

CGH 004/2017

February 27, 2017

Re: Management Discussion and Analysis (MD&A)
For the year ended December 31, 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 and its subsidiary for the year ended December 31, 2016, which has been audited by auditor as follows:

Unit : Million Baht

	For the years ended December 31,			
	2016	2015	Changes	%
Revenues	1,221.89	1,167.49	54.40	4.66
Expenses	931.32	1,069.02	(137.70)	(12.88)
Share of profit from investments in associated companies	134.75	18.39	116.36	632.74
Income before Income tax	425.32	116.86	308.46	263.96
Income tax	33.25	56.14	(22.89)	(40.77)
Net income for the years	392.07	60.72	331.35	545.70

For the year ended December 31, 2016

The Company’s net profit was Baht 392.07 million, an increase of Baht 331.35 million or 545.70% from the net profit of Baht 60.72 million compared to the previous year. The main reasons are as follows:

- The Company’s total revenues was Baht 1,221.89 million, an increase of Baht 54.40 million or 4.66% from total revenue of Baht 1,167.49 million. Details are as follows:
 - Gain on Investments and Derivatives increased by Baht 52.91 million or 46.31%. This was mainly due to increase in the Company’s gain on sale of available-for-sale investments and gain on sale of trading investments amount of Baht 37.02 million and Baht 23.34 million, respectively.
 - Fees and Services income increased by Baht 18.42 million or 30.38%. This was mainly due to increase in the Company’s financial advisory fee of Baht 32.07 million. However there was a decrease in the Company’s underwriting fee of Baht 16.93 million.
 - Interest and Dividend increased by Baht 14.29 million or 22.62%. This was mainly due to an increase in the Company’s investments portfolio and as a result, increase in dividend income of Baht 22.55 million. However there was a decrease in interest income of Baht 8.26 million.

- The Company recognized income from the partial transfer of its retail securities business with a securities company in amount of Baht 306.00 million in 3rd quarter 2016. Therefore the Company experienced a decrease in brokerage fee by Baht 325.54 million primarily due to this transfer and partially due to a decrease in average daily trading value achieved.
2. The Company's total expenses was Baht 931.32 million, a decrease of Baht 137.70 million or 12.88% from total expenses of Baht 1,069.02 million. Details are as follows:
 - Personnel expenses decreased by Baht 123.12 million. This was mainly due to decrease in marketing incentives expense of Baht 207.56 million because the Company transferred marketing officers to a securities company in the partial transfer that took place in the 3rd quarter 2016. In addition, decrease in marketing incentives derived from brokerage fee income decreased. However, the Company reported a dismissal compensation expenses amount of Baht 84.44 million.
 - The Company reported loss on sale/disposal assets from a part of its branches with a securities company in amount of Baht 13.60 million.
 3. The Company's share of profit from investments in associated companies was Baht 134.75 million, an increase of Baht 116.36 million or 632.74%. This was mainly due to an increase in the net profit of the Company's associated companies compared to the previous year.
 4. The Company's corporate income tax was Baht 33.25 million, a decrease of Baht 22.89 million or 40.77% compared to the same period of last year. This was mainly due to a decrease in the Company's taxable income compared to the previous year.

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

The Company continues to implement its diversification strategy under the holding company structure. For the year ended December 31, 2016, the Company's net profit increased by 545.70% and share of profit from investments in associated companies increased by 632.74% compared to the previous year.

Please be informed, accordingly.

Sincerely yours,

-Signature-

(Mr. Tommy Taechaubol)
Chief Executive Officer