



Abico Holdings Public Company Limited  
บริษัท เอบีโก้ โฮลดิ้งส์ จำกัด (มหาชน)

# ANNUAL REPORT

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# 2015/2558

ABICO HOLDINGS PUBLIC COMPANY LIMITED  
with interests in contract manufacturing in beverage and  
diary product, agricultural business and property.

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*Message from Company's Chairman*

In the previous year of 2015, the decelerating domestic economy had reduced demands and caused consumer confidence to remain low. However, due to the shift of our strategies in operation to reduce costs and expand market opportunity, the Company saw a net profit of 105.23 million baht in 2015. We expects more positive trends in 2016 than in 2015, especially in the contract manufacturing business where the Company has expanded our customer base to be more widespread.

Furthermore, in 2015, the Company succeeded in relisting our common stocks in the Market for Alternative Investment (MAI) on 9 February 9, 2015. The move was aimed at increasing liquidity in stock trading for our shareholders. This was a crucial success that our management and employees have contributed, in order to rebuild our business to reach sustainable growth in the future.

As for our long-term investment in Malee Sampran Public Company Limited, we received the return on investment in 2015 both from dividends and market appreciation. The investment at the fair value as of December 31, 2015 is worth 1,045.42 million baht, while the investment at the cost price is worth 412.48 million baht.

In 2016, the Company is still determined to continually improve manufacturing and management policies on every aspect in order to reduce costs on manufacturing, administration, and management, as well as to search for new business opportunities. Our goals are to build competitive capacity for our business and produce great returns for our shareholders.

Finally, our board of directors, on behalf of the Company, would like to thank our shareholders, business partners, customers, and financial institutions for your kind co-operation on our performance. The Company will be determined to continually improve quality and safety for our customers, with our commitment on good governance, transparent operation, and social and environmental responsibility.

On behalf of the Company's Chairman

(Mr. Chatchai Boonyarat)

Company's Chairman

Abico Holdings Public Company Limited

## *Company's Board of Directors*



<b>Name</b>	Mr. Chatchai Boonyarat
<b>Age</b>	68 years old
<b>Positions in the Company</b>	Chairman, Director
<b>Shareholding ratio</b>	None
<b>Relation among family</b>	
<b>within the Company</b>	Spouse, Mrs. Chintana Boonyarat, and Mr. Chaichat Boonyarat's father
<b>Education</b>	Bachelor Degree: Chemical Engineering, Chulalongkorn University Master Degree: Manufacturing Engineering, Boston University, United States of America
<b>Training for Director's Roles</b>	Chairman 2000 Course, Thai Institute of Directors(IOD) Capital Market Academy (CMA) Course, 11 <sup>th</sup> Class
<b>Experiences</b>	1997- Present: Chairman, Abico Holdings Public Co. Ltd. 1995-Present: Chairman, Malee Sampran Public Co. Ltd.
<b>Position in other listed Companies</b>	President, Malee Sampran Public Co.,Ltd.



<b>Name</b>	Mr. Kitti Vilaivarangkul
<b>Age</b>	58 years old
<b>Present Position in the Company</b>	Managing Director, Director
<b>Shareholding Ratio</b>	None
<b>Relation among family within the Company</b>	None
<b>Education</b>	Bachelor Degree: Accounting (Second Class Honors), Ramkhamhaeng University Master Degree: Business Administration, Thammasat University .
<b>Training for Director's Roles</b>	Directors Accreditation Program DAP2005 Course. Thai Institute of Directors (IOD) Director Certification Program DCP 2010 Course. Thai Institute of Directors (IOD)
<b>Experiences</b>	1999- Present: Managing Director, Abico Holdings Public Co. Ltd. 2003- Present: Executive Director, Malee Sampran Public Co. Ltd. 2003- Present: Director, Malee Enterprise Co. Ltd. 1997-Present: Director, Abico Dairy Farm Co, Ltd. 1997-Present: Director, Abico Land Co., Ltd. 1997-Present: Director, PPO Farm Co. Ltd.
<b>Position in other listed Companies</b>	Director, Malee Sampran Public Co.,Ltd.



<b>Name</b>	Mrs. Chintana Boonyarat
<b>Age</b>	63 years old
<b>Present Position in the Company</b>	Director
<b>Shareholding Ratio</b>	0.11%
<b>Relation among family within the Company</b>	Spouse, Mr. Chatchai Boonyarat and mother, Mr. Chaichat Boonyarat
<b>Education</b>	Bachelor Degree: Business Administration, Menlo University, United States of America
<b>Training for Director's Roles</b>	Directors Certification Program DCP 5/2000 Thai Institute of Directors (IOD)
<b>Experiences</b>	1992- Present : Director, Abico Holdings Public Co. Ltd. 1999-Present, Executive Director, Malee Sampran Public Co., Ltd. 1994-Present: Director, Tiger Eyes Trading Co., Ltd. 2013- Present: Executive Director, Central Marketing Group Co., Ltd.
<b>Position in other listed Companies</b>	Director, Malee Sampran Public Co.,Ltd.



<b>Name</b>	Mr. Chaichat Boonyarat
<b>Age</b>	36 years old
<b>Present Position in the company</b>	Director
<b>Shareholding Ratio</b>	24.48%
<b>Relation in family</b>	
<b>    within the Company</b>	Son of Mr. Chatchai Boonyarat and Mrs. Chintana Boonyarat
<b>Education</b>	Bachelor Degree: Electrical Engineering, Rochester Institute of Technology Master Degree: Business Administration, Sasin Graduate Institute of Business Administration
<b>Training for Director's Roles</b>	Directors Certification Program DCP 182/2013 Course
<b>Experience</b>	Present      Director, Abico Holdings Public Co. Ltd.
<b>Position in other listed Companies</b>	None



<b>Name</b>	Mr. Khemadhat Sukonhasingha
<b>Age</b>	66 years old
<b>Positions in the Company</b>	Audit Committee Chairman, Independent Director
<b>Shareholding Ratio</b>	None
<b>Relation in family within the Company</b>	None
<b>Education</b>	Bachelor Degree: Engineering (Electrical Communication), Chulalongkorn University National Defense College, National Defense Course, Joint Public and Private Sectors Honorary Doctor of Industrial Technology, King Mongkut's University of Technology North Bangkok
<b>Training for Director's Roles</b>	2006 Director Certificate Program Course, Thai Institute of Directors (IOD) 2006 Audit Committee Program Course, Thai Institute of Director (IOD)
<b>Experiences</b>	Present      Audit Committee Chairman and Independent Director, Abico Holdings Public Co., Ltd. 2005-2014    Audit Committee and Independent Director, Malee Sampran Public Co., Ltd. Present      Advisor in Technology, Euro Asia Business Consultant Co., Ltd. Present      Chairman, Sub-Committee, National Science and Technology Development Agency Present      Audit Committee, Ministry of Science and Technology Present      Audit Committee Chairman, King Mongkut's University of Technology Thonburi
<b>Position in other listed Companies</b>	None





<b>Name</b>	Mr. Mati Tungpanich	
<b>Age</b>	74 years old	
<b>Positions in the Company</b>	Audit Committee, Independent Director	
<b>Position in Subsidiary Company</b>	None	
<b>Education</b>	Bachelor Degree: Architecture, Chulalongkorn University Master Degree: Master in Architecture, Massachusetts Institute of Technology (MIT)	
<b>Training for Director's Roles</b>	None	
<b>Experiences</b>	Present	Audit Committee and Independent Director Director, Abico Holdings Public Co. Ltd.
	Present	Honorary Technical Advisor, Design-Develop Co., Ltd.
	2002-2007	Audit Committee and Independent Director, Siam Steel Public Co., Ltd.
	2011	Royally appointed Member of Royal Institute, Arts Institute
	2004-2007	President, Architect Council of Thailand
<b>Position in other listed Companies</b>	None	



<b>Name</b>	Mr. Techa Boonyachai	
<b>Age</b>	56 years old	
<b>Positions in the Company</b>	Audit Committee, Independent Director	
<b>Shareholding Ratio</b>	None	
<b>Relation in family</b>		
<b>within the Company</b>	None	
<b>Education</b>	Bachelor Degree in Science (Chemistry-Biology), Chulalongkorn University. Master Degree in Business Administration (MBA), Chulalongkorn University.	
<b>Training for Director's Roles</b>	None	
<b>Experiences</b>	Present	Audit Committee and Independent Director, Abico Holdings Public Co. Ltd.
	2007-Present	Subcommittee on Logistics system development, Office of the National Economic and Social Development Board.
	2006-Present	Vice Chairman and Director The Thai National Shipper's Council (TNSC).
	2006-Present	Managing Director, Kairos Co.,Ltd.
	2005-Present	Vice Chairman, Thai Federation on Logistics.
	2005-Present	Director and Science Specialist to Committee on Fuel, Ministry of Energy.
<b>Position in other listed Companies</b>	None	

## ***Company's History***

The Company was established around mid-1992 as Khun Wanchai Chirathiwat and General Finance and Securities Public Co., Ltd. jointly bought Associated Palm Oil Co., Ltd.'s 3,305,500 shares, holding 55.09 percent of the company's Baht 60 million capital which was later increasing to Baht 500 million. The company was transformed to public company later and changed name to be Abico Holdings Public Co., Ltd. on November 3, 1992.

Since then, the Company has invested in production and distribution of palm oil, ready to drink milk, raw milk, food products businesses and invested in other investment businesses. It also increased capital from Baht 500 million to Baht 900 million and Baht 1,400 million in 1996 and 1997 respectively so as to meet the Company's objective of investment in various companies and centre company policy of long term planning and specifying direction of growth of companies within the Group.

In 2004, the Company faced financial losses to the extent of short of financial liquidity due to unfavorable economic situation. It resulted in the Company and firms which the Company has invested in facing lack of working capital. Consequently, the Company had to submit rehabilitation plan to Bankruptcy Court. And on November 29, 2012, the court instructed to nullify the rehabilitation plan because the plan was successfully achieved and on September 15, 2014, ABICO Holdings Public Co., Ltd. repayment completely made in accordance with the rehabilitation plan.

During the past 5 years, the Company's important developments were as follow:

### **2011**

The Company had continuously been complying with rehabilitation plans for 7th consecutive year and had paid interest to creditors in accordance with rehabilitation plan as normal. In addition, performances of the Company's main and other businesses began to steadily improving.

During 2011, the Company filed a petition to amend rehabilitation plan to official receivers so as to adjourn payment of principal, from previous date of June 30, 2011 and ending June 30, 2014 to beginning payment on June 30, 2013 and ending on December 31, 2014. Payment is 4 installments with 6 months per installment within a period of 2 years. Creditors' meeting resolved with special resolution to admit proposal to amend rehabilitation plan on August 3, 2009. And on November 28, 2011, the Company, as rehabilitation planner, filed a petition requesting extension of period for rehabilitation by one more year to the third time, ending on November 29, 2012. The Central Bankruptcy Court approved the request on February 20, 2012.

As Abico Land Co., Ltd. (subsidiary company) had filed petition to Central Bankruptcy Court requesting rehabilitation the business. The court approved the request and appointed Abico Land Co. (subsidiary company) as planner to rehabilitate the business. The creditors' meeting resolved with special resolution to approve the plan on December 22, 2010. And on March 28, 2011, the Central Bankruptcy Court approved Abico Land Co., Ltd.

**2012**

The Company had continuously been complying with rehabilitation plans for 8th consecutive year and had paid interest to creditors in accordance with rehabilitation plan as normal. On October 26, 2012, the Company filed petition regarding its fully fulfilling rehabilitation plan, requesting the court to cancel the rehabilitation plan. And on November 29, 2012, the Central Bankruptcy Court approved the request to cancel rehabilitation plan of Abico Holdings (Public) Co., Ltd.

As of December 28, 2012, the Company significantly deleted the entire allowance for impairment losses of investment fund in associated companies because market price of the investment increased significantly during the year. As of December 31, 2012 and 2011 fair value according to market price of MaleeSampran Public Co., Ltd. was Baht 2,024.92 million and Baht 385.36 million respectively.

Abico Land Co., Ltd. (subsidiary company) had complied with rehabilitation plan by paying interest to creditors in accordance with rehabilitation plan as normal.

**2013**

The Company principal and interest to almost all creditors according to rehabilitation plan, except a major creditor in accordance with rehabilitation plan. The Company already paid interest as normal and principal of 1st installment payment. The Company will completely pay for the remaining loans in 2014.

Abico Land Co., Ltd. (subsidiary company) had complied with rehabilitation plan by payment of principal and interest to creditors according to rehabilitation plan as normal.

On October 22, 2013, the Company sought permission from the Stock Exchange of Thailand to consider approving the Company's shares to be relisted on the stock exchange. The request is pending the Stock Exchange of Thailand's consideration.

**2014**

On September 15, 2014, ABICO Holding Public Co., Ltd. repayment completely made in accordance with the rehabilitation plan.

December 25, 2014, the Company sought removal from being delisting and resumption of trading in "mai"

**2015**

On February 9, 2015 the Company's shares to be relisted on the stock exchange. The request is pending the Stock Exchange of Thailand's.

On February 27, 2015 the Board of director approved to increased investment in Abico Land Co.,Ltd . Currently, the Company held 99.99% of total shared.

On August 18, 2015, the Board of director approved to increased investment in PPO Farm Co.,Ltd, Currently, the Company held 99.99% of total shared.

### ***Shareholding Structure and Director's Remuneration***

*1) Top 10 shareholders as of March 14, 2016*

No.	Shareholder's name		Number of shares	Ratio (%)
1	Mr. Chaichat	Boonyarat	57,539,080	24.48
2	Miss Roongchat	Boonyarat	52,840,410	22.49
3	Mrs. Kamolchat	Jungrungruangkij	47,000,000	20.00
4	Mrs. Muthita	Ritdej	11,619,710	4.94
5	Miss Sineenart	Panjarenworakul	4,285,720	1.82
6	Miss Chanida	Vorawitthayapan	2,946,300	1.25
7	Mr. Songchai	Achariyahiranchai	1,000,000	0.43
8	Mr. Sarawut	Udomdharm	1,000,000	0.43
9	THANACHART CAPITAL PUBLIC CO.,LTD			
	Forced to repay Mr.Suttichai Leesomboon		977,860	0.42
10	CENTRAL TRADING CO.,LTD		806,780	0.34
11	Others		<u>54,984,140</u>	<u>23.40</u>
	Total		<u>235,000,000</u>	<u>100.00</u>

**Number of Company's shares held by Directors**

**Abico Holdings Public Company Limited**

Names			As of March 14, 2016
			(shares)
1.	Mr. Chatchai	Boonyarat	-
2.	Mr. Kittti	Vilaivarangkul	-
3.	Mrs. Chintana	Boonyarat	247,410
4.	Mr. Chaichat	Boonyarat	57,539,080
5.	Mr. Khemadhat	Sukonhasingha	-
6.	Mr. Mati	Tungpanich	-
7.	Mr.Techa	Boonyachai	-

**Subsidiary companies and affiliated companies**

Names	Companies' names		
	ADF	A-LAND	PPO FARM
1. Mr. Chatchai Boonyarat	-	1	-
2. Mr. Kitti Vilaivarangkul	1	-	2

## 2) Remuneration of Directors

Total remuneration of every Director in 2015

Directors' remuneration in nominal money comprised attendance fee payable in accordance with number of his/her attending meetings, as follow:

Director's name	Position	Director's remuneration (Baht)	
		Board of Directors	Audit committee
1. Mr.Chatchai Boonyarat	Chairman, Director	80,000.00	-
2. Mr.Kitti Vilaivarangkul	Managing Director, Director	40,000.00	-
3. Mrs.Chintana Boonyarat	Director	40,000.00	-
4. Mr.Chaichat Boonyarat	Director	40,000.00	-
5. Mr.Khemadhat Sukonhasingha	Audit Committee Chairman, Director	40,000.00	110,000.00
6. Mr.Mati Tungpanich	Audit Committee, Director	40,000.00	110,000.00
7. Mr.Techa Boonyachai	Audit Committee, Director	40,000.00	90,000.00
Total		320,000.00	310,000.00

**Management compensation**

In 2558, the Company paid compensation includes salary, bonuses and other benefits. To executives (Abico Dairy Farm Co., Ltd.), a total of Baht 18,734,499.

### ***General Information and Reference Persons***

<b>Company's name</b>	: Abcio Holdings Public Company Limited
<b>Address</b>	: 401/1 Moo 8, 5th Floor, Abico Building, Phaholyothin Road, Khookhot Sub-District, Lamlukka District, Pathum Thani Province 12130
<b>Telephone No.</b>	: 02-992-5858-70 <b>Fax:</b> 02-992-5782
<b>Company's registration No.</b>	: 0107535000214
<b>Website</b>	: <a href="http://www.abicgroup.com">www.abicgroup.com</a>
<b>Types of business</b>	: investment in production to order business, dairy farm, food and property
<b>Abbreviation</b>	: ABICO
<b>Authorized share capital</b>	: Baht 235,000,000
<b>Paid up capital</b>	: Baht 235,000,000
<b>Number and type of shares</b>	: 235,000,000 shares (All shares are common shares.)
<b>Par value</b>	: Baht 1

***Summary of information relating to subsidiary companies (Companies which ABICO holds shares in excess of 50.00 per cent of companies' paid up capital.)***

<b>Company's name</b>	: Abico Dairy Farm Co., Ltd.
<b>Headquarters' address</b>	: 401/1 Moo 8, 5th Floor, Abico Building, Phaholyothin Road, Khookhot Sub-District, Lamlukka District, Pathum Thani Province 12130
<b>Factory's address</b>	: 333 Moo 5 Klangdong Sub-District, Pakchang District, NakhonRatchasima Province 30320
<b>Telephone No.</b>	: 02-992-5858-70 <b>Fax :</b> 02-992-5782
<b>Company's registration No.</b>	: 0235540004263
<b>Types of business</b>	: Producer and distributor of ready-to-drink milk, drinks and fruit juices
<b>Abbreviation</b>	: ADF
<b>Authorized share capital</b>	: Baht 240,000,000
<b>Paid up capital</b>	: Baht 240,000,000
<b>Number and type of share</b>	: 240,000,000 shares (All shares are common shares).
<b>Number of shares held</b>	
<b>by Company</b>	: 23,999,993 shares (99.99%)

**Company's name** : PPO Farm Company Limited

**Headquarters' address** : 401/1 Moo 8, 5th Floor, Abico Building, Phaholyothin Road,  
Khookhot Sub-District, Lamlukka District, PathumThani  
Province 12130

**Farm's address** : 217 Moo 1 Seg-Akas-Amnuay Road, Bansang, Bansang  
Sub-District, BuengKan Province

**Telephone No.** : 02-992-5858-70 **Fax:** 02-992-5782

**Company's registration No.** : 0105528026309

**Types of business** : Agriculture and dairy farm

**Abbreviation** : PPO

**Authorized share capital** : Baht 19,250,000,000

**Paid up capital** : Baht 19,250,000,000

**Number and type of share** : 770,000 shares (All shares are common shares).

**Number of shares held**  
**by Company** : 769,993 shares (99.99%)

**Company's name** : Abico Land Company Limited

**Headquarters' address** : 401/1 Moo 8, 5th Floor, Abico Building, Phaholyothin Road,  
Khookhot Sub-District, Lamlukka District,  
PathumThaniProvince12130

