

CGH 083/2016

November 14, 2016

Re: Management Discussion and Analysis (MD&A)  
for the three-month and nine-month period ended September 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 nine-month period ended September 30, 2016, which has been reviewed by auditor as follows:

Unit : Million Baht

	For the three-month periods ended September 30,				For the nine-month periods ended September 30,			
	2016	2015	Changes	%	2016	2015	Changes	%
Revenues	511.16	297.61	213.55	71.75	1,094.64	928.96	165.68	17.83
Expenses	252.04	245.07	6.97	2.84	762.09	779.73	(17.64)	(2.26)
Share of profit from investments in associated companies	53.19	8.81	44.38	503.75	96.55	34.49	62.06	179.94
Income before Income tax	312.31	61.35	250.96	409.06	429.10	183.72	245.38	133.56
Income tax	52.03	11.35	40.68	358.41	67.58	64.89	2.69	4.15
Net income for the periods	260.28	50.00	210.28	420.56	361.52	118.83	242.69	204.23

**For the three-month period ended September 30, 2016**

The Company’s net profit was Baht 260.28 million, an increase of Baht 210.28 million or 420.56% from the net profit of Baht 50.00 million for the same period of last year. The main reasons are as follows:

- The Company’s total revenues was Baht 511.16 million, an increase of Baht 213.55 million or 71.75% from total revenue of Baht 297.61 million. Details are as follows:
  - The Company recognized income from the partial transfer of retail securities business with a securities company amount of Baht 306.00 million in 3<sup>rd</sup> quarter 2016. The Company experienced a decrease in brokerage fee by Baht 80.57 million partly because the Company sold the part of the retail securities business to a securities company, and partly due to a decrease in average daily trading value achieved.
  - Fees and Services income decreased by Baht 18.85 million or 91.95%. This was mainly due to the Company recognized financial advisory fee in 3<sup>rd</sup> quarter 2015 which higher than 2016. However, overall of financial advisory fee for the 9-month 2016 was increased by Baht 17.73 million compared to the same period of last year.
  - Interest and Dividend increased by Baht 17.09 million or 111.26%. This was mainly due to increase in the Company’s investments portfolio as the results, the dividend income an increase of Baht 18.58 million.

2. The Company's share of profit from investments in associated companies was Baht 53.19 million, an increase of Baht 44.38 million or 503.75%. This was mainly due to an increase in the net profit of the Company's associated companies compared to the same period of last year.
3. The Company's corporate income tax was Baht 52.03 million, an increase of Baht 40.68 million or 358.41% compared to the same period of last year. This was mainly due to the increase in the Company's taxable income compare to the same period of last year.

For the nine-month period ended September 30, 2016

The Company's net profit was Baht 361.52 million, an increase of Baht 242.69 million or 204.23% from the net profit of Baht 118.83 million for the same period of last year. The main reasons are as follows:

1. The Company's total revenues was Baht 1,094.64 million, an increase of Baht 165.68 million or 17.83%. Details are as follows:
  - The Company recognized income from the partial transfer of retail securities business with a securities company amount of Baht 306.00 million in 3<sup>rd</sup> quarter 2016. The Company experienced a decrease in brokerage fee by Baht 200.26 million, partly because the Company sold the part of the retail securities business to a securities company, and partly due to a decrease in average daily trading value achieved.
  - Fees and Services decreased by Baht 9.42 million or 17.46%. This was mainly due to the decrease in the Company's underwriting fee and fees and services of Baht 19.19 million and Baht 7.96 million, respectively. On the other hand, increase in the Company's financial advisory fee of Baht 17.73 million.
  - Gain on Investments and Derivatives increased by Baht 56.83 million or 56.65%. This was mainly due to Increase in gain on sale of available-for-sale investments and gain on sale of trading investments amount of Baht 44.70 million and Baht 12.77 million, respectively.
  - Interest and Dividend increased by Baht 13.43 million or 26.86 %. This was mainly due to increase in the Company's investments portfolio as the results, the dividend income an increase of Baht 20.67 million. On the other hand, decrease in interest income of Baht 7.24 million.
2. The Company's share of profit from investments in associated companies was Baht 96.55 million, an increase of Baht 62.06 million or 179.94%. This was mainly due to the increase in the Company's taxable income compare to the same period of last year.

Overall, the Company's three core strategies focus on 1) dynamic portfolio management of existing assets 2) restructuring subsidiaries to focus on higher margin products 3) acquiring new companies with strong potential for growth.

For the nine-month year 2016, the Company's continued implement its diversification strategy under the holding company structure. The Company's net profit increased by 204.23% and share of profit from investments in associated companies increased by 179.91% compared to the same period of last year.

Please be informed, accordingly.

Sincerely yours,



(Mr. Tommy Taechaubol)  
Chief Executive Officer