

August 10, 2017

Subject: Report on the operating results of Country Group Development PCL

To: The President

The Stock Exchange of Thailand

Country Group Development Public Company Limited (the "Company") would like to report the operating results of the Company and its subsidiaries for the three-month period ended June 30, 2017 as follows:

**Consolidated Financial Statements (the "Group")**

- **Revenues** The Group reported total revenues for the three-month period ended June 30, 2017(2<sup>nd</sup> quarter) of Baht 98.90 million decreased by 43.21 percent compared to Baht 174.15 million for the same period of 2016. This was mainly because of lower revenue from residential unit sale by Baht 39.20 million and the decreased in gain on foreign exchange rate by Baht 39.84 million. In addition, dividend income for the group decreased by Baht 8.78 million when compared to the same period of 2016. The majority of revenues for the three-month period ended June 30, 2017 are as follows:
  - The Group reported major revenue from the condominium unit transferred of Elements Srinakarin project of Baht 83.04 million which decreased by 32.07 percent compared to Baht 122.24 million for the same period of 2016.
  - Foreign subsidiary reported rental income from investment property of Baht 12.87 million which total increased when compared to the same period of the year 2016.
- **Expenses** The Group reported total expenses for the three-month period ended June 30, 2017 (2<sup>nd</sup> quarter) of Baht 161.64 million decreased by 16.81 percent compared to Baht 194.29 million in the same period of 2016. This mainly resulted from the decrease in cost of condominium sale by Baht 22.72 million which correlated with lower condominium sale.

In addition, loss from currency forward transaction decreased the whole amount by Baht 15.60 million. The majority of expenses for the three-month period ended June 30, 2017 are as follows:

- Cost of condominium sale of Elements Srinakarin project of Baht 49.83 million decreased by 31.32 percent compared to Baht 72.55 million for the same period of the year 2016. The percentage of cost decrement was less than the percentage of decreasing in revenue from unit transferred of Elements Srinakarin project. As a result, gross profit margin for the three-month period ended June 30, 2017 of 39.98 percent slightly decreased when compared to the same period of 2016 which reported gross profit margin 40.64 percent.
- Selling expenses of Baht 61.30 million, increased by 8.65 percent compared to Baht 56.42 million for the same period of 2016. The majority of selling expenses for the three-month period ended June 30, 2017 and 2016 came from marketing activities of Four Seasons Private Residences Bangkok at Chao Phraya River and promotion expenses of Elements Srinakarin project.

Consequently, the Group reported loss before finance costs and income tax expense for the three-month period ended June 30, 2017 of Baht 62.73 million which increased by 211.47 percent compared to loss before finance costs and income tax expense of Baht 20.14 million for the same period of 2016.

- **Finance costs** The Group reported finance costs for the three-month period ended June 30, 2017 of Baht 53.71 million, increased by 4.09 percent compared to Baht 51.59 million in the same period of 2016. The majority of finance costs for the three-month period ended June 30, 2017 resulted from issuance of bills of exchange, issuance of long-term debentures and long-term borrowings for being working capital and expansion of the Group's business.
- **Income tax expense** The Group reported income tax expense for the three-month period ended June 30, 2017 of Baht 1.57 million, increased by Baht 1.71 million compared to the same period of 2016. This was due to the fact that an investment property has contributed rental

income to the group since the third quarter of 2016 onwards. Therefore, there was no income tax expense in the second quarter of 2016.

- **Net profit (loss) for the three-month period ended June 30, 2017** The operating result mentioned above resulting the Group reported net loss of Baht 118.00 million, of which Baht 105.30 million attributed to the parent and the remaining of Baht 12.70 million attributed to non-controlling interests. Consequently, net loss which attributed to the parent increased by Baht 47.82 million or increased by 83.20 percent, compared with a net loss attributed to the parent of Baht 57.48 million for the same period of 2016.

#### Separate Financial Statements (the “Company”)

- **Revenues** The Company reported total revenues for the three-month period ended June 30, 2017 of Baht 118.84 million, decreased by 71.96 percent compared to Baht 423.86 million for the same period of 2016. This was mainly because for the three-month period ended June 30, 2017 the Company reported lower revenue from residential unit sale by Baht 39.20 million. Dividend income decreased in the whole amount by Baht 233.69 million and gain on foreign exchange rate decreased in the whole amount by Baht 35.36 when compared to the same period of 2016. The majority of the Company’s revenues for the three-month period ended June 30, 2017 are as follows;
  - The Company reported major revenue from the condominium unit transferred of Elements Srinakarin project of Baht 83.04 million which decreased by 32.07 percent compared to Baht 122.24 million for the same period of 2016.
  - The Company reported interest income of Baht 28.54 million which increased by 18.56 percent compared to Baht 24.08 million for the same period of 2016. This was mainly because the Company provided additional loan to related companies to purchase investment property in the 3<sup>rd</sup> quarter of 2016.
- **Expenses** The Company reported total expenses for the three-month period ended June 30, 2017 of Baht 128.03 million which decreased by 7.06 percent compared to Baht 137.76 million for the same period of 2016. This mainly resulted from decrease in cost of condominium sale by Baht 22.72 million which correlated with lower condominium sale. Loss from currency forward transaction decreased in the whole amount by Baht 15.60 million.

However, loss on exchange rate increased in the whole amount by Baht 18.83 million. The majority of expenses for the three-month period ended June 30, 2017 are as follows :

- Cost of condominium sale of Elements Srinakarin project of Baht 49.83 million decreased by 31.32 percent compared to Baht 72.55 million for the same period of the year 2016. The percentage of cost decrement was less than the percentage of decreasing in revenue from unit transferred of Elements Srinakarin project. As a result, gross profit margin for the three-month period ended June 30, 2017 of 39.98 percent slightly decreased when compared to the same period of 2016 which reported gross profit margin 40.64 percent.
- Selling expenses of Baht 12.40 million increased by 37.71 percent when compared to Baht 9.01 million for the same period of 2016. This was mainly caused from increasing in sale commission, advertising and promotes expenses for Elements project because the Company has launched the 4<sup>th</sup> phase in February 2017.
- Administrative expenses of Baht 36.40 million increased by 21.70 percent compared to Baht 29.91 million for the same period of the year 2016. The administrative expenses consist of personnel expense, advisory fee, utilities expense, depreciation expenses and miscellaneous expenses.

Consequently, the Company reported loss before finance costs and income tax expense for the three-month period ended June 30, 2017 of Baht 9.19 million which increased by 103.21 percent compared to the profit before finance costs and income tax expense of Baht 286.11 million for the same period of 2016.

- **Finance Costs** The Company reported finance costs for the three-month period ended June 30, 2017 of Baht 44.96 million which decreased by 12.85 percent compared to Baht 51.59 million in the same period of 2016. The majority of finance costs for the three-month period ended June 30, 2017 resulted from issuance of bills of exchange, issuance of long-term debentures for being working capital and expansion of the Company's business.

- Net profit (loss) for the three-month period ended June 30, 2017 The operating result mentioned above resulting in the Company reported net loss of Baht 54.01 million increased by 123.02 percent, compared to the net profit of Baht 234.65 million in same period of 2016.

Please be informed accordingly.

Yours sincerely,

Ben Taechaubol

Chief Executive Officer