

# 2017

## ANNUAL REPORT



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

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## ***Message from Company's Chairman***

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In the year of 2017, due to the decelerating domestic economy which have not been fully recovered, the Company Group saw a net profit of 99.48 million baht, 32% less than in 2016. However, the Company Group still enjoyed a total income of 591.24 million baht, 16% more than in 2016, thanks to Abico Dairy Farm Company Limited ("subsidiary"); a contracted manufacturer of UHT milk products, pasteurized fruit juices, and pasteurized milk products; which saw the biggest growth of 16% within the Company Group. The growth resulted from the expansion of its customer base and varieties of products, its leading position in the international beverage business, as well as its specialization and acknowledgement for quality in these products with the qualification of ISO 9001:2015 standard in 2017.

As for PPO Farm Company Limited ("subsidiary") which operates in dairy farm business, the subsidiary saw a modest profit due to the increasing operational cost in animal feeds during the past few years. The subsidiary has attempted to reduce the operation cost in animal feeds by planting corns for feeding animals within our farms, which will reduce the cost in the next year. And as for Abico Land Company Limited ("subsidiary"), it has renovated its office buildings to be more modern and convenient for its. The buildings are used as offices for the Company Group and all of its associated companies.

In 2018, the Company is still determined to improve more modern manufacturing and management policy in all sectors; as well as to search for new business opportunities. Our purposes are to build competitiveness in our businesses for the growth and sustainability of our organization in the future, while producing great returns for our shareholders

Finally, our board of directors, on behalf of the Company, would like to express our gratitude to shareholders, business partners, customers, and financial institutions for your contribution to our operation. The Company will be determined to constantly improve quality and safety for our customers; with our commitment to good governance, transparent operation, as well as 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>	70 years old
<b>Positions in the Company</b>	Chairman, Director
<b>Shareholding ratio</b>	None
<b>Relation among family within the Company</b>	Spouse, Mrs. Chintana Boonyarat, and father of Mr. Chaichat Boonyarat
<b>Education</b>	Master Degree: Manufacturing Engineering, Boston University, United States of America Bachelor Degree: Chemical Engineering, Chulalongkorn University
<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>	1992 – Present: Chairman, Abico Holdings Public Co. Ltd. 1995 – Present: Chairman, Malee Group Public Co. Ltd.
<b>Appointment date to director</b>	3 November 1992
<b>Position in other listed Companies</b>	President, Malee Group Public Co.,Ltd.




<b>Name</b>	Mr. Kitti Vilaivarangkul	
<b>Age</b>	61 years old	
<b>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>	Master Degree: Business Administration, Thammasat University. Bachelor Degree: Accounting (Second Class Honors), Ramkhamhaeng 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 Group 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>Appointment date to director</b>	31 July 1999	
<b>Position in other listed Companies</b>	Director, Malee Group Public Co.,Ltd.	



<b>Name</b>	Mrs. Chintana Boonyarat
<b>Age</b>	66 years old
<b>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 of 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 Group Public Co., Ltd. 2016 - Present, Director, Abico Land Co.,Ltd. 2013 - Present: Executive Director, Central Marketing Group Co., Ltd.
<b>Appointment date to director</b>	3 November 1992
<b>Position in other listed Companies</b>	Director, Malee Group Public Co.,Ltd.

<b>Name</b>	Mr. Chaichat Boonyarat
<b>Age</b>	38 years old
<b>Position in the company</b>	Director
<b>Shareholding Ratio</b>	24.67%
<b>Relation in family within the Company</b>	Son of Mr. Chatchai Boonyarat and Mrs. Chintana Boonyarat
<b>Education</b>	Master Degree: Business Administration, Sasin Graduate Institute of Business Administration Bachelor Degree: Electrical Engineering, Rochester Institute of Technology
<b>Training for Director's Roles</b>	Directors Certification Program DCP 182/2013 Course
<b>Experience</b>	2013 – Present: Director, Abico Holdings Public Co. Ltd. 2016 – Present: Director, Abico Land Co.,Ltd.
<b>Appointment date to director</b>	29 April 2013
<b>Position in other listed Companies</b>	None



Name	Mr. Khemadhat Sukonhasingha	
Age	69 years old	
Positions in the Company	Audit Committee Chairman, Independent Director	
Shareholding Ratio	None	
Relation in family within the Company	None	
Education	Honorary Doctor of Industrial Technology, King Mongkut's University of Technology North Bangkok National Defense College, National Defense Course, Joint Public and Private Sectors Bachelor Degree: Engineering (Electrical Communication), Chulalongkorn University.	
Training for Director's Roles	Director Certificate Program Course (2006), Thai Institute of Directors (IOD) Audit Committee Program Course (2006), Thai Institute of Director (IOD)	
Experiences	2000 – Present: Audit Committee Chairman and Independent Director, Abico Holdings Public Co., Ltd. 2005 - 2014 Audit Committee and Independent Director, Malee Group Public Co., Ltd. Present Advisor in Technology, Euro Asia Business Consultant Co., Ltd. Present 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	
Appointment date to director	14 September 2000	
Position in other listed Companies	None	



<b>Name</b>	Mr. Mati Tungpanich	
<b>Age</b>	76 years old	
<b>Positions in the Company</b>	Audit Committee, Independent Director	
<b>Shareholding Ratio</b>	None	
<b>Relation in family within the Company</b>	None	
<b>Education</b>	Master Degree: Master in Architecture, Massachusetts Institute of Technology (MIT) Bachelor Degree: Architecture, Chulalongkorn University	
<b>Training for Director's Roles</b>	None	
<b>Experiences</b>	2013 – 2018: Audit Committee and Independent Director, Abico Holdings Public Co. Ltd. 1999 – 2012: Audit Committee and Independent Director, Malee Group Public Co., Ltd. 2007 – 2011 Audit Committee and Independent , Siam Steel Public Co., Ltd. Present President Honorary Advisor, Design+Develop Co.,Ltd. 2011 Royally appointed Member of Royal Institute, Arts Institute 2004-2007 President, Architect Council of Thailand	
<b>Appointment date to director</b>	29 April 2013	
<b>Position in other listed Companies</b>	None	



<b>Name</b>	Mr. Techa Boonyachai
<b>Age</b>	58 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>	Master Degree in Business Administration (MBA), Chulalongkorn University. Bachelor Degree in Science (Chemistry-Biology), Chulalongkorn University.
<b>Training for Director's Roles</b>	Director Accreditation Program (DAP140/2017)
<b>Experiences</b>	2014 - 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>Appointment date to director</b>	14 November 2014
<b>Position in other listed</b>	
<b>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:

### **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.

**2016**

ABICO Holding Public Co., Ltd, have increase investment in common stock Malee Group Public Co.,Ltd, ("Associate") from 26.20% to 26.82%

**2017**

Abico Holdings Public Company Limited has reversed an impairment of investment in two of its subsidiaries, based on the estimated recoverable amount of the investment which is higher than the investment cost. Hence, the Company realized a profit of 278.24 million baht after the reversion of an impairment of investment in separate financial statements, which increased the assets in the form of an investment in subsidiaries by 278.24 million baht, the same amount of the Company's investment cost in these two subsidiaries.

Abico Dairy Farm Company Limited ("subsidiary") has expanded its customer base and varieties of products, while being a leading organization in the international beverage business. Also on December 28, 2017, the subsidiary has been certified of ISO 9001:2015 standard by SGS United Kingdom Ltd.

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

### 1) Top shareholders as of March 8, 2018

No.	Shareholder's name		Number of shares	Ratio (%)
1	Mr. Chaichat	Boonyarat	57,983,080	24.67
2	Miss Roongchat	Boonyarat	50,248,910	21.38
3	Mrs. Kamolchat	Jungrungruangkij	47,414,100	20.17
4	Mrs. Muthita	Ritdej	11,619,710	4.94
5	Miss Sineenart	Panjarenworakul	3,214,290	1.37
6	Thai NVDR Co.,Ltd.		2,429,670	1.03
7	Mr. Sunthon	Sriprachya-anunt	1,635,000	0.69
8	Mr. Vidhaya	Narathisachan	1,400,000	0.59
9	Ms.Manunya	Techakarin	1,187,000	0.50
	Total		<u>176,611,760</u>	<u>75.34</u>

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

#### **Abico Holdings Public Company Limited**

Names		As of March 8, 2018 (shares)
1.	Mr. Chatchai Boonyarat	-
2.	Mr. Kittti Vilaivarangkul	-
3.	Mrs. Chintana Boonyarat	247,410
4.	Mr. Chaichat Boonyarat	57,983,080
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 2017

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	160,000.00	-
2. Mr.Kitti Vilaivarangkul	Managing Director, Director	80,000.00	-
3. Mrs.Chintana Boonyarat	Director	80,000.00	-
4. Mr.Chaichat Boonyarat	Director	80,000.00	-
5. Mr.Khemadhat Sukonhasingha	Audit Committee Chairman, Director	80,000.00	210,000.00
6. Mr.Mati Tungpanich	Audit Committee, Director	80,000.00	130,000.00
7. Mr.Techa Boonyachai	Audit Committee, Director	60,000.00	110,000.00
Total		620,000.00	450,000.00

Management compensation

In 2017, the Company paid compensation includes salary, bonuses and other benefits. To executives Abico group a total of Baht 16,844,912.

## ***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>	: 02-080-7899 <b>Fax:</b> 02-080-7805
<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>	: 02-080-7899 <b>Fax :</b> 02-080-7805
<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 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 Sega-Akas-Amnuay Road, Bansang, Bansang  
 Sub-District, BuengKan Province  
**Telephone No.** : 02-080-7899 **Fax:** 02-080-7805  
**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%)

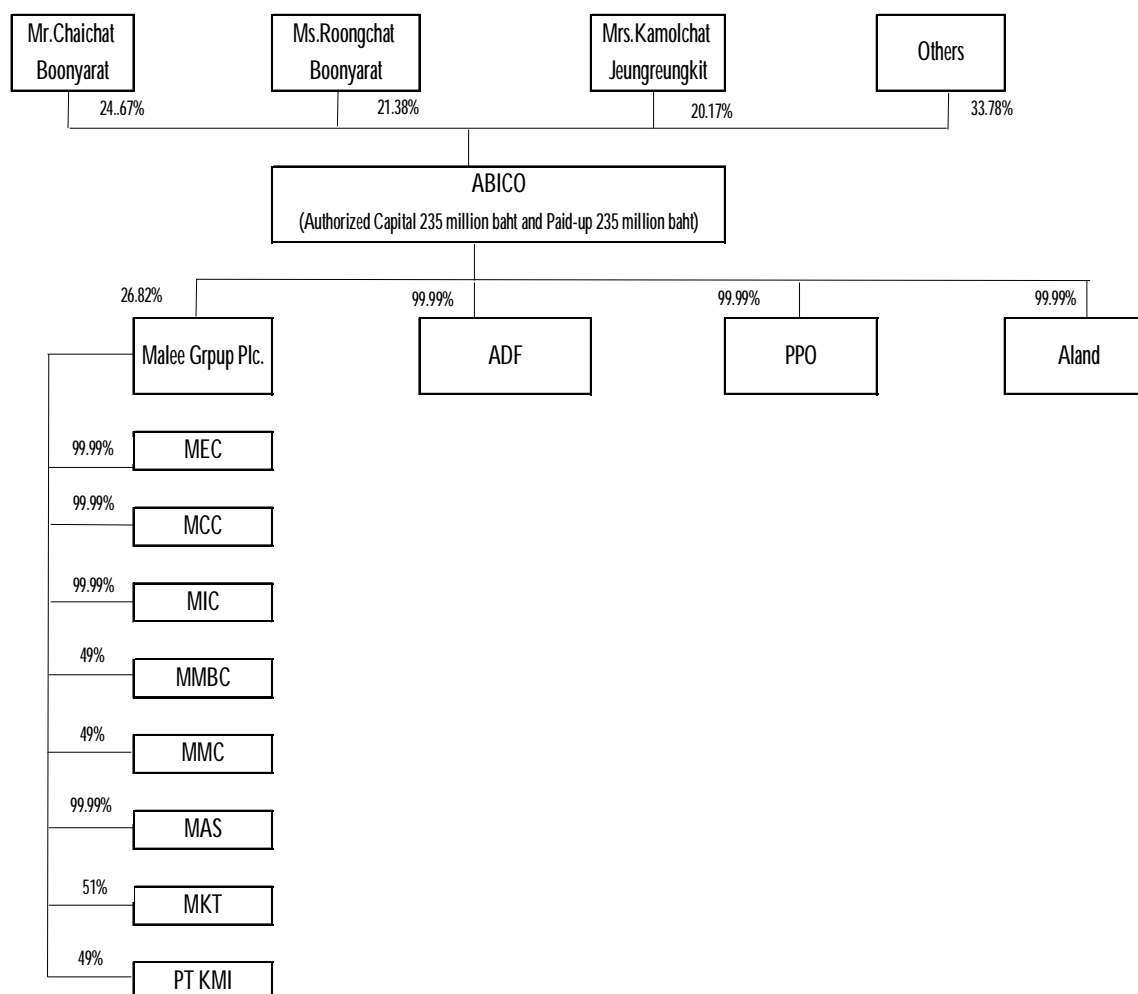
**Company's name** : Abico Land Company Limited  
**Headquarters' address** : 401/1 Moo 8, 5th Floor, Abico Building, Phaholyothin Road,  
 Khookhot Sub-District, Lamlukka District,  
 PathumThaniProvince12130  
**Telephone No.** : 02-080-7899 **Fax:** 02-080-7805  
**Company's registration No.** : 0105537090103  
**Types of business** : Property development for lease and building service providing  
**Abbreviation** : ALAND  
**Authorized share capital** : Baht 50,000,000  
**Paid up capital** : Baht 50,000,000  
**Number and type of share** : 5,000,000 shares (All shares are common shares).  
**Number of shares held  
 by Company** : 4,999,998 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 Group Public Company Limited
<b>Headquarters' address</b>	: 401/1 Moo 8, 5th Floor, Abico Building, Phaholyothin Road, Khookhot Sub-District, Lam Lukka District, Pathum Thani Province 12130
<b>Telephone No.</b>	: 02-080-7899 <b>Fax</b> : 02-080-7804
<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>	: 280,000,000 shares (All shares are common shares).
<b>Number of shares held by Company</b>	: 75,100,000 shares (26.82%)

