

14 August 2018

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

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 2018, for your information and publication.

In the second quarter of 2018, the Company and its subsidiaries recorded the net profit in the amount of 3,424.62 million baht while the same period last year recorded the net profit in the amount of 3,609.03 million baht, decreasing 184.41 million baht or 5.11% because of the following;

1. In the second quarter of 2018, the Company recorded sales income in an amount of 7,680.26 million baht while the same period last year the Company recorded sales income, in an amount of 9,201.51 million baht, decrease of 1,521.25 million baht or increase by 16.53%.
2. In the second quarter of 2018, the Company recorded gross profit margin of 36.97%, while the same period last year the Company recorded gross profit margin of 36.27%, increase by 0.70%

The result of 1 and 2 make a decrease of 498.25 million baht in gross profit.

3. In the second quarter 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 1,318.29 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	2 nd quarter of 2018	2 nd quarter of 2017
Single Detached House	67%	55%
Town House	9%	7%

Type of product	2 nd quarter of 2018	2 nd quarter of 2017
Condominium	24%	38%
Total	100%	100%

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

(million baht)

	2 nd quarter of 2018	2 nd quarter of 2017
Rental and services income	797.50	737.23
Cost	636.16	551.44
Gross profit	161.34	185.79
Gross profit margin	20.23%	25.20%

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

(million baht)

Name of the Company	2 nd quarter of 2018	2 nd quarter of 2017
LH Financial Group Public Co.,Ltd.	176.43	209.59
Quality Construction Products Public Co.,Ltd.	.57	(2.06)
Home Product Center Public Co.,Ltd.	396.82	341.99
LH Property and Loan Fund II	12.88	9.04
Quality House Public Co.,Ltd.	211.92	193.84
Total	798.62	752.40

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

	2 nd quarter of 2018 (MB)	%	2 nd quarter of 2017 (MB)	%	Increase / Decrease	
					MB.	%
Sales income	7,680.26	100.00	9,201.51	100.00	(1,521.24)	-16.53
Selling expenses	222.35	2.90	240.98	2.62	(18.63)	-7.73
Administrative expenses	816.06	10.63	481.12	5.23	334.94	69.62
Specific Business Tax	293.31	3.82	355.03	3.86	(61.72)	-17.38
Finance Cost	174.55	2.27	165.39	1.80	9.16	5.54
Exchange Losses (Derivatives)	-	0.00	34.47	0.37	(34.47)	N/A
Income Tax	621.68	8.09	933.12	10.14	(311.44)	-33.77
Total	2,102.46	27.71	2,210.11	24.02	(82.16)	-3.71

In the second quarter of 2018, the Company's administrative expenses increased in an amount of 334.94 million baht 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. The rest about 88 million baht came from

1. Repair works for utility about 13 million baht,
2. Provision set aside for lawsuit about 19 million baht,
3. Operation expenses about 55 million baht.

In the second quarter of 2018, a decrease of 311.44 million baht in income tax came from a decrease of 1,158.40 million baht in profit before tax.

For the period of 6 months in 2018, ended 30 June 2018 the Company and its subsidiary recorded the net profit in an amount of 5,890.30 million baht while the same period last year recorded the net profit in an amount of 5,382.59 million baht, increase of 507.71 million baht or increase by 9.43% because of the followings;

1. In the first six months of 2018, the Company recorded sales income in an amount of 15,654.78 million baht while the same period last year the Company recorded sales income in an amount of 15,570.86 million baht, increase of 83.92 million baht or increase by 0.54%.

- In the first six months of 2018, the Company recorded gross profit margin of 37.04%, while the same period last year the Company recorded gross profit margin of 35.75%, increase by 1.29%

The increase in sales and gross profit margin makes an increase of 232.00 million baht in gross profit.

- In the first six 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 1,318.29 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.

- Details of the revenue from sale are as follows:

Type of product	First Half of 2018	First Half of 2017
Single Detached House	65%	59%
Town House	9%	8%
Condominium	26%	33%
Total	100%	100%

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

(million baht)

	First Half of 2018	First Half of 2017
Rental and services income	1,721.01	1,522.39
Cost	1,340.87	1,118.17
Gross profit	380.14	404.22
Gross profit margin	22.09%	26.55%

- 5 In the first six months of 2018, details of share of profit from investment in associates compared to the first six months of 2017 are as follows:

Name of the Company	First Half of 2018	First Half of 2017
LH Financial Group Public Co.,Ltd.	345.14	408.94
Quality Construction Products Public Co.,Ltd.	3.73	(4.46)
Home Product Center Public Co.,Ltd.	774.25	658.28
LH Property and Loan Fund II	30.84	24.35
Quality House Public Co.,Ltd.	422.89	356.89
Total	1,576.85	1,444.00

- 6 The comparison of the Company's administration expenses of the first six months of 2018 and the first six months of 2017 are as follows:

	First Half 2018 (MB)	%	First Half 2017 (MB)	%	Increase / Decrease	
					MB.	%
Sales income	15,654.78	100.00	15,570.86	100.00	83.92	0.54
Selling expenses	457.09	2.92	463.10	2.97	(6.01)	-1.30
Administrative expenses	1,341.15	8.57	987.64	6.34	353.51	35.79
Specific Business Tax	600.50	3.84	597.84	3.84	2.66	0.45
Finance Cost	367.63	2.35	289.28	1.86	78.35	27.08
Exchange Losses (Derivatives)	-	0.00	166.34	1.07	(166.34)	N/A
Income Tax	897.08	5.73	1,261.44	8.10	(364.36)	-28.88
Total	3,663.45	23.40	3,765.64	24.18	(102.19)	-2.71

In the second quarter of 2018, the Company's administrative expenses increased in an amount of 334.94 million baht 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. The rest about 88 million baht came from

1. Repair works for utility about 13 million baht.
2. Operation expenses about 55 million baht.

In the second quarter of 2018, income tax decreased 364.36 million baht.

Please be informed accordingly.

Yours sincerely,

Mr. Adisorn Thananan-narapool
Managing Director