

August 9, 2018

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, 2018 as follows:

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

- **Revenues** The Group reported total revenues for the three-month period ended June 30, 2018 of Baht 110.58 million increased by 11.80 percent compared to Baht 98.90 million for the same period of 2017. This was mainly because of higher revenue from sale of condominium by Baht 8.39 million. The majority of revenues the three-month period ended June 30, 2018 are as follows:
  - The Group reported major revenue from the condominium unit transferred of Elements Srinakarin Project of Baht 91.43 million which increased by 10.11 percent compared to Baht 83.04 million for the same period of 2017.
  - Foreign subsidiary reported rental income from investment property of Baht 12.87 million which equal to the same period of 2017.
- **Expenses** The Group reported total expenses for the three-month period ended June 30, 2018 of Baht 437.48 million increased by 103.16 percent compared to Baht 215.34 million for the same period of 2017. This mainly resulted from the increase in cost of condominium sale by Baht 3.79 million which correlated with higher condominium sale. Loss on foreign exchange rate increased by Baht 215.60 million. Together with the Group has increased in finance costs of Baht 26.29 million. However, the Group has decreased in distribution costs by Baht 23.65 million. The expenses for the three-month period ended June 30, 2018 are as follows;

- Cost of condominium sale of Elements Srinakarin Project of Baht 53.63 million increased by 7.61 percent compared to Baht 49.83 million for the same period of 2017. The percentage of increasing in cost was less than the percentage of increasing in revenue from unit transferred of Elements Srinakarin Project. As a result, gross profit margin for the three-month period ended June 30, 2018 of 41.34 percent increase when compared to the same period of 2017 which reported gross profit margin 39.98 percent.
- Distribution costs of Baht 37.65 million, decreased by 38.58 percent compared to Baht 61.30 million for the same period of 2017. The majority of distribution costs for the three-month period ended June 30, 2018 and 2017 came from marketing activities of Four Seasons Private Residences Bangkok at Chao Phraya River and promotion expenses of Elements Srinakarin Project.
- Administrative expenses of Baht 39.88 million, increased by 5.12 percent compared to Baht 37.94 million for the same period of 2017. Majority of administrative expenses consist of personnel expense, advisory fee, utilities expense, depreciation and miscellaneous expenses.
- The Group reported Loss on foreign exchange rate of Baht 216.82 million which increased by Baht 17,654.96 percent compared to Baht 1.22 million for the same period of 2017. This was due to depreciate of Thai Baht currency together with increased in USD loan of a local subsidiary according to construction progress of Chao Phraya Estate Project which has a lot of progress during 2018.
- Finance costs of Baht 80 million, increased by 48.95 percent compared to Baht 53.71 million in the same period of 2017. The majority of finance costs for the three-month period ended June 30, 2018 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.

Consequently, the Group reported loss before income tax expense for the three-month period ended June 30, 2018 of Baht 326.90 million which increased by 180.75 percent compared to loss before income tax expense of Baht 116.44 million for the same period of 2017.

- **Income tax expense** The Group reported income tax revenue for the three-month period ended June 30, 2018 of Baht 0.09 million, increased by Baht 1.66 million compared to the same period of 2017. This was due to foreign subsidiary utilized tax benefit from investment in investment property since the last quarter of 2017.
- **Net loss for the three-month period ended June 30, 2018** The operating result mentioned above resulting the Group reported net loss of Baht 326.81 million, of which Baht 247.32 million attributed to the parent and the remaining of Baht 79.49 million attributed to non-controlling interests. Consequently, net loss which attributed to the parent increased by Baht 142.02 million or increased by 134.87 percent, compared with a net loss attributed to the parent of Baht 105.30 million for the same period of 2017.

#### Separate Financial Statements (the "Company")

- **Revenues** The Company reported total revenues for the three-month period ended June 30, 2018 of Baht 130.93 million, increased by 10.17 percent compared to Baht 118.84 million for the same period of 2017. This was mainly because for the three-month period ended June 30, 2018 the Company reported higher revenue from sale of condominium by Baht 8.39 million and reported higher other income by Baht 7.70 million when compared to the same period of 2017. The majority of the Company's revenues for the three-month period ended June 30, 2018 are as follows;
  - The Company reported major revenue from the condominium unit transferred of Elements Srinakarin Project of Baht 91.43 million which increased by 10.11 percent compared to Baht 83.04 million for the same period of 2017.
  - The Company reported interest income of Baht 18.79 million which decreased by 34.19 percent compared to Baht 28.54 million for the same period of 2017. This was mainly the Company received loan repayment from a local subsidiary in the 4<sup>th</sup> quarter of 2017 amount of Baht 400 million.
  - The Company reported gain on foreign exchange rate of Baht 6.02 million while the same period of 2017 the Company reported loss on foreign exchange rate of Baht 18.83 million. This was resulted from depreciation in Thai Baht currency while the

Company has outstanding loan to foreign subsidiary more than the outstanding of loan from foreign subsidiary.

- The Company reported other income of Baht 14.56 million which increased by 112.14 percent compared to Baht 6.86 million for the same period of 2017. This was resulted from increasing in management fee from the Company's subsidiaries.

- **Expenses** The Company reported total expenses for the three-month period ended June 30, 2018 of Baht 178.14 million which increased by 2.97 percent compared to Baht 173 million for the same period of 2017. This mainly resulted from increase in cost of condominium sale by Baht 3.79 million and increase in finance costs by Baht 26.69 million. However, loss on foreign exchange rate all decreased of Baht 18.83 million as mentioned above. The majority of expenses for the three-month period ended June 30, 2018 are as follows :

- Cost of condominium sale of Elements Srinakarin Project of Baht 53.63 million increased by 7.61 percent compared to Baht 49.83 million for the same period of 2017. The percentage of increasing in cost was less than the percentage of increasing in revenue from unit transferred of Elements Srinakarin Project. As a result, gross profit margin for the three-month period ended June 30, 2018 of 41.34 percent increase when compared to the same period of 2017 which reported gross profit margin 39.98 percent.
- Distribution costs of Baht 8.53 million decreased by 31.25 percent when compared to Baht 12.40 million for the same period of 2017. This was mainly caused from decreasing in sale commission, advertising and promotes expenses for Elements Srinakarin Project because Company has closed sale the project.
- Administrative expenses of Baht 35.60 million decreased by 2.21 percent compared to Baht 36.40 million for the same period of 2017. The administrative expenses consist of personnel expense, advisory fee, utilities expense, depreciation and miscellaneous expenses.
- Finance costs of Baht 71.65 million which increased by 59.36 percent compared to Baht 44.96 million in the same period of 2017. The majority of finance costs resulted from issuance of bills of exchange, issuance of long-term debentures for being working capital and expansion of the Company's business.

Consequently, the Company reported loss before income tax expense for the three-month period ended June 30, 2018 of Baht 47.21 million which decreased by 12.83 percent compared to the loss before income tax expense of Baht 54.16 million for the same period of 2017. The mainly result of increased in gain on foreign exchange rate and revenue from management fee of subsidiaries.

- **Net loss for the three-month period ended June 30, 2018** The operating result mentioned above resulting in the Company reported net loss of Baht 47.12 million decreased by 12.76 percent, compared to the net loss of Baht 54.01 million in same period of 2017.

Please be informed accordingly.

Yours sincerely,

Ben Taechaubol

Chief Executive Officer