## Shareholding Structure of the Group of Companies as of March 8, 2018

Subsidiary

ABICO	ABICO Holdings Public Co., Ltd.
ADF	ABICO Dairy Farm Co., Ltd.
PPO Farm	PPO Farm Co., Ltd.
A-Land	ABICO Land Co., Ltd.

Group Associate

Malee Group Plc.	Malee Group Public Co., Ltd.
MEC	Malee Enterprise Co., Ltd.
MCC	Malee Capital Co., Ltd.
MIC	Malee International Co., Ltd.
MMBC	Mande Malee Beverage Corporation
MMC	Mega Malee Co., Ltd.
MAS	Malee Apply Science Co., Ltd.
MKT	Malee Kino (Thailand) Co., Ltd.
PT KINO	PT KINO MALEE INDONESIA

***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	31.72
2015	0.15	0.05	34.54
2016	0.18	0.075	40.57
2017*	0.19	0.075	40.00

Note\* : The Board of Directors Meeting No. 1/2018 held on February 22, 2018 has resolved to pay a dividend for operation year 2017 to the shareholders of the Company's at the rate of Baht 0.075 per share shall be proposed at the 2017 Annual General Meeting on April 27, 2018 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**

Mrs. Natsarak Sarochanunjeen, Certified Public Accountant No. 4563  
A.M.T. and Associates.  
Silom Plaza, 491/27 Silom Rd.  
Bangrak, Bangkok 10500  
Telephone (02) 234-1676      Fax: (02) 237-2133

### **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>2017</u>	<u>2016</u>
Full production capacity (ton/year) (2 shifts)		
UHT milk	90,000	90,000
Pasteurized milk	22,000	22,000
Pasteurized fruit juice	16,000	16,000
Real quantity of production (ton/year) (2 shifts)		
UHT milk	30,233	22,951
Pasteurized milk	8,100	7,889
Pasteurized fruit juice	1,521	2,527
Per cent of production capacity		
UHT milk	33.60	25.50
Pasteurized milk	36.82	35.86
Pasteurized fruit juice	9.51	15.79

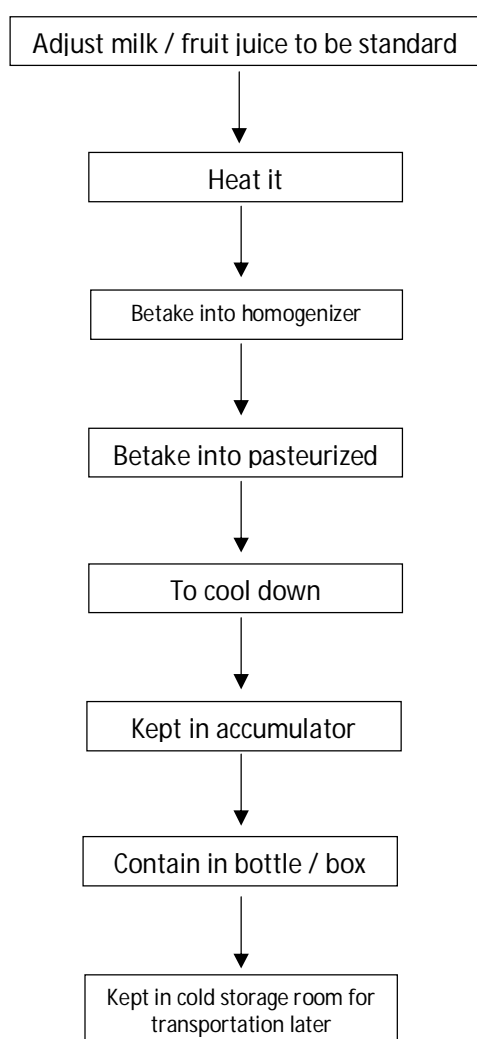
**Note :** Number of shifts of production are 2 shifts per day, 8 hours per shift, depending on customers' order.

#### **Production procedures**

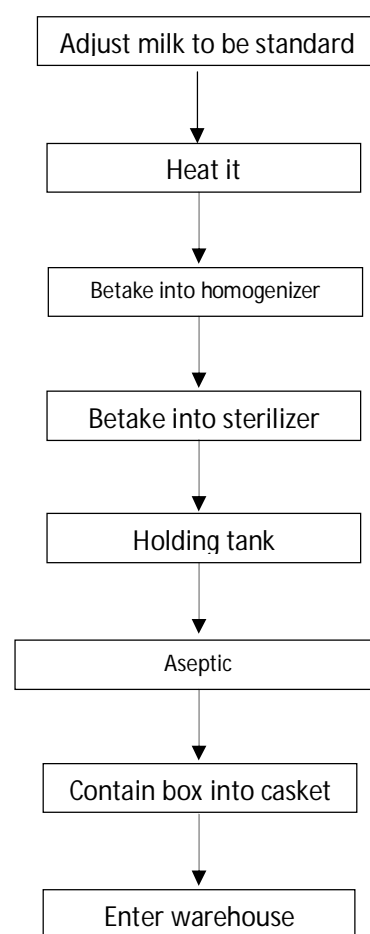
Pasteurized milk and pasteurized fruit juice must be kept in low temperature environment. Keeping period is short at about 16 and 30 days from production date (respectively). For UHT milk, the product can be kept for a long period, i.e. about 8 months, and can be kept at normal temperature.

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



All these standard and awards we have received reflect well on our success and will be a driving force to encourage our employees to maintain standards and being passionate about work to improve their performance to achieve the higher success together.

<u>Standard</u>	<u>Details</u>
HACCP (Hazard analysis and Critical Control Point) Management system and guidance for its application Annex to CAC/RCP 1-1969 REV.4-2003.	The Company has been certified by National Food Institute on 25 October 2017.
GMP Codex alimentarius recommended international Code of Practice General Principle of Food Hygiene CAC/RCP 1-1969,REV.4-2003.	The Company has been certified by National Food Institute on 25 October 2017.
ISO 9001:2015	The Company has been certified by SGS United Kingdom Ltd. On 28 December 2017.

#### 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 whichsell 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

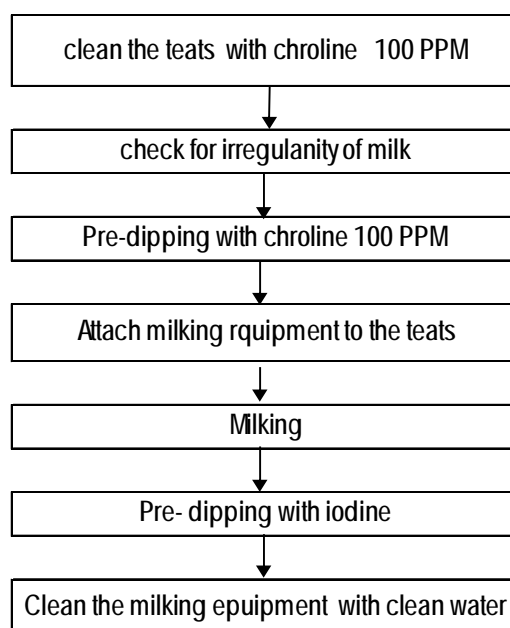
### Type of products

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 2017, there are 426 dairy cows ready for milk production. In the year 2017, the Company could produce 2,169,362 kg of raw milk.

### 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 5-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 5-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 5,110 square meters while the space of 4,630.32 square meters or 90.61 percent of the total space has already rented out.

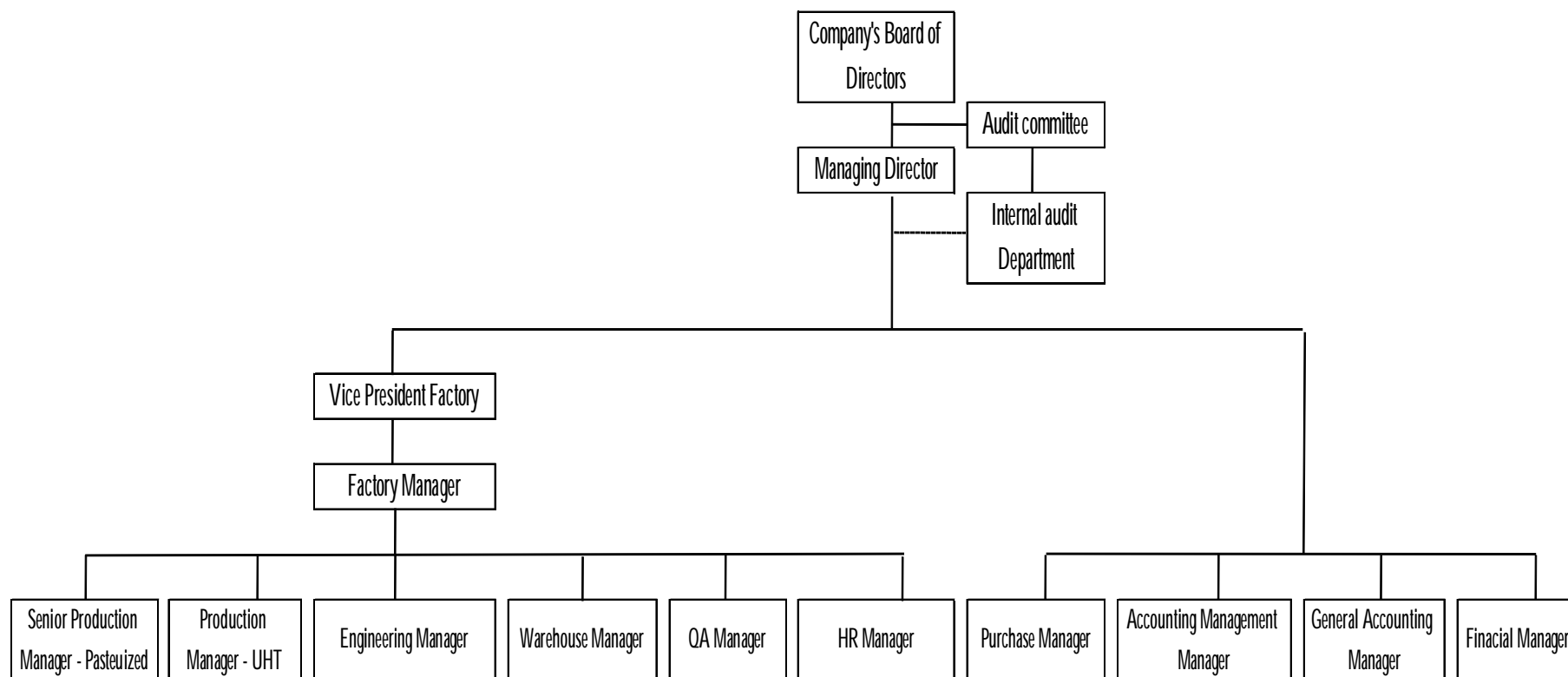
Type of customers and customer target

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	2017		2016		2015	
			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	507.48	89.87	423.33	88.71	454.45	89.52
Real estate development	Abico Land Co., Ltd.	99.99	13.77	2.44	12.49	2.62	13.82	2.72
Agriculture and dairy farm	PPO Farm Co., Ltd.	99.99	43.45	7.69	41.41	8.67	39.38	7.76
Total (million Baht)			564.70	100.00	477.23	100.00	507.65	100.00

