

CGH 036/2018

August 14, 2018

Re: Management Discussion and Analysis (MD&A)
For the three-month and six-month periods ended June 30, 2018

To: The President
The Stock Exchange of Thailand

Management Discussion and Analysis

The significant financial information for Country Group Holdings Public Company Limited and its subsidiaries (“The Company”) is as follows:

Unit: Million Baht

<i>STATEMENTS OF FINANCIAL POSITION</i>	<i>June 30, 2018</i>	<i>December 31, 2017</i>
<i>Total Assets</i>	9,781.87	8,803.73
<i>Total Liabilities</i>	3,833.51	2,614.11
<i>Total Shareholders' equity</i>	5,948.36	6,189.62

Unit: Million Baht

<i>STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</i>	<i>For the three-month periods ended June 30,</i>				<i>For the six-month periods ended June 30,</i>			
	<i>2018</i>	<i>2017</i>	<i>Changes</i>	<i>%</i>	<i>2018</i>	<i>2017</i>	<i>Changes</i>	<i>%</i>
<i>Total Revenues</i>	134.85	81.54	53.31	65.38	271.45	198.37	73.08	36.84
<i>Total Expenses</i>	161.50	137.43	24.07	17.51	324.62	274.08	50.54	18.44
<i>Share of Profit (Loss) from investment in associates</i>	(15.24)	49.59	(64.83)	(130.73)	21.73	127.02	(105.29)	(82.89)
<i>Income (Loss) before Income Tax</i>	(41.89)	(6.30)	(35.59)	(564.92)	(31.44)	51.31	(82.75)	(161.27)
<i>Income Tax Income (Expenses)</i>	3.50	1.18	2.32	(196.61)	11.31	(1.23)	12.54	1,019.51
<i>NET INCOME (LOSS) FOR THE PERIODS</i>	(38.39)	(5.12)	(33.27)	(649.80)	(20.13)	50.08	(70.21)	(140.20)

The Company would like to announce the operating results of the Company for the three-month and six-month periods ended June 30, 2018, which has been reviewed by an auditor as follows:

For the three-month period ended June 30, 2018

The Company's net loss was Baht 38.39 million, an increase of Baht 33.27 million or 649.80% from the net loss of Baht 5.12 million compared to the same period of last year. The main reasons are as follows:

1. The Company's total revenue was Baht 134.85 million, and increase of Baht 53.31 million or 65.38% from total revenue of Baht 81.54 million. Details are as follows:
 - Brokerage fees increased by Baht 23.69 million due to an increase in average daily trading volume achieved.
 - Fees and services income increased by Baht 8.00 million. This was mainly due to an increase in the Company's underwriting fee.
 - Interest on margin loans increased by Baht 4.32 million due to an increase in average margin loans.
 - Interest and dividends income increased by Baht 14.44 Baht. This was mainly due to an increase in the Company's investing activities.

2. The Company's total expense was Baht 161.50 million, an increase of Baht 24.07 million or 17.51% from total expense of Baht 137.43 million. This was mainly due to the employee benefit expenses and finance costs that increased by Baht 14.10 million and Baht 19.15 million, respectively.
3. The Company's share of loss from investments in associates was Baht 15.24 million, an increase of Baht 64.83 million or 130.73%. This was due to an increase in the net loss of one of the Company's associates.

For the six-month period ended June 30, 2018

The Company's net loss was Baht 20.13 million, an increase of Baht 70.21 million or 140.20% from the net profit of Baht 50.08 million compared to the same period of last year. The main reasons are as follows:

1. The Company's total revenue was Baht 271.45 million, an increase of Baht 73.08 million or 36.84% from total revenue of Baht 198.37 million. Details are as follows:
 - Brokerage fees increased by Baht 28.93 million due to an increase in average daily trading volume achieved.
 - Fees and Services income increased by Baht 7.05 million. This was mainly due to an increase in the Company's underwriting fee.
 - Interest on margin loans increased by Baht 8.96 million due to an increase in average margin loans.
 - Interest and dividends income increased by Baht 32.78 Baht. This was mainly due to an increase in the Company's investing activities.
2. The Company's total expense was Baht 324.62 million, an increase of Baht 50.54 million or 18.44% from total expense of Baht 274.08 million. This was mainly due to the following:
 - Employee benefit expenses increased by Baht 21.59 million due to the fact that the Company recruited more management and employees and also due to the increase in securities and derivatives trading volume.
 - Finance costs increased by Baht 37.81 million because the Company issued debentures of Baht 1,079.80 million with a fixed interest rate of 6.25% per annum.
 - Reversal of Bad debt and doubtful accounts increased by Bath 12.91 million. This was because the Company's existing debtor collateral value has increased.
3. The Company's share of profit from investments in associates was Baht 21.73 million, a decrease of Baht 105.29 million or 82.89%. This was due to a decrease in the net profit of the Company's associates compared to the same period of last year.

Please be informed accordingly.

Sincerely yours,

-Signature-

(Mr. Tommy Taechaubol)
Chief Executive Officer