**Telephone No.** : 02-992-5858-70 **Fax:** 02-992-5782

**Company's registration No.** : 0105537090103

**Types of business** : Property development for lease and building service providing

**Abbreviation** : ALAND

**Authorized share capital** : Baht 200,000,000

**Paid up capital** : Baht 200,000,000

**Number and type of share** : 20,000,000 shares (All shares are common shares).

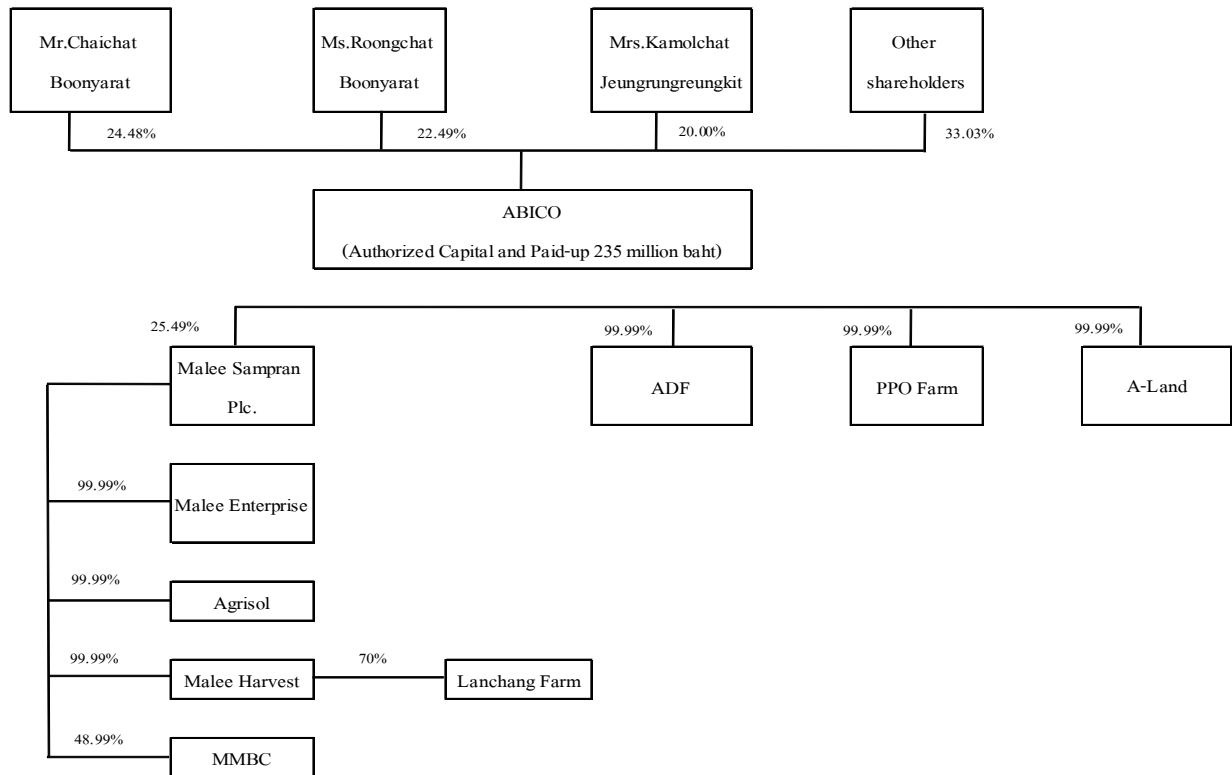
**Number of shares held**  
**by Company** : 19,999,998 shares (99.99%)



*Related parties (companies which Abico holds shares between 20.00% - 50.00% of paid up capital)*

<b>Company's name</b>	: Malee Sampran Public Company Limited
<b>Headquarters' address</b>	: 401/1 Moo 8, 5th Floor, Abico Building, Phaholyothin Road, Khookhot Sub-District, Lamlukka District, PathumThani Province 12130
<b>Telephone No.</b>	: 02-992-5800 <b>Fax</b> :02-992-5799
<b>Company's registration No.</b>	: 0107535000073
<b>Types of business</b>	: Producer and distributor of canned-fruits, UHT juices, and beverage products
<b>Abbreviation</b>	: MALEE
<b>Authorized share capital</b>	: Baht 140,000,000
<b>Paid up capital</b>	: Baht 140,000,000
<b>Number and type of share</b>	: 36,681,400 shares (All shares are common shares).
<b>Number of shares held</b>	
<b>by Company</b>	: 26.20%

## Shareholding Structure of the Group of Companies as of March 14, 2016



## บริษัทย่อย/บริษัทร่วม

ABICO	ABICO Holdings Public Co.,Ltd.
ADF	ABICO Dairy Farm Co.,Ltd.
PPO Farm	PPO Farm Co.,Ltd.
A-Land	ABICO Land Co.,Ltd.
Malee Sampran Plc.	Malee Sampran Public Co.,Ltd.
Malee Enterprise	Malee Enterprise Co.,Ltd.
Agrisol	Agrisol Co.,Ltd.
Malee Harvest	Malee Harvest Co.,Ltd.
Lanchang Farm	Lanchang Farm Co.,Ltd.
MMBC	Mande Malee Beverage Corporation

**Dividend Payment Policy**

The Company's dividend policy at a rate not less than 40% of the profit after tax from operations according to the separate financial statements, and reserves of all types, as required by law. However, such payment must be in accordance with the cash flow, investment plans of the Company and subsidiaries, as well as necessities and circumstances in the future.

<b>Year</b>	<b>Net profit per Share (Baht per Share)</b>	<b>Dividend payout (Baht per Share)</b>	<b>Dividend to Net Profit (%)</b>
2014	0.16	0.05	32
2015*	0.14	0.05	36

Note\* : The Board of Directors Meeting No. 1/2016 held on February 25, 2016 has resolved to pay a dividend for operation year 2015 to the shareholders of the Company's at the rate of Baht 0.05 per share shall be proposed at the 2016 Annual General Meeting on April 22, 2016 for consider and approval.

## *Other Reference Persons*

### 1. Securities' Registrar

Securities Depository Centre (Thailand) Co., Ltd.  
 93, 14<sup>th</sup> Floor, The Stock Exchange of Thailand Building,  
 Ratchadapisek Road, Dindaeng, Dindaeng, Bangkok 10400  
 Tel. (02) 009-9000

### 2. Auditor

Miss Kultida Pasurakul, Certified Public Accountant No. 5946  
 ANS Audit Co., Ltd.  
 100/72, 22<sup>nd</sup> Floor, Wongwanich B Building, 100/2 Rama 9 Road, Huaykwang Sub-District  
 Huaykwang District, Bangkok 10310  
 Telephone (02) 645-0109 Fax: (02) 645-0110

### 3. Regular contact financial institutions

Siam Commercial Bank Public Co., Ltd., LumLukKa Branch  
 695-5 Phaholyothin Road, Kookot Sub-District, LumLukKa District,  
 PathumThani Province 12130  
 Telephone (02) 531-9280 Fax: (02) 531-5248

### 4. Legal advisor

Bunchong and Vidhya Low Office Limited.  
 33/35, 33/39-40 Wall Street Tower Bldg. , Fl.9  
 Surawong Rd. Kwaeng Suriyawong, Khet Bangrak, Bangkok 10330  
 Telephone (02) 236-2334, (02) 233-1666 Ext. 3910-1 Fax: (02) 236-3916

\*\*\*Investors can study the Company's additional information from annual form of items (56-1) or [www.sec.or.th](http://www.sec.or.th)

## ***Business Description***

### **Production to order business**

#### **Types of products**

Products include: UHT milk, pasteurized milk and pasteurized fruit juices.

#### **Types of customers**

Currently, the Company's production to order business produces products for many major companies in food and beverage sector.

### **Production**

#### **Production capacity**

Production capacity of UHT, pasteurized milk, pasteurized fruit juice,

	<u>2015</u>	<u>2014</u>
Full production capacity (ton/year) (3 shifts)		
UHT milk	76,000	70,000
Pasteurized milk	22,000	22,000
Pasteurized fruit juice	16,000	16,000
Real quantity of production (ton/year) (3 shifts)		
UHT milk	32,408	51,831
Pasteurized milk	8,002	7,594
Pasteurized fruit juice	3,218	3,067
Per cent of production capacity		
UHT milk	42.64	68.20
Pasteurized milk	36.37	34.52
Pasteurized fruit juice	20.11	19.17

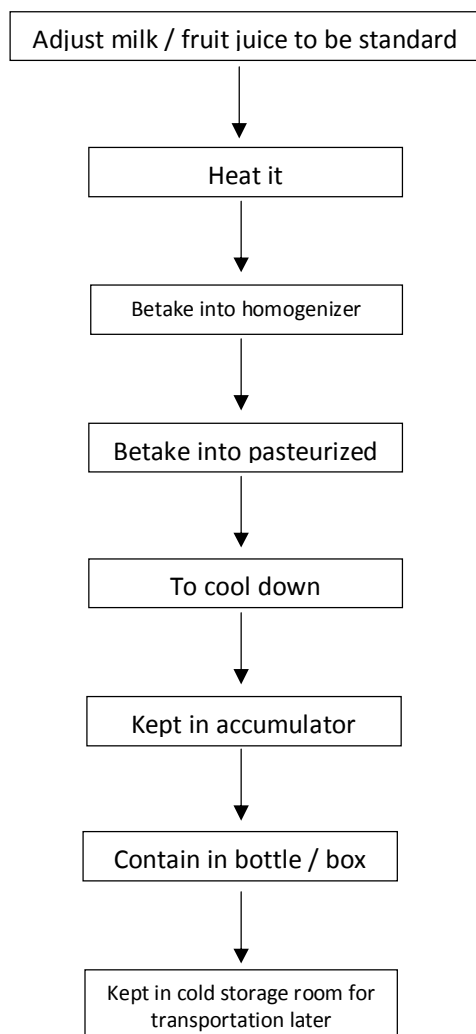
**Note :** Number of shifts of production are 3 shifts per day, 8 hours per shift, depending on customers' order.

#### **Production procedures**

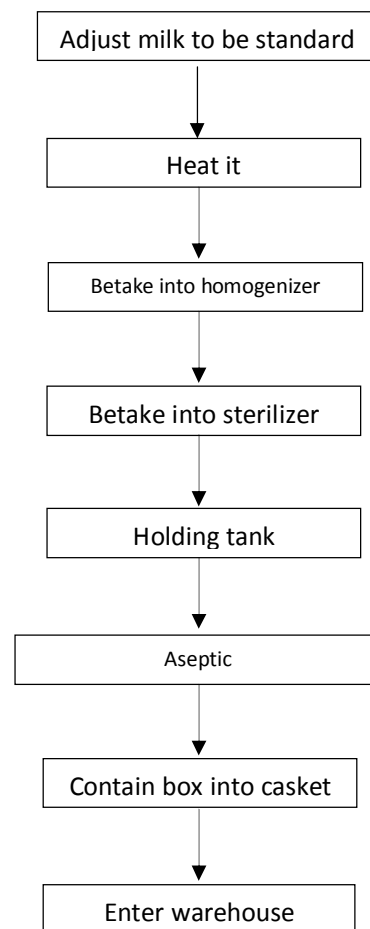
Pasteurized milk and pasteurized fruit juice must be kept in low temperature environment. Keeping period is short at about 16 and 30 days from production date (respectively). For UHT milk, the product can be kept for a long period, i.e. about 8 months, and can be kept at normal temperature.

Raw milk from farm will be under temperature control to be less than 8 degree Celsius so as to maintain quality and freshness of the milk. After factory receives raw milk, the product will be suck up to be kept in big bucket through milk sucking hose. Entire procures are free from contacting people or outside atmosphere so as to get hygiene and standard milk. Regarding entire stages of production, starting from receiving raw milk until being finished product, quality verification is imposed on all stages. Currently, the Company invests to purchase new machinery and improve existing machineries to be modern to be prepared for production expansion. And personnel is also developed to be knowledgeable and specialized in accordance with new technology to be prepared for demand of both existing and new customers.

Production procedures of pasteurized factory



Production procedures of UHT factory



Type of customers and customer target

The business of contracting manufacturing of UHT milk, pasteurized milk and fruit juices, both partial and full services, of the company is made with the customers which sell UHT milk, pasteurized milk and fruit juices and have required the company to produce the merchandises for them to sell in the markets. The target customers of the company are those who have no manufacturing base and those having low production capacity to satisfy the need of the market.

Marketing

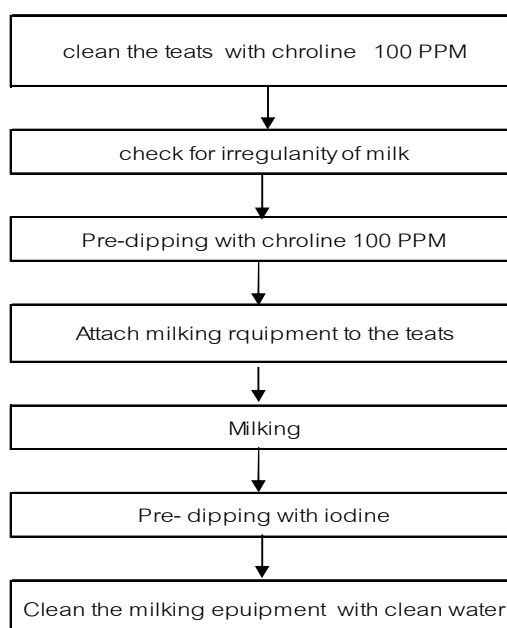
As the company has not owned a brand for its products but it is contracted for production of the merchandises of the leading brand which is worldwide renowned and of which the quality is acceptable to the consumer goods industry, the customers have come to contact the company itself and contact with the merchandises which have no production base of their own to produce the products that the company is able to manufacture such as UHT milk, pasteurized milk and fruit juices.

**2. Dairy Farming Business**Type of products

The company has undertaken the dairy farming business to produce and sell raw milk to customers.

Production capacity

PPO is one farm located at No. 217 Moo.1 Seka-akat amnuai Rd., Sang, Seka, Bungkan with production capacity of the company is subject to the number of dairy cows while a dairy cow could produce raw milk at 16-18 kilograms per cow per day. As of 31 December 2015, there are 355 dairy cows ready for milk production.

Milking Process

Distribution and Distribution Channel

For distribution channel, the company sold its raw milk to Vanichphoom Cooperative at the price lower than the regulatory price provided because the cooperative is responsible for expenses of delivery of raw milk from sale to the selling spot.

**3. Real estate development business**Type of products

The company is involved in the business of the office building rental, the 6-floor building, with space divided in accordance with the need of the customers on the rented space and the benefits earned by the company are the rental income and the service income. The term of the lease does not exceed 3 years while the rent and the service charge are collected on a monthly basis.

Production capacity

The company undertakes the office building rental business with 6-floor building for one unit and multi-purpose building for one unit and the parking space is available for 88 vehicles and the rented space (not including the common area) is 5,682 square meters while the space of 4,582 square meters or 80.64 percent of the total space has already rented out.

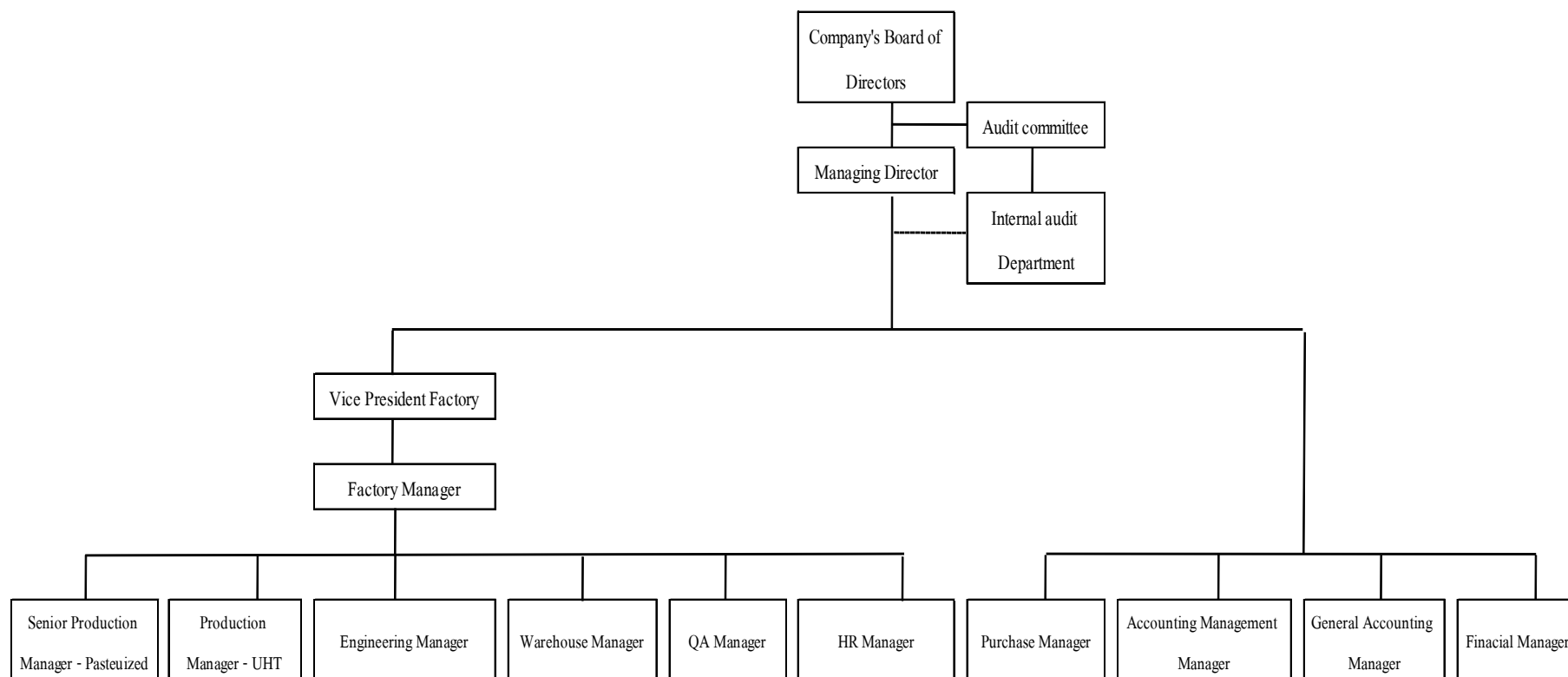
Type of customers and customer target

The customer group of the company is the companies looking for the rented space of the office to undertake the business in Rangsit area while the travelling to Bangkok is not too far.

**Revenues Structure**

Product	Perform by	% of shareholding by Company	2015		2014		2013	
			Million Baht	%	Million Baht	%	Million Baht	%
Producer and distributor of ready-to-drink milk, drinks and fruit juices	Abico Dairy Farm Co., Ltd.	99.99	454.45	89.52	493.72	90.45	388.02	89.54
Real estate development	Abico Land Co., Ltd.	99.99	13.82	2.72	13.73	2.51	13.35	3.08
Agriculture and dairy farm	PPO Farm Co., Ltd.	99.99	39.38	7.76	38.37	7.04	32.00	7.38
Total (million Baht)			507.65	100.00	545.82	100.00	433.37	100.00



**Management Structure**

## Summary of financial data

### Summary of financial statements and companies' performance

Unit : Thousand Baht	2015	2014 (Restated)	2013 (Restated)
<b><i>Statements of financial position</i></b>			
Assets	1,110,675	896,691	795,759
Liabilities	478,820	473,255	499,452
Shareholder's Equity	631,855	423,436	296,307
<b><i>Statements of comprehensive income</i></b>			
Total income	547,826	612,879	535,504
Gross profit	64,376	73,023	59,076
Net profit	105,231	131,354	118,924
Basic earnings per share	0.45	0.56	0.51

### Important financial ratios

	2015	2014 (Restated)	2013 (Restated)
<b><u>Liquidity ratio</u></b>			
Liquidity ratio (times)	0.44	0.46	0.41
Quick Liquidity ratio (times)	0.27	0.28	0.28
Liquidity Ratio of Cash Flow (times)	0.22	0.21	0.26
Accounts Receivable Turnover ratio (times)	7.97	7.72	6.47
Average loan collection period (days)	45	46	55
Inventory Turnover ratio (times)	7.30	8.53	11.16
Average product distribution period (days)	49	42	32
Payable turnover (times)	12.58	10.61	17.23
Debt payment period (days)	29	34	21
Cash Cycle (days)	66	55	67

Important financial ratios (continue)

	2015	2014 (Restated)	2013 (Restated)
<u>Profitability ratio</u>			
Gross profit ratio (%)	12.68	13.38	13.63
Operating Profit Margin ratio (%)	3.92	9.20	4.17
Cash to Profitability ratio (%)	100.81	144.66	448.61
Net Profit ratio (%)	16.63	18.96	22.21
Return on Equity (ROE) ratio (%)	19.94	36.50	37.54
<u>Efficiency ratio</u>			
Return on Asset ratio (ROA) (%)	10.48	15.52	13.98
Return on Fixed Asset (ROFA) ratio (%)	30.67	41.96	39.09
Asset Turnover ratio (times)	0.63	0.82	0.63
<u>Financial Policy ratio</u>			
Debt to Equity ratio (D/E) (times)	0.76	1.12	1.69
Interest payment capability ratio	1.64	4.23	4.81

## *Management's Discussion and Analysis of Financial Position and Operating Results*

### **Management's Discussion of Operating Results as of December 31, 2015**

Summary of consolidated performances for the year ended on December 31, 2015, compared with December 31, 2014, Company and subsidiary companies' income decreased Baht 65.05 million, or up 10.61% and gross profit decreased Baht 8.65 million because the domestic economic recession consumers to reduce their consumption. The company's customers have decreased the volume of order. Net profit decreased Baht 26.12 million, or decreasing 19.89%.