## Management Structure



## Summary of financial data

### Summary of financial statements and companies' performance

Unit : Thousand Baht	2017	2016	2015
<b><i>Statements of financial position</i></b>			
Assets	1,345,451	1,252,375	1,110,675
Liabilities	500,229	486,115	478,820
Shareholder's Equity	845,222	766,260	631,855
<b><i>Statements of comprehensive income</i></b>			
Total income	591,244	507,459	547,826
Gross profit	73,485	54,679	64,376
Net profit	99,477	146,408	105,231
Basic earnings per share	0.42	0.62	0.45

### Important financial ratios

	2017	2016	2015
<b><i>Liquidity ratio</i></b>			
Liquidity ratio (times)	1.19	0.88	0.44
Quick Liquidity ratio (times)	0.49	0.50	0.27
Liquidity Ratio of Cash Flow (times)	0.40	0.28	0.22
Accounts Receivable Turnover ratio (times)	8.41	8.18	7.97
Average loan collection period (days)	43	44	45
Inventory Turnover ratio (times)	5.69	6.58	7.30
Average product distribution period (days)	63	55	49
Payable turnover (times)	15.94	23.54	12.58
Debt payment period (days)	23	15	29
Cash Cycle (days)	83	83	66

Important financial ratios (continue)

	2016	2015	2014
<u>Profitability ratio</u>			
Gross profit ratio (%)	13.01	12.33	12.68
Operating Profit Margin ratio (%)	3.72	3.79	3.92
Net Profit ratio (%)	16.83	28.85	16.63
Return on Equity (ROE) ratio (%)	12.35	20.94	19.94
<u>Efficiency ratio</u>			
Return on Asset ratio (ROA) (%)	7.66	12.39	10.48
Return on Fixed Asset (ROFA) ratio (%)	26.38	34.41	30.67
Asset Turnover ratio (times)	0.46	0.43	0.63
<u>Financial Policy ratio</u>			
Debt to Equity ratio (D/E) (times)	0.59	0.63	0.76
Interest payment capability ratio	3.70	4.81	1.64

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

### **Management's Discussion of Operating Results as of December 31, 2017**

Here is the summary of our operating results for the year as of December 31, 2017, compared to the operating results for the year as of December 31, 2016. The Company and its subsidiaries saw an income increase of 87.46 million baht, or 18%, and a gross profit increase of 18.81 million baht; because Abico Dairy Farm Company Limited ("subsidiary") has gained more new clients, while its current clients have increased their orders which resulted in the increasing income and gross profit compared to the year of 2016. Meanwhile, our net profit decreased by 46.93 million baht, or 32.05%, due to the operating results of our associated companies which are lower than the year of 2016. Therefore, the Company realized a profit sharing in its associated companies decrease by 64.92 million baht compared to the year of 2016.

### **Management's Discussion of Financial Statements as of December 31, 2017**

Total assets were Baht 1,345.45 Million, increasing from the year 2016, amounting 93.07 million Baht to be 7%.

- Trade and other receivables increased for Baht 31.83 million, because the Company delivery product to customer with Trade receivables increased consistent with the increased revenue in the milk-manufacturing business.
- Inventories increased for Baht 37.03 million because the Company had order to be used for the production of raw material to customers increased.
- Investment in associated company increased for Baht 9.31 million, occurring from realizing of profit sharing in associated companies and increase in investments in associated company.
- Property, plant and equipment increased for Baht 0.91 million, because calculate depreciation operation amount Baht 46.53 million and during year have purchase assets amount 47.45 million.
- Biological assets – dairy cow increased for Baht 5.72 million, because change in fair value of biological assets in this year.
- Other assets were cash and equivalent transactions to cash, intangible assets, deferred income tax assets and assets not used in operation.

Total liabilities were Baht 500.23 million, increased Baht 14.12 million, to be 3%.

- Bank overdrafts and short-term loan decreased Baht 40 million because the company has repayment bill of exchange.
- Trade and other payables increased Baht 33.57 million, the company's purchase of raw materials and packing materials for production to customers relative to the increase in inventories.
- Liabilities under financial lease agreement decreased Baht 15.73 million paid to financial lease agreement period.
- Long-term loan increased Baht 28.83 million in the year 2017 the Company repayment loan Baht 31.52 million and received loan increased Baht 60.35 million.
- 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) get a license for ISO 9001:215 a certificate which is international standard certificate which are paid attention by worldwide business organizations on 28 December 2017.

The Company has developed its innovations by utilizing production in machinery. For obtain quality products and to respond to the expansion of customers to be able to continue to compete with the market.

### 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.

### 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.

### 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.

The 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 2017 were activities include co-organized Children's Day, Songkran Festival Day, Football Match 2017 at Seemamongkol Municipality.



***Risk factors*****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 dairy 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, 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 corn 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.

## ***Good 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 2017 on 25 April 2017 at 13:00 hrs. at Cattareeya Room, Asia Airport Hotel, No. 99/2, PahonYothin Road, Ku Kot sub-district, Lamlukka 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. For Annual General Meeting 2018, the Company invites shareholders to propose agenda from November 10, 2017 until January 10, 2018.
- 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 profession prudence, 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 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

\*\* Mr.Mati Tungpanich Audit committee and independent director pass away on 1 March 2018.

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.

#### **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 Group Plc.	Associate
Malee Enterprise Co., Ltd.	Indirect shareholding
Malee Capital Company Limited (formerly the name of Agri Sol Company Limited)	Indirect shareholding
Icon Foods LLC	Indirect shareholding
Malee International Company Limited (formerly the name of Malee Harvest Company Limited)	Indirect shareholding
Malee Apply Science Co.,Ltd.	Indirect shareholding
Mega Malee Co., Ltd.	Indirect shareholding
MONDE MALEE BEVERAGE CORPORATION (Registered in Philippine)	Indirect shareholding
PT KINO MALEE INDONESIA (Registered in Indonesia)	Indirect shareholding

### 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 5.25%-6.75% per annum.

### **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 2017, 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 2017, 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 22, 2018

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***Independent Auditor's Report***

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**INDEPENDENT AUDITOR'S REPORT****To the Shareholders and Board of Directors of Abico Holdings Public Company Limited****Opinion**

I have audited the consolidated financial statements of Abico Holdings Public Company Limited and its subsidiaries (the "Group") and the separate financial statements of Abico Holdings Public Company Limited (the "Company") which comprise the consolidated and separate statements of financial position as of December 31, 2017, and the related consolidated and separate statements of changes in equity, income, comprehensive income, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Abico Holdings Public Company Limited and its subsidiaries and of Abico Holdings Public Company Limited as of December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Financial Reporting Standards.

**Basis for Opinion**

I conducted my audit in accordance with Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key Audit Matters included Audited Procedures are as follows:

Investment in associate (the consolidated and separate financial statements)

As describe in Note 3.5 and 8 to the financial statement, investment in associate is stated at cost less allowance for impairment (if any) in the separate financial statement and is stated under the equity method in the consolidated financial statements. The investment is identified to be quantitatively significant due to the Company's main business is related to investment, therefore, dividend income and share of profit from the investment in associate are recognized in the separate and consolidated financial statements, respectively in significant amount. Therefore, I have identified that the significant matter that requires special attention in the audit is recognition its portion of investment in associate under equity method and dividend income.

My audit procedure on such matter

I performed my audit work with the component auditors of the associate and verified the calculation and record of share of profit from the investment in associate including recognition of the dividend income. And I verified increase and decrease in the investment occurred during the year, and the amount of share balance. Additionally, I considered the adequacy of information disclosure that related to the investment in associate.

Investments in subsidiaries (the separate financial statements)

As describe in Note 9 to the financial statement, the reversal of impairment loss of investment in subsidiaries which is recognized in the separate financial statement is significant amount. The management exercise significant judgement in determining the recoverable amount of the investment in subsidiaries related to the subsidiaries' projections of future operating performance and the determination of an appropriate discount rate and key assumptions. Therefore, I have identified that the significant matter that requires special attention in the audit is recognition of the reversal of impairment loss of investment in subsidiaries.

My audit procedure on such matter

I considered and assessed the reasonable and supportable assumptions and approaches in preparation of the estimate of the subsidiaries' future cash inflows or outflows. Including assess the Company's reasonable discount rate which used for calculation of the recoverable amount of the investment in subsidiaries and considered the adequacy of the information disclosure related to the assessment of the recoverable amount of the investment in subsidiaries.

**Other Matter**

The consolidated financial statements of Abico Holdings Company Limited and its subsidiaries and the separate financial statements of Abico Holdings Company Limited for the year ended December 31, 2015, presented herein as comparative information, were audited by another auditor, whose report thereon dated February 25, 2016 expressed an unmodified opinion on those statements and there was an emphasis of matter about going concern and changes in accounting policy in valuation of building and machinery and apply the changed accounting policy with the transaction of investment in its associate.

**Other Information**

Management is responsible for the other information. The other information comprise the information included in the annual report of the Group, but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and the management of the Group.

**Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements**

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Natsarak Sarochanunjeen)  
Certified Public Accountant  
Registration No. 4563

A.M.T. & ASSOCIATES

Bangkok, Thailand

February 22, 2018

**ABICO HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2017**

		<b>ASSETS</b>			
		Baht			
		Consolidated financial statements		Separate financial statements	
		As at December 31,		As at December 31,	
Note		2017	2016	2017	2016
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	5	23,970,162.35	16,357,309.66	12,650,044.87	7,264,644.95
Trade and other receivables - net	4 and 6	92,703,892.68	60,868,885.25	223,270.84	183,440.92
Short - term loans to related companies	4	-	-	25,500,000.00	4,600,000.00
Inventories	7	104,829,437.91	67,800,169.16	-	-
<b>TOTAL CURRENT ASSETS</b>		<b>221,503,492.94</b>	<b>145,026,364.07</b>	<b>38,373,315.71</b>	<b>12,048,085.87</b>
<b>NON - CURRENT ASSETS</b>					
Fixed deposit at financial institution	26	-	3,958,073.67	-	-
Investment in associate	8	483,963,752.50	474,646,323.84	451,650,915.00	451,650,915.00
Investments in subsidiaries - net	9	-	-	278,240,868.75	-
Other long - term investments - net	10	-	-	-	-
Property, plant and equipment - net	11 and 17	558,590,863.32	557,678,127.00	6,145.85	15,249.97
Biological assets - dairy cow - net	12	44,284,500.00	38,562,500.00	-	-
Intangible assets - net	13	16,122,414.54	17,111,030.46	-	-
Deferred tax assets	19	5,175,171.02	6,399,069.59	-	1,200,000.00
Other non-current assets					
- Withholding tax deducted at source		13,015,172.50	6,255,863.10	-	-
- Unused asset - net		78,206.77	156,624.39	-	-
- Others		2,717,436.73	2,580,783.38	1,252,066.73	1,278,733.37
<b>TOTAL NON - CURRENT ASSETS</b>		<b>1,123,947,517.38</b>	<b>1,107,348,395.43</b>	<b>731,149,996.33</b>	<b>454,144,898.34</b>
<b>TOTAL ASSETS</b>		<b>1,345,451,010.32</b>	<b>1,252,374,759.50</b>	<b>769,523,312.04</b>	<b>466,192,984.21</b>

The accompanying notes to financial statements are an integral part of these financial statements.



