

11 August 2017

Subject : Management Discussion and Analysis of Second quarter ended 30 June 2017  
Attn. : Director and Manager  
The Stock Exchange of Thailand  
Encls. : A copy of Reviewed Financial Statements for the second quarter ended 30 June 2017

The Company, Land and Houses Public Company Limited, would like to submit the reviewed financial statements for period of the second quarter ended 30 June 2017, for your information and publication.

According to the Company's second quarter income statements ended 30 June 2017, the Company and its subsidiaries recorded net profit of 3,609.03 million baht while the same period last year the Company and its subsidiaries recorded net profit of 2,630.93 million baht, increase of 978.10 million baht or increase by 37.18% because of the following;

1. In the second quarter of 2017, the Company recorded sales income in an amount of 9,201.51 million baht while the same period last year the Company recorded sales income, in an amount of 7,211.26 million baht, increase of 1,990.25 million baht or increase by 27.60%.
2. In the second quarter of 2017, the Company recorded gross profit margin of 36.27%, while the same period last year the Company recorded gross profit margin of 35.34%, increase by 0.93%

The increase in sales and gross profit margin in 1 and 2 make an increase of 789.33 million baht in gross profit.

3. In the second quarter of 2017, the Company's subsidiary recorded the amount of 2,080.10 million baht of profit from the sale of Grand Center Point Rachadamri Hotel. On a prorated basis of shareholding, the Company recorded profit from the sale of such property in an amount of 1,248.06 million baht while the same period last year the Company recorded the profit from the sale of land in an amount of 682.00 million baht, increase of 566.06 million baht.

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

Type of product	Quarter 2 <sup>nd</sup> /2017	Quarter 2 <sup>nd</sup> /2016
Single Detached House	55%	71%
Town House	7%	8%
Condominium	38%	21%
Total	100%	100%

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

(million baht)

	Quarter 2 <sup>nd</sup> /2017	Quarter 2 <sup>nd</sup> /2016
Rental and services income	737.23	576.73
Cost	551.44	458.12
Gross profit	185.79	118.61
Gross profit margin	25.20%	20.57%

6. In the second quarter of 2017, details of share of profit from investment in associates compared to the second quarter of 2016 are as follows:

Name of the Company	Quarter 2 <sup>nd</sup> /2017	Quarter 2 <sup>nd</sup> /2016
LH Financial Group Public Co.,Ltd.	209.59	272.59
Quality Construction Products Public Co.,Ltd.	(2.06)	(5.42)
Home Product Center Public Co.,Ltd.	341.99	299.50
LH Property and Loan Fund II	9.04	8.04
Quality House Public Co.,Ltd.	193.84	223.44
Total	752.40	798.15

7. The comparison of the Company's administration expenses of the second quarter 2017 and the second quarter of 2016 are as follows:

	Q2/2017	%	Q2/2016	%	Increase / Decrease	
					MB.	%
Sales income	9,201.51	100.00	7,211.26	100.00	1,990.25	27.60
Selling expenses	240.98	2.62	240.29	3.33	0.69	0.29
Administrative expenses	481.12	5.23	516.44	7.16	(35.32)	-6.84
Specific Business Tax	355.03	3.86	255.72	3.55	99.31	38.84
Finance Cost	165.39	1.80	88.99	1.23	76.40	85.85
Exchange Losses (Derivatives)	34.47	0.37	-	0.0	34.47	N/A
Income Tax	933.12	10.14	579.75	8.04	353.37	60.95
Total	2,210.11	24.02	1,681.19	23.31	528.92	31.46

In the second quarter of 2017, the Company's finance cost is increase in an amount of 76.40 million baht because of an increase in real estate investment.

In the second quarter of 2017, an increase of 353.37 million baht in income tax came from an increase of the Company's profit of normal operation and increase in profit from the sale of asset compared to the same period last year.

For the period of 6 months in 2017, the Company recorded the net profit in an amount of 5,382.59 million baht while the same period last year recorded the net profit margin in an amount of 4,626.44 million baht, increase of 756.15 million baht or increase by 16.34% because of the followings;

1. In the first six months of 2017, the Company recorded sales income in an amount of 15,570.86 million baht while the same period last year the Company recorded sales income in an amount of 14,227.02 million baht, increase of 3,618.07 million baht or increase by 9.45%.
2. In the first six months of 2017, the Company recorded gross profit margin of 35.75%, while the same period last year the Company recorded gross profit margin of 34.83%, increase by 0.92%

The increase in sales and gross profit margin makes an increase of 611.54 million baht in gross profit.

3. In the first six months of 2017, the Company's subsidiary recorded the amount of 2,080.10 million baht of profit from the sale of Grand Center Point Rachadamri Hotel. On a prorated basis of shareholding, the Company recorded profit from the sale of such property in an amount of 1,248.06 million baht while the same period last year the Company recorded the profit from the sale of land in an amount of 682.00 million baht. So, profit of special item is increase of 566.06 million baht.
4. Details of the revenue from sale are as follows:

Type of product	First Half of 2017	First Half of 2016
Single Detached House	59%	70%
Town House	8%	7%
Condominium	33%	23%
Total	100%	100%

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

(million baht)

	First Half of 2017	First Half of 2016
Rental and services income	1,522.39	1,206.12
Cost	1,118.17	915.92
Gross profit	404.22	290.20
Gross profit margin	26.55%	24.06%

6. In the first six months of 2017, details of share of profit from investment in associates compared to the first six months of 2016 are as follows:

Name of the Company	First Half of 2017	First Half of 2016
LH Financial Group Public Co.,Ltd.	408.94	466.79
Quality Construction Products Public Co.,Ltd.	(4.46)	(8.17)
Home Product Center Public Co.,Ltd.	658.28	561.37
LH Property and Loan Fund II	24.35	23.25
Quality House Public Co.,Ltd.	356.89	409.36
<b>Total</b>	<b>1,444.00</b>	<b>1,452.60</b>

7. The comparison of the Company's administration expenses of the first six months of 2017 and the first six months of 2016 are as follows:

	First Half 2017	%	First Half 2016	%	Increase / Decrease	
					MB.	%
Sales income	15,570.86	100.00	14,227.02	100.00	1,343.84	9.45
Selling expenses	463.10	2.97	440.19	3.09	22.91	5.20
Administrative expenses	987.64	6.34	1,026.07	7.21	(38.43)	-3.75
Specific Business Tax	597.84	3.84	487.40	3.43	110.44	22.66
Finance Cost	289.28	1.86	176.95	1.24	112.33	63.48
Exchange Losses (Derivatives)	166.34	1.07	121.41	0.85	44.93	37.01
Income Tax	1,261.44	8.10	926.10	6.51	335.34	36.21
<b>Total</b>	<b>3,765.64</b>	<b>24.18</b>	<b>3,178.12</b>	<b>22.34</b>	<b>587.52</b>	<b>18.49</b>

In the first six months of 2017, the Company's finance cost is increase in an amount of 112.33 million baht because of an increase in real estate investment.

In the first six months of 2017, an increase of 335.34 million baht in income tax came from an increase of the Company's profit of normal operation and increase in profit from the sale of asset compared to the same period last year.

Please be informed accordingly.

Yours sincerely,

Mr. Wit Tantiworawong  
Senior Executive Vice President