### **Management's Discussion of Financial Statements as of December 31, 2015**

Total assets were Baht 1,110.67 million, increasing from the year 2014, amounting Baht 213.99 million to be 23.86%.

- Trade and other receivables decreased for Baht 3.43 million, near that of last year.
- Inventories decreased for Baht 2.92 million, near that of last year.
- Investment in associated company increased for 90.08 million Baht, occurring from realizing of profit sharing in associated companies.
- Property, plant and equipment increased for Baht 107.85 million, to be 24.45%, because in the year the Company have revaluation surplus of land for Baht 127.30 million, totally investments in property and equipment for Baht 24.58 million, and calculate depreciation operation for the year 2016 for Baht 46.60 million.
- Biological assets – dairy cow increased for Baht 3.49 million, because increased dairy cow to be 8% from last year.
- Other assets were cash and equivalent transactions to cash, deferred income tax assets and assets not used in operation.

Total liabilities were 478.82 million Baht, increasing 5.56 million Baht, to be 1.17%.

- Bank overdrafts and short-term loan increased Baht 139.38 because the company already issued Bill of Exchange for used in operation activities.
- Trade and other payables decreased for 67.12 million Baht because repayment to trade and other payables from raw materials and pack materials.
- Liabilities under financial lease agreement decreased Baht 41.79 million paid to financial lease agreement period.
- Long-term loan decreased Baht 46.82 million as in the company paid for long-term loan debt to financial institutes according to the agreement period.
- Debts under the rehabilitation plan decreased Baht 5.88 million, the subsidiaries' repayment debts under the rehabilitation plan.
- Other liabilities consisted of bank overdrafts form financial institutions, deferred tax liabilities, employee benefit obligation.

## *Corporate Social Responsibility*

The Company and subsidiary companies pay attention to corporate social responsibility, aimed at running business relating to production on order of ready to drink UHT milk, pasteurized milk and pasteurized fruit juice with target to keep customers' confidential, production good quality products and meeting international standard towards consumers, in time products' delivery to customers as well as maintaining environment from production procedures. Every employee plays part in every production process so as to create satisfaction to customers. In addition, the Company also pays attention to occupational health and safety of the organization's personnels as well as participating in development of society and community for their sustainability. In providing report of social responsibility, the Company provides it under "guidelines of responsibility to society of the business" concept by Thai Corporate Social Responsibility Institute (CSRI). The Company arranges social responsibility as follow:

### 1. Running business with fairness

The Company commits to and supports good corporate governance. Its internal management system put emphasis on equal, fair, efficient, and transparent working procedures and systems to create trust and confidence among shareholders, investors, stakeholders and all involved parties

The Company and subsidiary companies encourage Executives and employees using customers' resources and assets for maximum benefits, strictly comply with terms and conditions of trade as well as avoid exploiting customers' data for personal benefit among themselves and related parties. They must also take into account quality and standard as per set by Good Manufacturing Practice (GMP) and Hazard Analysis and Critical Control Points (HACCP) so as to create confidence among customers who produce products with the Company for being supplied to consumers.

Abico Dairy Farm Co., Ltd. (subsidiary company) is being prepared to apply for ISO 9001:2008 a certificate which is international standard certificate which are paid attention by worldwide business organizations. Moreover, it is for excellence in terms of quality and efficiency of operation within the organization, of which the Company has been performing simultaneously with applying for ISO22000 certificate which is food safety management system. It is international system which will be developed covering requirements of all standards related to quality of food safety, as well as conforming to other safety standards which the Company were already awarded so as to create more confidence for both customers and consumers towards products produced by the Company.

### 2. Anti-corruption

The Company realizes importance of running business with transparency as well as supporting and encouraging Executives and employees to refrain from demanding, presenting or giving bribe in terms of nominal money and other forms from their duty performance, and complying with related laws and regulations, and non-supporting of finished works from corruption practice. In 2013, the Company showed intention to participate in "Collective Anti-Corruption of private sector on November 28, 2013.

3. Respect to Human Rights.

Human rights and labor practices in a fair and equal to the local labor force in general, whether it's wages welfare including providing training in enhancing labor skills in the workplace. As well as providing an opportunity to show the potential for the advancement of all employees.

4. Fair Treatment to Labor.

Human resource is one of the key factors for the Company to improve and create value-added production results. Thus the Company has strong determination to provide best condition for its employees through fair treatment, opportunities, compensation, welfare and skill development programs.

Furthermore, the Company has continued to improve and promote internal working environment to ensure good life quality, including health and safety at work. In year 2015, Abico Dairy Farm Co.,Ltd, has received award safety factory accident honorary from Her Royal Highness Princess Maha Chakri Siridhorn such as “Zero-Accident” campaign launched by the Ministry of Labor.

5. Responsibilities to Consumers

Abico Dairy Farm Co., Ltd. (subsidiary company) runs business of production to order of UHT milk, pasteurized milk and pasteurized fruit juice. It has procedure of quality verification procedures of raw materials and packaging in production process before end products are distributed to consumers. Verification is based on inspecting the company's internal personals by standard tools. Inspection also concentrates on state agencies and the Company's customers who hire the Company for production to order. Verification also includes attaching labels at the products with details of ingredient of products during production, benefits and consuming per unit of the products, keeping the products and expiration date. The practice is in line with principle of laws, regulations and international standard so as to create confidence for consumers towards products.

PPO Farm Co., Ltd. (subsidiary company) is dairy farm with international standard level of farm management. The company uses modern machineries to produce feed mill. Hence, it results in good, clean, quality milk with safety and hygienic standard, In addition, quality of milk was certified in terms of standard of milk production from farm and production of raw milk, by Department of Livestock Development. In addition, the company's farm was awarded honorary shield from good species animals network, national level, in 2014. The farm is A-level disease free dairy farm. So, consumers have been confident in quality of raw milk from the farm.

#### 6. Environment Care

The Company pays attention to potential impact towards environment. Consequently, it constructed 6 waste water treatment ponds which can accommodate entire waste water from production process. And Biological Oxygen Demand (BOD) is also checked every month by Environment and Laboratory Co., Ltd. Department of Industrial Works also inspects the Company's plants once a year. And the Company has had no record of defying regulations at all.

#### 7. Responsibilities to Communities Society

The Company has been hiring local labor so as to create employment and sustainable development of skilled labour to communities both in OEM business and dairy farm business. The move is also stimulating economy in communities.

Company realized importance of living together with local communities and society, through doing activities jointly with communities so as to create good cooperation between communities and the Company. Activities which the Company participated with local communities in 2015 were activities include co-organized Children's Day at the Suwan Farm. Awarded to support activities Loy Krathong.

<b><i>Risk factors</i></b>
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**Risk factor****Business running risk**

Subsidiary company (Abico Dairy Farm Co., Ltd.), a major company operation of Abico Holdings Public Co., Ltd., depends mostly on our customer in contract manufacturing. Due to the fact that we don't have our own products, as well as to prevent any negative effect on our operation, we are dealing business with many different customers in order to spread the risk of depending too much on only one customer. Moreover, we have long-term contract manufacturing agreements with our customers. Regarding daily farms business, which is run by a subsidiary company and is exposed to risk of milk's prices which are under government sector's control, as a result, it should not pose any risk. In addition, consumers' behavior of milk drinking is uptrend. So, they should be positive factors towards raw milk's prices in the future. Consequently, PPO Farm Co., Ltd. (subsidiary company) does not make derivatives agreement or any other agreements to reduce risk of raw milk's prices.

**Production risk**

The raw materials, including major packaging supplies are procured by the customers and the company is required to arrange the training related to quality control and major manufacturing steps that the customer has sent its officer with competent and skill to assist the company while the company has a risk that the machine employed in the production may broke down until it could not be operated and the manufactured goods may not pass the quality inspection.

**Interest rate risk**

The company and its subsidiary companies incur the interest rate risk because there is a loan from commercial banks and financial institutes, long-term loans and long-term loans from related companies, most of which have the floating interest rate. Thus the company and its subsidiary companies may be affected by the interest rate risk due to fluctuation in the market interest in the market in the future and that may affect the operating results of cash flow of the company and its subsidiary companies.



**Risk in Fluctuation of Raw Material Price and Supply of Raw Material**

As for business of production hire to order, which customers allow the company to be a major supplier of raw materials, namely, milk powder, the price of milk powder depends on fluctuation of market price, causing uncertainty in raw material price. Moreover, an order of milk powder must have quota that is able to proceed in purchase ordering. The company has requested quota of milk powder to be enough with order quota of customers. As the matter of price, if price increases, the company will be able to adjust the price with customers. As for business of dairy farms, tapioca chips have to be used as feed for dairy cattle. However, the price of tapioca chips increases. For solving this problem, the company cultivates tapioca chips by itself and uses pellets, corn cobs and corn husks replacing tapioca chips as all of them have cheaper price and nutrition value for dairy cattle similar to tapioca chips which have higher price and does not affect quantity and quality of milk.

**Risk of lacking of skillful workers**

As the government increases minimum wage throughout the country with workers returning to original domicile to enter into agricultural sector increasingly from supports in several projects of public sector and entering into AEC; several industrial sector, including the company has to adapt by applying more modern machine and technology for increasing and extending production; therefore, tendency in lacking of skillful workers is possible. However the company still focuses on personnel by having a procedure in recruiting new personnel and arranging training for developing skill and ability of workers specifically in performance; in addition, a plan is prepared for developing new generation personnel in order to handle the lacking of skillful workers.

## ***Corporate governance***

### **Corporate governance**

The Company recognizes the importance of business operation based on responsibility and integrity and hence has put its emphasis on good corporate governance and management with aim to increase its competitiveness capability, better management efficiency, and transparent / explicit business operation. The Company concentrates on sustainable growth, which will increase value of the Company in a long term for benefit of shareholders and all stakeholders. Company has determined Good Corporate Governance to directors, executives and employees to adhere to as a guideline to perform their duties. The last update of Company's Corporate Governance was on 25 February 2016.

#### **1. Corporate governance policy**

The Company recognizes the importance of corporate governance that is based on responsibility and morality and hence has put its emphasis on good corporate governance and management with aim to increase its competitiveness capability and better efficiency of management as well as transparent and explicit business operation. The Company concentrates on sustainable growth, which will increase value of the Company in a long term in the benefit for shareholders and stakeholders. Company applies Good Corporate Governance of year 2012, as stipulated by the Stock Exchange, to adhere to directors, executives and employees operations as a work guidelines. Details are as following:

##### **1.1 Rights of Shareholders**

The Company places its importance on rights of shareholders, disclosure of sufficient, accurate, complete, punctual and equal information to all shareholders for reference to their future decisions. Following is the policies determined by the Board of Directors:

- 1.1.1) The Company sent invitation letter along with the meeting agenda showing objectives and reasons of the meeting and opinions of directors in order to enable shareholders study the information included at least 14 days prior to the meeting date. The Company held the Annual General Meeting of Shareholders 2015 on 24 April 2015 at 13:00 hrs. at Dusita Room, Asia Airport Hotel, No. 99/2, PahonYothin Road, Ku Kot sub-district, Lam LukKa district, PathumThani. In case where shareholders cannot attend the meeting, they may assign any independent Director or any person to attend the meeting on their behalf by using the proxy form which is sent together with the notice to the meeting or it can be downloaded through the Company's website.
- 1.1.2) Facilitate all shareholders equally during the meeting by providing appropriate location and time of the meeting.

- 1.1.3) During the meeting, the agenda will be voted in order without changing any significant information and all shareholders have equal right to review business operation of the Company, inquire and express opinions and suggestions. The meeting will be attended by directors and related executives to answer all question raised during the meeting.
- 1.1.4) The Company provides additional channel for disseminating news on its website. The invitation letter to the meeting is uploaded at least 30 days prior to the meeting date to enable shareholders to download and acknowledge accurate and complete information of the meeting.
- 1.1.5) Directors, senior executives, certified auditor are required to attend the meeting to answer questions from shareholders.
- 1.1.6) The minutes of the meeting are recorded verbatim where all questions and comments are recorded for review and reference purpose. Then the minutes of the meeting will be disclosed in the Company's website and sent to the Stock Exchange of Thailand within 14 days from the date of the meeting.
- 1.1.7) For convenience and to prevent errors, loss or delays, the Company pays dividend (if any) by transferring it to shareholders' bank accounts.
- 1.1.8) It is the Company's policy that shareholders are allowed to propose the meeting agenda and/or questions related to the general meeting of shareholders 3 months prior to the date of the shareholders' meeting to ensure that shareholders will receive highest benefit from the meeting, to maintain the rights and interest of shareholders. The proposal or questions can be submitted through e-mail, fax to the Company Secretary.
- 1.1.9) Determine criteria to consider the Directors' remuneration based on duties, responsibilities and work performance which is linked to operation result and other relating factors; compare the rate and remuneration of other companies in the same industry of similar based on the survey result provided by the Thai Institute of Directors "IOD". However, the Directors' remuneration must be considered, compared and screened by the Nomination and Remuneration Committee and proposed to the Board of Directors for consideration prior to submission to the annual general meeting of shareholders.
- 1.1.10) The Company agrees to have an independent person to undertake the counting or reviewing the votes in the meeting and disclose to the meeting as well as record in the minutes of the meeting.
- 1.1.11) The Company uses ballots for voting of important agenda such as related transaction, acquisition or disposal of assets etc. for transparency and accountability in case of the conflict that may occur subsequently.

## **2. The Equitable Treatment of Shareholders' equity**

To ensure the fair treatment among all shareholders, the Board of Directors has determined policies as following:

- 2.2.1) Send invitation letter to the meeting which includes sufficient information of all agenda to shareholders at least 14 days prior to the date of meeting in order to enable shareholders to thoroughly look through the information.
- 2.2.2) The right to vote at the meeting is according to the number of shares held by each shareholders where one share represents one vote. The Company grants the right to the shareholders who attend the meeting after the meeting has been started, to vote for the agenda which is under consideration and no resolution has been made yet, and the said person is deemed to constitute a quorum of the meeting for the said agenda and vote.
- 2.2.3) In election of directors to replace those retiring, the Company has a policy that shareholders may vote individually for a director in order to allow shareholders to select the person they want. The Company also provides adequate details of each candidate for consideration of shareholders.
- 2.2.4) The Company enables minor shareholders holding share not less than 5% of the paid-up capital for not less than 12 months, to agenda for the annual general meeting of shareholders, propose list of candidates for directors through email or fax to the Company Secretary.
- 2.2.5) Determine policy to prevent insider trading of relating persons which include directors, senior executives and staff involved with the Company's information (spouse and minor child of the said person as well), and to prohibit the said persons from disposal or acquisition of the Company's securities within 1 month before the disclosure of quarterly and yearly financial statement to the public. The Board of Directors and Management report the changes of shareholding to the Board of Directors' meeting by adding as an agenda in each quarterly meeting.
- 2.2.6) Determine policy on conflict of interest based on the concept that any decision of personnel from all levels which concerns the business operation must be for the best benefit of the Company. And it is the duties of all employees to avoid involving in financial issue and/or relationship with external party which may cause the loss of Company's benefit, conflict of interest or to obstruct work performance. It is determined that the person relating to or involving with the considered transaction must inform the Company of their relation or involvement thereof and must not participate in consideration and has no power to approve for the said transaction. For such cases,

everyone must adhere to the principles and there will be no additional or special terms applied.

- 2.2.7) For convenience, shareholders who cannot attend the meeting in person may assign any person or at least 1 independent director to attend the meeting and vote on their behalf where name of the assigned person will be noticed in the invitation letter to the meeting.
- 2.2.8) All shareholders are treated equally regardless minor or major, Thai or foreign shareholder.
- 2.2.9) The registration of shareholders on the meeting date is via scanning barcode which shows register number of each shareholder provided in the shareholder's register and proxy form for the convenient and fast procedure. To count result of each agenda, only ballot card which show 'disagree' and 'abstain' are collected and counted to deduct from the total amount of voting shareholders. The barcode system is used to collect and verify the result of the ballot from each vote rapidly and the result can be checked after the meeting.
- 2.2.10) The Company determines to have agenda about Directors' remuneration, to clarify to shareholders for approval per annum and to clarify the numbers and types of remuneration of each directors including fixed and variable remuneration.

### **3. The Role of Stakeholder**

The Company is aware and realizes the rights of all stakeholders whether internal stakeholder which are shareholders, staff, and external stakeholders such as customers, trading partners, creditors, competitors, state sectors and other authorities including surrounding communities. To express appreciation to stakeholder that supporting us in competition and generating profit which is considered as long term value, the Company hence, has determines policies as following:

#### **3.3.1) Stakeholders**

- 1) The Company is always aware that shareholders are an owner of the business and the Company is committed to create a long term added value for them.
- 2) Perform their duties with integrity, make any decision based on principles of the professionprudence, and fairness to both major and minor shareholders for the best interest of shareholders as a whole.
- 3) Report status of the Company, operations results, financial statements, accounting and other information which are up-to-date and important in the format that is easy to understand, consistent and accurate.

- 4) Refrain from seeking benefit for their own and other persons by using any information of the Company which has not yet been disclosed to the public or execute any procedure in the manner that may cause conflict of interest to the Company.

### 3.3.2 Employees

- 1) Treat employees with politeness and pay individual respect to them.
- 2) Fairly treat employees through allowing for new opportunities, compensations, appointments, transfer and skills development.
- 3) Provide fair compensation, provident fund and social welfare to employees and prioritize the welfare of employees.
- 4) Maintain safety working condition to ensure health and assets safety of the employees.
- 5) Make any appointments, transfers, awards and punishments with bona fide, based on knowledge, skill and qualification of each employee.
- 6) Places importance on knowledge and skill development of employees by providing equal opportunities on regular basis with aim to develop ability and lead to professional level.
- 7) Listen to opinions and suggestions based on professional knowledge of the employees.
- 8) Comply with law and regulations relating to employees strictly.

### 3.3.3 Customers

- 1) Provide service with politeness, enthusiasm, readiness and sincere as if they are one of the family, creating reliability and accountability image of the service.
- 2) Keep information of customers, do not use such information for their own benefit or related person illegally or other illegal activity.
- 3) Provide customers with accurate, adequate, updated information about services of the Company without exaggerated advertising content which may mislead customers of quality or terms of services of the Company.
- 4) Provide advice on service efficiently and for the best interest of customers.

### 3.3.4 Business partners and/or creditors

- 1) Treats business partners and/or creditors with integrity and honesty, based on highest interest of the Company and fair mutual benefit. The Company avoids any situation that may cause conflict of interest, discusses the problems adheres to business relations.
- 2) Does not request or receive or pay for any interest which is illegal with business partners and/or creditors.

- 3) In case it is found that there is a request or accept or payment for any illegal interest, the information must be disclosed to business partners and/or creditors to seek for fair and rapid solution.
- 4) Comply with the agreed terms and conditions. Failure to do so, the Company will give advanced notice to creditors in order to find solution together.

#### 3.3.5) Competitors

- 1) Does not violate the confidential or acknowledge trading secret of competitors with unfaithful method.
- 2) Follow the fair competition rules.
- 3) Refrain from seeking information, trading secret of competitors through dishonest or inappropriate method.
- 4) Does not damage reputation of competitors by accusing in negative way.

#### 3.3.6) Society and communities

The Company has a policy to conduct business which returns positive interest to economy, society and adhere to good citizen of the nation, comply with laws and applicable regulations strictly, engage in parts that will support and improve quality of society and community. In addition, the Company has set out policies to return profits to society by allocating a certain budget to support social activities that will generate advantages to society, community and create opportunities for environment.

#### 3.3.7) Oversee the safety and health of employees

The Company places an importance of maintaining working environment to ensure safety to lives and assets of employees regularly. Strictly adhering to labor law, the Company provides such as proper and correct arrangement of building, locations and equipment of working, necessary medical care. All employees are required to wear protective equipment whenever they work on the construction site. Furthermore, employees from all levels are encouraged to recognize the value and importance of exercise and take it as a habit. The Company provides health care program to its employees such as annual health check up etc.

#### 3.3.8) Environment

The Company has a policy to support different activities in connection with quality, hygiene and environment, including maintaining safe working condition to ensure health and assets safety of the employees. The Company also recognizes the importance of education and training for employees regarding environment and effective use of environment such as reduce the volume of garbage by reusing paper, file holders, campaign to switch off the lights during lunch break or switch off the lights which are not in use, taking stairs instead of lift, maintenance and improvement of equipment to be available for work to ensure

the safety and create good working conditions. All these are contributed to the efficient development of employees as a whole.

