

November 12, 2019

Subject: Report on the operating results of Country Group Development PCL. for the period ended September 30, 2019

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 period ended September 30, 2019 as follows:

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

**Revenues**

In the quarter 3/2019, the Group reported total revenues of Baht 15.97 million, decreased by Baht 149.54 million or decreased by 90.35 percent compared to Baht 165.51 million for the same period of 2018. This was mainly due to a decrease of gain on foreign exchange rate by Baht 126.94 million when compared to the same period of 2018. In addition, revenue from the condominium sale of condominium from Elements Srinakarin Project decreased by Baht 19.61 million. The Group reported total revenues of Baht 395.40 million for the nine-month period of 2019, increased by Baht 55.11 million or increased by 16.20 percent compared to Baht 340.29 million for the same period of 2018.

The majority of revenues for the quarter 3/2019 are as follows:

- In the quarter 3/2019, the Group reported revenue from sale of condominium from Elements Srinakarin Project of Baht 2.36 million, decreased by Baht 19.61 million or decreased by 89.27 percent compared to Baht 21.97 from the same period of 2018 because the project was closed in 2018.
- Foreign subsidiary reported rental income from investment property in Brighton, United Kingdom in the quarter 3/2019 of Baht 11.39 million, decreased by Baht 1.55 million or decreased by 11.99 percent compared to Baht 12.94 million for the same period of 2018.

## Expenses

In the quarter 3/2019, the Group reported total expenses of Baht 379.48 million, increased by Baht 168.47 million or increased by 79.83 percent compared to Baht 211.01 million for the same period of 2018. This was mainly due to an increase of loss on foreign exchange rate and an increase of administrative expenses of Baht 111.00 million and Baht 71.24 million, respectively. The Group reported total expense of Baht 760.15 million for the nine-month period of 2019, increased by Baht 102.65 million or increased by 15.61 percent compared to Baht 657.50 million for the same period of 2018.

The majority of expenses for the quarter 3/2019 are as follows:

- In the quarter 3/2019, the Group reported cost of condominium sale of Elements Srinakarin Project of Baht 1.51 million, decreased by Baht 13.59 million or decreased by 89.99 percent compared to Baht 15.10 million for the same period of 2018. The percentage of decreasing in cost was more than the percentage of decreasing in revenue from unit transferred of Elements Srinakarin Project which was decreased by 89.27 percent compared to the same period of 2018. Consequently, in the quarter 3/2019, gross profit margin was 35.92 percent, increased from the same period of 2018 which its gross profit margin was 31.27 percent.
- In the quarter 3/2019, the Group reported administrative expenses of Baht 120.03 million, increased by Baht 71.24 million or increased by 146.02 percent compared to Baht 48.79 million for the same period of 2018 as a result of an increase of pre-operating expenses of Capella Hotel Bangkok and Four Seasons Hotel Bangkok at Chao Phraya River which will be open in early 2020. The majority of administrative expenses consist of personnel expense, advisory fee, utilities expense, depreciation and miscellaneous expenses.
- In the quarter 3/2019, the Group reported loss on foreign exchange rate of Baht 111.00 million, increased by Baht 111.00 million or increased by 100.00 percent compared to the same period of 2018. The main reason of increase is that the Company received paid back share capital from CGD Data Limited, foreign subsidiary which is on the liquidation process. When the Company invested, the Baht was weaker compared to when the Group received paid back share capital during the quarter 3/2019.

- In the quarter 3/2019, the Group reported finance costs of Baht 111.68 million, increased by Baht 33.38 million or increased by 42.64 percent compared to Baht 78.30 million in the same period of 2018. The finance costs for the quarter 3/2019 was resulted from issuance of bills of exchange, issuance of long-term debenture and long-term borrowing for being working capital and expansion of the Group's business.

Consequently, in the quarter 3/2019, the Group reported loss before income tax of Baht 363.51 million, loss increased by Baht 318.01 million or loss increased by 698.87 percent compared to loss before income tax of Baht 45.50 million for the same period of 2018. The Group reported loss before income tax of Baht 364.75 million for the nine-month period of 2019, loss increased by Baht 47.54 million or loss increased by 14.98 percent compared to loss before income tax of Baht 317.21 million for the same period of 2018.

#### **Income tax expense**

In the quarter 3/2019, the Group reported income tax expense of Baht 0.67 million, increased by Baht 0.76 million or increased by 821.60 percent compared to income tax revenue of Baht 0.09 million for the same period of 2018. This was due in the quarter 3/2018 a foreign subsidiary utilized tax benefit from investment in investment property but in the quarter of 3/2019, the foreign subsidiary did not use such benefit due to fully utilized such benefit. The Group reported income tax expense of Baht 0.44 million for the nine-month period of 2019, increased by Baht 0.72 million or increased by 259.53 percent compared to income tax revenue of Baht 0.28 million for the same period of 2018.

#### **Net loss for the period**

The operating result mentioned above resulting in the quarter 3/2019, the Group reported net loss of Baht 364.18 million, loss increased by Baht 318.77 million or loss increased by 701.98 percent compared to net loss of Baht 45.41 million for the same period of 2018. Net loss of Baht 364.18 million for the quarter 3/2019 of which Baht 335.16 million attributed to the parent and the remaining of Baht 29.01 million attributed to non-controlling interests. Consequently, net loss which attributed to the parent increased by Baht 281.64 million or increased by 526.27 percent, compared with a net loss attributed to the parent of Baht 53.52 million for the same period of 2018.

