

No: ICHI-011/2018

August 14, 2018

Subject : Clarification of Operating Results for Q2'2018, ended June 30, 2018

To : The President
The Stock Exchange of Thailand

Ichitan Group Public Company Limited clarifies operating results for Q2'2018, ended June 30, 2018 as the following;

Sales

In Q2/2018, the company has sales revenue 1,333.0 million baht, which is 7.4% decreased from Q2/2017 that had sales revenue 1,438.9 million baht. The sales revenue is decreased because the local ready-to-drink tea market is not growing and adjustment of retail prices caused by the excise tax and sugar tax but the export sales grew by 23%.

For the sales revenue of 6 months of year 2018 and 2017 are 2,654.5 million baht and 2,927.0 million baht respectively. It is decreased by 272.5 million baht or 9.3% because the local ready-to-drink tea market is not growing and adjustment of retail prices caused by the excise tax and sugar tax but the export sales grew by 30%.

Cost of sales

Cost of sales of the company for Q2/2018 is 1,119.3 million baht or equivalent to 84.0% of sales. Cost of sales for Q2/2017 was 1,110.0 million baht or 77.1% of sales. The company has higher percentage cost of sales due to intense competition as well as cost from excite tax and sugar tax.

Cost of sales for 6 months of year 2018 and 2017 are 2,215.2 million baht and 2,245.1 million baht or equal to 83.4% and 76.7% respectively. The company has higher percentage cost of sales due to intense competition as well as cost from excite tax and sugar tax.

Distribution Costs

The company has distribution costs in Q2/2018 and Q2/2017 equals to 168.3 million baht and 175.1 million baht respectively. When compare distribution costs over the sales in Q2/2018 and Q2/2017, which is 12.6% and 12.2%, the percentage of distribution costs is slightly higher.

For the first 6 months of year 2018 and 2017, the company has 309.9 million baht and 376.9 million baht as distribution costs or equivalent to 11.7% and 12.9% of sales revenue respectively. The percentage of distribution costs is lower due to cost control.

Administrative Expenses

For Q2/2018 and Q2/2017, company has 39.0 million baht and 29.2 million baht equivalent to 2.9% and 2.0% of sales revenue respectively, the percentage is higher.

For the first 6 months of year 2018 and 2017, company has 70.7 million baht and 73.2 million baht as administrative expenses or equivalent to 2.7% and 2.5% of sales revenue respectively, the percentage is slightly lower.

Finance Costs

Finance costs of the company for Q2/2018 are 16.0 million baht which is decreased comparing with Q2/2017 that is 16.3 million baht due to reduction of loans from financial institutions.

Finance costs of the company for 6 months of year 2018 and 2017 are 32.1 million baht and 34.3 million baht which is decreased comparing with the same period in last year due to reduction of loans from financial institutions.

Share of loss of investment in joint venture

The company has share of loss of investment in joint venture in Q2/2018 and Q2/2017 equals to 55.5 million baht and 39.4 million baht respectively. Loss of investment is increased 16.0 million baht due to marketing expenses in Indonesia.

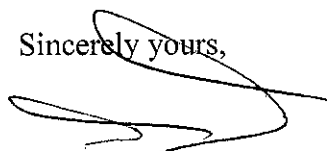
For the first 6 months of year 2018 and 2017, company has 86.8 million baht and 83.3 million baht as share of loss of investment in joint venture. Loss of investment is increased 3.5 million baht due to marketing expenses in Indonesia.

Net(loss) Profit

For Q2/2018, the Company's net (loss) profit is (30.4) million baht, or (2.3) % net profit margin. Net profit is decreased comparing with the same period in the last year that is 90.2 million baht or 6.3% of sales. Net profit is decreased 133.7%.

For 6 months of 2018, the Company's net profit is Baht 2.5 million, or 0.1% net profit margin. Net profit is decreased comparing with the same period in last year that is Baht 152.7 million or 5.2% of sales. Net profit is decreased 98.3%.

Sincerely yours,



(Mrs. Eng Passakornnatee)

Senior Executive Vice President