlantic Real Estate Co., Ltd.	-	-	153.1	78.5
LH Mall & Hotel Co., Ltd.	-	-	2,328.9	1,019.8
Land and Houses Northeast Co., Ltd.	-	-	50.2	-
L H Asset Co., Ltd.	-	-	715.8	241.6
	-	-	3,248.0	1,339.9

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Associate				
Land and Houses Bank Plc.	4.6	1.0	1.6	0.1
	4.6	1.0	1.6	0.1
Related company				
Reco Resorts Pte Ltd.	52.9	-	-	-
	52.9	-	-	-
Total	57.5	1.0	3,249.6	1,340.0
Long-term loans and accrued interest receivables - related party				
Subsidiary				
(Eliminated from the consolidated financial statements)				
Land and Houses U.S.A., Inc.	-	-	9,611.1	13,566.6
Related company				
Reco Resorts Pte Ltd.	560.0	-	-	-
	560.0	-	-	-
Total	560.0	-	9,611.1	13,566.6
Deposit to related company				
(shown under other non-current assets)				
Related company				
Quality Houses Leasehold Property Fund	15.7	14.6	12.4	11.6
Trade accounts payable - related parties (Note 21)				
Associates				
Quality Construction Products Plc.	5.6	2.9	5.6	2.9
Home Product Center Plc.	0.4	0.3	0.2	0.1
	6.0	3.2	5.8	3.0
Related company				
Land and Houses Freehold and Leasehold Property Fund	-	0.1	-	-
Total	6.0	3.3	5.8	3.0
Amounts due to related parties (Note 21)				
Subsidiary				
(Eliminated from the consolidated financial statements)				
Siam Tanee Property Co., Ltd.	-	-	-	38.0
	-	-	-	38.0
Associates				
Home Product Center Plc.	0.3	3.8	0.1	3.7
Land and Houses Property and Loan Fund-II	47.1	47.3	-	-
	47.4	51.1	0.1	3.7

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Related companies				
Quality Houses Leasehold Property Fund	0.3	0.5	0.3	0.5
LH Hotel Leasehold Real Estate Investment Trust	178.0	191.3	-	-
LH Shopping Centers Leasehold Real Estate Investment Trust	0.2	-	-	-
	178.5	191.8	0.3	0.5
Total	225.9	242.9	0.4	42.2
Short-term loans and accrued interest payables - related parties				
Subsidiaries				
(Eliminated from the consolidated financial statements)				
Land and Houses Northeast Co., Ltd.	-	-	-	130.3
L H Real Estate Co., Ltd.	-	-	-	15.0
Land and Houses North Co., Ltd.	-	-	-	15.1
L&H Property Co., Ltd.	-	-	42.1	-
Total	-	-	42.1	160.4
Long-term loan - related party				
Subsidiary				
(Eliminated from the consolidated financial statements)				
L&H Property Co., Ltd.	-	-	840.0	-

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

Long-term loans - related party are unsecured loans to Land and Houses U.S.A., Inc. ("LH USA") in the form of promissory notes without collateral. Interest charged at the rate between 3.12% and 4.00% per annum (2017: 3.00% and 4.85% per annum). The current portion of long-term loans is presented in long-term loans - related party because the Company has no intention to call for such loans from LH USA within next 12 months.

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

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

(Unit: Million Baht)

	Consolidated financial statements			
	1 January 2018	Increase	Decrease	31 December 2018
Short-term loans and accrued interest receivables - related party				
<u>Associate</u>				
Land and Houses Bank Plc.	1.0	33.0	(29.4)	4.6
<u>Related company</u>				
Reco Resorts Pte Ltd.	-	52.9	-	52.9
Total	1.0	85.9	(29.4)	57.5
Long-term loan - related party				
<u>Related company</u>				
Reco Resorts Pte Ltd.	-	560.0	-	560.0

(Unit: Million Baht)

	Separate financial statements			
	1 January 2018	Increase	Decrease	31 December 2018
Short-term loans and accrued interest receivables - related parties				
<u>Subsidiaries</u>				
Atlantic Real Estate Co., Ltd.	78.5	103.2	(28.6)	153.1
LH Mall & Hotel Co., Ltd.	1,019.8	1,360.6	(51.5)	2,328.9
L H Asset Co., Ltd.	241.6	505.1	(30.9)	715.8
Land and Houses Northeast Co., Ltd.	-	50.2	-	50.2
	1,339.9	2,019.1	(111.0)	3,248.0
<u>Associate</u>				
Land and Houses Bank Plc.	0.1	19.3	(17.8)	1.6
Total	1,340.0	2,038.4	(128.8)	3,249.6
Long-term loan and accrued interest receivables - related party				
<u>Subsidiary</u>				
Land and Houses U.S.A., Inc.	13,566.6	2,066.8	(6,022.3)	9,611.1
Short-term loans and accrued interest payables - related parties				
<u>Subsidiaries</u>				
Land and Houses Northeast Co., Ltd.	130.3	601.0	(731.3)	-
L H Real Estate Co., Ltd.	15.0	-	(15.0)	-
Land and Houses North Co., Ltd.	15.1	-	(15.1)	-
L&H Property Co., Ltd.	-	42.1	-	42.1
Total	160.4	643.1	(761.4)	42.1
Long-term loan - related party				
<u>Subsidiary</u>				
L&H Property Co., Ltd.	-	840.0	-	840.0

Directors and management's benefits

During the year ended 31 December 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term employee benefits	243,022	261,344	180,238	198,688
Post-employment benefits	9,632	8,470	3,968	5,251
Total	252,654	269,814	184,206	203,939

Commitments and contingent liabilities of related parties

The Company and its subsidiaries had commitments related to project management, consulting, and operating lease and service agreement with related companies as described in Note 35.

