

13 November 2018

Subject : Management Discussion and Analysis of third quarter ended 30 September 2018
Attn. : Director and Manager
The Stock Exchange of Thailand
Encls. : A copy of Reviewed Financial Statements for the third quarter ended 30
September 2018

The Company, Land and Houses Public Company Limited, would like to submit the reviewed financial statements for period of the third quarter ended 30 September 2018, for your information and publication.

According to the Company's third quarter income statements ended 30 September 2018, the Company and its subsidiaries recorded net profit of 2,313.88 million baht while the same period last year the Company and its subsidiaries recorded net profit of 3,125.37 million baht, decrease of 811.49 million baht or decrease by 25.96% because of the following;

1. In the third quarter of 2018, the Company recorded sales income in an amount of 7,095.01 million baht while the same period last year the Company recorded sales income, in an amount of 9,190.11 million baht, decrease of 2,095.10 million baht or decrease by 22.80%.
2. In the third quarter of 2018, the Company recorded gross profit margin of 35.27%, while the same period last year the Company recorded gross profit margin of 35.47%, decrease by 0.20%

The decrease in sales and gross profit margin in 1 and 2 make a decrease of 757.62 million baht in gross profit.

3. Details of the revenue from sale are as follows:

Type of product	Quarter 3 rd /2018	Quarter 3 rd /2017
Single Detached House	73%	55%
Town House	11%	8%
Condominium	16%	37%
Total	100%	100%

4. Details of the Company's rental and services income compared to last year are as follows:

(million baht)

	Quarter 3 rd /2018	Quarter 3 rd /2017
Rental and services income	864.31	808.56
Cost	682.20	634.38
Gross profit	182.11	174.17
Gross profit margin	21.07%	21.54%

5. In the third quarter of 2018, details of share of profit from investment in associates compared to the third quarter of 2017 are as follows:

Name of the Company	Quarter 3 rd /2018	Quarter 3 rd /2016
LH Financial Group Public Co.,Ltd.	170.45	168.67
Quality Construction Products Public Co.,Ltd.	(2.05)	6.43
Home Product Center Public Co.,Ltd.	412.92	357.65
LH Property and Loan Fund II	18.63	16.23
Quality House Public Co.,Ltd.	330.14	281.67
Total	930.09	830.65

6. The comparison of the Company's administration expenses of the third quarter 2018 and the third quarter of 2017 are as follows:

	Q3/2018	%	Q3/2017	%	Increase / Decrease	
					MB.	%
Sales income	7,095.02	100.00	9,190.11	100.0	(2,095.09)	-22.79
Selling expenses	254.76	3.59	265.51	2.89	(10.75)	-4.05
Administrative expenses	325.20	4.58	490.32	5.34	(165.30)	-33.71
Specific Business Tax	272.19	3.84	355.72	3.87	(83.53)	-23.48
Finance Cost	150.59	2.12	160.17	1.74	(9.58)	-5.98
Exchange Losses (Derivatives)	64.12	0.90	40.43	0.44	23.69	58.63
Income Tax	398.66	5.62	318.84	3.47	79.82	25.03
Total	1,465.34	20.65	1,630.99	17.75	(165.65)	-10.16

In the third quarter of 2018, the Company's administrative expenses is decrease in an amount of 165.30 million baht due to the reversal of provision of legal cases which the Company enter into agreement to settle the outstanding disputes with two condominium juristic persons.

In the third quarter of 2018, income tax is increase in an amount of 79.82 million baht/

For the period of 9 months in 2018, the Company recorded the net profit in an amount of 8,204.18 million baht while the same period last year recorded the net profit margin in an amount of 8,507.96 million baht, decrease of 303.78 million baht or decrease by 3.57% because of the followings;

1. In the first nine months of 2018, the Company recorded sales income in an amount of 22,749.79 million baht while the same period last year the Company recorded sales income in an amount of 24,760.96 million baht, decrease of 2,011.17 million baht or decrease by 8.12%.
2. In the first nine months of 2018, the Company recorded gross profit margin of 36.49%, while the same period last year the Company recorded gross profit margin of 35.65%, increase by 0.84%

The decrease in sales and slightly increased in gross profit margin in 1 and 2 makes a decrease of 525.60 million baht in gross profit.

3. In the first nine months of 2018, the Company sold a property in USA at selling price of 4,544.13 million baht and recorded the profit before tax in an amount of 1,332.51 million baht while the same period last year the 60% shareholding subsidiary company recorded the profit from the sale of Grand Center Point Rachadamri Hotel in an amount of 2,080.10 million baht (before tax), which equal to 1,248.06 million baht on a prorated basis of shareholding.
4. Details of the revenue from sale are as follows:

Type of product	First Half of 2018	First Half of 2017
Single Detached House	67%	59%
Town House	10%	7%
Condominium	23%	34%
Total	100%	100%

5. Details of the Company's rental and services income compared to last year are as follows:

(million baht)

	First 9 months of 2018	First 9 months of 2017
Rental and services income	2,585.31	2,330.95
Cost	2,023.07	1,752.56
Gross profit	562.24	578.39
Gross profit margin	21.75%	24.81%

6. In the first nine months of 2018, details of share of profit from investment in associates compared to the first nine months of 2017 are as follows:

Name of the Company	First 9 months of 2018	First nine months of 2017
LH Financial Group Public Co.,Ltd.	515.59	577.61
Quality Construction Products Public Co.,Ltd.	1.68	1.98
Home Product Center Public Co.,Ltd.	1,187.17	1,051.93
LH Property and Loan Fund II	49.47	40.58
Quality House Public Co.,Ltd.	753.03	638.56
Total	2,506.94	2,274.66

7. The comparison of the Company's administration expenses of the first nine months of 2018 and the first nine months of 2017 are as follows:

	Q3/2018	%	Q3/2017	%	Increase / Decrease	
					MB.	%
Sales income	22,749.79	100.00	24,760.96	100.00	(2,011.17)	-8.12
Selling expenses	711.85	3.13	728.61	2.94	(16.76)	-2.30
Administrative expenses	1,646.39	7.24	1,466.28	5.92	180.11	12.28
Specific Business Tax	872.69	3.84	953.56	3.85	(80.87)	-8.48
Finance Cost	518.22	2.28	449.45	1.82	68.77	15.30
Exchange Losses (Derivatives)	19.39	0.09	206.77	0.84	(187.38)	-90.62
Income Tax	1,295.74	5.70	1,580.28	6.38	(284.54)	-18.01
Total	5,064.28	22.26	5,384.95	21.75	(320.67)	-5.95

In the first nine months of 2018, the Company's administrative expense is increase in an amount of 180.11 million as a result of provision set aside for utility repair works in order to hand over to housing juristic person and for repurchasing of houses from customers, totaling 247 million baht

In the first nine months of 2018, income tax is decreased in an amount of 284.54 million baht.

Please be informed accordingly.

Yours sincerely,

Mr. Wit Tantiworawong
Senior Executive Vice President