**ABICO HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION (CONT.)**  
**AS AT DECEMBER 31, 2017**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		As at December 31,		As at December 31,	
		2017	2016	2017	2016
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term loan					
from financial institutions	14	10,000,000.00	50,000,000.00	-	-
Trade and other payables	4 and 15	82,252,339.90	48,681,082.26	679,488.07	812,883.32
Current portion of liabilities under financial lease agreements	16	26,324,299.41	29,973,425.81	-	-
Current portion of long - term loans	17	64,231,902.21	52,560,501.14	15,394,296.41	17,280,849.71
Current portion of employee benefit obligation	18	3,079,041.00	3,183,618.00	-	-
Corporate income tax payable		225,944.28	210,036.39	-	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>186,113,526.80</b>	<b>184,608,663.60</b>	<b>16,073,784.48</b>	<b>18,093,733.03</b>
<b>NON - CURRENT LIABILITIES</b>					
Liabilities under financial lease agreements - net	16	38,257,903.51	50,341,973.55	-	-
Long - term loan - net	17	201,443,926.90	184,285,673.78	48,555,358.18	62,719,150.29
Deferred tax liabilities	19	51,079,918.32	48,728,430.27	-	-
Employee benefit obligation - net	18	15,222,835.72	10,039,178.19	-	-
Other non-current liabilities	4	8,110,800.00	8,110,800.00	-	-
<b>TOTAL NON - CURRENT LIABILITIES</b>		<b>314,115,384.45</b>	<b>301,506,055.79</b>	<b>48,555,358.18</b>	<b>62,719,150.29</b>
<b>TOTAL LIABILITIES</b>		<b>500,228,911.25</b>	<b>486,114,719.39</b>	<b>64,629,142.66</b>	<b>80,812,883.32</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	20				
Authorized share capital					
376,000,000 ordinary shares of Baht 1.00 each as at December 31, 2016					
and 235,000,000 ordinary shares of Baht 1.00 each as at December 31, 2017		235,000,000.00	376,000,000.00	235,000,000.00	376,000,000.00
Issued and fully paid - up share capital					
235,000,000 ordinary shares of Baht 1.00 each		235,000,000.00	235,000,000.00	235,000,000.00	235,000,000.00
Treasury shares surplus in associated company		1,490,669.98	1,490,669.98	-	-
Retained earnings (deficit)					
Appropriated - legal reserve	21	23,500,000.00	8,693,461.46	23,500,000.00	8,693,461.46
Unappropriated		384,526,541.57	319,465,724.39	446,394,169.38	141,686,639.43
Other components of equity		200,704,887.52	201,610,184.28	-	-
<b>Total equity of parent Company's shareholders</b>		<b>845,222,099.07</b>	<b>766,260,040.11</b>	<b>704,894,169.38</b>	<b>385,380,100.89</b>
Non-controlling interests		-	-	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>845,222,099.07</b>	<b>766,260,040.11</b>	<b>704,894,169.38</b>	<b>385,380,100.89</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,345,451,010.32</b>	<b>1,252,374,759.50</b>	<b>769,523,312.04</b>	<b>466,192,984.21</b>

The accompanying notes to financial statements are an integral part of these financial statements.

**ABICO HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Baht												
Equity of parent Company's shareholders												
Note	Issued and fully paid - up share capital	Treasury shares surplus in associated company	Retained earnings (deficit)		Other components of shareholders equity					Total Shareholders' Equity of the Company	Non-controlling interests	Total Shareholders' Equity
					Other comprehensive income (loss)							
			Appropriated - Legal reserve	Unappropriated	Asset revaluation surplus of subsidiaries	Asset revaluation surplus in associated company	Actuarial loss on defined employee benefit plans	Exchange differences on translating financial statement in associated company	Total other components of equity			
<b>Balances as at January 1, 2017</b>	235,000,000.00	1,490,669.98	8,693,461.46	319,465,724.39	150,582,893.78	51,601,940.92	-	(574,650.42)	201,610,184.28	766,260,040.11	-	766,260,040.11
Changes in shareholders' equity for the year:												
Legal reserve	21	-	-	14,806,538.54	(14,806,538.54)	-	-	-	-	-	-	-
Transferred to retained earnings (deficit) due to sale		-	-	(1,989,914.82)	-	-	1,989,914.82	-	1,989,914.82	-	-	-
Total comprehensive income (loss) for the year		-	-	99,476,828.30	-	-	(1,989,914.82)	(905,296.76)	(2,895,211.58)	96,581,616.72	-	96,581,616.72
Dividend paid	22	-	-	(17,619,557.76)	-	-	-	-	-	(17,619,557.76)	-	(17,619,557.76)
<b>Ending balance as at December 31, 2017</b>		235,000,000.00	1,490,669.98	23,500,000.00	384,526,541.57	150,582,893.78	51,601,940.92	-	(1,479,947.18)	200,704,887.52	845,222,099.07	845,222,099.07
<b>Balances as at January 1, 2016</b>		235,000,000.00	1,490,669.98	6,406,723.67	185,544,836.59	151,811,175.20	51,601,940.92	-	-	203,413,116.12	631,855,346.36	631,855,346.36
Changes in shareholders' equity for the year:												
Legal reserve	21	-	-	2,286,737.79	(2,286,737.79)	-	-	-	-	-	-	-
Transferred to retained earnings (deficit)		-	-	-	1,545,588.90	(1,535,351.77)	-	(10,237.13)	(1,545,588.90)	-	-	-
Total comprehensive income (loss) for the year		-	-	-	146,407,801.69	307,070.35	-	10,237.13	(574,650.42)	(257,342.94)	146,150,458.75	146,150,458.75
Dividend paid	22	-	-	-	(11,745,765.00)	-	-	-	-	(11,745,765.00)	-	(11,745,765.00)
<b>Ending balance as at December 31, 2016</b>		235,000,000.00	1,490,669.98	8,693,461.46	319,465,724.39	150,582,893.78	51,601,940.92	-	(574,650.42)	201,610,184.28	766,260,040.11	766,260,040.11

The accompanying notes to financial statements are an integral part of these financial statements.

**ABICO HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**SEPARATE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

		Baht				
Note	Issued and fully paid - up share capital	Retained earnings (deficit)		Other components of equity	Total shareholder's equity	
		Appropriated - Legal reserve	Unappropriated	Other comprehensive income (loss)  Unrealized gain on securities available-for-sale		
<b>Balances as at January 1, 2017</b>		235,000,000.00	8,693,461.46	141,686,639.43	-	385,380,100.89
Legal reserve	21	-	14,806,538.54	(14,806,538.54)	-	-
Total comprehensive income (loss) for the year		-	-	337,133,626.25	-	337,133,626.25
Dividend paid	22	-	-	(17,619,557.76)	-	(17,619,557.76)
<b>Ending balance as at December 31, 2017</b>		<u>235,000,000.00</u>	<u>23,500,000.00</u>	<u>446,394,169.38</u>	<u>-</u>	<u>704,894,169.38</u>
<b>Balances as at January 1, 2016</b>		235,000,000.00	6,406,723.67	109,984,486.43	3,562,000.00	354,953,210.10
Legal reserve	21	-	2,286,737.79	(2,286,737.79)	-	-
Total comprehensive income (loss) for the year		-	-	45,734,655.79	(3,562,000.00)	42,172,655.79
Dividend paid	22	-	-	(11,745,765.00)	-	(11,745,765.00)
<b>Ending balance as at December 31, 2016</b>		<u>235,000,000.00</u>	<u>8,693,461.46</u>	<u>141,686,639.43</u>	<u>-</u>	<u>385,380,100.89</u>

The accompanying notes to financial statements are an integral part of these financial statements.

**ABICO HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		For the year ended December 31,		For the year ended December 31,	
		2017	2016	2017	2016
<b>REVENUES</b>					
Revenues from sales and services	4	550,929,731.83	464,745,234.22	-	-
Revenues from building rental and service	4	13,770,664.60	12,494,810.00	-	-
Dividend income	8	-	-	65,712,500.00	54,018,550.00
Total Revenues		564,700,396.43	477,240,044.22	65,712,500.00	54,018,550.00
<b>COST OF SALES AND SERVICES</b>	4	(491,215,385.86)	(422,560,796.88)	-	-
Gross profit		73,485,010.57	54,679,247.34	65,712,500.00	54,018,550.00
<b>Other incomes</b>					
- Gain from change in fair value less estimated point-of-sale cost of dairy cow		11,671,500.00	11,094,400.00	-	-
- Reversal impairment of investment in subsidiaries	9	-	-	278,240,868.75	-
- Reversal loss on revaluation of assets		-	1,748,608.59	-	-
- Commission income		9,843,235.22	7,585,831.15	-	-
- Other service income	4	2,068,193.38	379,414.15	-	-
- Gain on sales of assets		1,667,947.03	7,519,017.46	52,528.05	173.00
- Others	4	1,292,762.93	1,891,725.96	628,222.11	2,528,767.82
Total other incomes		26,543,638.56	30,218,997.31	278,921,618.91	2,528,940.82
<b>EXPENSES</b>					
Administrative expenses	4	36,682,111.88	38,152,397.95	2,164,594.77	2,266,883.70
Management compensation		15,514,912.00	15,002,219.00	1,070,000.00	2,270,000.00
Loss from sales of biological asset - dairy cow		2,013,225.00	3,905,825.00	-	-
Finance costs	4	17,211,433.77	21,317,579.58	3,065,897.89	6,275,951.33
Total Expenses		71,421,682.65	78,378,021.53	6,300,492.66	10,812,835.03
<b>SHARE OF PROFIT (LOSS) OF ASSOCIATE</b>	8	75,935,225.42	140,851,229.30	-	-
<b>PROFIT (LOSS) BEFORE INCOME TAX EXPENSES</b>		104,542,191.90	147,371,452.42	338,333,626.25	45,734,655.79
<b>TAX EXPENSES (INCOME)</b>	19	5,065,363.60	963,650.73	1,200,000.00	-
<b>PROFIT (LOSS) FOR THE YEARS</b>		99,476,828.30	146,407,801.69	337,133,626.25	45,734,655.79
<b>PROFIT (LOSS) FOR THE YEARS ATTRIBUTABLE TO :</b>					
EQUITY HOLDERS OF THE PARENT		99,476,828.30	146,407,801.69	337,133,626.25	45,734,655.79
NON - CONTROLLING INTERESTS		-	-	-	-
		99,476,828.30	146,407,801.69	337,133,626.25	45,734,655.79
<b>BASIC EARNINGS PER SHARE (BAHT)</b>					
Profit attributable to equity holders of the parent		0.42	0.62	1.43	0.19
The weighted average number of ordinary shares (shares)		235,000,000	235,000,000	235,000,000	235,000,000

The accompanying notes to financial statements are an integral part of these financial statements.

**ABICO HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		For the year ended December 31,		For the year ended December 31,	
		2017	2016	2017	2016
PROFIT (LOSS) FOR THE YEARS		99,476,828.30	146,407,801.69	337,133,626.25	45,734,655.79
OTHER COMPREHENSIVE INCOME (LOSS):					
Items that will not be reclassified subsequently to profit or loss :					
- Actuarial gains (losses) on defined employee benefit plans of subsidiaries		(2,487,393.53)	10,237.13	-	-
- Share of actuarial gains (losses) on defined employee benefit plans of associate		-	-	-	-
- Revaluation surplus of subsidiaries company		-	-	-	-
- Deferred tax relating to other components of equity	19	497,478.71	307,070.35	-	-
Total items that will not be reclassified subsequently to profit or loss		(1,989,914.82)	317,307.48	-	-
Items that may be reclassified subsequent to profit or loss					
- Fair value change on available-for-sale investment		-	-	-	-
- Exchange differences on translating financial statement in associate	8	(905,296.76)	(574,650.42)	-	-
- Deferred tax relating to other components of equity		-	-	-	-
Total items that may be reclassified subsequently to profit or loss		(905,296.76)	(574,650.42)	-	-
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEARS - NET OF INCOME TAX		(2,895,211.58)	(257,342.94)	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEARS		96,581,616.72	146,150,458.75	337,133,626.25	45,734,655.79
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEARS ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE PARENT		96,581,616.72	146,150,458.75	337,133,626.25	45,734,655.79
NON - CONTROLLING INTERESTS		-	-	-	-
		96,581,616.72	146,150,458.75	337,133,626.25	45,734,655.79

The accompanying notes to financial statements are an integral part of these financial statements.

**ABICO HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Baht			
	Consolidated financial statements		Separate financial statements	
	For the year ended December 31,		For the year ended December 31,	
	2017	2016	2017	2016
Cash Flows from Operating Activities				
Profit before income tax	104,542,191.90	147,371,452.42	338,333,626.25	45,734,655.79
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortisation	47,754,739.24	44,009,455.10	8,312.17	8,332.38
Gain from change in fair value less estimated Point-of-Sale cost of dairy cow	(11,671,500.00)	(11,094,400.00)	-	-
Loss from sales and disposal of biological assets - dairy cow	2,013,225.00	3,905,825.00	-	-
Reversal impairment of investment in subsidiaries	-	-	(278,240,868.75)	-
Reversal loss on revaluation of assets	-	(1,748,608.59)	-	-
Share of profit of associated company	(75,935,225.42)	(140,851,229.30)	-	-
Gain on sales of assets	(1,667,947.03)	(7,519,017.46)	(52,528.05)	(173.00)
Dividend income	-	-	(65,712,500.00)	(54,018,550.00)
Employee benefit obligation	2,815,938.48	1,471,358.47	-	-
Finance cost	17,211,433.77	21,317,579.58	3,065,897.89	6,275,951.33
Profit (loss) from operating activities before changes in operating assets and liabilities	85,062,855.94	56,862,415.22	(2,598,060.49)	(1,999,783.50)
Operating assets (increase) decrease				
Trade and other receivables	(32,006,914.35)	9,726,855.69	(39,829.92)	317,016.17
Inventories	(37,029,268.75)	(8,507,259.11)	-	-
Fixed deposit at financial institution	3,958,073.67	(58,073.67)	-	-
Other non-current assets	(136,653.36)	205,522.99	26,666.64	38,634.01
Changes in operating liabilities increase (decrease)				
Trade and other payables	33,801,459.97	634,195.95	84,910.76	(13,083.10)
Other current liabilities	-	(300,000.00)	-	-
Withholding tax refund	-	7,213,075.86	-	-
Withholding tax paid	(6,759,309.40)	(6,933,748.37)	-	-
Payment for employee benefit obligations	(224,251.48)	(60,057.75)	-	-
Income tax paid	(976,590.38)	-	-	-
Net cash flows from (used in) operating activities	45,689,401.86	58,782,926.81	(2,526,313.01)	(1,657,216.42)

The accompanying notes to financial statements are an integral part of these financial statements.