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

7. Cash and cash equivalents

(Unit: Thousand Baht)

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

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

8. Current investments

(Unit: Thousand Baht)

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

9. Trade and other receivables

(Unit: Thousand Baht)

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

10. Real estate development cost (inventories)

(Unit: Thousand Baht)

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

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

During the years, the Company and its subsidiaries included borrowing costs in cost of land and construction in progress. These were determined by applying a capitalisation rate which is the weighted average of the financial charges on total borrowings as follows:

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

As at 31 December 2018 and 2017, the Company and a subsidiary have mortgaged land and structures thereon to secure the loans and the overdraft facilities of the Company and its subsidiary, with net book values as follows:

(Unit: Million Baht)

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

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

(Unit: Million Baht)

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

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

In September 2018, a subsidiary company entered into a memorandum of understanding in relation to purchase of project under construction with a company at a total price of Baht 650 million. The price and the transaction may be subject to change or cancellation after the project due diligence is complete. However, up to the date of the authorisation of these financial statements, the transaction is still in process to perform under the terms and conditions as agreed.

11. Restricted bank deposit

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

12. Investments in subsidiaries

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

(Unit: Thousand Baht)

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

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

12.2 Share of comprehensive income and dividend received

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

(Unit: Thousand Baht)

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

12.3 Significant changes in investments in subsidiaries

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

On 29 June 2018, the Extraordinary General Meeting of Shareholders of Phuket Future Plan Co., Ltd. (“PFP”), the Company’s 55% owned indirect subsidiary (99.99% held by L H Muang Mai Co., Ltd.) passed a resolution approving the dissolution of its legal entity which will be effective on 30 June 2018. PFP filed for deregistration on 2 July 2018. PFP has been completely the liquidation process on 4 September 2018.

Reduction of share capital of subsidiary

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

(Unit: Million Baht)

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

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

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

(Unit: Million Baht)

Company’s name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	2018	2017	2018	2017	2018	2017	2018	2017
	(%)	(%)						
L H Muang Mai Co., Ltd. and its subsidiary	45	45	564	562	3	(13)	-	-
L&H Property Co., Ltd. and its subsidiary	40	40	205	180	26	702	-	361

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

Summarised information about financial position

(Unit: Million Baht)

	L H Muang Mai Co., Ltd. and its subsidiary		L&H Property Co., Ltd. and its subsidiary	
	2018	2017	2018	2017
Current assets	1,209	1,188	1,041	2,354
Non-current assets	135	136	1,446	48
Current liabilities	(73)	(64)	(551)	(475)
Non-current liabilities	(17)	(12)	(1,424)	(1,476)

Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December			
	L H Muang Mai Co., Ltd. and its subsidiary		L&H Property Co., Ltd. and its subsidiary	
	2018	2017	2018	2017
Revenue	427	254	2,043	3,953
Profit (loss)	6	(29)	72	1,759
Other comprehensive income	-	-	(7)	-
Total comprehensive income	6	(29)	65	1,759

Summarised information about cash flow

(Unit: Million Baht)

	For the year ended 31 December			
	L H Muang Mai Co., Ltd. and its subsidiary		L&H Property Co., Ltd. and its subsidiary	
	2018	2017	2018	2017
Cash flow from (used in) operating activities	168	(154)	(151)	323
Cash flow from (used in) investing activities	64	5	(1,476)	3,958
Cash flow used in financing activities	-	-	-	(2,412)
Net increase (decrease) in cash and cash equivalents	232	(149)	(1,627)	1,869

13. Investments in associates

13.1 Details of associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated and separate financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2018	2017	2018	2017	2018	2017
			(Percent)	(Percent)				
LH Financial Group Plc.	Holding company	Thailand	21.88	21.88	4,538,712	4,538,712	8,697,404	8,444,892
Quality Construction Products Plc.	Manufacture of construction materials	Thailand	21.16	21.16	179,178	179,178	391,700	379,416
Home Product Center Plc.	Trading of construction materials	Thailand	30.23	30.23	1,489,020	1,489,020	6,639,182	6,252,422
Land and Houses Property and Loan Fund-II	Real estate business	Thailand	49.99	49.99	743,925	743,925	419,337	442,187
Quality Houses Plc.	Real estate business	Thailand	24.98	24.98	3,282,682	3,282,682	7,425,351	7,058,906
					10,233,517	10,233,517	23,572,974	22,577,823

13.2 Share of comprehensive income and dividend received

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

(Unit: Thousand Baht)

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

13.3 Fair values of investments in listed associates

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

(Unit: Million Baht)

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

13.4 Summarised financial information about material associates

Summarised information about financial position

(Unit: Million Baht)

	LH Financial Group Plc.		Home Product Center Plc.		Quality Houses Plc.	
	2018	2017	2018	2017	2018	2017
Current assets	245,933	233,111	19,006	15,242	29,845	29,624
Non-current assets	-	-	35,805	35,708	24,303	23,407
Current liabilities	(206,224)	(194,556)	(23,560)	(20,378)	(14,223)	(11,884)
Non-current liabilities	-	-	(11,337)	(11,937)	(13,656)	(16,345)
Net assets	39,709	38,555	19,914	18,635	26,269	24,802
Shareholding percentage (%)	21.88	21.88	30.23	30.23	24.98	24.98
Share of net assets	8,688	8,436	6,020	5,633	6,561	6,195
Goodwill	9	9	619	619	864	864
Carrying amounts of associates based on equity method	8,697	8,445	6,639	6,252	7,425	7,059

Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December					
	LH Financial Group Plc.		Home Product Center Plc.		Quality Houses Plc.	
	2018	2017	2018	2017	2018	2017
Revenue	7,060	6,493	66,050	64,234	18,118	19,744
Profit for the year	3,108	2,604	5,613	4,886	3,800	3,462
Other comprehensive income	(577)	196	6	(60)	(83)	8
Total comprehensive income	2,531	2,800	5,619	4,826	3,717	3,470

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

(Unit: Million Baht)

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

13.6 The Company's consolidated financial statements for the years ended 31 December 2018 and 2017 included investments in the following associates accounted for under the equity method, and share of profit from investments in associates under the equity method, determined based on financial statements of those companies which have been audited as follows.

