

CGH 044/2018

November 14, 2018

Re: Management Discussion and Analysis (MD&A)
For the three-month and nine-month periods ended September 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”) are as follows:

<i>STATEMENTS OF FINANCIAL POSITION</i>	Unit: Million Baht	
	<i>September 30, 2018</i>	<i>December 31, 2017</i>
<i>Total Assets</i>	9,312.84	8,803.73
<i>Total Liabilities</i>	3,270.68	2,614.11
<i>Total Shareholders' equity</i>	6,042.16	6,189.62

<i>STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</i>	Unit: Million Baht							
	<i>For the three-month periods ended September 30,</i>				<i>For the nine-month periods ended September 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>	164.92	225.86	(60.94)	(26.98)	436.40	424.23	12.17	2.87
<i>Total Expenses</i>	166.35	145.44	20.91	14.38	491.00	419.51	71.49	17.04
<i>Share of Profit (Loss) from investment in associates</i>	(4.11)	33.11	(37.22)	(112.41)	17.62	160.13	(142.51)	(89.00)
<i>Income (Loss) before Income Tax</i>	(5.54)	113.53	(119.07)	(104.88)	(36.98)	164.85	(201.83)	(122.43)
<i>Income Tax Income (Expenses)</i>	5.94	(2.31)	8.25	(357.14)	17.25	(3.54)	20.79	587.29
<i>NET INCOME (LOSS) FOR THE PERIODS</i>	0.40	111.22	(110.82)	(99.64)	(19.73)	161.31	(181.04)	(112.23)

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

For the three-month period ended September 30, 2018

The Company’s net profit was Baht 0.40 million, a decrease of Baht 110.82 million or 99.64% from the net profit of Baht 111.22 million compared to the same period of last year. The main reasons are as follows:

- The Company’s total revenue was Baht 164.92 million, a decrease of Baht 60.94 million or 26.98% from total revenue of Baht 225.86 million. Details are as follows:
 - Brokerage fees increased by Baht 30.50 million or 62.49% due to an increase in securities and derivatives trading volume achieved.
 - Interest on margin loans increased by Baht 3.22 million or 93.74% due to an increase in average margin loans.
 - Interest and dividends income increased by Baht 10.65 million or 74.06%. This was mainly due to an increase in the Company’s investing activities.

- Gain on investments and derivatives decreased by Baht 81.73 million or 64.12%. This was mainly due to a decrease in gain on sale of trading investments.
2. The Company's total expense was Baht 166.35 million, an increase of Baht 20.91 million or 14.38% from total expense of Baht 145.44 million. The main reasons are as follows:
 - Employee benefits expenses increased by Baht 15.51 million or 20.37%. This was mainly due to the Company recruited more management and employees and also due to the increase in variable expenses which varied on securities and derivatives trading volume.
 - Fees and service expenses increased by Baht 7.89 million or 50.24% due to an increase in securities and derivatives trading volume.
 - Finance costs increased by Baht 19.08 million due to 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 was Bath 9.37 million. This was because the Company's existing debtor collateral value has increased.
 - Other expenses decreased by Baht 11.42 million or 22.23%. This was mainly due to a decrease in loss on exchange rate.
 3. The Company's share of loss from investments in associates was Baht 4.11 million, an increase of Baht 37.22 million or 112.41%. This was due to one of the Company's associates having a net loss.

For the nine-month period ended September 30, 2018

The Company's net loss was Baht 19.73 million, an increase of Baht 181.04 million or 112.23% from the net profit of Baht 161.31 million compared to the same period of last year. The main reasons are as follows:

1. The Company's total revenue was Baht 436.40 million, an increase of Baht 12.17 million or 2.87% from total revenue of Baht 424.23 million. Details are as follows:
 - Brokerage fees increased by Baht 59.60 million or 37.93% due to an increase in securities and derivatives trading volume achieved.
 - Interest on margin loans increased by Baht 12.18 million or 138.89% due to an increase in average margin loans.
 - Interest and dividends income increased by Baht 43.43 million or 98.13%. This was mainly due to an increase in the Company's investing activities.
 - Gain on investments and derivatives decreased by Baht 81.08 million or 53.52%. This was mainly due to a decrease in gain on sale of trading investments.
2. The Company's total expense was Baht 491.00 million, an increase of Baht 71.49 million or 17.04% from total expense of Baht 419.51 million. This was mainly due to the following:
 - Employee benefits expenses increased by Baht 37.10 million or 16.57%. This was mainly due to the Company recruited more management and employees and also due to the increase in variable expenses which varied on securities and derivatives trading volume.
 - Fees and service expenses increased by Baht 21.71 million or 50.75% due to an increase in securities and derivatives trading volume.
 - Finance costs increased by Baht 56.90 million due to 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 was Bath 13.28 million. This was because the Company's existing debtor collateral value has increased.
 - Other expenses decreased by Baht 21.17 million or 15.19%. This was mainly due to a decrease in loss on exchange rate.

3. The Company's share of profit from investments in associates was Baht 17.62 million, a decrease of Baht 142.51 million or 89.00%. This was due to one of the Company's associates having a net loss.

Please be informed accordingly.

Sincerely yours,



(Mr. Tommy Taechaubol)
Chief Executive Officer