**ABICO HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS (CONT.)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		For the year ended December 31,		For the year ended December 31,	
		2017	2016	2017	2016
Cash flows from (used in) investing activities					
Increase in short-term loans to related companies		-	-	(20,900,000.00)	58,400,000.00
Proceeds from sale of biological assets - dairy cow		3,936,275.00	5,137,575.00	-	-
Proceeds from sale of fixed assets		1,669,037.05	11,203,483.39	53,320.00	189.00
Dividend received		65,712,500.00	54,018,550.00	65,712,500.00	54,018,550.00
Increase in plants and equipments		(37,452,382.03)	(53,694,745.78)	-	-
Increase in intangible assets		(153,900.00)	(10,230,143.19)	-	-
Increase in investments in associated company		-	(39,170,100.00)	-	(39,170,100.00)
Net cash provided by (used in) investing activities		33,711,530.02	(32,735,380.58)	44,865,820.00	73,248,639.00
Cash Flows from Financing Activities					
Increase (decrease) in short-term loans from financial institutions		(40,000,000.00)	(70,003,321.68)	-	(80,000,000.00)
Increase (decrease) in short-term loans from other parties		(31,524,170.89)	(135,000,000.00)	-	(50,000,000.00)
Increase (decrease) long - term loan		60,353,825.08	236,846,174.92	(16,050,345.41)	80,000,000.00
Cash paid to liabilities under finance lease agreement		(25,728,446.44)	(28,846,314.69)	-	-
Cash paid to finance cost		(17,269,729.18)	(16,847,539.21)	(3,284,203.90)	(3,810,283.55)
Dividend paid		(17,619,557.76)	(11,745,765.00)	(17,619,557.76)	(11,745,765.00)
Net cash (provided by) used in financing activities		(71,788,079.19)	(25,596,765.66)	(36,954,107.07)	(65,556,048.55)
Net increase (decrease) in cash and cash equivalents		7,612,852.69	450,780.57	5,385,399.92	6,035,374.03
Cash and cash equivalents at the beginning of the year		16,357,309.66	15,906,529.09	7,264,644.95	1,229,270.92
Cash and cash equivalents at the end of the year	5	23,970,162.35	16,357,309.66	12,650,044.87	7,264,644.95
Supplemental disclosures of cash flows information					
1) Non-cash transaction					
Increase in liabilities under finance lease agreements from purchase of fixed assets		9,995,250.00	-	-	-

The accompanying notes to financial statements are an integral part of these financial statements.

**ABICO HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**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 related to investment. Its subsidiary companies' main businesses are production and distribution of ready-to-drink milk, office space for rent and dairy farming.

**2. BASIS OF FINANCIAL STATEMENTS PREPARATION**

**2.1 Basis for preparation of financial statements**

These financial statements have been prepared in accordance with financial reporting standards and guidelines promulgated by the Federation of Accounting profession.

These financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

An English language version of the financial statements has been prepared from the statutory financial statements that were issued in Thai language. In case of conflict of difference in understanding, the financial statements in Thai language shall prevail.

**2.2 Adoption of new financial reporting standards**

**(A) Financial reporting standards which are effective for the current year**

During the year, the Company adopted a number of revised and new accounting standards and financial reporting standards including their interpretations, issued by the Federation of Accounting Professions, which are effective for financial statements year beginning on or after January 1, 2017. Adoption of the above financial reporting standards in the current year do not have material effect on the financial statements.

**(B) Financial reporting standards which are not effective for the current year**

During the year, the Federation of Accounting professions has issued the revised and new accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, which are effective for financial statements period beginning on or after January 1, 2018 as follows:

**Accounting Standards**

TAS	1	Presentation of Financial Statements (revised 2017)
TAS	2	Inventories (revised 2017)
TAS	7	Statement of Cash Flows (revised 2017)
TAS	8	Accounting Policies, Changes in Accounting Estimates and Errors (revised 2017)
TAS	10	Events After the Reporting Period (revised 2017)
TAS	11	Construction Contracts (revised 2017)
TAS	12	Income Taxes (revised 2017)



**Accounting Standards**

- TAS 16 Property, Plant and Equipment (revised 2017)
- TAS 17 Leases (revised 2017)
- TAS 18 Revenue (revised 2017)
- TAS 19 Employee Benefits (revised 2017)
- TAS 20 Accounting for Government Grants and Disclosure of Government Assistance (revised 2017)
- TAS 21 The Effects of Changes in Foreign Exchange Rates (revised 2017)
- TAS 23 Borrowing Costs (revised 2017)
- TAS 24 Related Party Disclosures (revised 2017)
- TAS 26 Accounting and Reporting by Retirement Benefit Plans (revised 2017)
- TAS 27 Separate Financial Statements (revised 2017)
- TAS 28 Investments in Associates and Joint Venture (revised 2017)
- TAS 29 Financial Reporting in Hyperinflationary Economics (revised 2017)
- TAS 33 Earnings per Share (revised 2017)
- TAS 34 Interim Financial Reporting (revised 2017)
- TAS 36 Impairment of Assets (revised 2017)
- TAS 37 Provisions, Contingent Liabilities and Contingent Assets (revised 2017)
- TAS 38 Intangible Assets (revised 2017)
- TAS 40 Investment Property (revised 2017)
- TAS 41 Agriculture (revised 2017)

**Financial Reporting Standards**

- IFRS 2 Share - Based Payments (revised 2017)
- IFRS 3 Business Combinations (revised 2017)
- IFRS 4 Insurance Contracts (revised 2017)
- IFRS 5 Non - current Assets Held for Sale and Discontinued Operations (revised 2017)
- IFRS 6 Exploration for and Evaluation of Mineral Resources (revised 2017)
- IFRS 8 Operating Segments (revised 2017)
- IFRS 10 Consolidated Financial Statement (revised 2017)
- IFRS 11 Joint Arrangements (revised 2017)
- IFRS 12 Disclosure of Interests in Other Entities (revised 2017)
- IFRS 13 Fair Value Measurement (revised 2017)

## Accounting Standard Interpretations

- TSIC 10 Government Assistance - No Specific Relation to Operating Activities (revised 2017)
- TSIC 15 Operating Leases - Incentives (revised 2017)
- TSIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders (revised 2017)
- TSIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2017)
- TSIC 29 Service Concession Arrangements : Disclosures (revised 2017)
- TSIC 31 Revenue - Barter Transactions Involving Advertising Services (revised 2017)
- TSIC 32 Intangible Assets - Web Site Costs (revised 2017)

## Financial Reporting Standard Interpretations

- TFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (revised 2017)
- TFRIC 4 Determining whether an Arrangement contains a Lease (revised 2017)
- TFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2017)
- TFRIC 7 Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economies (revised 2017)
- TFRIC 10 Interim Financial Reporting and Impairment (revised 2017)
- TFRIC 12 Service Concession Arrangements (revised 2017)
- TFRIC 13 Customer Loyalty Programmes (revised 2017)
- TFRIC 14 TAS 19 (revised 2017) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (revised 2017)
- TFRIC 15 Agreements for the Construction of Real Estate (revised 2017)
- TFRIC 17 Distributions of Non - cash Assets to Owners (revised 2017)
- TFRIC 18 Transfers of Assets from Customers (revised 2017)
- TFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (revised 2017)
- TFRIC 21 Levies (revised 2017)

The management of the Company has assessed that TAS 1, TAS2, TAS 7, TAS 8, TAS 10, TAS 12, TAS 16, TAS 17, TAS 18, TAS 19, TAS 21, TAS 23, TAS 24, TAS 27, TAS 33, TAS 34, TAS 36, TAS 37, TAS38, TAS41 and TFRS 8, TFRS10 and TFRS 13 will not have material impact on the financial statements when it is applied. For the other TAS, TFRS, TSIC and TFRIC are not relevant to the Company's business, therefore they do not have impact on the financial statement when they are applied.

## 2.3 Basis of consolidation

- 2.3.1 These consolidated financial statements include the financial statements of Abico Holdings Public Company Limited and its subsidiaries ("the Group" and "the Company and its subsidiaries") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended December 31, 2016.
- 2.3.2 The financial statements of associated company is translated into Thai Baht at the average closing exchange rate as to assets and liabilities, and at monthly average exchange rates as to revenues and expenses. The resultant differences have been shown under the caption of "Exchange differences on translating financial statement in associated company" in other components of equity.
- 2.3.3 Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Revenue and expenses recognition

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts.

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

Other incomes are recognised base on accrual basis.

Expenses are recognised base on accrual basis.

### 3.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cheque in hand, cash at bank and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### 3.3 Trade and other receivables

Trade receivables and other receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally base on collection experiences and analysis of the debtor aging.

### 3.4 Inventories

Inventories are value at the lower of cost and net realisable value.

Finished goods is valued at the lower of standard cost (which approximates actual cost by First-in, First-out method)

Raw materials, packing materials, medicine, chemical, medical supplies, spare parts and factory supplies are state at cost (weighted average method).

Raw materials, packing materials, spare parts and factory supplies are charged to production costs whenever consumed.

Allowance for stock obsolescence is set up for old, obsolete, slow - moving or deteriorated inventories.

### 3.5 Investments

Investments in associate, subsidiaries and other long-term investment are accounted for in the separate financial statements under the cost method less allowance for impairment loss on the investments, if any.

Investment in associate and other long-term investment in the consolidated financial statements are stated using the equity method and cost method less allowance for impairment loss on the investments, if any respectively.

### 3.6 Property, plant and equipment

#### Measurement of land, plant and equipment

Land is stated at revalued amount. The others except land are stated at cost less accumulated depreciation and impairment loss (if any).

#### Recognition method of land on revaluation cost

Land is initially recorded at cost and subsequently revalued by an independent appraiser to its fair value. Revaluations are to be made regularly every five years to ensure that the carrying amount does not differ materially from the fair value at the statements of financial position date.

The differences arising from land revaluation are dealt in the financial statements as follows:

- When the carrying amount of land is increased as a result of the revaluation, such increase is credited directly to equity under "Revaluation surplus". However, a revaluation increase will be recognized as income only to the extent that it reverses a revaluation decrease of the same land previously recognized as an expense.
- When the carrying amount of land is decreased as a result of the revaluation, such decrease is recognized as an expense. However, a revaluation decrease will be charged directly against the related "Revaluation surplus" if the decrease does not exceed any credit balance existing in the revaluation surplus in respect of that land. If not, the excess will be recognized as an expense in the statements of income.

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

#### Depreciation

Depreciation 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
Machinery and equipment	3 - 20
Furniture and Office equipment	5 - 10
Vehicles	5

No depreciation is provided for land and construction in progress.

### 3.7 Intangible assets

Intangible assets are stated at cost net of accumulated amortization. Amortization is calculated on the straight-line method over a period as follow:

	Years
Computer software	10
Leasehold right	20

### **3.8 Biological Asset – Dairy Cows**

Biological assets - dairy cows are measured at their fair value less estimated costs-to-sell. 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. Milk is initially recorded at its fair value less estimated costs-to-sell at the time of milking. The fair value of milk is determined based on the market values in the local area.

### **3.9 Related party transactions**

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

### **3.10 Finance lease agreement**

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased property or the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long - term payables, while the interest element is charged to the statements of income over the lease period. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset acquired under finance lease shall be fully depreciated over the shorter of the useful life of the asset or the lease term.

### **3.11 Operating Lease**

Lease of assets under which all the risks and reward of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under an operating lease are recognized as expense on a straight - line basis over the lease term.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the year in which termination takes place.

### **3.12 Provisions**

Provisions are recognised 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.

### **3.13 Impairment of assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes 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 recognised in the statements of income. An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the lower of its recoverable amount (if determinable) and the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

### **3.14 Employee benefits**

Salaries, wages, bonuses, contributions to the social security fund, provident fund and other benefits are recognized as expenses when incurred.