(Unit: Thousand Baht)

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

14. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Available-for-sale securities				
Equity securities - Overseas	2,368,704	2,368,704	2,368,704	2,368,704
Unit trust - Domestic	2,381,276	2,073,502	1,091,343	783,568
Add: Changes in fair value of securities	863,631	2,620,368	291,696	2,211,373
Available-for-sale securities - net	5,613,611	7,062,574	3,751,743	5,363,645
Other investments				
Equity securities - Domestic	204,239	204,239	26,000	26,000
Unit trust - Domestic	165	165	-	-
Less: Allowance for impairment	(110,500)	(110,500)	(26,000)	(26,000)
Other investments - net	93,904	93,904	-	-
Total	5,707,515	7,156,478	3,751,743	5,363,645

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

15. Land held for development

(Unit: Thousand Baht)

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

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

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

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

As at 31 December 2018 and 2017, the Company has mortgaged some of the land held for development to secure long-term loans with net book value as follows:

(Unit: Million Baht)

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

16. Investment properties

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

(Unit: Thousand Baht)

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

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

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

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

(Unit: Thousand Baht)

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

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

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

(Unit: Million Baht)

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

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

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

- Vacant land and apartments which are acquired in the year 2017 have been determined based on acquisition cost. The management believes that there are no material differences between the book value and its fair value.
- Apartments which are acquired before the year 2017 have been determined by an accredited independent valuer in the year 2018 using the Market Comparison Approach and the Income Approach.

During the years 2018 and 2017, LH USA gained rental income and had direct operating expenses arising from its apartments which are recorded in profit or loss as detailed below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Rental income	715	672	-	-
Direct operating expenses	647	600	-	-

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

17. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							
	Land	Building and building improvement	Office equipment	Furniture, fixture and equipment	Motor vehicles	Others	Assets under construction	Total
<u>Cost</u>								
1 January 2017	28,857	55,722	162,745	500,478	136,161	248,684	180,818	1,313,465
Additions	-	-	10,722	32,243	65,875	38,625	30,133	177,598
Disposals/write-off	-	-	(30,188)	(154,771)	(53,260)	(155,889)	-	(394,108)
Transfer in (out)	-	1,795	-	52,003	-	-	(53,798)	-
Translation adjustment	-	-	(25)	(55)	-	-	-	(80)
31 December 2017	28,857	57,517	143,254	429,898	148,776	131,420	157,153	1,096,875
Additions	-	9,686	64,055	174,245	5,476	124,809	62,862	441,133
Disposals/write-off	-	-	(8,113)	(11,789)	(5,807)	(129)	-	(25,838)
Transfer in (out)	-	3,680	(61)	58,051	-	-	(61,670)	-
Translation adjustment	-	-	(3)	(8)	-	-	-	(11)
31 December 2018	28,857	70,883	199,132	650,397	148,445	256,100	158,345	1,512,159
<u>Accumulated depreciation</u>								
1 January 2017	-	32,329	130,212	307,743	94,464	174,291	-	739,039
Depreciation for the year	-	3,616	11,468	56,485	23,787	25,232	-	120,588
Depreciation on disposals/write-off	-	-	(21,973)	(141,320)	(47,969)	(120,700)	-	(331,962)
Translation adjustment	-	-	(19)	(49)	-	-	-	(68)
31 December 2017	-	35,945	119,688	222,859	70,282	78,823	-	527,597
Depreciation for the year	-	3,865	13,072	73,289	23,330	30,231	-	143,787
Depreciation on disposals/write-off	-	-	(8,078)	(10,089)	(4,379)	(98)	-	(22,644)
Translation adjustment	-	-	(1)	(4)	-	-	-	(5)
31 December 2018	-	39,810	124,681	286,055	89,233	108,956	-	648,735
<u>Allowance for impairment</u>								
1 January 2017	334	-	-	-	-	-	-	334
Increase	-	-	-	-	-	-	-	-
31 December 2017	334	-	-	-	-	-	-	334
Increase	-	-	-	-	-	-	-	-
31 December 2018	334	-	-	-	-	-	-	334
<u>Net book value</u>								
31 December 2017	28,523	21,572	23,566	207,039	78,494	52,597	157,153	568,944
31 December 2018	28,523	31,073	74,451	364,342	59,212	147,144	158,345	863,090
<u>Depreciation for the year</u>								
2017 (Baht 57 million included in cost of sales, and the balance in administrative expenses)								120,588
2018 (Baht 72 million included in cost of sales, and the balance in administrative expenses)								143,787

(Unit: Thousand Baht)

	Separate financial statements							
	Land	Building and building improvement	Office equipment	Furniture, fixture and equipment	Motor vehicles	Other	Assets under construction	Total
<u>Cost</u>								
1 January 2017	1,860	42,277	118,871	201,923	103,714	57,197	180,816	706,658
Additions	-	-	7,383	1,489	61,271	3,943	28,766	102,852
Disposals/write-off	-	-	(11,298)	(8,828)	(52,344)	(5,791)	-	(78,261)
Transfer in (out)	-	1,795	-	52,003	-	-	(53,798)	-
31 December 2017	1,860	44,072	114,956	246,587	112,641	55,349	155,784	731,249
Additions	-	-	13,508	-	4,580	3,089	40,109	61,286
Disposals/write-off	-	-	(8,090)	(11,789)	(5,329)	(120)	-	(25,328)
Transfer in (out)	-	3,680	-	56,628	-	-	(60,308)	-
31 December 2018	1,860	47,752	120,374	291,426	111,892	58,318	135,585	767,207
<u>Accumulated depreciation</u>								
1 January 2017	-	26,614	108,650	154,113	85,465	49,839	-	424,681
Depreciation for the year	-	2,029	6,456	20,767	17,453	3,700	-	50,405
Depreciation on disposals/write-off	-	-	(11,293)	(8,181)	(47,749)	(5,769)	-	(72,992)
31 December 2017	-	28,643	103,813	166,699	55,169	47,770	-	402,094
Depreciation for the year	-	1,912	6,831	28,654	16,607	2,864	-	56,868
Depreciation on disposals/write-off	-	-	(8,071)	(10,089)	(3,953)	(95)	-	(22,208)
31 December 2018	-	30,555	102,573	185,264	67,823	50,539	-	436,754
<u>Allowance for impairment</u>								
1 January 2017	334	-	-	-	-	-	-	334
Increase	-	-	-	-	-	-	-	-
31 December 2017	334	-	-	-	-	-	-	334
Increase	-	-	-	-	-	-	-	-
31 December 2018	334	-	-	-	-	-	-	334
<u>Net book value</u>								
31 December 2017	1,526	15,429	11,143	79,888	57,472	7,579	155,784	328,821
31 December 2018	1,526	17,197	17,801	106,162	44,069	7,779	135,585	330,119
<u>Depreciation for the year</u>								
2017 (The balance included in administrative expenses)								50,405
2018 (The balance included in administrative expenses)								56,868

