

CGH 022/2019

August 14, 2019

Re: Management Discussion and Analysis (MD&A)
For the three-month and six-month periods ended June 30, 2019

To: The President
The Stock Exchange of Thailand

Management Discussion and Analysis

The financial information for Country Group Holdings Public Company Limited and its subsidiaries ("The Company") for the Quarter ending 30 June 2019 are as follows:

Unit: Million Baht

STATEMENTS OF FINANCIAL POSITION	June 30, 2019	December 31, 2018
<i>Total Assets</i>	8,473.10	9,160.12
<i>Total Liabilities</i>	2,630.83	3,273.38
<i>Total Shareholders' equity</i>	5,842.27	5,886.74

Unit: Million Baht

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	For the three-month periods ended June 30,				For the six-month periods ended June 30,			
	2019	2018	Changes	%	2019	2018	Changes	%
<i>Total Revenues</i>	258.70	134.85	123.85	91.84	461.29	271.45	189.84	69.94
<i>Total Expenses</i>	216.39	161.50	54.89	33.99	418.62	324.63	93.99	28.95
<i>Share of Profit (Loss) from investment in associates</i>	9.58	(15.24)	24.82	(162.86)	21.38	21.73	(0.35)	(1.61)
<i>Income (Loss) before Income Tax</i>	51.89	(41.89)	93.78	(223.87)	64.05	(31.45)	95.50	(303.66)
<i>Income Tax Income (Expenses)</i>	(8.30)	3.50	11.8	337.14	(12.56)	11.32	23.88	210.95
NET INCOME (LOSS) FOR THE PERIODS	43.59	(38.39)	81.98	(213.54)	51.49	(20.13)	71.62	(355.79)

The Company would like to announce the operating results of the Company for the three-month and six-month periods ended 30 June 2019, which has been reviewed by the auditor to be as follows:

For the three-month period ended June 30, 2019

The Company's net profit was Baht 43.59 million, an increase of Baht 81.98 million or 213.54% from the net loss of Baht 38.39 million recorded in the same period last year. The main reasons are as follows:

1. The Company's total revenue was Baht 258.70 million, an increase of Baht 123.85 million or 91.84% from the total revenue of Baht 134.85 million recorded in the same period last year. The details are as follows:
 - Brokerage fees increased by Baht 50.63 million due to an increase in securities and derivative trading volume achieved.
 - Fees and services income increased by Baht 19.52 million, mainly due to an increase in the Company's underwriting fee.
 - Interest on margin loans increased by Baht 1.41 million due to an increase in average margin loans.

2. The Company's total expense was Baht 216.39 million, an increase of Baht 54.89 million or 33.99% from the total expense of Baht 161.50 million recorded in the same period last year. The details are as follows:
 - Employee benefits expenses increased by Baht 26.93 million due to increased salaries and incentive fees as the number of employees increased. Additionally, there was additional expense due to the re-measurement of post-employee benefit obligation.
 - Fee and service expenses increased by Baht 14.83 million due to an increase in the fees paid for derivatives trading which is related to the increase in derivatives trading volume.
 - Other expenses increased by Baht 11.74 million due to an increase in maintenance expense, rental expense and other operating expenses
3. The Company's share of profit from investments in associates was Baht 9.58 million, an increase of Baht 24.82 million or 162.86%. This is due to an increase in the net profit of the Company's associates.

For the six-month period ended June 30, 2019

The Company's net profit was Baht 51.49 million, an increase of Baht 71.62 million or 355.79% from the net loss of Baht 20.13 million recorded in the same period last year. The main reasons are as follows:

1. The Company's total revenue was Baht 461.29 million, an increase of Baht 189.94 million or 69.94% from the total revenue of Baht 271.45 million recorded in the same period of last year. The details are as follows:
 - Brokerage fees increased by Baht 73.29 million due to an increase in securities and derivative trading volume achieved.
 - Fees and Services income increased by Baht 28.17 million due to an increase in the Company's underwriting fees.
 - Gain on investments and derivatives increased by Baht 89.91 million. This was mainly due to an increase in unrealized gain on re-measuring trading investments.
2. The Company's total expense was Baht 418.62 million, an increase of Baht 93.99 million or 28.95% from the total expense of Baht 324.63 million recorded in the same period last year. The details are as follows:
 - Employee benefit expenses increased by Baht 48.66 million due to increased salaries and incentive fees as the number of employees increased. Additionally, there was additional expense due to the re-measurement of post-employee benefit obligation.
 - Fee and service expenses increased by Baht 25.13 million due to an increase in the fees paid for derivatives trading which is related to an increase in derivatives trading volume.
 - Other expenses increased by Baht 11.04 million due to an increase in maintenance expense, rental expense and other operating expenses.
 - Bad debt and doubtful accounts expenses of Baht 5.68 million, as some of the Company's debtor collateral value decreased.

Please be informed accordingly.

Sincerely yours,

(Mr. Tommy Taechaubol)
Chief Executive Officer