Severance Payment as specified in Thai Law are recognized as expenses in the income statement along the service period of employees. The Company and its subsidiaries's post - employment benefit obligations are estimated by a qualified actuary under the actuarial assumption using the Projected Unit Credit Method.

However, the actual benefit obligation may be different from the estimate.

The Company and its subsidiaries recognized the actuarial gains or losses arising from defined benefit plan in the period incurred in other comprehensive income.

### **3.15 Income tax**

Income tax for the year comprises current and deferred tax. Current and deferred tax are recognized in the statement of income except to the extent that they relate to business combination or items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the reporting date.

Deferred tax is recognized 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 at the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### **3.16 Foreign currencies**

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Assets and liabilities dominated in foreign currencies outstanding at the statements of financial position date are translated into Baht at the exchange rates ruling on the statements of financial position date.

Gains and losses on exchange are included in determining earnings.

**3.17 Using of Accounting Estimation**

The preparation of financial statements in conformity with generally accepted accounting principles in Thailand requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities. Actual realizations may differ from those estimates.

**3.18 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 Group 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 Group 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 - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 - inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 - inputs are unobservable inputs for the asset or liability

**3.19 Basic Earnings per share**

Basic earnings per share is determined by dividing profit (loss) attributable to equity holders of the parent for the year by the weighted average number of ordinary shares outstanding.

**4. RELATED PARTY TRANSACTIONS**

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 Group Plc.	Associate
Malee Enterprise Co., Ltd.	Indirect shareholding

Company	Relationship
Malee Capital Company Limited (formerly the name of Agri Sol Company Limited)	Indirect shareholding
Icon Foods LLC	Indirect shareholding
Malee International Company Limited (formerly the name of Malee Harvest Company Limited)	Indirect shareholding
Malee Apply Science Co.,Ltd.	Indirect shareholding
Mega Malee Co., Ltd.	Indirect shareholding
MONDE MALEE BEVERAGE CORPORATION (Registered in Philippine)	Indirect shareholding
PT KINO MALEE INDONESIA (Registered in Indonesia)	Indirect shareholding

Significant transactions with the related parties for the year ended December 31, 2017 and 2016 are as follows:

	Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Revenues from rental and service				
Malee Group Plc.	10,334,533.76	7,334,400.00	-	-
Malee Enterprise Co.,Ltd.	2,425,600.00	3,620,400.00	-	-
Total	12,760,133.76	10,954,800.00	-	-
Revenue from raw milk				
Malee Group Plc.	49,319,766.75	51,348,064.20	-	-
Income from production engagement				
Malee Group Plc.	96,243,944.97	97,144,858.83	-	-
Income from other engagement				
Malee Group Plc.	776,643.99	178,000.00	-	-
Malee Enterprise Co.,Ltd.	248,607.10	196,700.00	-	-
Total	1,025,251.09	374,700.00	-	-
Income from other service				
Malee Group Plc.	1,476,978.36	170,601.43	-	-
Other income - electricity				
Malee Group Plc.	883,508.86	1,018,800.00	-	-
Malee Enterprise Co.,Ltd.	127,021.98	521,200.00	-	-
Total	1,010,530.84	1,540,000.00	-	-



	Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Interest income				
Abico Dairy Farm Co., Ltd.	-	-	359,948.61	2,136,809.10
Abico Land Co., Ltd.	-	-	230,827.41	384,897.54
Total	-	-	590,776.02	2,521,706.64
Cost of purchase raw material				
Malee Group Plc.	6,410,504.82	5,806,380.15	-	-
Administrative expenses				
Abico Land Co., Ltd.	-	-	7,057.07	74,667.09
Malee Group Plc.	1,381,675.80	1,125,168.11	-	-
Total	1,381,675.80	1,125,168.11	7,057.07	74,667.09
Finance cost				
Abico Dairy Farm Co., Ltd.	-	-	29,549.31	-

### Pricing Policy

- Revenues from building rental and service are pursuant to mutually agreed prices.
- Revenues from production service are pursuant to cost plus profit.
- Revenues from the sale of raw milk are pursuant to cost plus profit.
- Other revenue is pursuant to cost plus profit.
- Cost of purchase raw material and other expenses are pursuant to mutually agreed prices.

Significant balances with related parties as at December 31, 2017 and 2016 are as follows:

	Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
<u>Trade and other receivables</u>				
Trade receivables				
Malee Group Plc.	4,412,254.59	15,429,473.11	-	-
Malee Enterprise Co., Ltd.	-	56,318.10	-	-
Total	4,412,254.59	15,485,791.21	-	-
Other receivables				
Malee Group Plc.	-	53,318.10	-	-
Malee Enterprise Co., Ltd.	27,606.00	-	-	-
Total	27,606.00	53,318.10	-	-

	Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Deposit receivables				
Abico Land Co.,Ltd.	-	-	47,100.00	47,100.00
Accrued income				
Malee Group Plc.	737,749.76	-	-	-
Accrued interest				
Abico Land Co.,Ltd.	-	-	98,059.89	26,668.02
Abico Dairy Farm Co.,Ltd.	-	-	15,951.37	-
Total	-	-	114,011.26	26,668.02
Total Trade and other receivables	5,177,610.35	15,539,109.31	161,111.26	73,768.02
<u>Trade and other payables</u>				
Trade payables				
Malee Group Plc.	158,042.00	875,102.50	-	-
Accrued expenses				
Malee Group Plc.	400,000.00	-	-	-
Total Trade and other payables	558,042.00	875,102.50	-	-
Deposit payable				
Malee Group Plc.	8,110,800.00	5,437,800.00	-	-
Malee Enterprise Co.,Ltd.	-	2,673,000.00	-	-
Total	8,110,800.00	8,110,800.00	-	-

	Baht			
	Separate Financial Statements			
	Balance As at December 31, 2016	Increase	Decrease	Balance As at December 31, 2017
Short-term loan to subsidiaries				
Abico Land Co.,Ltd.	4,600,000.00	1,900,000.00	(3,000,000.00)	3,500,000.00
Abico Dairy Farm Co.,Ltd.	-	22,000,000.00	-	22,000,000.00
Total	4,600,000.00	23,900,000.00	(3,000,000.00)	25,500,000.00

Short-term loan to subsidiaries bear the interest rate of 5.25%-6.75% per annum.

## 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2017 and 2016 consisted of:

		Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2017	2016	2017	2016
Petty cash		167,000.00	167,000.00	2,000.00	2,000.00
Cash at banks	- current accounts	12,087,038.72	13,512,462.10	2,473,836.75	7,243,548.37
Cash at banks	- saving accounts	11,716,123.63	2,677,847.56	10,174,208.12	19,096.58
Total		23,970,162.35	16,357,309.66	12,650,044.87	7,264,644.95

## 6. TRADE AND OTHER RECEIVABLES - NET

Trade and others receivables - net as at December 31, 2017 and 2016 consisted of:

		Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2017	2016	2017	2016
Trade receivables		76,758,804.62	37,589,523.70	-	-
Trade receivables - related parties		4,412,254.59	15,485,791.21	-	-
Less Allowance for doubtful account		-	-	-	-
Trade receivables - net		81,171,059.21	53,075,314.91	-	-
Others receivables		7,036.68	640,587.96	300.00	300.00
Others receivables - related parties		27,606.00	53,318.10	-	-
Prepaid expenses		2,362,306.00	1,667,701.24	-	-
Accrued income		7,986,029.27	4,683,677.56	-	-
Others		1,149,855.52	748,285.48	222,970.84	183,140.92
Total others receivables		11,532,833.47	7,793,570.34	223,270.84	183,440.92
Trade and others receivables - net		92,703,892.68	60,868,885.25	223,270.84	183,440.92

As at December 31, 2017 and 2016, the Group has outstanding balance of accounts receivable classified by age as follows:

	Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Not yet due	64,243,664.71	38,573,403.10	-	-
Overdue				
Up to 3 months	16,927,394.50	14,501,911.81	-	-
Total	81,171,059.21	53,075,314.91	-	-
Less : Allowance for doubtful	-	-	-	-
Trade receivables - net	81,171,059.21	53,075,314.91	-	-

## 7. INVENTORIES

Inventories as at December 31, 2017 and 2016 consisted of:

	Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Raw and packing material	51,957,393.46	28,219,811.84	-	-
Work in process	4,756,088.82	2,333,416.91	-	-
Finished goods	22,777,624.77	17,125,537.52	-	-
Foods	1,497,197.02	3,472,692.93	-	-
Medicine, chemical and medical supplies	2,458,296.17	513,007.63	-	-
Supplies and spare parts	13,634,575.71	16,074,130.49	-	-
Raw material in-transit	7,748,261.96	61,571.84	-	-
Total	104,829,437.91	67,800,169.16	-	-

## 8. INVESTMENT IN ASSOCIATE

Investment in an associate stated at the equity method in the consolidated financial statements as at December 31, 2017 and 2016 consisted of:

Company's name	Baht							
	Percentage of investment (%)		Paid-up share capital (Million Baht)		Equity Method		Cost Method	
					Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016	2017	2016	2017	2016
Associated company								
Malee Group Plc.	26.82	26.82	140.00	140.00	483,963,752.5	474,646,323.8	451,650,915.	451,650,915.0
Total			140.00	140.00	483,963,752.5	474,646,323.8	451,650,915.	451,650,915.0

As at December 31, 2017 and 2016, the investment in Malee Group Public Co., Ltd. had a fair market value amount of Baht 2,872.58 million and Baht 4,318.25 million, respectively.

The movements for year ended December 31, 2017 and 2016 for the investment in the associate, which is recorded under the equity method, are as follows:

	Baht	
	Consolidated Financial Statements	
	2017	2016
Balance as at January 1,	474,646,323.84	349,218,194.98
Dividend	(65,712,500.00)	(54,018,550.00)
Employee benefit obligation	-	-
Treasury shares in associate	-	-
Treasury shares reserve in associate	-	-
Exchange differences on		
translating financial statement	(905,296.76)	(574,650.41)
Additional investment in associate	-	39,170,100.00
Share of profit of associate	75,935,225.42	140,851,229.30
As at December 31,	483,963,752.50	474,646,323.84

The interim financial statements of Malee Group Public Co., Ltd. for the year ended December 31, 2017, an associated company, used for equity method accounting were reviewed by another auditor in my office who reported an unqualified conclusion.

Board of Directors' Meeting of the Company No. 4/2015 held on November 12, 2015, approved the Company Limited gradually additional invested in Malee Group 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 Group Public Co., Ltd., when the return is appropriated.

On November 29, 2016, the Company has pledged its share in associate totaling 2,000,000 shares to secured long-term loan with financial institution in Note 17.

At the Annual General Meeting of Shareholders held on April 25, 2017 of Malee Group Public Company Limited (associated company), the shareholders had approved the dividend payment of Baht 1.15 per share and it has been paid on May 24, 2017.

At the board of Directors Meeting held on August 10, 2017 of Malee Group Public Company Limited (associated company), the board of Directors had approved the dividend payment of Baht 0.30 per share and it has been paid on September 8, 2017.

## 9. INVESTMENT IN SUBSIDIARIES

Investment in subsidiary companies stated at using the cost method in the separate financial statements as at December 31, 2017 and 2016, consisted of:

Company's name	Percentage of investment (%)		Paid-up share capital		Baht					
					Separate Financial Statements					
	2017	2016	2017	2016	Cost Method		Impairment of investment		Net book value	
					2017	2016	2017	2016	2017	2016
Abico Land Co.,Ltd.	99.99	99.99	50.00	200.00	120,065,280.00	120,065,280.00	(120,065,280.00)	(120,065,280.00)	-	-
Abico Dairy Farm Co.,Ltd.	99.99	99.99	240.00	240.00	239,999,930.00	239,999,930.00	-	(239,999,930.00)	239,999,930.00	-
PPO Farm Co.,Ltd.	99.99	99.99	19.25	19.25	38,240,938.75	38,240,938.75	-	(38,240,938.75)	38,240,938.75	-
Total					398,306,148.75	398,306,148.75	(120,065,280.00)	(398,306,148.75)	278,240,868.75	-

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.

At the Extraordinary General Meeting of Shareholders No. 2/2016 of Abico Land Company Limited (subsidiary) held on February 15, 2016, the shareholders had approved the Company's capital reduction from share capital of Baht 200 million (20 million ordinary shares at Baht 10 per each) to Baht 50 million (5 million ordinary shares at Baht 10 per each) to reduce the deficits of the subsidiary. The subsidiary has registered the change with the Ministry of Commerce on April 18, 2016.