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

As at 31 December 2018 and 2017, certain items of building and equipment of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Building and equipment items have been fully depreciated but are still in use	399	342	327	286

18. Leasehold rights

(Unit: Thousand Baht)

Project	Consolidated financial statements				
	Remaining periods of leasehold rights (years)	1 January 2018	Increase	Amortisation	31 December 2018
Grande Centre Point Hotel Sukhumvit 55	29	1,584,531	-	(54,147)	1,530,384
Grande Centre Point Hotel Pattaya and Terminal 21 Shopping Center Pattaya	30	2,014,906	2,459,866	(38,364)	4,436,408
Terminal 21 Shopping Center Rama III	33	42,000	414,623	(11,456)	445,167
Vacant land	10 and 40	24,090	221,097	(4,545)	240,642
Total		3,665,527	3,095,586	(108,512)	6,652,601

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

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

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

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

19. Other intangible assets

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

(Unit: Thousand Baht)

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

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

(Unit: Thousand Baht)

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

20. Short-term loans from financial institution

(Unit: Thousand Baht)

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

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

21. Trade and other payables

(Unit: Thousand Baht)

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

22. Long-term loans

(Unit: Thousand Baht)

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

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

(Unit: Thousand Baht)

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

As at 31 December 2018 and 2017, 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
	2018	2017	2018	2017			
The Company	4,000	3,075	4,000	3,075	2.3% (2017: 2.6%)	Within April 2022	Land
Subsidiaries							
LH Mall & Hotel Co., Ltd.*	-	1,200	-	-	MLR - 2.5	First repayment at end of March 2018 to December 2027, totaling 40 periods	Land and premises of project
	2,550	530	-	-	MLR - 2.75	First repayment at end of March 2020 to December 2029	Land and premises of project
Land and Houses U.S.A., Inc.	1,108	1,140	-	-	3% or 5 years Swap Rate (Bloomberg) +1.29 whichever is higher rate	Repayment within 5 years from the first drawdown date (USD 35 million)	Apartment of project
	-	1,779	-	-	Federal Fund Rate + 1 or Prime Rate of Bank of America + 0.5 or LIBOR + 0.5 whichever is higher rate	Repayment within 3 years from the first drawdown date (USD 54.45 million)	Apartment of project
	1,947	-	-	-	3.83%	Repayment within 5 years from the first drawdown date (USD 60 million)	Apartment of project
Total	9,605	7,724	4,000	3,075			
Less: Current portion	(24)	(3,139)	-	(3,075)			
Net	9,581	4,585	4,000	-			

* The Company, as shareholders of LH Mall & Hotel Co., Ltd. ("LHMH") holding 99.99% of shares, agreed to provide assurance to the lender of LHMH whereby there are certain covenants pertaining to, among other things, the maintenance of the Company's level of shareholding, the provision of financial support. In addition, the Company needs to obtain the written consent from the lender should the Company 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 2018 and 2017, there were available long-term loan facilities from financial institutions as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Undrawn loan facilities	482	2,900	-	70

23. Debentures

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

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

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

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

No.	Interest rate per annum	Age	Repayment	Maturity	Consolidated and separate financial statements			
					Number of debenture (Shares)		Amount (Thousand Baht)	
					2018	2017	2018	2017
Unsubordinated and unsecured debentures								
No. 4/2014	Fixed rate 3.70%	3.5 years	At maturity	17 March 2018	-	1,000,000	-	1,000,000
No. 1/2015	Fixed rate 3.02%	3.5 years	At maturity	25 September 2018	-	1,000,000	-	1,000,000
No. 2/2015 (1)	Fixed rate 2.81%	3 years	At maturity	2 April 2018	-	7,000,000	-	7,000,000
No. 2/2015 (2)	Fixed rate 3.31%	5 years	At maturity	2 April 2020	1,000,000	1,000,000	1,000,000	1,000,000
No. 3/2015 (1)	Fixed rate 2.41%	3 years	At maturity	8 October 2018	-	4,000,000	-	4,000,000
No. 3/2015 (2)	Fixed rate 2.66%	4 years	At maturity	8 October 2019	1,000,000	1,000,000	1,000,000	1,000,000
No. 3/2015 (3)	Fixed rate 2.99%	5 years	At maturity	8 October 2020	1,000,000	1,000,000	1,000,000	1,000,000
No. 1/2016	Fixed rate 1.82%	3 years	At maturity	29 April 2019	5,000,000	5,000,000	5,000,000	5,000,000
No. 2/2016	Fixed rate 2.23%	3 years	At maturity	28 October 2019	7,250,000	7,250,000	7,250,000	7,250,000
No. 1/2017	Fixed rate 2.48%	3 years	At maturity	28 April 2020	6,000,000	6,000,000	6,000,000	6,000,000
No. 2/2017	Fixed rate 2.22%	2 years	At maturity	28 April 2019	1,000,000	1,000,000	1,000,000	1,000,000
No. 3/2017	Fixed rate 2.13%	3 years	At maturity	5 October 2020	6,000,000	6,000,000	6,000,000	6,000,000
No. 1/2018	Fixed rate 2.96%	7 years	At maturity	7 March 2025	1,200,000	-	1,200,000	-
No. 2/2018	Fixed rate 1.98%	3 years	At maturity	7 May 2021	6,000,000	-	6,000,000	-
No. 3/2018	Fixed rate 3.02%	3 years	At maturity	5 October 2021	5,000,000	-	5,000,000	-
Total					40,450,000	41,250,000	40,450,000	41,250,000
Less: Current portion of debentures							(14,250,000)	(13,000,000)
Net							26,200,000	28,250,000

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

(Unit: Thousand Baht)

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

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

(Unit: Thousand Baht)