The Group reported net loss of Baht 365.19 million for nine-month period of 2019, loss increased by Baht 48.25 million or loss increased by 15.23 percent compared to net loss of Baht 316.94 million for the same period of 2018.

## Separate Financial Statements (the “Company”)

### **Revenues**

In the quarter 3/2019, the Company reported total revenues of Baht 39.56 million, decreased by Baht 32.08 million or decreased by 44.77 percent compared to Baht 71.64 million for the same period of 2018. This was mainly due to a decrease of revenue from sale of condominium Element Srinakarin project which was closed in 2018 and a decrease of gain on foreign exchange rate by Baht 19.61 million and Baht 15.61 million, consecutively, compared to the same period of 2018. The Company reported total revenues of Baht 114.60 million for the nine-month period of 2019, decreased by Baht 246.25 million or decreased by 68.24 percent compared to Baht 360.85 million for the same period of 2018.

The majority of revenues for the quarter 3/2019 are as follows:

- In the quarter 3/2019, the Company reported revenue from sale of condominium from Elements Srinakarin Project of Baht 2.36 million, decreased by Baht 19.61 million or decreased by 89.27 percent compared to Baht 21.97 from the same period of last year because the project was closed in 2018.
- In the quarter 3/2019, the Company reported interest income of Baht 19.90 million, increased by Baht 0.70 million or increased by 3.63 percent compared to Baht 19.20 million for the same period of 2018.
- In the quarter 3/2019, the Company reported other income of Baht 16.54 million, increased by Baht 2.02 million or increased by 13.89 percent compared to Baht 14.52 million for the same period of 2018.

### **Expenses**

In the quarter 3/2019, the Company reported total expenses of Baht 287.52 million, increased by Baht 152.86 million or increased by 113.52 percent compared to Baht 134.66 million for the same period of 2018. This mainly due to an increase of loss on foreign exchange rate by Baht 153.86 million. The Company reported total expense of Baht 517.51 million for the nine-month period of 2019, increased by Baht 8.60 million or increased by 1.69 percent compared to Baht 508.91 million for the nine-month period of 2018.

The majority of expenses for the quarter 3/2019 are as follows:

- In the quarter 3/2019, the Company reported cost of condominium sale of Elements Srinakarin Project of Baht 1.51 million, decreased by Baht 13.59 million or decreased by 89.99 percent compared to Baht 15.10 million for the same period of 2018. The percentage of decreasing in cost was more than the percentage of decreasing in revenue from unit transferred of Elements Srinakarin Project which was decreased by 89.27 percent compared to the same period of 2018. Consequently, in the quarter 3/2019, gross profit margin was 35.92 percent, increase from the same period of 2018 which its gross profit margin was 31.27 percent.
- In the quarter 3/2019, the Company reported administrative expenses of Baht 37.36 million, decreased by Baht 2.07 million or decreased by 5.27 percent compared to Baht 39.43 million for the same period of 2018. The majority of administrative expenses consist of personnel expense, advisory fee, utilities expense, depreciation and miscellaneous expenses.
- In the quarter 3/2019, the Company reported directors and managements' remuneration of Baht 8.37 million, decreased by Baht 0.46 million or decreased by 5.16 percent compared to Baht 8.83 million for the same period of 2018.
- In the quarter 3/2019, the Company reported loss on foreign exchange rate of Baht 153.86 million, increased by Baht 153.86 million or increased by 100.00 percent compared to the same period of 2018. The main reason of increase is that the Company received paid back share capital from CGD Data Limited, foreign subsidiary which is on the liquidation process. When the Company invested, the Baht was weaker compared to when the Group received paid back share capital during the quarter 3/2019.
- In the quarter 3/2019, the Company reported finance costs of Baht 83.39 million, increased by Baht 13.81 million or increased by 19.84 percent compared to Baht 69.58 million for the same period of 2018. The finance costs for the quarter 3/2019 was resulted from issuance of bills of exchange, issuance of long-term debenture and long-term borrowing for being working capital and expansion of the Group's business.

Consequently, in the quarter 3/2019, the Company reported loss before income tax of Baht 247.95 million, loss increased by Baht 184.93 million or increased by 293.47 percent compared to the loss before income tax of Baht 63.02 million for the same period of 2018. The Company reported loss before income tax of Baht 402.91 million for the nine-month period of 2019, loss increased by Baht 254.85 million or increased by 172.13 percent compared to loss before income tax of Baht 148.06 million for the nine-month period of 2018.

**Income tax revenue**

The Company reported income tax revenue in the quarter 3/2019 of Baht 0.13 million, increased by Baht 0.04 million or increased by 40.64 percent compared to income tax revenue of Baht 0.09 million for the same period of 2018. The Company reported income tax revenue of Baht 0.74 million for nine-month period of 2019, increased by Baht 0.46 million or increased by 164.66 percent compared to income tax revenue of Baht 0.28 million for the nine-month period of 2018.

**Net loss for the period**

The operating result mentioned above resulting in the Company reported net loss for the quarter 3/2019 of Baht 247.82 million, loss increased by Baht 184.90 million or increased by 293.85 percent compared to the net loss of Baht 62.92 million in same period of 2018. The Company reported net loss of Baht 402.17 million for nine-month period of 2019, loss increased by Baht 254.39 million or loss increased by 172.14 percent compared to loss before income tax of Baht 147.78 million for the nine-month period of 2018.

Please be informed accordingly.

Yours sincerely,

Ben Taechaubol

Chief Executive Officer