### 3.3.9) Intellectual Property

The Company has set a clear policy not to undertake any action that will violate the intellectual property whether copyright, patents or trade mark, trading secret and other intellectual property as stipulated by law, for example, using licensed programs, where software is examined and installed by Information Technology Department to prevent using any illegal copies.

### 3.3.10) Respect to law and human rights

- 1) Protest against any action that violates human right in any circumstances.
- 2) Respect and treat all stakeholders with fairness based on the pride of human rights, without discrimination of races, origins, sex, color, religion, physical condition, family background including to support the monitor of requirement concerning human rights within the Company.
- 3) Protest against any action that is aimed to seek benefit from human trafficking, use of child labor under the age as stipulated by law.
- 4) Support, respect and protect human rights by examining and control Company's business with external party that may be conducted in a way that supports and encourage violation of human rights. Refrain from any action that violates right of employees which is protected under the law.

### 3.3.11) Anti-Corruption and Corruption

The Company expressed its intention by joining the activity launched by Thailand Institute of Directors (IOD) in collaboration with the Chamber of Commerce, International Chamber of Commerce, Association of Thai Listed Companies, Association of Thai Banks since year 2013. The Board of Directors has determined the anti-corruption policy as follows.

- 1) The management structure is properly balanced between purchasing, accounting, management and internal audit department to prevent abuse of power or other illegal activity.
- 2) Provide training to employees about the policy and practice of anti-corruption of the Company.
- 3) Support and coordinate with public and private authorities and controlling agency including all parts of Thai societies with intention to reduce the corruption and improve the development of the country.



- 4) Directors, executives and employees are not allowed to accept any kinds of corruption, directly or indirectly such as receiving gifts, giving gifts, presents, banquet, donation and any interest to themselves from the person who making business with the Company. The Company provides channel to stakeholders for direct message passing, suggestions and/or complaints regarding the corruption or any action that is not in compliance to the Company's criteria to the Board of Directors to the following address.

Company Secretary

ABICO HOLDINGS PUBLIC COMPANY LIMITED

401/1, Moo 8, Abico Building, Pahon Yothin road, Ku Kot,

Lam Luk Ka, Pathum Thani 12130

The complaints will be considered and proceeded as appropriate case by case without disclosing whistleblower, and the complaint details will be kept confidential under policy to protect whistleblower as well.

#### 4. Disclosure and transparency

The Company recognizes the importance of accurate, complete and transparent disclosure of financial information and general information under the criteria set forth by the Securities and Exchange Commission and the Stock Exchange of Thailand including important information which affects securities price of the Company and decision among investors and stakeholders.

The Company also prioritizes the importance of financial report as to clarify the financial status and actual operation result of the Company, based on correct accounting standard, completeness, punctuality and adequacy under the generally accepted accounting standards.

The Company discloses the information about each directors, roles and duties of the Board of Directors and committee as well as remuneration of directors and senior executives in the Annual Report (Form 56-2) and Annual Statement (Form 56-1).

## 2. **Board of Director**

List of directors			Title
1.	Mr.Chatchai	Boonyarat	Chairman and director
2.	Mr.Kitti	Vilaivarangkul	Managing director and director
3.	Mrs.Chintana	Boonyarat	Director
4.	Mr.Chaichat	Boonyarat	Director
5.	Mr.Khemadhat	Sukonhasingha	Audit committee chairman and independent director
6.	Mr.Mati	Tungpanich	Audit committee and independent director
7.	Mr. Techa	Boonyachai	Audit committee and independent director

The directors authorized to put their signature on behalf of the company consist of:

- |    |                         |                                |
|----|-------------------------|--------------------------------|
| 1. | Mr.Chatchai Boonyarat   | Chairman and director          |
| 2. | Mr.Kitti Vilaivarangkul | Managing director and director |
| 3. | Mrs.Chintana Boonyarat  | Director                       |
| 4. | Mr.Chaichat Boonyarat   | Director                       |

Two directors out of four directors are required to put their signature together and affixed with the seal of the company.

### **Board of Directors**

Criteria for consideration and selection the directors

### **Qualifications of directors**

The person to undertake directorship shall have the following qualifications.

1. A person with flawless background
2. Have vision and is able to foresee the overall business image.
3. A person with positive character, morality and appropriate manner
4. A person with efficient communication skill
5. A person with systematic business analysis and decision making
6. A person who realizes and understand finance, commerce or industry and have experience of business management

### **Criteria for selection of directors**

1. Must be a person who possesses the qualifications as aforesaid.
2. The Board must have various skills which is beneficial to determining direction and control the Company's operation.

### **Definition of Independent Directors**

Definition of Independent Directors of the Company is equal to the requirements of the Capital Market Supervisory Board, the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

1. Holding not more than 1 percent of the total number of shares with the voting rights of the Company, parent company, subsidiaries, associated companies, major shareholders, or controlling persons of the Company. In this case, for the purpose of calculation, the number of shares held by the related person of each member of the Audit Committee shall also be included.
2. Neither being a director who takes part or used to take part in management, nor being or used to be an employee, staff, an advisor who receives regular salary, nor the controlling person of the Company, parent company, subsidiaries, associated companies, major shareholders or the controlling person of the Company, unless such director has resigned from such position for at least two years.
3. Not being a blood-related person nor legally related as father, mother, spouse, brother, sister and children, including being the spouse of the children of the executives, major shareholders, controlling persons or the persons who will be nominated as the executive or controlling person of the Company or subsidiaries.
4. Neither having, nor used to have any business relationship with the Company, parent company, subsidiaries, associated companies, major shareholders, or controlling persons of the Company in the manner that may obstruct the

exercise of independent judgment as a member of the Audit Committee. Moreover, a member of the Audit Committee must neither being, nor used to be a key shareholder or controlling person of the entities having business relationship with the Company, parent company, subsidiaries, associated companies, major shareholders, or the controlling persons of the Company, unless such director has resigned from such position for at least two years.

5. Neither being, nor used to be the auditor of the Company, parent company, subsidiaries, associated companies, major shareholders, controlling persons of the Company, nor being a key shareholder, controlling person or partner of the audit office having the auditor providing auditing service to the Company, parent company, subsidiaries, associated companies, major shareholders, or the controlling persons of the Company, as a member, unless such director has resigned from such position for at least two years.
6. Neither being, nor used to be a provider of any professional services including the legal advisory or financial advisory services that received fees in the amount of more than Baht Two million per year from the Company, parent company, subsidiaries, associated companies, major shareholders, or controlling persons of the Company, nor being shareholder, the controlling person, or partner of such professional services provider, unless such director has resigned from such position for at least two years.
7. Not being a director who has been appointed as a representative of the Company, major shareholders or shareholders relating to major shareholders.
8. Neither operating the business having the same nature which significantly competes with the business of Company or its subsidiaries, nor being a significant partner or a director who involves in the management, nor being an employee, staff, a member, and a consultant who receives regular salary, or holds more than 1 percent of the total number of shares with the voting rights of a company that operates the business having the same nature and significantly competes with the businesses of the Company or its subsidiaries.
9. Having no other conditions that may obstruct the independent expression of comment on the Company's operation.

#### **Criteria for the selection of independent directors**

- 1) The person must have the qualifications of directors, as defined.
- 2) A director who can independently express opinion based on their own discretion, with morality adhering to organizational interest, but not the specific interest of major shareholders or minor shareholders or himself.
- 3) Is qualified as stated by the Stock Exchange of Thailand and adhering to the good practices as following.
  - Hold not more than 1% of the voting shares of the Company, its subsidiaries, associates or the person that may have conflict of interest (include the relating person as per Section 258 of the Stock Exchange law).
  - Never or not holding position of director with duty involving management, employee, staff, advisor who receives monthly salary or controlling party of the Company, subsidiary, joint-venture, joint-venture or the person that may have conflict of interest and not having the benefit or interest for at least 2 years.
  - Not having business relation, benefit or interest, directly or indirectly in terms of finance or management of the Company's subsidiary, affiliate company or the person that may have conflict of interest that may impede the independence.
  - Not being a close relative with executives, major shareholders of the Company, subsidiary, affiliated companies or the person that may have conflict and is not appointed as a representative to safeguard the interest of directors, major shareholders.

- Not disclose any relationship that may stop the independence to the Board of Directors.

The scope of duties and responsibilities of committee and the CEO is determined clearly in written form reflecting the transparency and concise decision of the Company.

**New director election process**

The Board appointed the Nomination and Remuneration Committee to select new director(s) by considering qualifications, experience, suitability and the ability to work as a director. The nomination of new director must be in accordance with Public Company Act.

**Scope of duties of Directors**

- 1) Roles, duties and responsibilities of the Board of Directors. The Board of Directors is responsible to perform accordingly to the Company's objectives, Articles of Association and resolution of the meeting and shareholders with integrity and honestly, prudence and aim to safeguard the interest of shareholders and stakeholders in long and short term to ensure that the Company's operation are driven into the direction that will generate maximum benefit to shareholders and stakeholders. The Board shall supervise to have vision, mission, strategy, target, policy and annual budget in which the Board will jointly review and express opinion every year to create understand on overall business image prior to approval and monitor to ensure the management will be consistent to the plan by adhering to the guideline of the Stock Exchange of Thailand and the Securities and Exchange Commission.
- 2) Meeting of the Board of Directors. Meeting of the Board of Directors is an essential duty where the directors must attend regularly to acknowledge and make decision on the Company's business operation. Annually, the Meeting of the Board of Directors shall be held at least 4 times. The meeting agenda is set in advance and special meeting may be held in case of urgent matter. At least 2 out of 3 of total directors shall constitute a quorum. The senior executives may attend the meeting in order to provide information that could be useful and to acknowledge the the policy. It is the Company's policy that non-executive directors and the person that is not a member of Executive Committee attend the meeting together at least once a year to discuss about the topic of interest without attendance of Management. All Executive Committee are allowed to propose the matters to add as an agenda in the Board of Directors' meeting and to express their opinion independently. Then the Company Secretary will bring the proposed matters into meeting agenda and prepare invitation letter to the meeting accordingly. A majority vote in the meeting determines a resolution with each member of the Board having one vote. Board Members that may have conflicts of interest on a particular issue must leave the room during discussion and does not have the right to vote on the particular issue. After the meeting, the Company Secretary shall prepare the minutes of the meeting and send to Chairman of the Board to certify the accuracy and submit to the meeting for certification in the next meeting. Directors may suggest correction on the minutes of the meeting. The

certified minutes of the meeting is kept as a confidential in electric format for convenient of access and reference.

- 3) Orientation of new directors. To perform their duties, the directors shall acknowledge Company's nature of business. For this reason, the Company conducted an orientation session for a new director so that he learned about the Company and business overview, got access to corporate information which is useful and crucial to responsibilities including guideline to the good corporate governance. The Company Secretary shall coordinate to have to orientation session.
- 4) Policy on limitation of the number of listed company and number of term of office of Directors Director is advised not to become director in more than five other listed companies without any exception. At present, the Company's Directors hold directorship in less than 5 listed companies. The company also has a policy prohibiting the CEO to be hold director position in other companies which conduct the same or similar business to the Company's except associates and/or subsidiaries and/or affiliated company to ensure that the person will not cause conflict of interest.
- 5) Succession Plan The Company realizes the necessity and importance of the succession plan and hence has prepared the succession plan for major executive positions by selecting the candidates, providing ongoing training its human resource to meet position requirements, to ensure that the Company will have a person with knowledge and suitable skill for the succession.

#### **Audit Committee**

The Audit Committee is comprised of 3 Independent Directors of the Company. The committee members have the required knowledge and experience. The audit committee is responsible for review financial statement is accurate and adequate and the suitability and effectiveness of the internal control and internal audit are as follows:

- |    |              |               |  |
|----|--------------|---------------|--|
| 1. | Mr.Khemadhat | Sukonhasingha | Chairman of the Audit Committee and Independent Director |
| 2. | Mr.Mati      | Tungpanich    | Audit Committee and Independent Director                 |
| 3. | Mr.Techa     | Boonyachai    | Audit Committee and Independent Director                 |

Audit Committee who has accounting knowledge is Mr.Khemadhat Sukonhasingha.

#### **Scope of duties of the Audit Committee**

- 1) Review quarterly financial statement and annual financial statement together with the Company's auditor and related executives, as to propose to the Board; Oversee Company's financial report to ensure the accountability, adequacy and reliability.
- 2) Review the Company's compliance with the law on securities and exchange, the regulations of The Stock Exchange of Thailand.
- 3) Consider to disclose the information or the connected transaction or transaction that may have conflict of interest.
- 4) Oversee to ensure that the Company's internal control is adequate and efficient.

- 5) Select/appoint/remove /propose remuneration for auditor.
- 6) Review the adequacy of internal control system and monitor the significant risk management regularly.
- 7) Consider the independence of internal audit unit, approve the appointment/transfer/dismissal of the head of internal audit unit.

#### **Nomination of Directors**

Selection of the Company's directors must be approved by the shareholders' meeting. The candidates must be qualified and does not have the prohibited characteristics as stipulated by law. The Board of Directors shall contains at lease five (5) persons being selected under criteria and methods as follows.

- 1) One share represents one vote.
- 2) The voting for director may be cast for individual or for several directors as considered by the meeting of shareholders. Election may be of individuals or of groups, as the shareholders' meeting deems appropriate. A shareholder may not divide his/her votes among several individuals or groups.
- 3) Person(s) receiving the maximum number of votes in the respective order will be appointed as director(s) for the number of directors to be selected or appointed on that occasion. Where persons selected in the next sequence receive equal votes which exceed the number of director(s) to be selected or appointed on that occasion, the decisive vote shall be cast by the chairman of that meeting.

At the Annual General Meeting of Shareholders, one-third (1/3) of all directors shall resign by rotation. In case the number of resigned directors cannot be proceeded, the similar amount to one third of the directors to resign during the first year. The resigning directors may be re-elected.

A vacancy in the Board of Directors by reasons other than term completion will be filled at the next Board meeting by a qualified person selected by the Board who must not also be subjected to any restriction by Public Company law unless the remaining term of that director is less than two (2) months. The replacing director will remain in his/her post only for the remaining term of the directors/he replaces. The resolution of the designation shall receive votes of not less than three-fourths (3/4) of the remaining directors.

#### **Supervision of subsidiary companies and associated companies' performance**

Nomination and right exercising appointing persons to be directors in subsidiary companies and associated companies is performed by management. The Company specifies regulation of such nomination and right exercising must obtain approval from the Company's Board of Directors as well. Persons appointed to be directors in subsidiary companies and associated companies have duty to perform for maximum profits of those subsidiary companies and associated companies (not of the Company). And the Company stipulates that the appointed persons must obtain approval from the Company's Board of Directors before they can cast vote or exercise right of important issues which are the same levels as those having to obtain approval from the Company's Board of Directors, if the issues are carried out by the Company.

Appointment of directors to be representatives of such subsidiary companies and associated companies is in accordance with shareholding ratio of the Company in those subsidiary companies and associated companies.

Moreover, in case of subsidiary company, the Company stipulates regulation the persons who are appointed by those subsidiary companies must monitor and ensure that those subsidiary companies must correctly have regulation regarding connected transaction, acquiring or selling assets, or making any other important items of the subsidiary companies, and adopt the same regulation in connection with information disclosure and making such items as the Company's regulation. The directors must also supervise the subsidiary companies ensuring that they have data and information collection and account recording accountable for being able to be verified by the Company. And the subsidiary companies must punctually provide financial statements.

**Supervision of inside information**

The Company allows its Directors and Executives submitting reports of securities trading to prevent exploiting the Company's information in a manner of inside information so as to prevent adopting inside information practice of securities trading for his own benefit. They are also notified about personal responsibility as well as punishment clause for his acknowledgement.

## ***Related Parties***

Related parties are those parties linked to the Group and the Company as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market price or, where no market price exists, at contractually agreed prices.

Relationships with related parties that control the Company or are being controlled by the Company or have transactions with the Group were as follows:

Company	Relationship
Abico Land Co., Ltd.	Subsidiary
Abico Dairy Farm Co., Ltd	Subsidiary
PPO Farm Co., Ltd.	Subsidiary
Malee Sampran Plc.	Associate
Malee Enterprise Co., Ltd.	Indirect shareholding
CDI Co., Ltd.	Formerly the Company's shareholder

Note :In 2009, the Bankruptcy Court adjudged CDI Co., Ltd. bankrupt.

### Pricing Policy

- Revenues from building rental and service are according to mutually agreed prices.
- Revenues from production service are according to cost plus profit.
- Revenues from the sale of raw milk are according to cost plus profit.
- Other revenue is according to cost plus profit.
- Short-term loans from subsidiaries bear the interest rate at MLR+1% per annum.
- Short-term loans to subsidiaries bear the interest rate at 7.90-8.125 per annum.

Significant transactions with the related parties for the years ended December 31, 2015 and 2014 are as follows:



		Unit: Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2015	2014	2015	2014
<u>Revenues from rental and service</u>					
	Malee Sampran Plc.	7,334,400.00	7,334,400.00	-	-
	Malee Enterprise Co., Ltd.	4,734,400.00	4,784,400.00	-	-
	Total	12,068,800.00	12,118,800.00	-	-
<u>Revenues from raw milk</u>					
	Malee Sampran Plc.	24,747,788.30	3,015,010.40	-	-
<u>Income from production engagement</u>					
	Malee Sampran Plc.	102,490,143.67	93,929,978.26	-	-
<u>Income from other engagement</u>					
	Malee Sampran Plc.	526,480.00	758,999.99	-	-
	Malee Enterprise Co., Ltd.	165,780.00	186,677.60	-	-
	Total	692,260.00	945,677.59	-	-
<u>Income from other service</u>					
	Malee Sampran Plc.	2,194,334.05	1,136,163.94	-	-
	Malee Enterprise Co., Ltd.	17,500.00	95,000.00	-	-
	Total	2,211,834.05	1,231,163.94	-	-
<u>Other income - electricity</u>					
	Malee Sampran Plc.	1,198,800.00	1,067,000.00	-	-
	Malee Enterprise Co., Ltd.	620,072.48	541,760.00	-	-
	Total	1,818,872.48	1,608,760.00	-	-
<u>Interest income</u>					
	Abico Land Co., Ltd.	-	-	41,424.66	-
	Abico Dairy Farm Co., Ltd.	-	-	1,244,729.35	270,842.31
	Total	-	-	1,286,154.01	270,842.31
<u>Cost of purchase</u>					
	Malee Sampran Plc.	5,471,872.44	1,856,091.10	-	-
<u>Administrative expenses</u>					
	Abico Land Co., Ltd.	-	-	83,131.12	73,307.26
	Malee Sampran Plc.	1,125,168.11	972,002.61	-	-
	Total	1,125,168.11	972,002.61	83,131.12	73,307.26

		Unit: Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2015	2014	2015	2014
<u>Finance cost</u>					
	Abico Dairy Farm Co., Ltd.	-	-	-	8,910.19
	Director	231,533.93	672,986.79	-	-
	Total	231,533.93	672,986.79	-	8,910.19

Significant balances with related parties as at December 31, 2015 and 2014 are as follows:

		Unit: Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2015	2014	2015	2014
<u>Trade and other receivables</u>					
<u>Trade receivables</u>					
	Malee Sampran Plc.	13,572,712.56	11,823,325.76	-	-
	Malee Enterprise Co., Ltd.	49,733.60	42,586.00	-	-
	Total	13,622,446.16	11,865,911.76	-	-
<u>Other receivables</u>					
	Malee Sampran Plc.	35,791.50	48,683.07	-	-
	Malee Enterprise Co., Ltd.	-	15,515.00	-	-
	Total	35,791.50	64,198.07	-	-
<u>Deposit receivables</u>					
	Abico Land Co., Ltd.	-	-	47,100.00	47,100.00
<u>Accrued interest</u>					
	Abico Land Co., Ltd.	-	-	41,424.66	-
	Abico Dairy Farm Co., Ltd.	-	-	378,000.00	76,131.69
	Total	-	-	419,424.66	76,131.69
Total Trade and other receivables		13,658,237.66	11,930,109.83	466,524.66	123,231.69

			Unit: Baht			
			Consolidated Financial Statements		Separate Financial Statements	
			2015	2014	2015	2014
<u>Short - term loans to related companies</u>						
	Abico Land Co., Ltd.		-	-	7,000,000.00	-
	Abico Dairy Farm Co., Ltd.		-	-	56,000,000.00	6,538,440.65
	Total		-	-	63,000,000.00	6,538,440.65
<u>Trade and other payables</u>						
<u>Trade payables</u>						
	Malee Sampran Plc.		2,506,294.22	529,766.00	-	-
<u>Other payables</u>						
	Malee Sampran Plc.		1,051,724.92	848,287.93	-	-
	Malee Enterprise Co., Ltd.		-	71,090.91	-	-
	Abico Land Co., Ltd.		-	-	7,831.31	6,030.53
	Total		1,051,724.92	919,378.84	7,831.31	6,030.53
<u>Accrued expenses</u>						
	Malee Sampran Plc.		9,582.00	-	-	-
Total Trade and other payables			3,567,601.14	1,449,144.84	7,831.31	6,030.53
<u>Advance received</u>						
	Malee Sampran Plc.		-	337,287.83	-	-
<u>Deposit payable (presented in other non-current liabilities)</u>						
	Malee Sampran Plc.		5,437,800.00	5,437,800.00	-	-
	Malee Enterprise Co., Ltd.		2,973,000.00	2,973,000.00	-	-
	Total		8,410,800.00	8,410,800.00	-	-
<u>Liabilities under the rehabilitation plan</u>						
	Director		-	4,455,482.73	-	-
	Total		-	4,455,482.73	-	-
	Less Current portion		-	(4,455,482.73)	-	-
	Net		-	-	-	-

### **Independent Audit committee's Report**

The Audit Committee, Abico Holdings Public Co., Ltd., consists of 3 knowledgeable and capable independent committees with qualifications and independence to meet the requirement of the Securities and Exchange of Thailand, chaired by Mr. Khemadhat Sukonhasingha as the Chairman of the Audit Committee, Mr. Mati Tangpanich and Mr. Techa Boonyachai as the Audit Committees.