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

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

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

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

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate	2.8% - 3%	3%	3%	3%
Salary increase rate	6% - 6.5%	6% - 6.5%	6.5%	6.5%
Turnover rate	0% - 25%	0% - 25%	0% - 20%	0% - 20%

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below:

(Unit: Million Baht)

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

(Unit: Million Baht)

	As at 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

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

26. Share capital

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

Date of exercised	Type of warrant	Number of exercised warrants	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 (a final exercise date)	LH-W3	32,011,455	32,011,455	3.50	23 May 2017	25 May 2017
Total		163,167,184	163,167,184			

Reconciliation of number of shares

(Unit: Shares)

	Consolidated and separate financial statements	
	2018	2017
Registered share capital	12,031,105,828	12,031,105,828
Issued and paid-up share capital		
Balance as at beginning of year	11,949,713,176	11,786,545,992
Increased due to exercise of warrants	-	163,167,184
Balance as at ending of year	11,949,713,176	11,949,713,176

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

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

(Unit: Thousand Baht)

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

28. Statutory reserve

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

29. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Million Baht)

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

30. Income tax

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

(Unit: Thousand Baht)

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

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

(Unit: Thousand Baht)

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

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Accounting profit before tax	12,211,893	13,043,705	11,968,512	11,796,670
Applicable tax rate	20% and 28%	20% and 40%	20%	20%
Accounting profit before tax multiplied by income tax rate	2,505,476	2,510,902	2,393,702	2,359,334
Adjustment in respect of income tax of previous year	(153,339)	-	-	-
Effects of:				
Change in value of investments accounted for the equity method	(680,898)	(854,426)	(903,568)	(1,024,997)
Exempt dividend income	(12,480)	(10,344)	(12,478)	(10,342)
Non-deductible expenses	17,646	22,397	12,358	8,297
Additional expense deductions allowed	(11,965)	(21,781)	(1,554)	(1,759)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Unused tax losses	44	196,427	-	-
Exempt income	2,268	-	-	-
Reversal deferred tax asset as previously recorded	15,960	52,647	-	-
Items treated as revenue under the Revenue Code	3,878	2,942	1,170	2,942
Utilise of tax losses	(8,890)	-	-	-
Others	29,830	(8,734)	3,454	(22)
Total	(644,607)	(620,872)	(900,618)	(1,025,881)
Income tax expenses reported in the statement of income	1,707,530	1,890,030	1,493,084	1,333,453

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

(Unit: Thousand Baht)

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

As at 31 December 2018, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 3,767 million (2017: Baht 1,135 million) (The Company only: 2018 and 2017: Nil), on which deferred tax assets have not been recognised as the Company and its subsidiaries believe that the temporary differences and unused tax losses will not be used.

As at 31 December 2018, the unused tax losses amounting to Baht 1,643 million (2017: 864 million).

31. Earnings per share

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

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

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

32. Segment information

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

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

- Real estate business segment which consists of houses, townhouses and residence condominium projects for sale.
- Rental and service business segment which consists of shopping mall, hotel and apartment for rent.

The chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements. However, the Company and its subsidiaries' investments in associates and income taxes are managed on a Group basis and are not allocated to operating segments.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following table present revenue and profit information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2018 and 2017, respectively.

(Unit: Million Baht)

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

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

(Unit: Million Baht)

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

(Unit: Million Baht)

	For the year ended 31 December 2017					
	Real estate business	Rental and service business	Others	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	31,724	3,198	-	34,922	-	34,922
Inter-segment revenue	-	216	-	216	(216)	-
Interest revenue	467	21	-	488	(435)	53
Infrastructure service income	279	-	-	279	-	279
Interest expense	(510)	(566)	-	(1,076)	435	(641)
Depreciation and amortisation	(56)	(487)	-	(543)	-	(543)
Loss on diminution in value of project and land held for development	(9)	-	-	(9)	-	(9)
Gain on change in shareholders' equity of an associate	-	-	1,135	1,135	-	1,135
Gain on sales of assets	93	2,058	-	2,151	24	2,175
Share of profit from investments in associates accounted for by the equity method	866	57	2,214	3,137	-	3,137
Segment profit	7,832	1,896	3,349	13,077	46	13,123
Unallocated revenue and expenses:						
Other income						223
Other expenses						(303)
Income tax expenses						(1,890)
Non-controlling interests of the subsidiaries						(690)
Profit for the year						10,463

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

(Unit: Million Baht)

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

Geographic information

Revenue from external customers is based on locations of the customers of the Company and its subsidiaries which are summarised as follow:

(Unit: Million Baht)

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

Major customers

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

33. Provident fund

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

(Unit: Million Baht)

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

34. Dividends

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

35. Commitments and contingent liabilities

35.1 Commitments

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

(Unit: Million Baht)

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

35.1.2 As at 31 December 2018 and 2017, L&H Property Company Limited ("LHP"), the Company's 60% owned subsidiary, and LH Mall & Hotel Company Limited ("LHMH"), the Company's 99.99% owned subsidiary, have the following commitments under land and construction lease agreement and land lease agreement as follows:

a) Land and construction lease agreement - LHP

Agreement date	Agreement period	Maturity date	Rental rate
7 June 2005	30 years*	31 May 2038	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 (Full amount has been paid) 11 th - 15 th year, total rental payment of Baht 54 million (As at 31 December 2018: already paid Baht 6 million in total) 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 2018 and 2017, LHP is committed to pay security expenses at the rate of Baht 11,160 per month throughout the period of construction and the period of the lease.

The rentals under the above land lease agreement are recognised as liabilities in the consolidated financial statement, at present value, as part of relevant expenses in the sales of assets of Grande Centre Point Hotel Ratchadamri project to REIT.

b) Land lease agreement - LHP

Agreement date	Agreement period	Rental rate
10 March 2006	30 years*	Land leasing fee is to be monthly paid as follows: 1 st - 5 th year, total rental of Baht 20 million (Full amount has been paid) 6 th - 10 th year, total rental of Baht 23 million (As at 31 December 2018: already paid Baht 14 million in total) 11 th - 15 th year, total rental of Baht 27 million 16 th - 20 th year, total rental of Baht 31 million 21 st - 25 th year, total rental of Baht 35 million 26 th - 30 th year, total rental of Baht 41 million

* The agreement runs from 1 September 2010 to 31 August 2040. However, the lessor consented to allow LHP to develop or construct on the leased land between 1 September 2007 and 31 August 2010, and LHP agreed to pay additional ground rental fee of Baht 160,000 per month.

