

CGD60/0007

February 23, 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 year ended December 31, 2016 as follows:

Consolidated Financial Statements ("the Group")

- **Revenues** The Group reported total revenues in 2016 of Baht 590.07 million, increased 14.35 percent compared to Baht 516.04 million in 2015. The majority of revenue for the year 2016 as follows:
 - The Company reported major revenue from the unit transferred of Elements Srinakarin project of Baht 351.56 million, decreased 26.66 percent compared to Baht 479.37 million in 2015
 - Foreign subsidiary reported rental income from investment property of Baht 27.00 million in 2016 (2015 : Nil)
 - The group reported dividend income of Baht 89.59 million (2015 : Nil)
 - The Company reported gain from currency forward transaction of Baht 42.57 million, increased 1,589.37 percent compared to Baht 2.52 million in 2015
 - The Group reported gain on foreign exchange rate of Baht 52.12 million, increased by 462.05 percent compared to Baht 9.27 million in 2015
- **Expenses** The Group reported total expenses in 2016 of Baht 738.65 million decreased 14.85 percent compared to Baht 867.45 million in 2015. The majority expenses for the year 2016 as follows:

- Cost of condominium sale of Elements Srinakarin project in 2016 amounted to Baht 218.46 million, decreased 31.67 percent compared to Baht 319.70 million in 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 period in the prior year which reported gross profit margin 33.31 percent while the gross profit margin for 2016 is 37.86 percent.
- Selling expenses in 2016 amounted to Baht 273.86 million, decreased 16.86 percent compared to Baht 329.39 million in 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 2016 amounted to Baht 203.85 million, increased 28.72 percent compared to Baht 158.37 million in 2015. This was mainly caused from increasing in selling expenses on sold investment in subsidiary and initial expenses for purchase investment property of subsidiary.

Consequently, the Group reported loss before finance costs and income tax expense of Baht 148.57 million in 2016, decreased 57.72 percent compared loss before finance costs and income tax expense amounted to Baht 351.42 million in 2015.

- **Finance Costs** The Group reported financial costs of Baht 205.20 million in 2016, increased 24.35 percent compared to Baht 165.03 million in 2015. The incremental was mainly due to additional issue of bill of exchange for being working capital and expansion of the Company's business. In addition, during 2016 a foreign subsidiary has borrowed the money from foreign financial institution for purchase investment property. As a result, the financial costs have been increased.
- **Profit from discontinued operation** In 2015 the Group reported profit from discontinued operation amounted to Baht 35.87 million while no such transaction in 2016 because the Company sold investment in the subsidiary.
- **Net Profit (loss) for the year** The operating result mentioned above resulting the Group reported net loss of Baht 355.82 million in 2016, of which Baht 275.93 million attributed to

the parent and the remaining of Baht 79.89 million attributed to non-controlling interests. Consequently, net loss which attributed to the parent in 2016 decreased by Baht 180.68 million or decreased by 39.57 percent, compared with a net loss of Baht 456.60 million in 2015.

Separate Financial Statements (“the Company”)

- **Revenues** The Company reported total revenues of Baht 852.65 million in 2016, increased 38.25 percent compared to Baht 616.77 million in 2015. The majority of the Company’s revenues came from the unit transferred of Elements Srinakarin, gain from currency forward transaction and gain on foreign exchange rate as mentioned in the operation report of the consolidated financial statements. In addition, the Company reported interest income in 2016 of Baht 116.02 million, increased by Baht 27.30 million or increase by 30.77 percent compared to interest income of Baht 88.72 million in 2015 this mainly due to additional loan to foreign subsidiary. Moreover, the Company reported dividend income in 2016 of Baht 233.69 million or increased 100 percent when compared to 2015 this was mainly due to receive dividend income from a foreign subsidiary.

- **Expenses** The Company reported total expenses of Baht 422.35 million in 2016, decreased 27.49 percent compared to Baht 582.44 million in 2015. The majority expenses as follows:
 - Cost of condominium sale of Elements Srinakarin project in 2016 amounted to Baht 218.46 million, decreased 31.67 percent compared to Baht 319.70 million in 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 period in the prior year which reported gross profit margin 33.31 percent while the gross profit margin for 2016 is 37.86 percent.
 - Selling expenses amounted to Baht 33.43 million, decreased 41.80 percent compared to Baht 57.44 million in 2015. The decrement of expenses was mainly caused from decreasing in sale of Elements Srinakarin project as a result of decreasing in commission expense.

- Administrative expenses amounted to Baht 129.19 million, decreased of 9.42 percent compared to Baht 142.62 million in 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 430.31 million in 2016, increased 1,153.39 percent compared to the profit before finance costs and income tax expense of Baht 34.33 million in 2015.

- **Finance Costs** The Company reported financial costs of Baht 197.79 million in 2016, increased 19.85 percent compared to Baht 165.03 million in 2015 as mentioned in the operating result of the consolidated financial statements.
- **Net Profit (loss) for the year** The operating result mentioned above resulting in the Company reported net profit of Baht 232.95 million for the year 2016, increased 279.23 percent, compared to the net loss of Baht 129.97 million in 2015.

Please be informed accordingly.

Yours sincerely,

Ben Taechaubol
Chief Executive Officer