In 2015 the Audit Committee performed their duties assigned by the Company's Board of Directors and as responsible for by them which was in accordance with the regulations and requirements of the Securities and Exchange of Thailand. The essential statements of the operation result can be concluded as follows:

1. To verify the financial statements and information concluded in the annual report of 2015 in the essential statements relating to the financial status, business performance and the cash flow of the Company and the small companies that has been made in accordance with the generally accepted accounting principles and the information was sufficiently, completely and trust worthily discloses.
2. To verify the internal control system and to supervise the operation to be performed in compliance with such system as well as to promote and push forward the internal audit to be performed in accordance with the international standard. The Company was found to have the proper and effective internal control system and no significant defect that might have caused the essential influence was found.
3. The risk management process had been verified and the useful recommendation had also been given to reduce the risk to be in the acceptable level.
4. The compliance with requirements and Securities and Exchange law, including other relating laws had been verified and found that the Company had fully and correctly acted in compliance with the related requirements and other statutory laws.
5. The disclosure of inter-related particulars or items that may have caused the interest contradiction had been completely and correctly considered and in conformity with the law and market requirements.
6. To assess the independence of the accounting auditor, consider to appoint of and offer the remuneration to the Company's auditor.

The Audit Committee considered the statement set forth above, presumed that the Company persists in the good governance and supervision as the stake, having the sufficient and effective internal control and the risk management. The inter-related transaction that may have caused the dispute of interest to be occurred has been completely disclosed. The Company has been acting in compliance with the requirements and relating laws. The Company's financial statements have been performed in accordance with the generally accepted accounting principles and the information has been sufficiently, completely and trustworthily disclosed.

On behalf of the Audit Committee

(Mr. Khemadhat Sukonhasingha)

Chairman of the Inspecting Committee

February 25, 2016

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***Independent Auditor's Report***

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**Independent Auditor's Report**

To the Board of Directors and the Shareholders of Abico Holdings Public Company Limited:

I have audited the accompanying consolidated and separate financial statements of Abico Holdings Public Company Limited and its subsidiaries, and of Abico Holdings Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2015, the consolidated and separate statements of profit or loss and other comprehensive income, of changes in shareholders' equity and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position as at December 31, 2015 and the consolidated and separate financial performance and the consolidated and separate cash flows for the year then ended of Abico Holdings Public Company Limited and its subsidiaries, and of Abico Holdings Public Company Limited, respectively, in accordance with Thai Financial Reporting Standards.

**Emphasis of Matter**

As discussed in Note 2 to the financial statements, as at December 31, 2015, consolidated current liabilities exceeded consolidated current assets by Baht 187.06 million and its separate current liabilities exceeded current assets by Baht 63.63 million. The Company's and the subsidiaries' ability to continue their business as a going concern is depended on the capability of their operation, debt restructuring process and the ability to comply with conditions indicated in the debt restructuring agreement. The financial statements have been prepared assuming that the Company will continue as a going concern. The financial statements do not include any adjustments relating to the realization of the carrying value of assets and amount of liabilities or the classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

As discussed in Note 4 to the financial statements, Board of Directors' Meeting of the Company held on February 26, 2015 passed a resolution to change the Group's accounting policy regarding measurement of buildings and machineries from the revaluation model to the cost model. In addition, the Group also applied the change of this accounting policy with the transaction with investment in its associated company. The effects of the change are present in statements of financial position as at December 31, 2014, and January 1, 2014, and statements of profit or loss and other comprehensive income which have been presented herewith for comparative purposes.

Kultida Pasurakul

Certified Public Accountant

Registration Number 5946

ANS Audit Company Limited

Bangkok, February 25, 2016

## ABICO HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## STATEMENTS OF FINANCIAL POSITION

		Unit: Baht				
		Consolidated Financial Statements			Separate Financial Statements	
		December 31, 2015	December 31, 2014	January 1, 2014	December 31, 2015	December 31, 2014
Notes			"RESTATED"	"RESTATED"		
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents		15,906,529.09	8,124,028.60	2,577,629.74	1,229,270.92	4,299,003.89
Investment in available-for-sale security		-	4,550,000.00	5,576,000.00	-	4,550,000.00
Trade and other receivables - net	5, 6	74,767,540.08	78,203,782.27	93,428,458.19	2,747,818.86	1,107,528.00
Short-term loans to related companies	5	-	-	-	63,000,000.00	6,538,440.65
Inventories	7	59,292,910.05	62,213,545.89	48,670,930.23	-	-
<b>Total Current Assets</b>		<b>149,966,979.22</b>	<b>153,091,356.76</b>	<b>150,253,018.16</b>	<b>66,977,089.78</b>	<b>16,494,972.54</b>
<b>Non-Current Assets</b>						
Pledged deposit at financial institution	29	3,900,000.00	-	-	-	-
Investment in associated company - net	4, 8	349,218,194.98	259,136,355.76	214,186,271.09	412,480,815.00	383,406,740.00
Investments in subsidiaries - net	9, 18	-	-	-	-	-
Other long - term investments - net	10	-	-	-	-	-
Property, plant and equipment - net	4, 11, 14, 17	549,030,821.51	441,182,191.16	393,694,561.37	23,598.35	831.98
Biological assets - dairy cow - net	12	36,511,500.00	33,024,500.00	21,778,514.45	-	-
Leasehold rights - net	13, 28.1	7,700,358.96	-	-	-	-
Withholding tax deducted at source		7,213,075.86	4,319,927.85	9,358,173.79	-	-
Deferred income tax assets	20	4,113,342.90	3,412,710.93	3,875,845.14	1,200,000.00	1,200,000.00
Other non-current assets						
Unused asset - net		235,024.85	313,457.31	391,858.17	-	-
Other non-current assets		2,786,306.37	2,210,679.42	2,220,285.49	1,317,367.38	1,334,605.08
<b>Total Non-Current Assets</b>		<b>960,708,625.43</b>	<b>743,599,822.43</b>	<b>645,505,509.50</b>	<b>415,021,780.73</b>	<b>385,942,177.06</b>
<b>Total Assets</b>		<b>1,110,675,604.65</b>	<b>896,691,179.19</b>	<b>795,758,527.66</b>	<b>481,998,870.51</b>	<b>402,437,149.60</b>

## ABICO HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## STATEMENTS OF FINANCIAL POSITION

		Unit: Baht				
		Consolidated Financial Statements			Separate Financial Statements	
		December 31, 2015	December 31, 2014	January 1, 2014	December 31, 2015	December 31, 2014
	Notes		"RESTATED"	"RESTATED"		
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
<b>Current Liabilities</b>						
Bank overdrafts and short-term loan from financial institutions	14	255,003,321.68	115,620,737.60	15,103,225.18	130,000,000.00	70,000,000.00
Trade and other payables	5, 15	47,789,905.89	114,907,977.32	147,912,328.81	607,660.41	661,334.17
Other short-term loans		-	-	8,780,818.11	-	-
Current portion of liabilities under financial lease agreements	16	34,232,991.69	46,455,074.07	28,006,061.90	-	-
Current portion of long-term loans from financial institutions	17	-	46,815,404.83	60,281,910.39	-	-
Current portion of debts under the rehabilitation plan	18	-	5,678,078.49	102,175,945.99	-	-
<b>Total Current Liabilities</b>		<b>337,026,219.26</b>	<b>329,477,272.31</b>	<b>362,260,290.38</b>	<b>130,607,660.41</b>	<b>70,661,334.17</b>
<b>Non-Current Liabilities</b>						
Liabilities under financial lease agreements - net	16	74,928,722.36	104,492,566.65	71,656,079.30	-	-
Long-term loan from financial institutions	17	-	-	31,097,358.73	-	-
Debts under the rehabilitation plan	18	-	203,766.15	5,881,844.63	-	-
Employee benefit obligation	19	11,811,495.47	11,634,549.24	2,727,597.01	-	-
Deferred income tax liabilities	4, 20	46,643,021.20	19,035,862.50	17,417,997.58	-	890,500.00
Other non-current liabilities	5	8,410,800.00	8,410,800.00	8,410,800.00	-	-
<b>Total Non-Current Liabilities</b>		<b>141,794,039.03</b>	<b>143,777,544.54</b>	<b>137,191,677.25</b>	<b>-</b>	<b>890,500.00</b>
<b>Total Liabilities</b>		<b>478,820,258.29</b>	<b>473,254,816.85</b>	<b>499,451,967.63</b>	<b>130,607,660.41</b>	<b>71,551,834.17</b>



## ABICO HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## STATEMENTS OF FINANCIAL POSITION

		Unit: Baht				
		Consolidated Financial Statements			Separate Financial Statements	
		December 31, 2015	December 31, 2014	January 1, 2014	December 31, 2015	December 31, 2014
Notes			"RESTATED"	"RESTATED"		
<b>SHAREHOLDERS' EQUITY</b>						
<b>Share Capital</b>						
Authorized share capital						
Common shares						
	235,000,000 ordinary shares, Baht 1 par value	235,000,000.00	235,000,000.00	235,000,000.00	235,000,000.00	235,000,000.00
Issued and paid-up share capital						
	235,000,000 ordinary shares, Baht 1 par value	235,000,000.00	235,000,000.00	235,000,000.00	235,000,000.00	235,000,000.00
	Treasury shares in associated company	8	-	(16,947,020.13)	-	-
	Treasury shares surplus in associated company		1,490,669.98	-	-	-
Retained earnings (Deficits)						
Appropriated						
	Legal reserve	22	6,406,723.67	4,616,165.77	-	6,406,723.67
	Treasury shares reserve in associated company	8	-	16,947,020.13	-	-
	Unappropriated	4	185,544,836.59	78,685,132.45	(25,003,556.04)	109,984,486.43
	Other components of equity		203,413,116.12	105,135,064.12	86,310,116.07	-
	Total Shareholders' Equity - parent company		631,855,346.36	423,436,362.34	296,306,560.03	351,391,210.10
	Non-controlling interests		-	-	-	-
	<b>Total Shareholders' Equity</b>		631,855,346.36	423,436,362.34	296,306,560.03	351,391,210.10
	<b>Total Liabilities and Shareholders' Equity</b>		1,110,675,604.65	896,691,179.19	795,758,527.66	481,998,870.51

## ABICO HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## STATEMENTS OF COMPREHENSIVE INCOME

		Unit: Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	Notes	"RESTATED"			
REVENUES	5				
Revenues from sales and services		493,827,357.28	532,090,498.68	-	-
Revenues from building rental and service		13,826,540.00	13,727,560.00	-	-
Total Revenues		507,653,897.28	545,818,058.68	-	-
COST OF SALES AND SERVICES		(443,278,194.60)	(472,795,046.71)	-	-
Gross profit		64,375,702.68	73,023,011.97	-	-
Other income					
Gain from change in fair value less estimated point-of-sale cost of dairy cow		9,134,500.00	13,030,100.00	-	-
Gain on sales of short-term investments		4,251,719.66	1,569,960.25	4,251,719.66	1,569,960.25
Reversal on impairment of assets		-	5,563,585.55	-	-
Reversal loss on revaluation of assets		2,599,045.00	-	-	-
Gain from reversal of guarantee obligation on subsidiary company		-	5,929,888.64	-	5,929,888.64
Commission income	28.2	18,500,856.84	32,722,800.65	-	-
Other service income		3,900,817.59	4,710,752.48	-	-
Gain on sales of assets		562,928.07	84,044.29	-	-
Dividend income		-	55,000.00	39,606,354.00	37,520,470.00
Other incomes		1,221,852.36	3,394,718.44	1,287,273.86	289,472.13
EXPENSES					
Administrative expenses		(36,229,577.15)	(46,732,682.31)	(4,010,492.09)	(2,182,839.21)
Management compensation	25	(9,596,651.00)	(9,196,461.00)	-	-
Compensation loss from manufacturing process		(2,251,526.05)	(1,932,855.71)	-	-
Loss from sales of biological asset - dairy cow		(1,738,810.00)	(598,600.00)	-	-
Loss on impairment of investment in subsidiaries company		-	-	(162,438.75)	-
Special severance paid for termination of employment	24	(5,209,985.00)	-	-	-
Finance costs		(24,762,473.86)	(19,416,627.47)	(5,161,258.51)	(1,470,084.18)
Total Expenses		(79,789,023.06)	(77,877,226.49)	(9,334,189.35)	(3,652,923.39)
Share of profit of associated company	4, 8	84,771,449.29	79,744,906.75	-	-
Profit before income tax		109,529,848.43	141,951,542.53	35,811,158.17	41,656,867.63
Income tax expenses	21	(4,298,567.44)	(10,597,248.12)	-	-
<b>Profit for the years</b>		<b>105,231,280.99</b>	<b>131,354,294.41</b>	<b>35,811,158.17</b>	<b>41,656,867.63</b>

## ABICO HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## STATEMENTS OF COMPREHENSIVE INCOME

		Unit: Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	Notes	"RESTATED"			
<b>Other comprehensive (loss) income :</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Actuarial gain (loss) on defined employee benefit plans					
in subsidiaries company	3	1,012,807.00	(7,628,025.02)	-	-
Actuarial loss on defined employee benefit plans					
in associated company		(3,243,776.60)	-	-	-
Revaluation surplus of subsidiaries company	11	127,300,065.00	-	-	-
Revaluation surplus of associated company	8	-	24,522,085.06	-	-
Income tax relating to each component of other comprehensive income that will not be reclassified		(25,013,818.98)	(3,378,812.01)	-	-
<i>Items that may be reclassified subsequent to profit or loss</i>					
Fair value change on available-for-sale investment		(4,452,500.00)	(990,900.00)	(4,452,500.00)	(990,900.00)
Income tax relating to that may be reclassified		890,500.00	198,180.00	890,500.00	198,180.00
Other comprehensive income (loss) for the years - net of income tax		96,493,276.42	12,722,528.03	(3,562,000.00)	(792,720.00)
Total comprehensive income for the years		201,724,557.41	144,076,822.44	32,249,158.17	40,864,147.63
<b>Profit attributable to</b>					
Equity holders of the Company		105,231,280.99	131,354,294.41	35,811,158.17	41,656,867.63
Non-controlling interests		-	-	-	-
		105,231,280.99	131,354,294.41	35,811,158.17	41,656,867.63
<b>Total comprehensive income attributable to</b>					
Equity holders of the Company		201,724,557.41	144,076,822.44	-	-
Non-controlling interests		-	-	-	-
		201,724,557.41	144,076,822.44	-	-
<b>Basic earnings per share</b>					
Basic earnings per share (Baht)		0.45	0.56	0.15	0.18
The number of common shares outstanding at the end of the year (Share)		235,000,000.00	235,000,000.00	235,000,000.00	235,000,000.00

## ABICO HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2015

Unit: Baht															
Consolidated financial statements															
Equity attributable to shareholders' equity of the Company															

ABICO HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES  
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
 FOR THE YEARS ENDED DECEMBER 31, 2015

Unit: Baht						
Separate financial statements						
Notes	Share capital issued and fully paid-up	Retained earnings		Other components of shareholders' equity		
		Appropriated	Unappropriated	Other comprehensive income		
				Unrealized gain on securities available-for-sale	Total other components of equity	
						Total
Balance as at January 1, 2014	235,000,000.00	-	50,666,447.80	4,354,720.00	4,354,720.00	290,021,167.80
Changes in shareholders' equity for the year:						
Total comprehensive income (loss) for the year	-	-	41,656,867.63	(792,720.00)	(792,720.00)	40,864,147.63
Unappropriated transfer to legal reserve	22	-	4,616,165.77	(4,616,165.77)	-	-
Balance as at December 31, 2014	235,000,000.00	4,616,165.77	87,707,149.66	3,562,000.00	3,562,000.00	330,885,315.43
Changes in shareholders' equity for the year:						
Total comprehensive income (loss) for the year	-	-	35,811,158.17	(3,562,000.00)	(3,562,000.00)	32,249,158.17
Unappropriated transfer to legal reserve	22	-	1,790,557.90	(1,790,557.90)	-	-
Dividend paid	23	-	(11,743,263.50)	-	-	(11,743,263.50)
Balance as at December 31, 2015	235,000,000.00	6,406,723.67	109,984,486.43	-	-	351,391,210.10

## ***Note To The Financial Statement***

### **1. GENERAL INFORMATION**

Abico Holdings Public Company Limited (“the Company”) registered on November 3, 1992, as juristic person under the Limited Public Company Act with the Ministry of Commerce. The registered office of the Company is located at 401/1, Moo 8, Abico Building, 5<sup>th</sup> Floor, Phaholyothin Road, Khookot Sub-district, Lamlookka District, Pathumthani. The Company’s main business is investment related. Its subsidiary companies’ main businesses are production and distribution of ready-to-drink milk, office space for rent and dairy farming.

### **2. GOING CONCERN**

The consolidated financial statements as at December 31, 2015 and 2014, show incurred consolidated current liabilities exceeding consolidated current assets by Baht 187.06 million and Baht 176.39 million, respectively. The separate financial statements show current liabilities exceeding current assets at the same dates by Baht 63.63 million and Baht 54.17 million, respectively. The Company’s and the subsidiaries’ ability to continue their business as a going concern is depends on the capability of their operations, and debt restructuring process, and the ability to comply with conditions indicated in the debt restructuring agreement. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The financial statements do not include any adjustments relating to the realization of the carrying value of assets and amount of liabilities or the classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

### **3. BASIS FOR PRESENTATION OF THE FINANCIAL STATEMENTS**

3.1 The accompanying financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”) and applicable rules and regulations of the Thai Securities and Exchange Commission.

The financial statements are presented in compliance with the stipulations of the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act B.E. 2543.

The financial statements have been prepared in the Thai language and expressed in Thai Baht, and rounded to the nearest Baht unless otherwise stated. Such financial statements have been prepared for domestic reporting purposes. For the convenience of the readers not conversant in the Thai language, an English translation of the Thai version of the financial statements is provided.

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities,

income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

### 3.2 Basis for preparation of the consolidated financial statements

- a) The consolidated financial statements included the accounting transactions of the Company and its subsidiary companies (together referred to as the “Group”).

The Company holds shares at the following percentages as at December 31, 2015 and 2014.

Subsidiaries	Country of incorporation	Business	Percentage of shareholding	
			2015	2014
<u>Directly</u>				
Abico Land Co., Ltd.	Thailand	Office for rent	99.99%	59.99%
Abico Dairy Farm Co., Ltd.	Thailand	Production and distribution of ready-to-drink milk,	99.99%	99.99%
		drinks and fruit juices		
PPO Farm Co., Ltd.	Thailand	Agriculture and dairy farming		
		and sales of raw milk	99.99%	49.54%
<u>Indirectly hold by Abico Dairy Farm Co., Ltd</u>				
PPO Farm Co., Ltd.	Thailand	Agriculture and dairy farming		
		and sales of raw milk	-	50.46%

- b) The Company is deemed to have control over an investee or subsidiary if it has rights to, or is exposed to, variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated as from the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- g) Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

The Company holds shares at the following percentages as at December 31, 2015 and 2014.

