

CGD59/0071

November 11, 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 ("the Company") would like to report the operating results of the Company and its subsidiaries for the third quarter of 2016 as follows:

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

- **Revenues** The Group reported total revenues of Baht 133.72 million in the third quarter of 2016, decreased 45.33 percent compared to Baht 244.60 million in the third quarter of 2015.

The majority of revenue as follows:

- The Company reported major revenue from the unit transferred of Elements Srinakarin project of Baht 118.48 million, decreased 39.63 percent compared to Baht 196.25 million in the third quarter of 2015.
- Foreign subsidiary reported rental income from investment property of Baht 13.78 million in the third quarter of 2016 (the third quarter of 2015 : Nil).

- **Expenses** The Group reported total expenses of Baht 232.22 million in the third quarter of 2016 decreased 5.76 percent compared to Baht 246.42 million in the third quarter of 2015.

The majority expenses as follows:

- Cost of condominium sale of Elements Srinakarin project in the third quarter of 2016 amounted to Baht 74.66 million, decreased 42.40 percent compared to Baht 129.61 million in the third quarter of 2015. The percentage of decreasing in cost was more than percentage of decreasing in revenue from unit transferred of Elements Srinakarin project. As a result, gross profit margin increased when compared to the same quarter in the prior year which reported gross profit margin 33.96 percent while the gross profit margin for the third quarter of 2016 is 36.99 percent.

- Selling expenses in the third quarter of 2016 amounted to Baht 69.92 million, decreased 8.06 percent compared to Baht 76.05 million in the third quarter of 2015. The majority selling expenses came from marketing activities of Four Seasons Private Residences Bangkok at Chao Phraya River and promotion expenses of Elements Srinakarin project.
- Administrative expenses in the third quarter of 2016 amounted to Baht 39.06 million, increased 20.47 percent compared to Baht 32.43 million in the third quarter of 2015. This was mainly caused from increasing in consulting fee of the Group.
- Loss on foreign exchange rate in the third quarter of 2016 amounted to Baht 37.82 million. This was mainly caused from increasing in the Group's assets in foreign currency in the third quarter of 2016 and Baht currency was appreciated when compared to the foreign currency.

Consequently, the Group reported loss before finance costs and income tax expense of Baht 98.50 million in the third quarter of 2016, increased 5,317.35 percent compared loss before finance costs and income tax expense amounted to Baht 1.82 million in the third quarter of 2015.

- **Finance Costs** The Group reported financial costs of Baht 50.33 million in the third quarter of 2016, increased 36.22 percent compared to Baht 36.95 million in the third quarter of 2015. The incremental was mainly due to additional issue of bill of exchange of Baht 890 million in the third quarter of 2016 and issuance of debenture amount of Baht 1,150 million in the third quarter of 2015.
- **Profit from discontinued operation** In the third quarter of 2015 the Group reported profit from discontinued operation amounted to Baht 12.06 million while no such transaction in the third quarter of 2016 because the Company sold investment in the subsidiary.
- **Net Profit (loss) for the period** The operating result mentioned above resulting the Group reported net loss of Baht 151.45 million in the third quarter of 2016, of which Baht 118.33 million attributed to the Group and the remaining of Baht 33.12 million attributed to non-controlling interests. Consequently, net loss which attributed to the Group in the third quarter of 2016 increased by Baht 91.73 million or increased by 344.80 percent, compared with a net loss of Baht 26.60 million in the third quarter of 2015.

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

- **Revenues** The Company reported total revenues of Baht 168.55 million in the third quarter of 2016, decreased 25.55 percent compared to Baht 226.40 million in the third quarter of 2015. The majority of the Company’s revenues came from the unit transferred of Elements Srinakarin as mentioned in the operation report of the consolidated financial statements. In addition, the Company reported interest income in the third quarter of 2016 of Baht 38.50 million, increased by Baht 17.49 million or increase by 83.25 percent compared to interest income of Baht 21.00 million in the third quarter of 2015 this mainly due to additional loan to foreign subsidiary.
  
- **Expenses** The Company reported total expenses of Baht 129.62 million in the third quarter of 2016, decreased 34.89 percent compared to Baht 199.07 million in the third quarter of 2015. The majority expenses as follows:
  - Cost of condominium sale of Elements Srinakarin project in the third quarter of 2016 amounted to Baht 74.66 million, decreased 42.40 percent compared to Baht 129.61 million in the third quarter of 2015, which percentage decreased was more than decrement of percentage of revenue from unit transferred of Elements Srinakarin project. As a result, gross profit margin increased when compared to the same quarter in the prior year which reported gross profit margin 33.96 percent while the gross profit margin for the third quarter of 2016 is 36.99 percent.
  - Selling expenses in the third quarter of 2016 amounted to Baht 13.28 million, increased 62.87 percent compared to Baht 8.16 million in the third quarter of 2015. The increment of expenses in the third quarter of 2016 was increased when compared to the same quarter of the prior year was mainly caused from increasing in promotion expenses to stimulate sales for Elements Srinakarin project.
  - Administrative expenses in the third quarter of 2016 amounted to Baht 31.69 million, increased of 2.23 percent compared to Baht 31.00 million in the third quarter of 2015. The administrative expenses consist of personnel expenses, advisory fee, utility expenses, specific business taxes, depreciation and miscellaneous expenses.

Consequently, the Company reported a profit before finance costs and income tax expense of Baht 38.94 million in the third quarter of 2016, increased 42.44 percent compared to the third quarter of 2015.

- **Finance Costs** The Company reported financial costs of Baht 50.29 million in the third quarter of 2016, increased 36.12 percent compared to Baht 36.95 million in the third quarter of 2015 as mentioned in the operating result of the consolidated financial statements.
- **Net Profit (loss) for the period** The operating result mentioned above resulting in the Company reported net loss of Baht 11.22 million for the third quarter of 2016, increased 17.99 percent, compared to the net loss of Baht 9.51 million in the third quarter of 2015.

Please be informed accordingly.

Yours sincerely,

Ben Taechaubol

Chief Executive Officer