

Re. CBG002/2015

August 7, 2015

Subject Clarification on results of business operations
for the six-month period ended 30 June 2015

To Director and Manager
Stock Exchange of Thailand

Carabao Group Public Company Limited (CBG) would like to clarify the operation results for the six-month period ended 30 June 2015 and financial position as at 30 June 2015 as follows.

Consolidated statements of comprehensive income for H1 2015

The Group's total revenues amounted to Baht 3,791.8 million and Baht 3,743.7 million, respectively, an increase of Baht 48.1 million or 1.3% with the main reasons as specified below.

(1) The domestic sales amounted to Baht 2,590.0 million and Baht 2,579.4 million, respectively, an increase of Baht 10.6 million or 0.4% due to the slow economic recovery that causes the slowdown of consumer spending. However, The Group's market share remained stable and there was no significant changes in quantity sold and average selling price.

(2) The overseas sales amounted to Baht 1,141.7 million and Baht 1,096.2 million, respectively, an increase of Baht 45.5 million or 4.2%. The key contribution of this increased in revenue came from the growing sales in CLMV markets, which was in line with the Group's strategy to focus on increasing export to CLMV market. Sales of Cambodia alone represents 60.4% of our oversea sales, and has grown by 39.1% from the same period last year. Moreover, sales of Vietnam has increased by 60.9% from the same period last year. Also, sales in China, where the Group recently entered, increased significantly and amounted to 2.2% of total oversea sales. Afghanistan sales declined significantly due to the adverse economic condition and abnormally long winter period.

(3) The other income for this year and last year were Baht 60.1 million and Baht 68.1 million respectively, a decrease from last year by Baht 8.0 million or 11.7% mainly due to (1) Loss from changes in fair value of cross currency and interest rate swap contracts, which was a result from the

Group's currency hedging against US Dollar and interest of long-term loan from financial institutions by entering into cross currency and interest rate swap contract with a financial institution, and (2) Loss from exchange rate.

For the six-month period ended 30 June 2015 and 2014, the Group's gross profit amounted to Baht 1,376.0 million and Baht 1,216.6 million, respectively, an increase of Baht 159.4 million or 13.1%. The gross profit margin amounted to 36.9% and 33.1%, respectively. The increase in gross profit margin was mainly due to the reasons set out below.

- Domestic market – The Group's domestic gross profit amounted to Baht 1,005.8 million and Baht 837.3 million, respectively, an increase of Baht 168.5 million or 20.1%. The gross profit margin amounted to 38.8% and 32.5%, respectively. An increase of gross profit and gross profit margin were mainly due to the cost reduction obtained from the Group's own production of amber glass bottles, which is the main packaging material. In addition, the average selling price has improved slightly compared to the same period of last year.

- Overseas market – The Group's overseas gross profit amounted to Baht 370.2 million and Baht 379.3 million, respectively, a decrease of Baht 9.1 million or 2.4%. The gross profit margin amounted to 32.4% and 34.6%, respectively. The decrease in gross profit was due to the reduction of overall average selling price while changes in cost of goods sold, compared to the same period last year, remained of no consequences. The reduction of overall average selling price was due to the decline of sales from Afghanistan, which earned a higher selling price than most countries.

For the six-month periods ended 30 June 2015 and 2014, the Group's net profit amounted to Baht 667.7 million and Baht 495.2 million, respectively, an increase of Baht 172.5 million or 34.8%. The net profit margin amounted to 17.9% and 13.5%, respectively. Net profit of the Group has grown significantly for the six-month periods ended 30 June 2015 compared to the same period last year due to (1) Gross profit and gross profit margin increased from cost savings of amber glass bottle that resulted from the Group's own production (2) There was no financial cost due to the Group's loan repayment to financial institutions in December 2014 (3) The Group benefited from tax exemptions under the BOI privilege for the operation of amber glass bottle manufacturing plant. As a result, the effective tax rate of the Group's consolidated financial statements has been reduced to approximately 15% for the first six-month period of 2015 from the normal 20% tax rate.

Financial condition as of 30 June 2015

The Group's net assets amounted to Baht 6,096.4 million as of 30 June 2015, an increase of Baht 67.8 million or 1.1% from 31 December 2014. The increase/decrease in net assets are subject to the following reasons:

- 1) An increase in total assets of Baht 107.7 million or 1.5%, which was mainly due to:
 - An increase in cash and cash equivalents of Baht 126.3 million derived from the matured current investments.
 - An increase in account receivables of Baht 210.0 million which was mainly due to an increase of trade account receivables. This was a result from a temporary management policy to give a special credit terms for traditional trade customers in order to stimulate the Group's domestic sales. However, the credit term was offered for approximately 10 days only and the Group's has already received full payment in July 2015.
- 2) An increase of total liabilities of Baht 39.9 million mainly from an increase in trade account payables of Baht 40.8 million. This was mainly from undue payment for raw materials and packaging vendors.
- 3) An increase in shareholders' equity of Baht 67.8 million as a result of a profit increase of Baht 667.7 million and a decrease of Baht 600 million from annual dividend paid for the period of 2014.

Please be informed accordingly

Sincerely Yours,

Mr. Waranchai Jensiriwanich
Director of Legal Department / Company Secretary