	Country of incorporation	Business	Percentage of shareholding	
			2015	2014
<u>Directly</u>				
Malee Sampran	Thailand	The manufacture and distribution of	25.49%	25.49%
Public Company Limited		canned agriculture product, fruit juices		
		and non-alcohol beverage		

- h) The consolidated financial statements included share of the profit or loss and other comprehensive income of associates, from the date that significant influence commence until the date that significant influence ceases.

#### **New financial reporting standards**

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

##### **(a) Financial reporting standards that became effective in the current year**

The Company and its subsidiaries have adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of content and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the financial statements of the Company and its subsidiaries. However, some of these standards involve changes to key principles, which are summarized below:



**TAS 19 (revised 2014) Employee Benefits**

This revised standard requires that the entity recognize actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognize such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognize them gradually in profit or loss.

At present, the Company and its subsidiaries immediately recognize actuarial gains and losses in other comprehensive income in the period in which they occur in accordance with the revised standard. There is no impact on provision for employee benefits obligation and brought forward retained earnings shown in the statement of financial position as at December 31, 2014.

The effects to the statements of profit or loss and other comprehensive income for the year ended December 31, 2015 and 2014 are as follows.

		Unit: Baht
		Consolidated Financial Statements
Decrease in employee benefit expenses		7,628,025.02
Increase in income tax expenses		(1,525,605.00)
Increase in net income		6,102,420.02
Decrease in other comprehensive income - net of tax		(6,102,420.02)
Increase in Basic Earnings per Share		0.03

**TFRS 10 Consolidated Financial Statements**

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 Consolidated and Separate Financial Statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company and its subsidiaries believes that the standard has no any significant impact on the Company and its subsidiaries' financial statements.

**IFRS 12 Disclosure of Interests in Other Entities**

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company and its subsidiaries.

**IFRS 13 Fair Value Measurement**

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other accounting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognized prospectively.

The management of the Company and its subsidiaries believes that this standard has no any significant impact on the Company and its subsidiaries' financial statements.

**(b) Financial reporting standard that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The management of the Company and its subsidiaries believe that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied.

**4. SIGNIFICANT ACCOUNTING POLICIES**Revenues

Sales are recognized when goods are delivered.

Building rental and service revenues are recognized according to the accrual basis under the rates stipulated in the rental and service agreements.

Service income is recognized upon the service being rendered.

Other income and expenses are recognized according to the accrual basis.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the preparation of the statement of cash flows.

#### Trade and Other Receivables

Trade receivables are presented on net realizable amount. The Company and subsidiary companies set an allowance for doubtful accounts based on the estimated loss from uncollectible amounts by considering the historical experience from the collection and the current status of the accounts receivable.

#### Inventories

Inventories are stated at cost or net realizable value, whichever is lower. Cost of inventories is determined using the First-in, First-out method.

#### Impairment of Assets

The Company and subsidiary companies will, at each reporting date, assess whether there is an indication that an asset may be impaired. If any such indication exists, the Company and subsidiary companies will make an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statements of financial position. (An asset's recoverable amount is the higher of fair value less costs to sell or value in use).

#### *Reversals of impairment*

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount which increase the recoverable amount or if any increase in the recoverable amount can be objectively related to an event occurring after the impairment loss was recognized.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. All reversals of impairment losses are recognized in the statement of comprehensive income.

#### Investments in Subsidiaries and Associated Company

Investments in subsidiaries and associated company in the separated financial statements are presented at cost less allowance for impairment of the value of investments.

Investment in associated company in the consolidated financial statements is stated using the equity method.

#### Other Long-Term Investments

Long-term investments, which are marketable equity securities and held as available-for-sale securities, are stated at fair value. Changes in the value of investment are reported as part of other components of shareholders' equity, and recorded in the income statement upon disposal or when there is an indication of the impairment of investment.

Long-term investments, which are non-marketable equity securities held as general investments, are stated at cost. Changes in value of general investments will be recorded in the statement of comprehensive income when there is a disposal of the investment or when there is an indication of the impairment of investment because the value of the investment is permanently decreased.

#### Property, Plant and Equipment.

Equipment is initially recorded at cost less accumulated depreciation and accumulated allowance for impairment (if applicable).

Land is stated at the revalued amount by the independent appraiser. On January 20, 2016, the subsidiary company appraised its land by 15 Business Advisory Co., Ltd. The revaluation method is market base evidence.

#### *Re-valued assets*

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets approximated to that which would be determined using fair values at the reporting date.

Any increase in value on revaluation, is recognized in other comprehensive income under “revaluation surplus” unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. Any value is being subsequently increased will be credited to other comprehensive income only for the amount higher than the previously decreased in value.

A decrease in value is recognized in the statement of profit or loss.

#### *Depreciation*

Depreciation computed on cost or a re-valued amount is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

	Years
Land improvements	5
Buildings and construction	3 - 40
Building on leased land	Term of land lease agreement
Machinery and equipment	3 - 20
Furniture and Office equipment (acquired prior to year 2001 : 10 years)	5-10

## Vehicles

5

Biological Asset – Dairy Cows - Net

Biological assets – dairy cows are measured at their fair value less estimated point-of-sale cost. The fair value of a dairy cow is determined on the market values of livestock of similar age, breed, and genetic merit as appraised by an independent appraiser on January 9, 2015. This figure is used as a basis for determining the fair value of the biological asset for the year 2014 and on January 20, 2016 and is also used for determining the fair value of the biological asset for the year 2015.

Milk is initially recorded at its fair value less estimated point-of-sale cost at the time of milking. The fair value of milk is determined based on the market values in the local area.

For income tax computation purposes, the subsidiary uses a 10 - year term for depreciation over the lives of live stocks.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis

#### Leasehold right

Leasehold right of building area are stated at cost less accumulated amortisation and impairment losses. Leasehold right are amortised and recognised in the statement of profit or loss on a straight-line basis over the period of the agreement.

#### Financial Lease

The Company and the subsidiaries record assets under financial leases as assets and liabilities in their statements of financial position at amounts equal to the fair value of the leased assets at the inception of the lease or, if lower, at the present value of the minimum lease payments. In calculating the present value of the minimum lease payments, the discount factor is the implicit interest rate of the lease. Financial expenses are allocated to periods during the lease term according to the remaining balance of the liability for each period by generating a constant rate. The depreciation of the leased assets is in line with the depreciation policy of the Company's and subsidiaries' own assets.

#### Operating Lease

Leasing of assets of which risks and ownership are still borne by the lessor, is categorised as and operating lease. Fees paid under such lease are recorded as an expense within the term of the lease.

#### Employee benefits

##### *Short-term benefits*

The Group recognizes salaries, wages, bonuses and social security contributions as expenses on an accrual basis.

##### *Post-employment benefits – defined benefit plan*

The employee benefits liabilities in relation to the severance payment under the labour law are recognised as a charge against operations results over the employee's service period. It is calculated by the estimation of the amount of future benefit to be earned by the employee in return for the service provided to the Group through the service period up to the retirement age and the amount is discounted to determine the present value. The reference discount rate is the yield rate of government bonds as at the reporting date. The calculation is based on the actuarial technique using the Projected Unit Credit Method.

When the actuarial assumptions are changed, the Group recognizes actuarial gains or losses in the other comprehensive income in the period in which they arise.

#### Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred taxes are recognised in profit or loss except to the extent that they relate to items recognised directly in shareholders' equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of reporting period date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of reporting period date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change their judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of reporting period date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### Basic Earnings per Share

Basic earnings per share are computed by dividing net profit for the years by common shares outstanding during the years.

Board of Directors' Meeting of the Company No. 1/2015 held on February 26, 2015 passed a resolution to change the Group's accounting policy regarding measurement of buildings and machineries from the revaluation model to the cost model which applied to the financial statements from 2015 onwards. In addition, the Group also applied the change of this accounting policy with the transaction with investment in its associated company as the management of the Company believed that the cost method will reflect the Group's actual operation results. The effects of the change are as follows:

	Unit: Baht	
	Consolidated Financial Statements	
	December 31, 2014	January 1, 2014
<u>Statements of financial position</u>		
Assets		
Decrease in investment in associated company - net	(46,072,748.22)	(53,045,633.38)
Decrease in property, plant and equipment - net	(70,513,594.65)	(83,412,444.21)
Liabilities		
Decrease in deferred income tax liabilities	(14,102,718.93)	(16,682,488.84)
Shareholders' equity		
Increase in unappropriated retained earnings	2,011,419.73	2,011,419.73
Other components of equity		
Decrease in revaluation surplus of subsidiary company	(56,410,875.72)	(66,729,955.37)
Decrease in revaluation surplus in associated company	(48,084,167.95)	(55,057,053.11)

	Unit: Baht	
	Consolidated Financial Statements	
<u>Statements of profit or loss and other comprehensive income</u>		
<u>for the year ended December 31, 2014</u>		
Decrease in depreciation		(12,898,849.56)
Increase in share of profit of associated company		6,972,885.16
Increase in income tax expenses		2,579,769.91
Increase in basic earnings per share		0.07

Effects of adjusted for the last year

During the year 2015, the Company adjusted the deferred income tax liabilities in its subsidiary. The Company made retroactive adjustment in the financial statements for the year 2014, impact on the statement of financial position as at December 31, 2014 and January 1, 2014 and the statement of profit or loss and other comprehensive income are summarized as follows:



	Unit: Baht	
	Consolidated Financial Statements	
	December 31, 2014	January 1, 2014
<u>Statements of financial position</u>		
Assets		
Decrease in deferred income tax assets	(248,504.45)	(2,378,454.86)
Liabilities		
Increase in deferred income tax liabilities	1,816,044.92	3,836,536.78
Shareholders' equity		
Decrease in unappropriated retained earnings	(8,279,541.01)	(6,214,991.64)

		Unit: Baht
		Consolidated Financial Statements
<u>Statements of profit or loss and other comprehensive income</u>		
<u>for the year ended December 31, 2014</u>		
Increase in income tax expenses		2,064,549.37
Increase in basic earnings per share		(0.01)

### Critical accounting estimates, assumption and judgment

#### Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

#### Allowance for obsoleted inventories

The Company and its subsidiaries set up provisions for diminution in value of inventories whenever the goods are deteriorated by assessing the current condition of inventories.

#### Allowance for impairment of investment

Management reviews the allowance for impairment of investment in subsidiaries by considering the operating result and the future business plan of the subsidiary companies. Such consideration is based on Management's judgment.

#### Allowances for impairment of assets

The Company and subsidiaries consider an asset as impaired when there is an indication that the asset may be impaired. If any such indication exists when there has been a significant decline in the fair value, the Company and subsidiaries make an estimate of the asset recoverable amount. The determination of the recoverable amount is requires judgment. An impairment loss is recognized as an expense in the statement of profit or loss.

#### Building and equipment

Management determines the estimated useful lives and residual values for the Company's and subsidiaries building and equipment. Management will revise the depreciation charge where useful lives and residual values previously estimated have changed or subject to be written down for their technical obsolescence or no longer in use.

#### Leases

In determining whether a lease is to be classified as an operating lease or finance lease, management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

#### Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

#### Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### **5. RELATED PARTIES TRANSACTIONS AND BALANCES**

Related parties are those parties linked to the Group and the Company as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market price or, where no market price exists, at contractually agreed prices.

Relationships with related parties that control the Company or are being controlled by the Company or have transactions with the Group were as follows:

Company	Relationship
Abico Land Co., Ltd.	Subsidiary
Abico Dairy Farm Co., Ltd	Subsidiary
PPO Farm Co., Ltd.	Subsidiary
Malee Sampran Plc.	Associate
Malee Enterprise Co., Ltd.	Indirect shareholding
Chok-Chai Milk Co., Ltd. (Dormant)	Formerly a subsidiary
CDI Co., Ltd.	Formerly the Company's shareholder

In 2009, the Bankruptcy Court adjudged CDI Co., Ltd. bankrupt. On July 4, 2014, all of the company's shares belonging to CDI Co., Ltd. were sold to individual related parties by auction.

Significant transactions with the related parties for the year ended December 31, 2015 and 2014 are as follows:

		Unit: Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2015	2014	2015	2014
<u>Revenues from rental and service</u>					
	Malee Sampran Plc.	7,334,400.00	7,334,400.00	-	-
	Malee Enterprise Co., Ltd.	4,734,400.00	4,784,400.00	-	-
	Total	12,068,800.00	12,118,800.00	-	-
<u>Revenues from raw milk</u>					
	Malee Sampran Plc.	24,747,788.30	3,015,010.40	-	-
<u>Income from production engagement</u>					
	Malee Sampran Plc.	102,490,143.67	93,929,978.26	-	-
<u>Income from other engagement</u>					
	Malee Sampran Plc.	526,480.00	758,999.99	-	-
	Malee Enterprise Co., Ltd.	165,780.00	186,677.60	-	-
	Total	692,260.00	945,677.59	-	-
<u>Income from other service</u>					
	Malee Sampran Plc.	2,194,334.05	1,136,163.94	-	-
	Malee Enterprise Co., Ltd.	17,500.00	95,000.00	-	-
	Total	2,211,834.05	1,231,163.94	-	-
<u>Other income - electricity</u>					
	Malee Sampran Plc.	1,198,800.00	1,067,000.00	-	-
	Malee Enterprise Co., Ltd.	620,072.48	541,760.00	-	-
	Total	1,818,872.48	1,608,760.00	-	-
<u>Interest income</u>					
	Abico Land Co., Ltd.	-	-	41,424.66	-
	Abico Dairy Farm Co., Ltd.	-	-	1,244,729.35	270,842.31
	Total	-	-	1,286,154.01	270,842.31
<u>Cost of purchase</u>					
	Malee Sampran Plc.	5,471,872.44	1,856,091.10	-	-
<u>Administrative expenses</u>					
	Abico Land Co., Ltd.	-	-	83,131.12	73,307.26
	Malee Sampran Plc.	1,125,168.11	972,002.61	-	-
	Total	1,125,168.11	972,002.61	83,131.12	73,307.26

		Unit: Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2015	2014	2015	2014
<u>Finance cost</u>					
	Abico Dairy Farm Co., Ltd.	-	-	-	8,910.19
	Director	231,533.93	672,986.79	-	-
	Total	231,533.93	672,986.79	-	8,910.19

Pricing Policy

- Revenues from building rental and service are according to mutually agreed prices.
- Revenues from production service are according to cost plus profit.
- Revenues from the sale of raw milk are according to cost plus profit.
- Other revenue is according to cost plus profit.

Significant balances with related parties as at December 31, 2015 and 2014 are as follows:

			Unit: Baht			
			Consolidated Financial Statements		Separate Financial Statements	
			2015	2014	2015	2014
<u>Trade and other receivables</u>						
<u>Trade receivables</u>						
	Malee Sampran Plc.		13,572,712.56	11,823,325.76	-	-
	Malee Enterprise Co., Ltd.		49,733.60	42,586.00	-	-
	Total		13,622,446.16	11,865,911.76	-	-
<u>Other receivables</u>						
	Malee Sampran Plc.		35,791.50	48,683.07	-	-
	Malee Enterprise Co., Ltd.		-	15,515.00	-	-
	Total		35,791.50	64,198.07	-	-
<u>Deposit receivables</u>						
	Abico Land Co., Ltd.		-	-	47,100.00	47,100.00
<u>Accrued interest</u>						
	Abico Land Co., Ltd.		-	-	41,424.66	-
	Abico Dairy Farm Co., Ltd.		-	-	378,000.00	76,131.69
	Total		-	-	419,424.66	76,131.69
Total Trade and other receivables			13,658,237.66	11,930,109.83	466,524.66	123,231.69

			Unit: Baht			
			Consolidated Financial Statements		Separate Financial Statements	
			2015	2014	2015	2014
<u>Short - term loans to related companies</u>						
	Abico Land Co., Ltd.		-	-	7,000,000.00	-
	Abico Dairy Farm Co., Ltd.		-	-	56,000,000.00	6,538,440.65
	Total		-	-	63,000,000.00	6,538,440.65
<u>Trade and other payables</u>						
<u>Trade payables</u>						
	Malee Sampran Plc.		2,506,294.22	529,766.00	-	-
<u>Other payables</u>						
	Malee Sampran Plc.		1,051,724.92	848,287.93	-	-
	Malee Enterprise Co., Ltd.		-	71,090.91	-	-
	Abico Land Co., Ltd.		-	-	7,831.31	6,030.53
	Total		1,051,724.92	919,378.84	7,831.31	6,030.53
<u>Accrued expenses</u>						
	Malee Sampran Plc.		9,582.00	-	-	-
Total Trade and other payables			3,567,601.14	1,449,144.84	7,831.31	6,030.53
<u>Advance received</u>						
	Malee Sampran Plc.		-	337,287.83	-	-
<u>Deposit payable (presented in other non-current liabilities)</u>						
	Malee Sampran Plc.		5,437,800.00	5,437,800.00	-	-
	Malee Enterprise Co., Ltd.		2,973,000.00	2,973,000.00	-	-
	Total		8,410,800.00	8,410,800.00	-	-
<u>Liabilities under the rehabilitation plan</u>						
	Director		-	4,455,482.73	-	-
	Total		-	4,455,482.73	-	-
	Less Current portion		-	(4,455,482.73)	-	-
	Net		-	-	-	-

Short-term loans from subsidiaries bear the interest rate at MLR+1% per annum.

Short-term loans to subsidiaries bear the interest rate at 7.90-8.125 per annum.

## 6. TRADE AND OTHER RECEIVABLES - NET

Trade and others receivables - net as at December 31, 2015 and 2014 consisted of:

	Unit: Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2015	2014	2015	2014
Trade receivables	50,036,934.43	53,334,436.75	-	-
Trade receivables - related companies	13,622,446.16	11,865,911.76	-	-
<u>Less</u> Allowance for doubtful account	-	(1,494,979.27)	-	-
Trade receivables - net	63,659,380.59	63,705,369.24	-	-
Other receivables	503,819.36	1,767,676.23	300.00	300.00
Other receivables - related companies	35,791.50	64,198.07	-	-
Accrued income	4,412,575.84	8,672,178.27	-	-
Prepaid interest expense	4,405,262.87	954,518.81	2,247,361.77	929,496.86
Others	1,750,709.92	3,039,841.65	500,157.09	177,731.14
Total other receivables	11,108,159.49	14,498,413.03	2,747,818.86	1,107,528.00
Trade and other receivables - net	74,767,540.08	78,203,782.27	2,747,818.86	1,107,528.00

As at December 31, 2015 and 2014, the Group has outstanding balances of accounts receivable classified by age as follows:

	Unit: Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2015	2014	2015	2014
Undue	49,661,226.83	49,175,871.07	-	-
Over due				
Less than 3 month	13,998,153.76	14,294,648.17	-	-
3 - 6 months	-	234,850.00	-	-
6 - 12 months	-	-	-	-
Over than 12 months	-	1,494,979.27	-	-
Total	63,659,380.59	65,200,348.51	-	-
<u>Less</u> Allowance for doubtful	-	(1,494,979.27)	-	-
Trade receivable - net	63,659,380.59	63,705,369.24	-	-

## 7. INVENTORIES

Inventories as at December 31, 2015 and 2014 consisted of:

	Unit: Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2015	2014	2015	2014
Raw and Pack materials	21,131,181.70	26,920,134.89	-	-
Work in process	3,692,609.39	1,268,220.80	-	-
Finished goods	15,565,543.40	11,695,239.20	-	-
Foods	2,048,344.33	5,248,947.99	-	-
Medicine, chemical and medical supplies	511,377.98	409,413.73	-	-
Supplies and spare parts	16,343,853.25	16,671,589.28	-	-
<b>Total</b>	<b>59,292,910.05</b>	<b>62,213,545.89</b>	<b>-</b>	<b>-</b>

## 8. INVESTMENT IN AN ASSOCIATED COMPANY

Investment in an associated company stated at the equity method in the consolidated financial statements as at December 31, 2015 and 2014, consisted of:

			Unit: Baht					
					Cost Method		Equity Method	
			Paid-up share capital		Separate Financial Statements		Consolidated Financial Statements	
			2015	2014	2015	2014	2015	2014
<u>Associated Company</u>	<u>Percentage of investment (%)</u>							
Malee Sampran Plc.	25.49%	25.86%	140,000,000.00	140,000,000.00	412,480,815.00	383,406,740.00	349,218,194.98	259,136,355.76
<b>Total</b>			<b>140,000,000.00</b>	<b>140,000,000.00</b>	<b>412,480,815.00</b>	<b>383,406,740.00</b>	<b>349,218,194.98</b>	<b>259,136,355.76</b>

As at December 31, 2015 and 2014, an investment in Malee Sampran Public Co., Ltd had fair market values of Baht 1,045.42 million and Baht 981.24 million, respectively.

