

CGH 070/2016

August 30, 2016

Re: Management Discussion and Analysis (MD&A)  
for the three-month and six-month periods ended June 30, 2016

To: The President  
The Stock Exchange of Thailand

Country Group Holdings Public Company Limited (“the Company”) would like to announce the operating results of the Company for the three-month and six-month periods ended June 30, 2016, which has been audited by auditor as follows:

**Operating results of the Company for three-month period ended June 30, 2016**

Unit : Million Baht

	2016	2015	Changes	%
<b>Revenues</b>				
- Brokerage Fees	152.54	185.72	(33.18)	(17.87)
- Fees and Services income	10.34	27.21	(16.87)	(62.00)
- Gain on Investments and Derivatives	77.27	24.27	53.00	218.38
- Interest and Dividends	14.77	18.38	(3.61)	(19.64)
- Interest on margin loans	11.36	12.06	(0.70)	(5.80)
- Others	5.06	3.12	1.94	62.18
<b>Total Revenues</b>	<b>271.34</b>	<b>270.76</b>	<b>0.58</b>	<b>0.21</b>
<b>Expenses</b>	<b>252.00</b>	<b>251.78</b>	<b>0.22</b>	<b>0.09</b>
Share of profit from investments in associated companies	34.03	15.03	19.00	126.41
<b>Income before Income tax</b>	<b>53.37</b>	<b>34.01</b>	<b>19.36</b>	<b>56.92</b>
Income tax	3.82	12.76	(8.94)	(70.06)
<b>Net Income for the periods</b>	<b>49.55</b>	<b>21.25</b>	<b>28.30</b>	<b>133.18</b>

The Company’s net profit was Baht 49.55 million, an increase of Baht 28.30 million or 133.18% from the net profit of Baht 21.25 million for the same period of last year. The main reasons are as follows:

1. The Company’s total revenues was Baht 271.34 million, an increase of Baht 0.58 million or 0.21% compared to the same period of last year. Details are as follows:

- Brokerage Fees decreased by Baht 33.18 million or 17.87%. This was mainly due to decrease in average daily trading value of the Company that in line with a decrease in average daily trading value of the Stock Exchange of Thailand.
  - Fees and Services income decreased by Baht 16.87 million or 62.00%. This was mainly due to the decrease in underwriting fee and other fees and services of Baht 19.38 million and Baht 1.96 million, respectively. On the other hand, the increase in financial advisory fee of the Company of Baht 4.49 million.
  - Gain on Investments and Derivatives increased by Baht 53.00 million or 218.38%. This was mainly due to
    - Increase in gain on sale of available-for-sale investment of Baht 63.04 million from Baht 4.21 million to Baht 67.25 million
    - Decrease in gain on sale of trading investments of Baht 10.07 million from Baht 19.25 million to Baht 9.18 million.
2. The Company's total expenses was Baht 252.00 million, an increase of Baht 0.22 million or 0.09% compared to the same period of last year. This was mainly due to decrease in personnel expenses of Baht 18.83 million or 12.46% that in line with the decrease in marketing incentives derived from brokerage fee income decreased. On the other hand, increase in premises and equipment expenses and other operating expenses of Baht 7.25 million and Baht 13.01 million, respectively.
3. The Company's share of profit from investments in associated companies was Baht 34.03 million, an increase of Baht 19.00 million or 126.41% compared to the same period of last year. This was mainly due to the increase in the net profit of the associated companies.
4. The Company's corporate income tax was Baht 3.82 million, a decrease of Baht 8.94 million or 70.06% compared to the same period of last year. This was mainly due to the decrease in the Company's taxable income.

## Operating results of the Company for six-month period ended June 30, 2016

Unit : Million Baht

	2016	2015	Changes	%
<b>Revenues</b>				
- Brokerage Fees	348.97	468.66	(119.69)	(25.54)
- Fees and Services income	42.80	33.36	9.44	28.30
- Gain on Investments and Derivatives	130.08	66.98	63.10	94.21
- Interest and Dividends	31.15	34.64	(3.49)	(10.08)
- Interest on margin loans	22.70	23.00	(0.30)	(1.30)
- Others	7.78	4.71	3.07	65.18
<b>Total Revenues</b>	<b>583.48</b>	<b>631.35</b>	<b>(47.87)</b>	<b>(7.58)</b>
<b>Expenses</b>	<b>510.05</b>	<b>534.67</b>	<b>(24.62)</b>	<b>(4.60)</b>
Share of profit from investments in associated companies	43.36	25.68	17.68	68.85
<b>Income before income tax</b>	<b>116.79</b>	<b>122.36</b>	<b>(5.57)</b>	<b>(4.55)</b>
Income tax	15.55	53.53	(37.98)	(70.95)
<b>Net income for the periods</b>	<b>101.24</b>	<b>68.83</b>	<b>32.41</b>	<b>47.09</b>

The Company's net profit was Baht 101.24 million, an increase of Baht 32.41 million or 47.09% from the net profit of Baht 68.83 million for the same period of last year. The main reasons are as follows:

1. The Company's total revenues was Baht 583.48 million, a decrease of Baht 47.87 million or 7.58% compared to the same period of last year. Details are as follows:
  - Brokerage Fees decreased by Baht 119.69 million or 25.54%. This was mainly due to decrease in average daily trading value of the Company that in line with a decrease in average daily trading value of the Stock Exchange of Thailand.
  - Fees and Services increased by Baht 9.44 million or 28.30%. This was mainly due to the increase in financial advisory fee of the Company of Baht 34.78 million. On the other hand, decrease in underwriting fee and other fees and services of Baht 19.38 million and Baht 5.97 million, respectively.
  - Gain on Investments and Derivatives increased by Baht 63.10 million or 94.21%. This was mainly due to
    - Increase in gain on sale of available-for-sale investment of Baht 62.22 million from Baht 5.14 million to Baht 67.36 million.

- Increase in gain on sale of trading investments of Baht 2.59 million from Baht 59.17 million to Baht 61.76 million.
- 5. The Company's total expenses was Baht 510.05 million, a decrease of Baht 24.62 million or 4.60% compared to the same period of last year. This was mainly due to decrease in personnel expenses of Baht 40.30 million or 12.31% that in line with the decrease in marketing incentives derived from brokerage fee income decreased. On the other hand, increase in premises and equipment expenses and other operating expenses of Baht 8.86 million and Baht 11.41 million, respectively.
- 2. The Company's share of profit from investments in associated companies was Baht 43.36 million, an increase of Baht 17.68 million or 68.85% compared to the same period of last year. This was mainly due to the increase in the net profit of the associated companies.
- 3. The Company's corporate income tax was Baht 15.55 million, a decrease of Baht 37.98 million or 70.95% compared to the same period of last year. This was mainly due to the decrease in the Company's taxable income.

Please be informed, accordingly.

Sincerely yours,

(Mr. Tommy Taechaubol)  
Chief Executive Officer