In the year 2017, management has assessed an impairment of investment in subsidiaries in separate financial statements and found that all indicators of impairment which recognized in prior period in 2 subsidiaries has been no longer exist or decreased. So the Company hires the independent professional appraiser to determine the recoverable amount and he found that their present value of recoverable amount are higher than investment cost. Then, the Company has reversed the impairment of investment on those 2 subsidiaries in statement of income in separate financial statements in the year 2017 amounted to Baht 278.24 million.

Key assumption of assessment of the independent professional appraiser as at December 31, 2017, are as follow

Abico Dairy Farm Co., Ltd.

Higher recoverable amount	: Value in use
Discount rate	: 10.38% (before tax)
Inflation rate	: 2.50%
Growth rate of revenue	: Reference from growth rate on service contract with present customer
Period of projection	: 10 years (from year 2018 to year 2027)
	Reference from useful life of main machinery of the subsidiary
Present value of recoverable amount	: Baht 347.36 million
	(Sensitivity analysis of change in recoverable amount from discount rate at increase or decrease 0.25% and in growth rate at increase or decrease at 1% would be in range of Baht 263.52 million to Baht 439.54 million.)

PPO Farm Co., Ltd.

Higher recoverable amount	: Fair value less costs of disposal
Fair value hierarchy	: Level 2 - inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly which has been adjusted to accounting net book value
Present value of recoverable amount	: Baht 43.44 million

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

As at December 31, 2017 and 2016, other long-term investments - net consisted of:

	Baht	
	Consolidated Financial Statements / Separate Financial Statements	
	2017	2016
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 engaged in the real estate and property development industry in the Philippines. However, the business operation of PALI ended and was unable to contract with the concerned person. The Company had fully provided allowance for impairment loss on general investment. Currently, the management of the Company is under taking an appropriate action.

**11. PROPERTY, PLANT AND EQUIPMENT - NET**

As at December 31, 2017 and 2016, property, plant and equipment - net consisted of:

	Baht							
	Consolidated Financial Statements							
	Land	Land improvements	Building and construction	Machinery and equipment	Furniture and office equipment	Vehicle	Asset/construction in progress	Total
<b>Cost</b>								
As at December 31, 2016	40,919,182.77	3,100,000.00	281,298,593.56	487,072,595.28	36,828,186.81	15,375,944.18	20,996,794.98	885,591,297.58
Acquisition	6,077,801.39	-	96,401.00	15,837,903.56	4,129,089.06	7,908,000.00	13,398,437.02	47,447,632.03
Disposal/Write-off	-	-	-	(2,209,982.77)	(9,190,089.74)	(3,124,000.00)	-	(14,524,072.51)
Transfer in/(out)	-	-	4,773,521.42	12,660,736.18	-	-	(17,434,257.60)	-
As at December 31, 2017	46,996,984.16	3,100,000.00	286,168,515.98	513,361,252.25	31,767,186.13	20,159,944.18	16,960,974.40	918,514,857.10
<b>Accumulated depreciation</b>								
As at December 31, 2016	-	(3,099,965.00)	(173,104,075.88)	(300,601,237.22)	(27,520,503.90)	(11,816,005.81)	-	(516,141,787.81)
Depreciation for the year	-	-	(5,247,048.97)	(35,810,793.31)	(2,543,796.66)	(2,932,166.75)	-	(46,533,805.69)
Disposal/Write-off	-	-	-	2,209,904.77	9,189,079.72	3,123,998.00	-	14,522,982.49
As at December 31, 2017	-	(3,099,965.00)	(178,351,124.85)	(334,202,125.76)	(20,875,220.84)	(11,624,174.56)	-	(548,152,611.01)
<b>Net book value</b>								
As at December 31, 2016	40,919,182.77	35.00	108,194,517.68	186,471,358.06	9,307,682.91	3,559,938.37	20,996,794.98	369,449,509.77
As at December 31, 2017	46,996,984.16	35.00	107,817,391.13	179,159,126.49	10,891,965.29	8,535,769.62	16,960,974.40	370,362,246.09
<b>Incremental amount</b>								
As at December 31, 2016	188,228,617.23	-	-	-	-	-	-	188,228,617.23
As at December 31, 2017	188,228,617.23	-	-	-	-	-	-	188,228,617.23
<b>Revaluation basis asset - net</b>								
As at December 31, 2016	229,147,800.00	35.00	108,194,517.68	186,471,358.06	9,307,682.91	3,559,938.37	20,996,794.98	557,678,127.00
As at December 31, 2017	235,225,601.39	35.00	107,817,391.13	179,159,126.49	10,891,965.29	8,535,769.62	16,960,974.40	558,590,863.32



	Separate Financial Statements Furniture and office equipment
<b>Cost</b>	
As at December 31, 2016	4,525,449.21
Acquisition	-
Disposal/Write-off	(4,259,290.99)
As at December 31, 2017	266,158.22
<b>Accumulated depreciation</b>	
As at December 31, 2016	(4,510,199.24)
Depreciation for the year	(8,312.17)
Disposal/Write-off	4,258,499.04
As at December 31, 2017	(260,012.37)
<b>Net book value</b>	
As at December 31, 2016	15,249.97
As at December 31, 2017	6,145.85

On September 21, 2016, Abico Dairy Farm Co., Ltd. mortgaged some machines and land plus construction as collateral against the credit line from the commercial bank (note 17).

As at December 31, 2017 and 2016, in the consolidated financial statements, fixed assets at a book value of Baht 243.22 million and Baht 257.67 million, respectively and in the separate financial statements of Baht 0.24 million and Baht 4.75 million, respectively, were fully depreciated but still in use.

As at December 31, 2017 and 2016, in the consolidated financial statements, vehicles and machines under liabilities under financial lease agreements had a net book value of Baht 57.37 million and Baht 88.15 million, respectively.

**12. BIOLOGICAL ASSETS - DAIRY COW - NET**

Biological assets – dairy cows – net as at December 31, 2017 and 2016, consisted of:

	Baht	
	Consolidated Financial Statements	
	2017	2016
Beginning balance	38,562,500.00	36,511,500.00
Increased from born	2,282,500.00	1,954,400.00
Gain from the change of the fair value		
less the estimated point-of-sale costs		
- Resulted from the physical changes	9,566,000.00	6,326,000.00
- Resulted from the price changes	(177,000.00)	2,814,000.00
Decreased from sales	(5,666,500.00)	(7,710,400.00)
Decreased from death	(283,000.00)	(1,333,000.00)
Ending balance	44,284,500.00	38,562,500.00

The physical amount of biological assets - dairy cows as at December 31, 2017 and 2016 is as follows:

	Unit	
	Consolidated Financial Statements	
	2017	2016
Beginning balance	1,047	1,036
Increased from born	499	436
Decreased from sales	(387)	(395)
Decreased from death	(7)	(30)
Ending balance	1,152	1,047

As at December 31, 2017 and 2016, biological assets were revalued by an independent appraiser on January 15, 2018 and January 25, 2017 which is used as a basis for determining the fair value of biological asset for the year 2017 and 2016. The valuation method is based on market value. The fair value measurement for biological assets have been categorized as level 1 (Level 1 – Quoted (unadjusted) market value in active market for identical assets or liabilities).

**13. INTANGIBLE ASSETS - NET**

As at December 31, 2017 and 2016, intangible assets - net consisted of:

	Baht		
	Consolidated Financial Statements		
	Leasehold	Computer program	Total
<b>Cost</b>			
As at December 31, 2016	13,178,274.86	4,816,936.19	17,995,211.05
Acquisition	-	153,900.00	153,900.00
As at December 31, 2017	13,178,274.86	4,970,836.19	18,149,111.05
<b>Accumulated amortization</b>			
As at December 31, 2016	(810,539.25)	(73,641.34)	(884,180.59)
Amortization for the year	(653,801.04)	(488,714.88)	(1,142,515.92)
As at December 31, 2017	(1,464,340.29)	(562,356.22)	(2,026,696.51)
<b>Net book value</b>			
As at December 31, 2016	12,367,735.61	4,743,294.85	17,111,030.46
As at December 31, 2017	11,713,934.57	4,408,479.97	16,122,414.54

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

As at December 31, 2017 and 2016, bank overdrafts and short-term loans from financial institutions consisted of:

	Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Promissory note	10,000,000.00	-	-	-
Discounted bills of exchange	-	50,000,000.00	-	-
Total	10,000,000.00	50,000,000.00	-	-

As at December 31, 2017, promissory note of the Group has interest at the rate of MOR - 2.70% p.a. which is guaranteed by the Company and secured by the mortgage of the subsidiary's land plus construction.

As at December 31, 2016, discounted bills of exchange of the Group has interest at the rate of 5.15% p.a. which is unsecured.

**15. TRADE AND OTHER PAYABLES**

As at December 31, 2017 and 2016, trade and other payables consisted of:

	Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Trade payables - Domestic	37,323,923.87	14,293,963.28	-	-
Trade payables				
- related companies	158,042.00	875,102.50	-	-
Trade payables - Oversea	7,093,804.51	1,872,373.09	-	-
Total trade payables	44,575,770.38	17,041,438.87	-	-
Other payables	15,919,632.39	15,212,507.52	-	-
Accrued expenses	16,063,014.92	12,407,451.18	678,598.50	796,863.25
Others	5,693,922.21	4,019,684.69	889.57	16,020.07
Total other payables	37,676,569.52	31,639,643.39	679,488.07	812,883.32
Total trade and other payables	82,252,339.90	48,681,082.26	679,488.07	812,883.32

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

Liabilities under financial lease agreements as at December 31, 2017 and 2016, consisted of:

	Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Liabilities under financial lease	64,582,202.92	80,315,399.36	-	-
Less Current portion	(26,324,299.41)	(29,973,425.81)	-	-
Liabilities under financial lease	38,257,903.51	50,341,973.55	-	-

As at December 31, 2017, the subsidiaries have committed to pay the lease under the financial lease agreements as follows:

	Consolidated Financial Statements (Thousand Baht)					
	December 31, 2017			December 31, 2016		
	Principal	Deferred interest	Total	Principal	Deferred interest	Total
1 - 5 years	38,258	3,063	41,321	50,342	5,375	55,7

As at December 31, 2016, the Company provided guarantees for Abico Dairy Farm Co., Ltd., under long-term lease agreements for the machines, in the amounts of Baht 5.40 million. However, these liabilities has been fully paid on August 30, 2017, by Abico Dairy Farm Co., Ltd. .

**17. LONG-TERM LOAN - NET**

	Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Long-term loan	265,675,829.11	236,846,174.92	63,949,654.59	80,000,000.00
Less: Current portion	(64,231,902.21)	(52,560,501.14)	(15,394,296.41)	(17,280,849.71)
Long-term loan - net	201,443,926.90	184,285,673.78	48,555,358.18	62,719,150.29

On November 29, 2016, The Company had entered into a long-term financial support agreement with a local financial institution in the amount of Baht 80 million. The interest rate is as follow

- Year 1-2            Interest rate at 4.25% p.a.
- Up to Year 3      Interest rate at MLR - 2.90 p.a. until final repayment

The Company agreed to make 60 monthly repayments as follow

- 1<sup>st</sup> – 59<sup>th</sup>            Both principal and interest are repayable (first repayment in December 2016)
- 60<sup>th</sup>                  Final repayment

The Company have been pledged share in associate totaling 2,000,000 shares as collateral of this loan.

On September 21, 2016, Abico Dairy Farm Co., Ltd. had entered into a long-term financial support agreement with a local financial institution in the amount of Baht 222.20 million. The interest is at the rate MLR-2.65% p.a. The subsidiary agreed to make 60 monthly repayments as follow

- 1<sup>st</sup> – 6<sup>th</sup>              Only accrued interest is repayable
- 7<sup>th</sup> – 59<sup>th</sup>            Both principal and interest are repayable (first repayment in April 2017)
- 60<sup>th</sup>                  Final repayment

On November 30, 2017, Abico Dairy Farm Co., Ltd. had entered into an additional long-term financial support agreement with the financial institution in the amount of Baht 25 million. The interest is at the rate MLR-2.65% p.a. The subsidiary agreed to make 59 monthly repayments as follow

- 1<sup>st</sup> – 8<sup>th</sup>              Only accrued interest is repayable
- 9<sup>th</sup> – 59<sup>th</sup>            Both principal and interest are repayable (first repayment in July 2018)

This loan is guaranteed by the Company and secured by the mortgage of the subsidiary's land plus construction and machines.