The rentals under the above land lease agreement are recognised as liabilities in the consolidated financial statement, at present value, as part of relevant expenses in the sales of assets of Terminal 21 Shopping Center Project and Grande Centre Point Hotel Terminal 21 Project to REIT.

c) Land lease agreements - LHMH

Agreement date	Agreement period	Maturity date	Rental rate
3 October 2013	30 years*	31 March 2047	From 1 April 2017, the following rental is to be paid annually 1 st - 7 th year, total rental payment of Baht 35 million (As at 31 December 2018: already paid 9 million in total) 8 th - 17 th year, total rental payment of Baht 100 million 18 th - 27 th year, total rental payment of Baht 150 million 28 th - 30 th year, total rental payment of Baht 75 million

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

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

d) Land lease agreements - LHMH

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

* The agreement runs after the construction period of 3 years. However, the lessor consented to allow LHMH, to develop or construct on the leased land for 3 years after the transfer and lease registration date. LHMH is committed to pay commission at Baht 1,716,000 per month in the first and second years of construction period and Baht 1,980,000 per month in the third year of construction period.

e) Land lease agreements - LHMH

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

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

f) Land lease agreements - LHMH

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

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

35.1.3 As at 31 December 2018 and 2017, the subsidiary, is committed to pay a fixed rental fee and variable rental fee to fund and/or REIT in accordance with the conditions stipulated in the lease agreements to lease assets of the followings:

Fund and/or REIT	Project	Term
Land and Houses Property and Loan Fund-II	Grande Centre Point Hotel Ploenchit	From 1 January 2019 to 31 December 2021
LH Hotel Leasehold Real Estate Investment Trust	Grande Centre Point Hotel Terminal 21	From 16 December 2018 to 15 December 2021
	Grande Centre Point Hotel Ratchadamri	From 15 June 2017 to 14 June 2020

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

(Unit: Million Baht)

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

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

(Unit: Million Baht)

	Consolidated and separate financial statements	
	2018	2017
Commitment to purchase of land	1,481	3,917

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

35.16 Operating lease commitments

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

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

(Unit: Million Baht)

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

35.2 Bank guarantees

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Letter of guarantees for arrangement and maintenance of public utilities	4,183	2,998	3,956	2,769
Letter of guarantees for electricity usage	68	62	49	49
	4,251	3,060	4,005	2,818

35.3 Guarantees

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

(Unit: Million Baht)

Guarantor	Guarantee	2018	2017
Land and Houses Plc.	Customers	7	7

35.3.2 The Company has contingent liabilities to a bank in relation to the financial support in form of issuance of a letter of comfort to provide to the subsidiaries for loans and guarantee facilities obtained for development of the subsidiaries' projects. As at 31 December 2018, the subsidiaries have outstanding loans related to guarantee portion of the Company as specified in the letter of comfort amounting to Baht 3,159 million (2017: Baht 1,730 million).

35.4 Litigations

1) In 2006, two housing estate juristic persons and housing residents filed a lawsuit against the Company and Atlantic Real Estate Co., Ltd., the Company's 99.99% owned subsidiary, for claim of Baht 1,013 million in relation to access to public thoroughfares. Subsequently, in June 2009, the plaintiffs requested to reduce the claim to be Baht 800 million. The Court of First Instance and the Appeal Court dismissed the lawsuit on 24 July 2014 and 24 April 2017, respectively. At present, the case is under the process of the Supreme Court.

In February 2009, the Company and its subsidiary were additionally sued in 2 lawsuits which were under the claims Baht 310 million and Baht 102 million, in accordance with the Customer Protect Act.

a) Currently, the Court has suspended the civil case Baht 310 million while waiting for the Court decision of the civil case Baht 800 million.

b) On 10 August 2012, the Court of First Instance issued a verdict on a civil case with the amount in dispute of Baht 102 million. The Court ordered the Company to pay for damages of Baht 104 million plus interest at a rate of 7.5% per annum, commencing from 8 December 2008 until the full amount is paid. Subsequently, the Appeal Court rendered a conflict judgement with the Court of First Instance, by instructing the Company to pay for damages of Baht 5 million plus interest at a rate of 7.5% per annum, commencing from 10 December 2008 until the full amount is paid. At present, the case is under the process of the Supreme Court.

2) In 2010 - 2016, a housing estate juristic persons and housing residents filed totaling 10 lawsuits against the Company, involving the construction of a kindergarten in project demanding claim totaling Baht 494 million. The Court of First Instance ordered the Company to pay for damages of Baht 27 million plus interest at a rate of 7.5% per annum, commencing from 18 January 2008 until the full amount is paid. Subsequently, the Appeal Court rendered a conflict judgement with the Court of First Instance, by instructing the Company to pay for damages of Baht 13.5 million plus interest at a rate of 7.5% per annum, commencing from 18 January 2008 until the full amount is paid. At present, the case is under the process of the Supreme Court.

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

3) In August and September 2016, the Company has been sued by two condominium juristic persons in civil lawsuits (Consumer Protection legal cases) for breach of agreements, claiming for compensation total of Baht 544 million. Currently, the Company and the plaintiffs signed settlement agreements to settle the outstanding disputes in relation to these cases. The Court of First Instance has rendered its judgement as per the settlement agreements.

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

5) As at 31 December 2018, the Company has been sued for breach of agreements, claiming for a total of Baht 160 million (2017: Baht 151 million).