The movements for the year ended December 31, 2015 and 2014 for the investment in the associate company, which is recorded under the equity method, are as follows:



		Unit: Baht	
		Consolidated Financial Statements	
		2015	2014
Balance as at January 1, 2015 before adjustment		305,209,103.98	267,231,904.47
Effects of changes in accounting policies		(46,072,748.22)	(53,045,633.38)
Balance at January 1, 2015 after adjustment		259,136,355.76	214,186,271.09
Addition investment in associated company		29,074,075.00	-
Dividend		(39,606,354.00)	(37,465,470.00)
Employee benefit obligation		(2,595,021.18)	-
Treasury shares in associated company		16,947,020.13	(16,947,020.13)
Revaluation surplus of associated company		-	19,617,668.05
Treasury shares reserve in associated company		1,490,669.98	-
Share of profit of associated company		84,771,449.29	79,744,906.75
As at December 31,		349,218,194.98	259,136,355.76

Board of Directors' Meeting of the Company No. 4/2015 held on November 12, 2015, approved the Company Limited gradually additional invested in Malee Sampran Public Co., Ltd. from exiting percentage of shareholding at 25.49% to an whatever level but not over 50% of shareholding and disposal but not less than 25% of share capital of Malee Sampran Public Co., Ltd., when the return is appropriated.

The financial statements of Malee Sampran Public Co., Ltd., for the years ended December 31, 2015 and 2014, an associated company, used for equity method accounting were audited by another auditor who expressed an unqualified opinion. Summary of financial information are as follows:

	Unit: Baht	
	Consolidated Financial Statements	
	2015	2014
Financial statements as at December 31,		
Current Assets	1,801,982,910.00	1,739,799,226.00
Non-Current Assets	1,258,720,551.00	1,252,272,107.00
Current Liabilities	1,600,427,052.00	1,776,807,135.00
Non-Current Liabilities	206,002,618.00	199,409,817.00
For the year ended December 31, 2014		
Revenue	5,512,408,166.00	4,833,655,047.00
Profit for the years	331,336,009.00	306,467,799.00
Other comprehensive income for the years	(10,180,546.00)	75,861,052.00
Total comprehensive income for the years	321,155,463.00	382,328,851.00

Reconcilement of the financial statements with book value of interest in associated in the consolidated financial statements as follow;

	Unit: Thousands Baht
	Malee Sampran Public Co., Ltd.
Net asset of associated company	1,254,273.79
Percentage of Investment (%)	25.49
Net assets of the Company in proportion to the shares held by the Group	319,714.39
Addition investment in associated company	29,074.08
Effect of Changes in percentage of investment during the year	429.73
<b>Book value of</b>	
<b>Investment in associated company</b>	<b>349,218.19</b>

## 9. INVESTMENT IN SUBSIDIARIES

Investment in subsidiary companies stated at the cost method in the separated financial statements as at December 31, 2015 and 2014, consisted of:

			Unit: Baht							
			Separate Financial Statements							
							Impairment of			
	Percentage of investment (%)		Paid-up share capital		Cost Mehtod		investment		Net book value	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Abico Land Co., Ltd.	99.99	59.99	200,000,000.00	200,000,000.00	120,065,280.00	119,999,980.00	(120,065,280.00)	(119,999,980.00)	-	-
Abico Dairy Farm Co., Ltd.	99.99	99.99	239,999,930.00	239,999,930.00	239,999,930.00	239,999,930.00	(239,999,930.00)	(239,999,930.00)	-	-
PPO Farm Co., Ltd.	99.99	49.53	19,250,000.00	19,250,000.00	38,240,938.75	38,143,800.00	(38,240,938.75)	(38,143,800.00)	-	-
Total investment in subsidiary companies					398,306,148.75	398,143,710.00	(398,306,148.75)	(398,143,710.00)	-	-
<u>Shares held by Abico Dairy Farm Co., Ltd.</u>										
PPO Farm Co., Ltd.	-	50.46	19,250,000.00	19,250,000.00	-	97,138.75	-	(97,138.75)	-	-

The Company's 0.81 million shares in Abico Dairy Farm Co., Ltd. at cost value of Baht 8.10 million have been pledged as collateral against loans for Abico Dairy Farm Co., Ltd. (a subsidiary company).

The Company's has pledges. 72,555 shares in PPO Farm Co., Ltd at the cost value of Baht 1.81 million as collateral with the creditor under restructuring according to the Company's rehabilitation plan. Currently, the Company is in the process of transferring back ownership of the Company's share certificates in PPO Farm Co., Ltd. since the Company repaid all the outstanding liabilities under the rehabilitation plan to the creditor.

The Board of Directors' Meeting of the Company No. 1/2015, held on February 26, 2015, had passed a resolution to acquire additional of 4.90 million shares in Abico Land Company Limited (Subsidiary) totaling of Baht 0.03 million from other shareholders. During the 2nd quarter of the year 2015, the Company acquired an additional of 3.10 million shares totaling of Baht 0.04 million from other shareholders. The Company paid for acquired additional shares totaling of Baht 0.07 million. As a result, the Company increased its percentage of investment from 59.99 % to 99.99%.

The Board of Directors' Meeting of the Company No. 3/2015 held on August 13, 2015, had passed a resolution to acquire additional of 0.10 million shares in PPO Farm Co., Ltd. (Subsidiary) totaling of Baht 0.02 million from Abico Dairy Farm Co., Ltd. (Subsidiary) As a result, the Company increased its percentage of investment from 49.53 % to 99.99%.

**10. OTHER LONG-TERM INVESTMENTS - NET**

As at December 31, 2015 and 2014, other long-term investments - net consisted of:

		Unit: Baht	
		Consolidated Financial Statements / Sepatate Financial Statements	
		2015	2014
General investment			
	Equity share	59,970,345.60	59,970,345.60
Allowance for impairment loss on general investment		(59,970,345.60)	(59,970,345.60)
Other long-term investments - net		-	-

The Company had invested in Puerto Azul Land Inc. (PALI), which operates in real estate and property development industry in the Philippines. However, the business operations of PALI ceased rendering it unable to contract with a concerned party. The Company had fully provided allowance for impairment loss on the general investment. Currently, the management of the Company is under taking appropriate action.

## 11. PROPERTY, PLANT AND EQUIPMENT - NET

Property, plant and equipment – net as at December 31, 2015, consisted of:

	Unit: Baht								
	Consolidated Financial Statements								
	Land	Land Improvement	Building and construction	Building on leased land	Machinery and equipment	Furniture and office equipment	Vehicles	Construction in progress	Total
Cost:									
As at January 1, 2015	41,017,581.00	3,100,000.00	273,943,099.51	91,528,304.44	502,040,409.21	29,286,704.79	17,656,086.43	14,313,449.98	972,885,635.36
Addition	-	-	85,100.00	-	867,853.20	1,030,127.68	1,318,857.75	21,277,267.58	24,579,206.21
Transfer in / out	-	-	1,283,784.00	-	8,786,740.00	1,324,919.25	-	(11,395,443.25)	-
Disposal	-	-	-	-	(7,298,054.92)	(26,775.71)	-	-	(7,324,830.63)
As at December 31, 2015	41,017,581.00	3,100,000.00	275,311,983.51	91,528,304.44	504,396,947.49	31,614,976.01	18,974,944.18	24,195,274.31	990,140,010.94
Accumulated Depreciation:									
As at January 1, 2015	-	(3,099,965.00)	(163,208,482.39)	(86,642,181.29)	(293,767,230.78)	(24,008,963.43)	(8,614,170.44)	-	(579,340,993.33)
Depreciation for the year	-	-	(4,891,688.76)	(4,886,123.15)	(31,330,519.33)	(1,993,156.51)	(3,498,875.37)	-	(46,600,363.12)
Disposal	-	-	-	-	7,289,785.96	5,721.93	-	-	7,295,507.89
As at December 31, 2015	-	(3,099,965.00)	(168,100,171.15)	(91,528,304.44)	(317,807,964.15)	(25,996,398.01)	(12,113,045.81)	-	(618,645,848.56)
Net book value:									
As at December 31, 2015	41,017,581.00	35.00	107,211,812.36	-	186,588,983.34	5,618,578.00	6,861,898.37	24,195,274.31	371,494,162.38
As at December 31, 2014	41,017,581.00	35.00	110,734,617.12	4,886,123.15	208,273,178.43	5,277,741.36	9,041,915.99	14,313,449.98	393,544,642.03

	Unit: Baht								
	Consolidated Financial Statements								
	Land	Land Improvement	Building and construction	Building on leased land	Machinery and equipment	Furniture and office equipment	Vehicles	Construction in progress	Total
Incremental amount:									
As at January 1, 2015	62,463,904.00	-	-	-	-	-	-	-	62,463,904.00
Disposal	127,300,065.00	-	-	-	-	-	-	-	127,300,065.00
As at December 31, 2015	189,763,969.00	-	-	-	-	-	-	-	189,763,969.00
Decrease amount:									
As at January 1, 2015	(2,599,045.00)	-	(1,748,608.59)	-	(10,478,701.28)	-	-	-	(14,826,354.87)
Increasing / Decreasing	2,599,045.00	-	-	-	-	-	-	-	2,599,045.00
As at December 31, 2015	-	-	(1,748,608.59)	-	(10,478,701.28)	-	-	-	(12,227,309.87)
Accumulated Depreciation-Incremental amount:									
As at January 1, 2015	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-	-
Decreasing	-	-	-	-	-	-	-	-	-
As at December 31, 2015	-	-	-	-	-	-	-	-	-
Incremental net:									
As at December 31, 2015	189,763,969.00	-	(1,748,608.59)	-	(10,478,701.28)	-	-	-	177,536,659.13
As at December 31, 2014	59,864,859.00	-	(1,748,608.59)	-	(10,478,701.28)	-	-	-	47,637,549.13
Revaluation basis assets-net:									
As at December 31, 2015	230,781,550.00	35.00	105,463,203.77	-	176,110,282.06	5,618,578.00	6,861,898.37	24,195,274.31	549,030,821.51
As at December 31, 2014	100,882,440.00	35.00	108,986,008.53	4,886,123.15	197,794,477.15	5,277,741.36	9,041,915.99	14,313,449.98	441,182,191.16
Depreciation presented in statement of profit or loss for the year									
2015									46,600,363.12
2014									43,868,893.12

	Unit: Baht	
	Sepatate Financial Statements	
	Furniture and office equipment	
<b>Cost</b>		
As at January 1, 2015	4,753,523.07	
Addition	28,083.22	
As at December 31, 2015	4,781,606.29	
<b>Accumulated Depreciation</b>		
As at January 1, 2015	(4,752,691.09)	
Depreciation for the year	(5,316.85)	
Disposal	-	
As at December 31, 2015	(4,758,007.94)	
<b>Net book value</b>		
As at December 31, 2015	23,598.35	
As at December 31, 2014	831.98	
Depreciation presented in statement of profit or loss for the year		
2015	5,316.85	
2014	-	

As at December 31, 2015 and 2014, according to the consolidated financial statements, Abico Dairy Farm Co., Ltd. has mortgaged machines and land plus construction with total mortgaged value of Baht 672.50 million for both periods as collateral against a credit line from a commercial bank.

As at December 31, 2015 and 2014, according to the consolidated financial statements, fixed assets at book value of Baht 246.38 million and Baht 107.19 million, respectively and in the separate financial statements of Baht 4.75 million for both years, were fully depreciated but still in use.

As at December 31, 2015 and 2014, in the consolidated financial statements, vehicles and machines at book values of Baht 116.01million and Baht 146.30 million, respectively are under liabilities under financial lease. As at December 31, 2015 and 2014, the Company provided a guarantee for liabilities under financial lease agreements for machines of Abico Dairy Farm Co., Ltd. at book values of Baht 25.42 million and Baht 28.74 million, respectively.



Revaluation surpluses have movements during the year as follows:

	Unit: Baht	
	Consolidated financial statements	
	2015	2014
Balance as at January 1, 2015 before adjustment	(106,381,998.92)	(116,701,078.57)
Effects of changes in accounting policies	56,410,875.72	66,729,955.37
Balance as at January 1, 2015 after adjustment	(49,971,123.20)	(49,971,123.20)
Increase (decrease) during the year:		
- Revaluation surplus	(127,300,065.00)	-
- Deferred tax expenses	25,460,013.00	-
Total increase during the years	(101,840,052.00)	-
Ending balance	(151,811,175.20)	(49,971,123.20)

## 12. BIOLOGICAL ASSETS – DAIRY COWS – NET

Biological assets – dairy cows – net as at December 31, 2015, and 2014, consisted of:

	Unit: Baht	
	Consolidated Financial Statements	
	2015	2014
Beginning balance	33,024,500.00	27,342,100.00
Increased from born	1,913,500.00	1,312,300.00
Gain from the change of the fair value		
less the estimated point-of-sale costs		
Resulted from the physical changes	6,740,000.00	5,756,800.00
Resulted from the price changes	481,000.00	5,961,000.00
Decreased from sales	(4,936,500.00)	(7,129,700.00)
Decreased from death	(711,000.00)	(218,000.00)
Ending balance	36,511,500.00	33,024,500.00

The physical amount of biological assets - dairy cows. as at December 31, 2015, and 2014, consisted of:

	Unit	
	Consolidated Financial Statements	
	2015	2014
Beginning balance	968	996
Increased from born	422	426
Decreased from sales	(333)	(447)
Decreased from death	(21)	(7)
Ending balance	1,036	968

Biological assets were revalued by an independent appraiser on January 9, 2015. which is used as a basis for determining the fair value of biological asset for the year 2014 and on January 20, 2016 for determining the fair value of biological asset for the year 2015. The valuation method is based on market value. The fair value measurement for biological assets have been categorized as level 1 (Level 1 – Use of quoted market price in an observable active market for such assets or liabilities).

### 13. LEASEHOLD RIGHTS

As at December 31, 2015 and 2014, leasehold rights consisted of:

		Unit: Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2015	2014	2015	2014
Cost		7,765,067.86	-	-	-
Less	Accumulated Amortization	(64,708.90)	-	-	-
Net book value		7,700,358.96	-	-	-

### 14. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

As at December 31, 2015 and 2014, bank overdrafts and short-term loans from financial institutions consisted of:

	Unit: Baht			
	Consolidated Financial Statements		Separate Financial Statement	
	2015	2014	2015	2014
Bank overdrafts	3,321.68	30,620,737.60	-	-
Short-term bill of exchange	255,000,000.00	85,000,000.00	130,000,000.00	70,000,000.00
Total	255,003,321.68	115,620,737.60	130,000,000.00	70,000,000.00

Bank overdrafts and short-term loans from financial institutions of Baht 15 million in a subsidiary company have been secured by a portion of land and its construction jointly used as collateral for long-term loans (Note 17).

The Board of Directors' Meeting of the Company No. 3/2015, held on August 13, 2015, approved the issuance and sale of a short-term bill of exchange on a private placement. The amount does not exceed Bath 200 million and the term of the Bill of Exchange does not exceed 3-24 month from the issuance date at market interest rate (Currently 7.25% per annum). This short-term loan is provided for the working capital of the Company.

Subsidiary company issued and sale of short-term bill of exchange on a private placement amount of Baht 200 million. The term of the bill of exchange does not exceed 183 days with the interest rate of 6-7.50% per annum.

## 15. TRADE AND OTHER PAYABLES

As at December 31, 2015 and 2014, trade and other payables consisted of:

	Unit: Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2015	2014	2015	2014
Trade payables - Domestic	12,876,700.01	28,756,468.04	-	-
Trade payables - related companies	2,506,294.22	529,766.00	-	-
Trade payables - Oversea	3,132,553.91	22,661,645.27	-	-
Total trade payables	18,515,548.14	51,947,879.31	-	-
Other payables	8,904,703.79	28,226,827.25	-	-
Other payables - related companies	1,051,724.92	919,378.84	7,831.31	6,030.53
Accrued expenses	14,851,048.02	29,812,025.98	567,448.60	653,509.47
Accrued interest expenses	52,962.00	351,422.26	-	-
Withholding tax payable	1,055,646.21	1,503,709.49	32,380.50	1,794.17
Others	3,358,272.81	2,146,734.19	-	-
Total other payables	29,274,357.75	62,960,098.01	607,660.41	661,334.17
Total trade payables and other payables	47,789,905.89	114,907,977.32	607,660.41	661,334.17

**16. LIABILITIES UNDER FINANCIAL LEASE AGREEMENTS - NET**

Liabilities under financial lease agreements as at December 31, 2015 and 2014, consisted of:

	Unit: Baht			
	Consolidated Financial Statements		Seperate Financial Statements	
	2015	2014	2015	2014
Liabilities under financial lease agreements	109,161,714.05	150,947,640.72	-	-
<u>Less</u> Current portion	(34,232,991.69)	(46,455,074.07)	-	-
Liabilities under financial lease agreements - Net	74,928,722.36	104,492,566.65	-	-

As at December 31, 2015 and 2014, a subsidiary had outstanding long-term lease agreements with certain companies for machines (Note 28.2.1) vehicles with certain companies. Agreement terms are 3 - 7 years. These are payable monthly in the amounts of Baht 3.00 million and Baht 3.39 million, respectively. The current portions of Baht 34.23 million and of Baht 46.46 million, respectively, were presented under current liabilities.

As at December 31, 2015 and 2014, the Company provided guarantees for Abico Dairy Farm Co., Ltd., under long-term lease agreements for the machines, in the amounts of Baht 12.72 million and of Baht 19.67 million, respectively.

As at December 31, 2015, the subsidiaries have committed to pay the lease under the financial lease agreements as follows:

Year	Unit: Baht
	Consolidated Financial Statements
1	34,232,991.69
2 - 3	44,252,469.15
4 - 7	30,676,253.21
	109,161,714.05

**17. LONG-TERM LOANS FROM A FINANCIAL INSTITUTION - NET**

As at December 31, 2015 and 2014, long-term loans from a financial institution - net consisted of:

	Unit: Baht	
	Consolidated Financial Statements	
	2015	2014
Long-term loans	-	46,815,404.83
<u>Less</u> Current portion of long-term loans	-	(46,815,404.83)
Long-term loans - Net	-	-

Abico Dairy Farm Co., Ltd

On August 29, 2005, the subsidiary obtained loan from a commercial bank in order to settle liabilities with other creditors by having a credit line of Baht 438 million.

The subsidiary must comply with the following covenants:

- Subsidiary company shall maintain a Debt Service Coverage Ratio (DSCR) of not less than 1.0 times.
- Collaterals
  - Mortgage of registered land and properties in the amount of 55-2-03 Rai for the mortgage amount of Baht 178 million (to guarantee all types of debts).
  - Increased mortgage amount of all land and properties located in Sang Sub-district, Sega District, Buengkan by an additional another Baht 53 million. These, together with the existing registered mortgage of Baht 15 million shall bring the total amount to Baht 68 million (to guarantee all types of debts).
  - Registered mortgage of equipments totalling 228 items. The total mortgage or pledge amount is Baht 426.50 million
  - Pledge of 810,000 shares of Abico Dairy Farm Co., Ltd to guarantee debts.
  - Acquire guarantees issued by a director of the Group for all types of debts.

**18. LIABILITIES UNDER THE REHABILITATION PLAN**

As at December 31, 2015 and 2014, liabilities under the rehabilitation plan consisted of:

	Unit: Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2015	2014	2015	2014
Abico Land Co.,Ltd.	-	5,881,844.64	-	-
Total	-	5,881,844.64	-	-
Less Current portion	-	(5,678,078.49)	-	-
Net	-	203,766.15	-	-

## 19. EMPLOYEE BENEFIT OBLIGATIONS

Movement of the present value of employee benefits obligation and expenses recognized in statement of profit or loss and other comprehensive income for year ended December 31, 2015 and 2014 are as follows:

	Unit: Baht	
	Post-employment benefit plan	
	Consolidated financial statements	
	2015	2014
Employee benefit obligation as at beginning,	11,634,549.24	2,727,597.01
Employee benefit expenses in the statement of profit or loss		
and other comprehensive income:		
Services cost during the year	847,148.54	872,370.02
Interest on obligation	526,634.69	518,911.19
Employee benefits paid for the year	(184,030.00)	(112,354.00)
Actuarial (gain) loss on defined employee benefit plans recognized in other		
comprehensive income	(1,012,807.00)	7,628,025.02
Employee benefit obligation as at ending,	11,811,495.47	11,634,549.24

Employee benefit obligations in the statement of financial position as at December 31, 2015 and 2014 consisted of:

	Unit: Baht	
	Post-employment benefit plan	
	Consolidated financial statements	
	2015	2014
Present value of obligation	11,811,495.47	11,634,549.24
Fair value of plan assets	-	-
Employee benefits liabilities - presented in the statement of financial position	11,811,495.47	11,634,549.24

The Group has defined a benefits plan in accordance with severance payment requirements under the labour law for retired employees who have service periods as specified in the law.