## 18. EMPLOYEE BENEFIT OBLIGATIONS

Movements of the present value of employee benefit obligations and expenses recognized in statement of profit or loss and other comprehensive income for the year ended December 31, 2017 and 2016 are as follows:

	Baht	
	Consolidated Financial Statements	
	2017	2016
Employee benefit obligations as at beginning,	13,222,796.19	11,811,495.47
Employee benefit expenses in the statement of profit or loss and other comprehensive income:		
Service cost	2,423,840.48	882,868.95
Interest on obligation	392,098.00	588,489.52
Employee benefit paid for the year	(224,251.48)	(60,057.75)
Actuarial (gain) loss on defined employee benefit plans recognized in other comprehensive income	2,487,393.53	-
Employee benefit obligations as at ending,	18,301,876.72	13,222,796.19

Expenses recognized in the income statement for the year ended December 31, 2017 and 2016 are as follows:

	Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Current service costs	2,423,840.48	882,868.95	-	-
Interest cost	392,098.00	588,489.52	-	-
Total	2,815,938.48	1,471,358.47	-	-

Total actuarial losses (gains) recognized in the other comprehensive income in Consolidated financial statements for the year ended December 31, 2017 amounted of losses Baht 2.49 million.

Principal actuarial assumptions as at December 31, 2017 and 2016 are as follows:

	Percent	
	Consolidated Financial Statements	
	December 31, 2017	December 31, 2016
Discount rate	2.65 – 2.71	4.62 – 4.79
Salary increase rate	4.00 – 6.00	6.08 – 6.61
Employee turnover rate	0 – 54*	0 – 65*
Mortality rate	TMO2017***	TMO2008**

\* Based on the weighted average by age group of employees

\*\* Reference from TMO2008 : Thai Mortality Ordinary Table 2008

\*\*\* Reference from TMO217 : Thai Mortality Ordinary Table 2017

#### Sensitivity analysis of significant actuarial assumptions

Significant actuarial assumptions for sensitivity analysis are discount rate, salary increase rate and mortality, while holding all other assumptions constant. The sensitivity analysis of change in the relevant actuarial assumption that were reasonably possible as of December 31, 2017 as follows:

- If the discount rate increases (decreases) by 1%, the employee benefit obligation in Consolidated financial statements would decrease Baht 1.27 million (increase Baht 1.60 million)
- If the salary increase rate increases (decreases) by 1%, the employee benefit obligation in Consolidated financial statements would increase Baht 1.63 million (decrease Baht 1.32 million)

In presenting the above sensitivity analysis, the present value of the employee benefit obligation has been calculated by using the same method that applied in calculating the employee benefit obligation recognized in the statements of financial position.

## 19. DEFERRED TAX ASSETS (LIABILITIES) / TAX EXPENSE (TAX INCOME)

Tax expense for the year ended December 31, 2017 and 2016, consisted of:

	Baht			
	Consolidated Financial		Separate Financial Statements	
	2017	2016	2017	2016
Current tax expense	992,498.26	856,898.00	-	-
Deferred tax expenses (income) of temporary differences	4,072,865.34	106,752.73	-	-
Tax expense reported in comprehensive income statement	5,065,363.60	963,650.73	-	-

Income tax relating to each component of other comprehensive income for year ended December 31, 2017 and 2016, consisted of :

	Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Deferred tax expenses (income) relating to:				
Actuarial (gain)loss on defined employee benefit plans	(497,478.71)	-	-	-
Sales of the subsidiary's revaluation assets	-	(307,070.35)	-	-
Deferred tax expenses (income) reported in other comprehensive income	(497,478.71)	(307,070.35)	-	-

Reconciliation between income tax expense and the product of accounting profit multiplied by the applicable tax rates for the year ended December 31, 2017 and 2016, as follows:

	Baht			
	Consolidated Financial		Separate Financial Statements	
	2017	2016	2017	2016
Accounting profit (loss) before tax	460,388,303.8	201,390,002.42	338,333,626.2	45,734,655.79
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	92,077,660.76	40,278,000.48	67,666,725.25	9,146,931.16
Tax effect of :				
- Tax exempted revenue	(15,482,747.21)	(13,022,590.00)	(13,142,500.00)	(10,803,710.00)
- Reversal impairment of subsidiaries	(55,648,173.75)	-	(55,648,173.75)	-
- Reversal allowance for short-term loan	(2,378,548.64)	-	-	-
- Non - deductible expenses	1,522,464.69	2,144,183.68	22,953.37	9,263.33
- Added deductible expenses	(2,139,242.30)	(1,635,874.73)	-	-
- Effect from deferred tax adjustment	1,200,000.00	(277,338.35)	1,200,000.00	-
- Share of profit of associate	(15,187,045.08)	(28,170,245.86)	-	-
- Current year losses which no deferred tax assets was recognised	1,100,995.13	1,647,515.51	1,100,995.13	1,647,515.51
Tax expense reported in comprehensive income statement	5,065,363.60	963,650.73	1,200,000.00	-

The components of deferred tax assets and liabilities as at December 31, 2017 and 2016 are as follows:

	Baht			
	Consolidated Financial		Separate Financial Statements	
	2017	2016	2017	2016
<b>Deferred tax assets</b>				
Depreciation	10,344.56	16,810.25	-	-
Accrued rental fee	394,637.23	193,176.65	-	-
Employee benefit obligation	3,660,375.34	2,644,559.24	-	-
Unused tax benefits on loss carry forward	1,109,813.89	3,544,523.45	-	1,200,000.00
<b>Total</b>	5,175,171.02	6,399,069.59	-	1,200,000.00
<b>Deferred tax liabilities</b>				
Depreciation	13,434,194.87	11,082,706.82	-	-
Revaluation surplus	37,645,723.45	37,645,723.45	-	-
<b>Total</b>	51,079,918.32	48,728,430.27	-	-



**20. SHARE CAPITAL**

At the Annual General Meeting of Shareholders for the year 2016 of the Company held on April 22, 2016, the shareholders had approved the increase of registered capital of the Company under a General Mandate from Baht 235 million (235 million ordinary shares at Baht 1 per each) to Baht 376 million registered capital (376 million ordinary shares at Baht 1 per each) by allotment shares of 141 million with a par value of Baht 1 per share. The company has registered the capital change with the Ministry of Commerce on April 28, 2016.

At the Annual General Meeting of Shareholders for the year 2017 of the Company held on April 25, 2017, the shareholders had approved the decrease of the registered capital from Baht 376 million to Baht 235 million due to the cancellation of General Mandate. The company has registered the capital change with the Ministry of Commerce on May 5, 2017.

**21. 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.

**22. DIVIDENDS**

The Annual Meeting of Shareholders for the year 2017, held on April 25, 2017, passed a resolution approving the dividend payment, based on the operation results of the year 2016, of Baht 0.075 per share totaling of Baht 17.62 million.

The Annual Meeting of Shareholders for the year 2016, held on April 22, 2016, passed a resolution approving the dividend payment, based on the operation results of the year 2015, of Baht 0.05 per share totaling of Baht 11.75 million.

## 23. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2017 and 2016 were as follows:

	Baht			
	Consolidated Financial		Separate Financial Statements	
	2017	2016	2017	2016
Changes in inventories of finished goods decrease (increase)	(5,652,087.25)	(1,559,994.12)	-	-
Raw material and consumables used	266,109,908.94	216,533,162.37	-	-
Employee expenses	79,679,274.95	74,322,110.13	-	-
Management compensation	15,514,912.00	15,002,219.00	1,070,000.00	2,270,000.00
Depreciation and Amortization	47,754,739.24	44,009,455.10	8,312.17	8,332.38
Rental and utility expenses	46,865,698.84	41,251,446.30	7,057.07	84,677.10
Repair and maintenance	39,545,250.74	25,779,362.74	-	-

## 24. 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, 2017 and 2016 were as follows:

Baht							
Consolidated Financial Statements							
For the year ended December 31, 2017							
	Investment	Producer and Distributor of Ready to drink drinks and fruit	Office for rent	Agriculture And dairy farm	Total	Eliminate	Total
Revenues from sales and services	-	507,484,258.03	-	43,445,473.80	550,929,731.83	-	550,929,731.83
Revenues from building rental and service	-	-	17,928,239.97	-	17,928,239.97	(4,157,575.37)	13,770,664.60
Total Revenues	-	507,484,258.03	17,928,239.97	43,445,473.80	568,857,971.80	(4,157,575.37)	564,700,396.43
Gross profit (loss)	-	69,723,394.12	9,462,970.41	(943,778.59)	78,242,585.94	(4,757,575.37)	73,485,010.57
Other income							26,543,638.56
Administrative expenses							(36,682,111.88)
Management compensation							(15,514,912.00)
Loss from sales of biological asset - dairy cow							(2,013,225.00)
Finance costs							(17,211,433.77)
Share of profit (loss) of associate							75,935,225.42
Tax expense							(5,065,363.60)
Profit for the year							99,476,828.30
Fixed assets	6,145.85	552,548,757.37	180,272.51	5,855,687.59	558,590,863.32	-	558,590,863.32

Baht							
Consolidated Financial Statements							
For the year ended December 31, 2016							
	Investment	Producer and Distributor of Ready to drink drinks and fruit	Office for rent	Agriculture And dairy farm	Total	Eliminate	Total
Revenues from sales and services	-	423,331,971.97	-	41,413,262.25	464,745,234.22	-	464,745,234.22
Revenues from building rental and service	-	-	17,659,756.72	-	17,659,756.72	(5,164,946.72)	12,494,810.00
Total Revenues	-	423,331,971.97	17,659,756.72	41,413,262.25	482,404,990.94	(5,164,946.72)	477,240,044.22
Gross profit (loss)	-	50,536,496.31	8,915,824.90	(448,127.15)	59,004,194.06	(4,324,946.72)	54,679,247.34
Other income							30,218,997.31
Administrative expenses							(38,152,397.95)
Management compensation							(15,002,219.00)
Loss from sales of biological asset - dairy cow							(3,905,825.00)
Finance costs							(21,317,579.58)
Share of profit (loss) of associate							140,851,229.30
Tax expense							(963,650.73)
Profit for the year							146,407,801.69
Fixed assets	15,249.97	550,583,965.96	2,255.58	7,076,655.49	557,678,127.00	-	557,678,127.00

Information about major customers

For the year ended December 31, 2017 and 2016, the Company and its subsidiaries' revenues from three customers from producer and distributor of ready to drink milk, drinks and fruit juice and Office for rent amounted to Baht 444.36 million and Baht 386.68 million, respectively.

**25. CONTRACTS**

25.1 Abico Land Co., Ltd. (a subsidiary company) extends 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 (contract ends on November 30, 2025) on December 1, 2015 with monthly rent of Baht 0.47 million. The subsidiary also agreed to pay for the leasehold right of Baht 7.60 million. Then, on October 7, 2016, the subsidiary has extended the lease again for 10 more years (contract ends on November 30, 2035) with monthly rent of Baht 0.65 million and pay additional for the leasehold right of Baht 4.50 million.

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

1. 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. office rental and office service agreements with a related company which the duration is 3 years commencing from April 1, 2017 to March 31, 2020, with a rental fee of Baht 0.95 million per annum and a service fee of Baht 1.90 million per annum.
3. office equipment rental agreement with an associate which the duration is 3 years commencing from September 1, 2017 to August 31, 2020, with a rental fee of Baht 1.20 million per annum.

**26. COMMITMENTS AND CONTINGENT LIABILITIES**

As at December 31, 2017 and 2016, 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 under long-term financial support agreement (Note 17).

**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, 2017 and 2016, the Company had foreign exchange rate risk of financial liabilities denominated in foreign currencies as follows:

	Currency	Million Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2017	2016	2017	2016
Trade and other payables	US Dollar	7.09	1.87	-	-

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), relies solely on a few customers, which is the Company's risk which the Company is under the process to seek few customers in order to mitigate risk of dependency on limited customer 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. 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, 2017, the Group and the Company's debt-to-equity ratio were 0.59 :1 and 0.09:1 respectively (December 31, 2016: 0.63 :1 and 0.21:1 respectively).

**29. RECLASSIFICATION OF ACCOUNTS**

Certain accounts in the financial statements as presented herein for comparative purpose have been reclassified to conform with the current period's classifications, with no effect on the net profit (loss) or shareholders' equity as previously reported. The significant reclassifications are as follows:

	Baht		
	Consolidated Financial Statements		
	As previously reported	Reclassification	After Reclassification
<b>Statements of financial position</b>			
<b>as at December 31, 2016</b>			
Current portion of employee benefit obligation	-	3,183,618.00	3,183,618.00
Employee benefit obligation - net	13,222,796.19	(3,183,618.00)	10,039,178.19
<b>Statements of income for the</b>			
<b>year ended December 31, 2016</b>			
Cost of sales and services	418,419,776.42	4,141,020.46	422,560,796.88
Administrative expenses	42,293,418.41	(4,141,020.46)	38,152,397.95

**30. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were authorised for issue by the Company's Board of Directors on February 22, 2018.