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

36. Fair value hierarchy

As at 31 December 2018 and 2017, the Company and its subsidiaries had the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments - Trading securities	-	500	-	500
Other long-term investments - Available-for-sale securities				
Equity securities - Overseas	2,644	-	-	2,644
Investment units - Domestic	2,970	-	-	2,970
Assets for which fair value are disclosed				
Investments in associates that are listed companies on the Stock Exchange	74,068	-	-	74,068
Investment properties	-	-	14,508	14,508
Favourable cross currency and interest rate swap agreements	-	248	-	248
Liabilities for which fair value are disclosed				
Long-term loans	-	-	9,605	9,605
Debentures	-	38,003	-	38,003

(Unit: Million Baht)

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

(Unit: Million Baht)

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

(Unit: Million Baht)

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

37. Financial instruments

37.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, loans, trade and other payables, borrowings and debentures. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and loans as stated in the statements of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to their deposit at financial institutions, loans, bank overdrafts, borrowings and debentures which bearing of interest. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

As at 31 December 2018 and 2017, significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements						
	2018						
	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	73	3,348	-	2,798	913	7,132	Note 7
Current investments	-	200	-	-	500	700	1.30 and 1.50
Trade and other receivables	-	-	-	-	229	229	-
Restricted bank deposit	-	-	-	10	-	10	0.375
Other investments							
- Available-for-sale securities	-	-	-	-	5,614	5,614	-
Loans to related party	-	20	560	-	-	580	3.10 and 3.05
Financial liabilities							
Trade and other payables	-	-	-	-	3,701	3,701	-
Short-term loans	-	609	-	-	-	609	Note 20
Long-term loans	-	-	5,947	3,658	-	9,605	Note 22
Debentures	-	14,250	26,200	-	-	40,450	Note 23

(Unit: Million Baht)

	Separate financial statements						
	2018						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate
	At call	Within 1 year	1 - 5 years				(% p.a.)
Financial assets							
Cash and cash equivalents	-	3,000	-	1,939	715	5,654	Note 7
Current investments	-	-	-	-	500	500	-
Trade and other receivables	-	-	-	-	55	55	-
Loans to related parties	3,216	-	9,582	-	-	12,798	3.12 - 4.00
Other investments							
- Available-for-sale securities	-	-	-	-	3,752	3,752	-
Financial liabilities							
Trade and other payables	-	-	-	-	2,671	2,671	-
Loans from related party	-	30	840	-	-	870	1.65 and 2.13
Long-term loans	-	-	4,000	-	-	4,000	Note 22
Debentures	-	14,250	26,200	-	-	40,450	Note 23

(Unit: Million Baht)

	Consolidated financial statements						
	2017						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate
	At call	Within 1 year	1 - 5 years				(% p.a.)
Financial assets							
Cash and cash equivalents	177	810	-	3,191	605	4,783	Note 7
Current investments	-	-	-	-	500	500	-
Trade and other receivables	-	-	-	-	163	163	-
Restricted bank deposit	-	-	-	10	-	10	0.375
Other investments							
- Available-for-sale securities	-	-	-	-	7,063	7,063	-
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 7
Current investments	-	-	-	-	500	500	-
Trade and other receivables	-	-	-	-	29	29	-
Loans to related parties	1,313	5,059	8,465	-	-	14,837	3.00 - 4.85
Other investments							
- Available-for-sale securities	-	-	-	-	5,364	5,364	-
Financial liabilities							
Trade and other payables	-	-	-	-	2,215	2,215	-
Loans from related parties	160	-	-	-	-	160	2.00
Long-term loans	-	3,075	-	-	-	3,075	Note 22
Debentures	-	13,000	28,250	-	-	41,250	Note 23

Foreign currency risk

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

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

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

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

The Company entered into Cross Currency and Interest Rate Swap agreements to manage risk associated with the financial liabilities carrying floating interest. The details of long-term loans from financial institutions are set out in Note 22. The details of the Cross Currency and Interest Rate Swap agreements outstanding as at 31 December 2018 and 2017 are as follows:

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

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

Consolidated and separate financial statements					
As at 31 December 2017					
Currency and Interest Revenue Rate 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

37.2 Fair values of financial instruments

The estimated fair values of financial instruments as at 31 December 2018 and 2017, in comparison with the related amounts carried, are as follows:

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	Carrying amount		Fair value		Carrying amount		Fair value	
	2018	2017	2018	2017	2018	2017	2018	2017
Financial assets								
Cash and cash equivalents	7,132	4,783	7,132	4,783	5,654	1,872	5,654	1,872
Current investment	700	500	700	500	500	500	500	500
Trade and other receivables	229	163	229	163	55	29	55	29
Restricted bank deposit	10	10	10	10	-	-	-	-
Loans to related parties	580	-	580	-	12,798	14,837	12,798	14,837
Other investments								
- Available-for-sale securities	5,614	7,063	5,614	7,063	3,752	5,364	3,752	5,364
Financial liabilities								
Trade and other payables	3,701	3,400	3,701	3,400	2,617	2,215	2,617	2,215
Loans from related parties	-	-	-	-	870	160	870	160
Short-term loans	609	-	609	-	-	-	-	-
Long-term loans	9,605	7,724	9,605	7,724	4,000	3,075	4,000	3,075
Debentures	40,450	41,250	38,003	38,691	40,450	41,250	38,003	38,691

The estimated fair values of the derivatives are as follows:

(Unit: Million Baht)

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

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

- For financial assets and liabilities which have short-term maturity, including cash and deposit at financial institutions, accounts receivable and accounts payable, their carrying amounts in the statements of financial position approximate their fair values.
- For equity securities, their fair value is generally derived from quoted market prices.
- 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.
- 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.
- For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, interest rate yield curves and commodity price yield curves.

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

38. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2018, the Group's debt-to-equity ratio was 1.22:1 (2017: 1.15:1) and the Company's was 1.04:1 (2017: 1.02:1).

39. Subsequent events after reporting period

On 27 February 2019, the meeting of the Company's Board of Directors passed the resolution to propose Annual General Meeting of the Company's shareholders for approval the payment of a dividend for the year 2018 of Baht 0.75 per share. However, since the Board of Directors previously approved an interim dividend from profit of the year 2018 amounting to Baht 0.40 per share, the Board will propose the remaining dividend payment of Baht 0.35 per share, amounting to Baht 4,182 million. The payment of such dividend shall be made within May 2019.