The actuarial assumption of discount rate is estimated from weighted average of the yield rate of government bonds as at the end of the year 2013.

The actuarial assumption of mortality rate for reasonable estimation of probability of retirement in the future is estimated from the mortality table for the year 2008 as provided by the Office of Insurance Commission.

The actuarial assumption of future salary increases is estimated from historical statistics.

The actuarial assumption of the turnover rate is estimated from historical data based on the ages of the employees of the Group.

## 20. DEFERRED INCOME TAX

Deferred income tax as at December 31, 2015 and 2014, consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Deferred income tax assets	4,113,342.90	3,412,710.93	1,200,000.00	1,200,000.00
Deferred income tax liabilities	(46,643,021.20)	(19,035,862.50)	-	(890,500.00)
Deferred income tax assets (liabilities) - net	(42,529,678.30)	(15,623,151.57)	1,200,000.00	309,500.00

Movements in deferred income tax assets and deferred income tax liabilities during the years were as follows:

	Unit: Baht						
	Consolidated financial statements				Separate financial statements		
	At January 1, 2015	Profit (loss)	Other Comprehensive income	At December 31, 2015	At January 1, 2015	Profit (loss)	At December 31, 2015
<b>Deferred income tax assets</b>							
Depreciation	40,439.42	(28,656.35)	-	11,783.07	-	-	-
Accrued rental fee	-	10,592.40	-	10,592.40	-	-	-
Employee benefit obligation	2,326,909.85	237,950.64	(202,561.40)	2,362,299.09	-	-	-
Impairment loss on assets	(154,638.34)	154,638.34	-	-	-	-	-
Tax loss carried forward	1,200,000.00	528,668.34	-	1,728,668.34	1,200,000.00	-	1,200,000.00
Total	3,412,710.93	903,193.37	(202,561.40)	4,113,342.90	1,200,000.00	-	1,200,000.00

	Unit: Baht						
	Consolidated financial statements				Separate financial statements		
	At January 1, 2014	Profit (loss)	Other Comprehensive income	At December 31, 2014	At January 1, 2014	Profit (loss)	At December 31, 2014
<b>Deferred income tax assets</b>							
Depreciation	443,076.96	(402,637.54)	-	40,439.42	-	-	-
Employee benefit obligation	545,519.40	255,785.45	1,525,605.00	2,326,909.85	-	-	-
Impairment loss on assets	1,206,583.22	(1,361,221.56)	-	(154,638.34)	-	-	-
Tax loss carried forward	1,680,665.56	(480,665.56)	-	1,200,000.00	1,200,000.00	-	1,200,000.00
Total	3,875,845.14	(1,988,739.21)	1,525,605.00	3,412,710.93	1,200,000.00	-	1,200,000.00

Unit: Baht						
	Consolidated financial statements			Separate financial statements		
	At January 1,	Profit	Other comprehensive	At January 1,	Other comprehensive	At December 31,
	2015	(loss)	of income	2015	of income	2015
<b>Deferred income tax liabilities</b>						
Change in fair value on						
available-for-sale investment	890,500.00	-	(890,500.00)	-	890,500.00	(890,500.00)
Impairment loss on assets	-	342,922.74	-	342,922.74	-	-
Depreciation	5,652,581.70	2,694,722.96	-	8,347,304.66	-	-
Revaluation surplus	12,492,780.80	-	25,460,013.00	37,952,793.80	-	-
Total	19,035,862.50	3,037,645.70	24,569,513.00	46,643,021.20	890,500.00	(890,500.00)

Unit: Baht						
	Consolidated financial statements			Separate financial statements		
	At January 1,	Profit	Other comprehensive	At January 1,	Other comprehensive	At December 31,
	2014	(loss)	of income	2014	of income	2014
<b>Deferred income tax liabilities</b>						
Change in fair value on						
available-for-sale investment	1,088,680.00	-	(198,180.00)	890,500.00	1,088,680.00	(198,180.00)
Depreciation	3,836,536.78	1,816,044.92	-	5,652,581.70	-	-
Revaluation surplus	12,492,780.80	-	-	12,492,780.80	-	-
Total	17,417,997.58	1,816,044.92	(198,180.00)	19,035,862.50	1,088,680.00	(198,180.00)

## 21. INCOME TAX EXPENSES

Income tax expenses for the years ended December 31, 2015 and 2014 are as follow:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>Current tax expenses</b>				
Current year	(2,164,115.11)	(6,792,463.99)	-	-
<b>Deferred tax expenses</b>				
Movements in temporary differences	(2,134,452.33)	(3,804,784.13)	-	-
Total	(4,298,567.44)	(10,597,248.12)	-	-

Income tax recognized in other comprehensive income for the years ended December 31, 2015 and 2014 is as follows:



	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Income tax relating to fair value change on				
available-for-sale investment	(890,500.00)	(198,180.00)	(890,500.00)	(198,180.00)
Income tax relating to Land,				
revaluation surplus of subsidiary	25,460,013.00	-	-	-
Actuarial loss on defined employee benefit plans	202,561.40	1,525,605.00	-	-
Total	24,772,074.40	1,327,425.00	(890,500.00)	(198,180.00)

## Reconciliation of effective tax rate

	Unit: Baht			
	Consolidated financial statements			
	2015		2014	
	Tax rate		Tax rate	
	(%)	Unit: Baht	(%)	Unit: Baht
Profit before income tax		109,529,848.44		141,951,542.53
Income tax using the corporate tax rate	20	21,905,969.69	20	28,390,308.51
Income not subject to tax		(2,309,211.28)		(3,104,092.25)
Expenses not deductible for tax purposes		(1,562,386.33)		(847,347.98)
Current year losses for which no deferred tax				
assets was recognised		3,461,483.48		2,507,714.56
Others		(472,991.30)		(205,184.37)
Effect on eliminate transactions		(16,724,296.82)		(16,144,150.35)
Tax expenses	4	4,298,567.44	7	10,597,248.12

Unit: Baht				
Separate financial statements				
2015		2014		
Tax rate		Tax rate		
(%)	Unit: Baht	(%)	Unit: Baht	
Profit before income tax	35,811,158.17		41,656,867.63	
Income tax using the corporate tax rate	20	7,162,231.63	20	8,331,373.53
Income not subject to tax	(7,921,270.80)		(8,690,071.73)	
Expenses not deductible for tax purposes	65,262.75		17,397.99	
Current year losses for which no deferred tax assets was recognised	693,776.42		341,300.21	
Tax expenses	-	-	-	-

The Company and subsidiaries have income tax losses. Due to the uncertainty of the utilization, the Management, therefore, has declined to recognize the deferred tax on this unutilized tax loss as follows:

The Company and subsidiaries have income tax losses. Due to the uncertainty of the utilization, the Management, therefore, has declined to recognize the deferred tax on this unutilized tax loss as follows:

Unit: Million Baht				
Expiry date	Consolidated financial statements		Separate financial statements	
2016	-		-	
2017	7.99		7.99	
2018	-		-	
2019	9.13		1.71	
2020	3.47		3.47	
Total	20.59		13.17	

#### Income tax reduction

Royal Decree No. 530 B.E. 2554 dated December 14, 2011 grants a reduction in the corporate income tax rate from 30% to 20% on net profit for the accounting periods beginning on January 1, 2013 to December 31, 2014. According to Royal Decree No. 577 B.E. 2557 dated November 10, 2014, the corporate income tax rate will continue at 20 % on net profit for the accounting periods beginning on January 1, 2015 to December 31, 2015.

## 22. LEGAL RESERVE

The legal reserve of the Company was established in accordance with the provisions of the Thai Public Company Limited Act B.E. 2535, which requires the appropriation as a legal reserve of at least 5% of net income for the year until the reserve reaches 10% of the authorized share capital. This reserve is not available for dividend distribution.

## 23. DIVIDENDS

The Annual Meeting of Shareholders for the year 2015, held on April 24, 2015, passed a resolution approving the dividend payment, based on the operation results of the year 2014, of Baht 0.05 per share totalling of Baht 11.74 million. The dividend payment date is May 22, 2015.

## 24. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2015 and 2014 were as follows:

	Unit: Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2015	2014	2015	2014
Changes in inventory balance	(2,920,635.84)	13,542,615.66	-	-
Cost and raw consumable and material used	221,132,615.49	184,356,297.48	-	-
Employee expenses	106,732,319.99	124,834,428.23	1,200,000.00	-
Depreciation	46,743,472.48	56,767,742.68	5,316.85	-
Rental and utility expenses	41,717,502.77	47,391,176.47	83,131.12	73,307.26
Special severance paid for termination of employment	5,209,985.00	-	-	-

During the 2<sup>nd</sup> quarter of the year 2015, the subsidiary discontinued certain production lines due to low customer demand. As a result, some employees were terminated. The subsidiary has to pay Baht 5.21 million to terminated employees and recognize actuarial gain of Baht 1.01 million in other comprehensive income (Note 19).

## 25. MANAGEMENT BENEFIT EXPENSES

Management benefit expenses focuses expenses relating to salaries, remunerations and other benefits to the directors and management, in accordance with the definitions of the Office of the Securities and Exchange Commission. Management under definition includes a chief executive officer, the next four executive levels immediately below that chief executive officer and all persons in positions comparable to these fourth executive levels.

## 26. SEGMENTATION INFORMATION

Segment information is presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise corporate assets, other income, selling expenses, administrative expenses and finance costs.

The Group's business segment information and reconciliation of reportable segment profit or loss for the year ended December 31, 2015 and 2014 were as follows:

	Unit: Baht						
	Consolidated Financial Statements						
	For the year ended December 31, 2015						
	Investment	Producer and distributor of ready-to-drink milk,	Office for rent	Agriculture and dairy farm	Total	Eliminate	Total
Revenues from sales and services	-	454,446,968.38	-	39,380,388.90	493,827,357.28	-	493,827,357.28
Revenues from building rental and service	-	-	19,083,958.37	-	19,083,958.37	(5,257,418.37)	13,826,540.00
Total Revenues	-	454,446,968.38	19,083,958.37	39,380,388.90	512,911,315.65	(5,257,418.37)	507,653,897.28
Cost of sales and services	-	(392,879,043.44)	(9,334,960.19)	(41,990,867.40)	(444,204,871.03)	926,676.43	(443,278,194.60)
Gross profit	-	61,567,924.94	9,748,998.18	(2,610,478.50)	68,706,444.62	(4,330,741.94)	64,375,702.68
Other income							
Gain from change in fair value less estimated point-of-sale cost of dairy cow				9,134,500.00	9,134,500.00	-	9,134,500.00
Gain on sales of other long-term investments	4,251,719.66				4,251,719.66	-	4,251,719.66
Reversal loss on revaluation of assets		2,599,045.00			2,599,045.00	-	2,599,045.00
Commission income		18,500,856.84			18,500,856.84	-	18,500,856.84
Other service income		4,114,649.08			4,114,649.08	(213,831.49)	3,900,817.59
Gain on sales of assets		562,928.07			562,928.07	-	562,928.07
Dividend	39,606,354.00				39,606,354.00	(39,606,354.00)	-
Other incomes	1,287,273.85	2,664,393.09	138,782.43	96,781.65	4,187,231.02	(2,965,378.66)	1,221,852.36
Expenses							
Administrative expenses							(36,229,577.15)
Management compensation							(9,596,651.00)
Loss on impairment of investment in subsidiaries company	(162,438.75)	97,138.75			(65,300.00)	65,300.00	-
Loss from sales of biological asset - dairy cow				(1,738,810.00)	(1,738,810.00)	-	(1,738,810.00)
Compensation loss from manufacturing process		(2,251,526.05)			(2,251,526.05)	-	(2,251,526.05)
Special severance paid for termination of employment		(5,209,985.00)			(5,209,985.00)	-	(5,209,985.00)
Finance costs							(24,762,473.86)
Share of profit of associated company							84,771,449.29
Profit before income tax							109,529,848.43
Income tax expenses		(4,259,032.27)	(545,459.17)	505,924.00	(4,298,567.44)	-	(4,298,567.44)
Net income from operation							105,231,280.99
Non-controlling interests							-
Profit for the year							105,231,280.99
Fixed assets	23,598.35	545,287,973.70	9,470.14	3,709,779.32	549,030,821.51	-	549,030,821.51

	Unit: Baht						
	Consolidated Financial Statements						
	For the year ended December 31, 2014						
	Investment	Producer and distributor of ready-to-drink milk,	Office for rent	Agriculture and dairy farm	Total	Eliminate	Total
Revenues from sales and services	-	493,721,686.33	-	38,368,812.35	532,090,498.68	-	532,090,498.68
Revenues from building rental and service	-	-	18,694,190.62	-	18,694,190.62	(4,966,630.62)	13,727,560.00
Total Revenues	-	493,721,686.33	18,694,190.62	38,368,812.35	550,784,689.30	(4,966,630.62)	545,818,058.68
Cost of sales and services	-	(420,477,179.23)	(9,181,428.04)	(44,543,115.87)	(474,201,723.14)	1,406,676.43	(472,795,046.71)
Gross profit	-	73,244,507.10	9,512,762.58	(6,174,303.52)	76,582,966.16	(3,559,954.19)	73,023,011.97
Other income							
Gain from change in fair value less estimated point-of-sale cost of dairy cow				13,030,100.00	13,030,100.00	-	13,030,100.00
Reversal for loss impairment of assets				5,563,585.55	5,563,585.55	-	5,563,585.55
Gain on sales of other long-term investments	1,569,960.25				1,569,960.25	-	1,569,960.25
Gain from reversal of guarantee obligation on subsidiary	5,929,888.64				5,929,888.64	-	5,929,888.64
Commission income		32,722,800.65			32,722,800.65	-	32,722,800.65
Other service income		4,897,668.39			4,897,668.39	(186,915.91)	4,710,752.48
Gain on sales of assets							84,044.29
Dividend	37,520,470.00				37,520,470.00	(37,465,470.00)	55,000.00
Other incomes					6,054,157.07	(2,659,438.63)	3,394,718.44
Expenses							
Administrative expenses							(46,732,682.31)
Management compensation							(9,196,461.00)
Loss from sales of biological asset - dairy cow				(598,600.00)	(598,600.00)	-	(598,600.00)
Compensation loss from manufacturing process		(1,932,855.71)			(1,932,855.71)	-	(1,932,855.71)
Finance costs							(19,416,627.47)
Share of profit of associated company							79,744,906.75
Profit before income tax							141,951,542.53
Income tax expenses	-	(9,016,718.78)	(488,795.44)	(1,091,733.90)	(10,597,248.12)	-	(10,597,248.12)
Net income from operation							131,354,294.41
Non-controlling interests							-
Profit for the year							131,354,294.41
Fixed assets	831.98	433,199,194.96	4,915,318.60	3,153,522.06	441,268,867.60	(86,676.44)	441,182,191.16

## 27. DISCLOSURES OF FINANCIAL INSTRUMENTS

The Company and subsidiaries have no policy to undertake any financial derivatives for the purpose of speculation or trading. The Company and subsidiaries are exposed to the risks of the fluctuation in the interest rates, foreign exchange rates and the credit risks as follows:

### Risk from Interest

The Company and subsidiaries have interest rate risk because of loans obtained from commercial banks and financial institutions, defaulted liabilities according to the debt restructuring agreement, debts according to the rehabilitation plan, long-term loans and long-term loans due to related companies where the majority bear the floating interest rates. The Company and subsidiaries are therefore subjected to risk in relation to interest rates which may fluctuate with future market rates in that they may affect the operating results and cash flows of the Company and subsidiaries.

### Risk from Exchange Rates

The Company and subsidiaries have no business transactions in foreign currencies. As such, is no such risk arises from exchange rate fluctuation.

As at December 31, 2015, and 2014, the Company had foreign exchange rate risk of financial liabilities denominated in foreign currencies as follows:

		Unit: millions Baht equivalent			
		Consolidated Financial Statements		Separate Financial Statements	
	Currency	2015	2014	2015	2014
Trade and other payables	USD	3.13	22.66	-	-

### Risk from Credit Provision

The Company is exposed to risk on credit provision relating to trade receivable, loans due from subsidiary company and related company.

Abico Dairy Farm Co., Ltd. (a subsidiary company), relies solely on a few customers, which is the Company risk the company is under the process to seek few customers in order to mitigate risk of dependency on limited customers to the Company's operation.

### Fair Values

The financial assets and liabilities possess book values which are comparable to market values as these financial instruments will be due in the short-term and the long-term loans bear interest rates comparable to market circumstances. As a result, these financial assets and liabilities reflect their fair values.

## 28. Contracts

28.1 Abico Land Co., Ltd. (a subsidiary company) obligated under contract as follows:-

On December 1, 2015, the subsidiary company extend the land lease contract for a plot of land where the Company's buildings and constructions are situated for a lease period of 10 years with monthly rent of Baht 0.47 million. The subsidiary also agreed to pay for the leasehold right of Baht 7.60 million.

28.2 Abico Dairy Farm Co., Ltd. (a subsidiary company) is obligated under contract as follows:-

1. The subsidiary company has entered into a machinery rental agreement with another company. The subsidiary company will receive a commission from using the packing material of the company in order to supply packing services for the subsidiary company's customers. According to the terms of the agreement, the commission amounts have been calculated based on the percentage of the packing material used as defined in the agreement.
2. The subsidiary company has entered into two office rental and office service agreements with a related company. The first agreement is dated April 1, 2014 and the duration of the office rental and service agreement is 3 years commencing from April 1, 2014 to March 31, 2017, with a rental fee of Baht 0.22 million per annum and a service fee of Baht 0.43 million per annum. The second agreement is dated April 1, 2014 with the term of 3 years commencing from April 1, 2014 to March 31, 2017, with a rental fee of Baht 1.26 million per annum and a service fee of Baht 2.52 million per annum.
3. The subsidiary company has revised the rental contracts to rent a parcel of land and a tractor to PPO Farm Co., Ltd. according to the following details:-

	Original contracts		New contracts	
	Period	Rate (Baht)	Period	Rate (Baht)
Rental contract to rent a parcel of land	1/1/2014 - 31/12/2016	100,000.00	1/7/2014 - 30/06/2016	50,000.00
Rental contract to rent tractor	1/1/2014 - 31/12/2016	50,000.00	1/7/2015 - 30/06/2016	20,000.00

4. The subsidiary company entered into a rental contract with a company to rent seven forklifts. The first agreement, dated March 31, 2012, governing the rental of six forklifts, has duration of 5 years commencing from April 1, 2012 to March 31, 2017, and a rental fee of Baht 17,000 per month.
5. The subsidiary company entered into a contract with another company to produce UHT fresh milk, Said contract has duration of 3 years commencing from January 4, 2013 to December 31, 2015, and



will be automatically extended every 2 years until the contract is terminated. Both parties have to comply with the terms and conditions defined in the contract.

28.3 PPO Farm Co., Ltd. (a subsidiary company) has details of contracts as follows:-

The subsidiary company has entered into a milk purchase/sale agreement with a cooperative at Baht 0.45 per kilogram lower than the government set price because the cooperative is responsible for the transportation cost. The contractual period is 5 years commencing from August 16, 2011 to August 15, 2016.

## **29. COMMITMENTS AND CONTINGENT LIABILITIES**

As at December 31, 2015, Abico Dairy Farm Co., Ltd. (a subsidiary company) has contingent liabilities in form of a bank guarantee for the Provincial Electricity Authority of Baht 3.84 million and it guaranteed by fixed deposit.

## **30. CAPITAL MANAGEMENT**

The primary objectives of the Company's capital management are to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the statement of financial position as at December 31, 2015, the Group and the Company's debt-to-equity ratio were 0.76 :1 and 0.37:1 respectively (December 31, 2014: 1.12 :1 and 0.22:1).

## **31. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements have already been approved for issuance by the Company's Board of directors on February 25, 2016.