

11 August 2016

Subject : Management Discussion and Analysis of Second quarter ended 30 June 2016  
Attn. : Director and Manager  
The Stock Exchange of Thailand  
Encls. : A copy of Reviewed Financial Statements for the second quarter ended 30 June 2016

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 2016, for your information and publication.

According to the Company's second quarter income statements ended 30 June 2016, the Company and its subsidiaries recorded net profit of 2,630.93 million baht while the same period last year the Company and its subsidiaries recorded net profit of 1,704.40 million baht, increasing of 926.53 million baht or 54.36% because of the following;

1. In the second quarter of 2016, the Company recorded sales income in an amount of 7,211.26 million baht while the same period last year the Company recorded sales income, in an amount of 5,395.24 million baht, increasing of 1,816.02 million baht or 33.67%.
2. In the second quarter of 2016, the Company recorded gross profit margin of 35.34%, while the same period last year the Company recorded gross profit margin of 33.96%, increasing of 1.38%

The increase in sales and gross profit margin makes an increase of 715.61 million baht in gross profit.

3. In the second quarter of 2016, the Company's subsidiary that the company holds 55% of shares holding recorded an amount of 1,240 million baht of profit from the sale of land. On a prorated basis of shareholding, the Company recorded profit from the sale of land in an amount of 682 million baht.

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

(million baht)

	Quarter 2 <sup>nd</sup> /2016	Quarter 2 <sup>nd</sup> /2015
Rental and services income	567.73	489.34
Cost	458.12	270.65
Gross profit	109.61	218.69
Gross profit margin	19.31%	44.69%

In the second quarter of 2016, gross profit margin decreasing of 25.38% when compared to the same period last year because in this year the company's subsidiary (which the Company holds 60% of shareholding) has leased the Grand Center Point Terminal 21 Hotel from the LHHOTEL REIT while last year such hotel was the asset of the Company' subsidiary.

5. In the second quarter of 2016, details of share of profit from investment in associates compared to the second quarter of 2015 are as follows:

Name of the Company	Quarter 2 <sup>nd</sup> /2016	Quarter 2 <sup>nd</sup> /2015
LH Financial Group Public Co.,Ltd.	272.59	142.77
Quality Construction Products Public Co.,Ltd.	(5.42)	0.18
Home Product Center Public Co.,Ltd.	299.50	248.00
LH Property and Loan Fund II	8.04	6.26
Quality House Public Co.,Ltd.	223.44	170.43
Total	798.15	567.64

6. The comparison of the Company's administration expenses of the second quarter 2016 and the second quarter of 2015 are as follows:

	Q2/2016	%	Q2/2015	%	Increase / Decrease	
					MB.	%
Sales income	7,211.26	100.0	5,395.24	100.0	1,816.02	33.7
Selling expenses	240.29	3.3	210.63	3.9	29.66	-0.6
Administrative expenses	516.44	7.2	426.65	7.9	89.779	-0.7
Specific Business Tax	255.72	3.5	204.58	3.8	51.14	-0.2
Finance Cost	88.99	1.2	88.21	1.6	0.78	-0.4
Income Tax	579.75	8.0	263.70	4.9	316.05	3.2
Total	1,681.19	23.3	1,193.77	22.1	487.42	1.2

For the period of 6 months in 2016, the Company recorded the net profit in an amount of 4,626.44 million baht while the same period last year recorded the net profit margin in an amount of 3,049.73 million baht, increasing 1,576.71 million baht or 51.70% because of the followings;

1. In the first six months of 2016, the Company recorded sales income in an amount of 14,227.02 million baht while the same period last year the Company recorded sales income, in an amount of 10,608.95 million baht, increasing 3,618.07 million baht or increasing of 34.10%.
2. In the first six months of 2016, the Company recorded gross profit margin of 34.83%, while the same period last year the Company recorded gross profit margin of 33.20%, increasing of 1.63%

The increase in sales and gross profit margin makes an increase of 1,433.02 million baht in gross profit.

3. In the first six months of 2016, the Company's subsidiary that the company holds 55% of shares holding recorded an amount of 1,240 million baht of profit from the sale of land. On a prorated basis of shareholding, the Company recorded profit from the sale of land in an amount of 682 million baht.

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

(million baht)

	First Half of 2016	First Half of 2015
Rental and services income	1,206.12	971.81
Cost	915.92	584.06
Gross profit	290.20	387.75
Gross profit margin	24.06%	39.90%

In the first six months of 2016, gross profit margin decreasing of 15.84% when compared to the same period last year because in this year the company's subsidiary (which the Company holds 60% of shareholding) has leased the Grand Center Point Terminal 21 Hotel from the LHHOTEL RIET while last year such hotel was the asset of the Company's subsidiary.

5. In the first six months of 2016, details of share of profit from investment in associates compared to the first six months of 2015 are as follows:

Name of the Company	First Half of 2016	First Half of 2015
LH Financial Group Public Co.,Ltd.	466.79	254.30
Quality Construction Products Public Co.,Ltd.	(8.17)	1.91
Home Product Center Public Co.,Ltd.	561.37	469.80
LH Property and Loan Fund II	23.25	15.02
Quality House Public Co.,Ltd.	409.36	310.11
Total	1,452.60	1,051.14

6. The comparison of the Company's administration expenses of the first six months of 2016 and the first six months of 2015 are as follows:

	First Half 2016	%	First Half 2015	%	Increase / Decrease	
					MB.	%
Sales income	14,227.02	100.0	10,608.95	100.0	3,618.07	34.1
Selling expenses	440.19	3.1	405.59	3.8	34.60	-0.7
Administrative expenses	1,026.07	7.2	874.19	8.2	151.88	-1.0
Specific Business Tax	487.40	3.4	401.88	3.8	85.52	-0.4
Finance Cost	176.95	1.2	142.53	1.3	34.42	-0.1
Income Tax	926.10	6.5	508.79	4.8	417.31	1.7
Total	3,056.71	21.5	2,332.98	22.0	723.73	-0.5

Please be informed accordingly.

Yours sincerely,

Mr. Adisorn Thananan-narapool  
Managing Director