

CGD59/0048

10 August 2016

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 and its subsidiaries (“the Group”) would like to report the operating results of the Company, and its subsidiaries for the second quarter of 2016 as follows:

Consolidated Financial Statements (“the Group”)

- **Revenues** The Group reported total revenue of Baht 174.15 million in the second quarter of 2016, increased 39.00 percent compared to Baht 125.29 million in the second quarter of 2015. The majority of the Group’s revenue came from the unit transferred of Elements Srinakarin project of Baht 122.24 million, increased 25.94 percent from 97.06 million baht in the second quarter of 2015. Moreover, the Group reported gain on exchange rate of Baht 39.84 million and also realized a dividend income of Baht 8.78 from its temporary investments.

- **Expenses** The Group reported total expenses of Baht 194.29 million in the second quarter of 2016, increased 1.54 percent compared to Baht 191.34 million in the second quarter of 2015. This was mainly caused from following reasons:
 - Cost of condominium sale in the second quarter of 2016 amounted to Baht 72.55 million, increased 10.09 percent compared to Baht 65.90 million in the second quarter of 2015, which increase less than the increment of revenue from unit transferred. This reflects the improvement of reported gross profit margin from 32.09 percent in the second quarter of 2015 to 40.64 percent in the second quarter of 2016.
 - Selling expenses in the second quarter of 2016 amounted to Baht 56.42 million, decreased 33.47 percent compared Baht 84.81million in the second quarter of 2015. The decrement

was mainly caused from lower marketing activities for Four Seasons Private Residences Bangkok at Chao Phraya River when compare to same period last year which was a launch period of the project.

- Administrative expenses in the second quarter of 2016 amounted to Baht 39.10 million, increased of 21.69 percent compared to Baht 32.13 million in the second quarter of 2015. This was mainly caused from external consulting fee for the group's international investment.
- Loss Baht 15.60 million from entering into a currency forward contract in order to hedge the currency risk exposure.

Consequently, the Group reported a loss before finance costs and income tax expense of Baht 20.14 million in the second quarter of 2016, decreased 69.51 percent from the second quarter of 2015 that the Group reported a loss before finance costs and income taxes of Baht 66.05 million

- **Finance Costs** The Group reported financial costs of Baht 51.59 million in the second quarter of 2016, increased 19.90 percent compared to Baht 43.03 million in the second quarter of 2015. The incremental was mainly due to additional issuance of debenture amount of Baht 1,150 million in the third quarter of 2015.
- **Net Profit (Loss) for the Period** The operating result mentioned above resulting in the Group reported net loss of Baht 71.59 million in the second quarter of 2016, of which Baht 57.48 million attributed to the Group and the remaining of Baht 14.11 million attributed to a Non-controlling interests. Consequently, net loss which attributed to the Group in the second quarter of 2016 decreased by 49.90 percent, compared with a net loss of Baht 114.74 million in the second quarter of 2015 .

Separate Financial Statements (“the Company”)

- **Revenues** The Company reported total revenue of Baht 423.86 million in the second quarter of 2016, increased 232.41 percent compared to Baht 127.51 million in the second quarter of 2015. The majority of the Company’s revenue came from the unit transferred of Elements Srinakarin project and gain on exchange rate as already mentioned in the operating result of the Group. The company also realized a dividend income of Baht 233.69 million, of which Baht 224.91 million derived from CGD Digital Partners Limited.

- **Expenses** The Company reported total expenses of Baht 137.76 million in the second quarter of 2016, decreased 17.71 percent compared to Baht 167.40 million in the second quarter of 2015. This was mainly caused from following reasons:
 - Cost of condominium sale in the second quarter of 2016 amounted to Baht 72.55 million, increased 10.09 percent compared to Baht 65.90 million in the second quarter of 2015, which increase less than the increment of revenue from unit transferred. This reflects the improvement of reported gross profit margin from 32.10 percent in the second quarter of 2015 to 40.64 percent in the second quarter of 2016.
 - Administrative expenses in the second quarter of 2016 amounted to Baht 29.91 million, increased of 3.70 percent compared to Baht 28.84 million in the second quarter of 2015. This was mainly due to the increased in personnel expenses, utility bills and specific business taxes related to the administration of the projects which were being developed.
 - Loss Baht 15.60 million from entering into a currency forward contract in order to hedge the currency risk exposure.

Consequently, the Company reported a profit before finance costs and income tax expense of Baht 286.11 million in the second quarter of 2016, increased 817.32 percent from the second quarter of 2015 that the Group reported a loss before finance costs and income taxes of Baht 39.89 million

- **Finance Costs** In the second quarter of 2016, the Company reported financial costs of Baht 51.59 million, increased 42.09 percent compared to Baht 36.31 million in the second quarter of 2015 due to the reason mentioned in the operating result of the Group.
- **Net Profit (Loss) for the Period** The operating result mentioned above resulting in the Company reported net profit of Baht 234.65 million for the second quarter of 2016, increased 408.38 percent, compared with a net loss of Baht 76.09 million in the second quarter of 2015.

Please be informed accordingly.

Yours sincerely,

Ben Taechaubol
Chief Executive Officer