40. Approval of financial statements

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

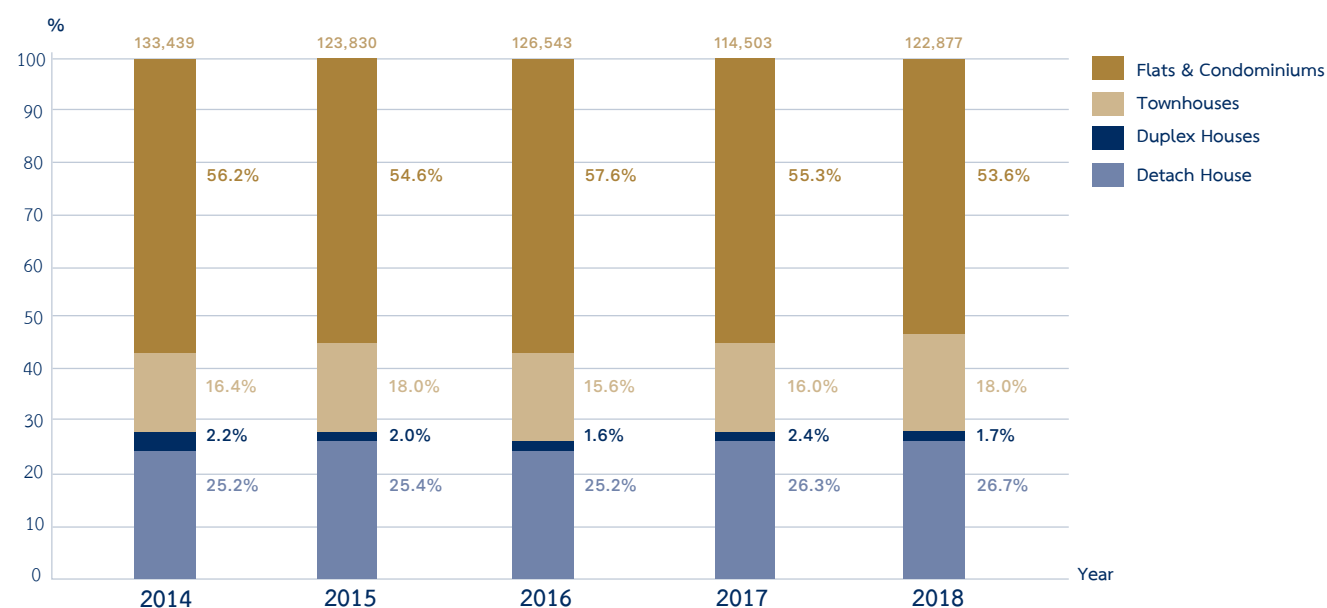
Number of Housing Registered Units in Greater Bangkok During 2014-2018

Unit : units

Type	2014	2015	2016	2017	2018
Housing Registered by Built Type					
Owner- Built	24,446	22,375	21,915	20,206	20,291
Developer- built	108,993	101,455	104,628	94,297	102,586
Total Housing Registered (Owner & Developer)	133,439	123,830	126,543	114,503	122,877
Classified by Type - Owner - built					
Detached House	20,537	19,591	19,156	17,964	17,890
Duplex Houses	86	95	119	142	104
Townhouses	3,823	2,689	2,640	2,100	2,297
Flats & Condominiums	-	-	-	-	-
Total Housing Registered by Owner - built	24,446	22,375	21,915	20,206	20,291
Classified by Type - Developer - built					
Detached House	13,056	11,837	12,736	12,183	14,897
Duplex Houses	2,820	2,366	1,895	2,533	2,028
Townhouses	18,059	19,624	17,111	16,262	19,853
Flats & Condominiums	75,058	67,628	72,886	63,319	65,808
Total Housing Registered by Developer - built	108,993	101,455	104,628	94,297	102,586

Source: Housing Registered from Government Housing Bank
Greater Bangkok: Bangkok provinces and 5 Perimeter area included.

Total Housing Registered (Owner & Developer)



Other Reference

Auditor

Sophon Permsirivallop

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EY Office Limited
33rd Floor, Lake Rajada Office Complex
193/136-137 Rajadapisek Road, Klongtoey, Bangkok
10110
Tel : 66 (0) 2264 9090 Fax : 66 (0) 2264 0789

Securities registrar

Thailand Securities Depository Company Limited

93 The Stock Exchange of Thailand Building,
Ratchadaphisek Rd, Dindaeng, Bangkok 10400
Tel : 66 (0) 2009 9000 Fax : 66 (0) 2009 9991

Debentures registrar

Siam Commercial Bank Public Company Limited

Registrar 1, Corporate Trust
15th Floor, G Tower Grand Rama 9 Building,
9 Rama IX Road, Huai kwang, Bangkok 10310
Tel. 66 (0) 2128 2324-9 Fax 66 (0) 2128 4625

Financial Institutions

Siam Commercial Bank Public Company Limited

Head Office
9 Rutchadapisek Road, Chatuchak, Chatuchak, Bangkok
10900
Tel. 66 (0) 2777 7777

Land and Houses Bank Public Company Limited

Head Office
1 Q.House Lumpini Bld., South Sathorn Rd.,
Thungmahamek, Sathorn, Bangkok 10120
Tel. 66 (0) 2359 0000

Kasikornbank Public Company Limited

Head Office
1 Soi Rat Burana 27/1, Rat Burana Road,
Rat Burana, Rat Burana, Bangkok 10140
Tel. 66 (0) 2888 8888

Appraisal Company

Grand Asset Advisory Company Limited

1350/279-283 16th Floor, Thai Rong Tower Building
Patthakarn Road, Suanluang, Suanluang, Bangkok
10250
Tel. 66 (0) 2719 4500 Fax. 66 (0) 2719 5070-71

TAP Valuation Company Limited

37th Floor, RS Tower
121/101 Rajadapisek Road, Dindaeng, Dindaeng,
Bangkok 10320
Tel. 66 (0) 2642 2712-14 Fax. 66 (0) 2642 2711

Summary of Form 56-2's Required Items in Land and House Plc.'s 2018 Annual Report

The items including in this Annual Report are in line with the Notification of the Capital Market Supervisory Board Tor Chor 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:

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



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