

ABICO 011/KV/2017

August 10, 2017

Subject : Explanation on operation result for the Quarter ended June 30, 2017.

To : Director and Manager
Stock Exchange of Thailand

Abico Holdings Public Company Limited would like explanation about the Company's financial performance and operation result and submit our reviewed financial statements for Quarter 2/2017

Summary of the Company's for the period ended June 30, 2017 compared to that of the period ended June 30, 2016 as follow:

Summary of operation result for the period ending on June 30, 2017

(1) Total income from sales, comparing with the last quarter, as follows:

(Unit: Million Baht)

Company/business	For the second quarter			For the period of six months		
	2017	2016	Increase(decrease)	2017	2016	Increase(decrease)
Producer and distributor of ready-to-drink milk, drinks	106.37	110.06	(3.69)	213.90	214.51	(0.61)
Immovable property business	2.82	3.28	(0.46)	5.53	6.44	(0.91)
Agriculture and dairy farm	10.44	12.07	(1.63)	20.57	24.73	(4.16)
Total	119.63	125.41	(5.78)	240.00	245.68	(5.68)

For the second quarter (April – June)

- Business distributor of ready-to-drink milk, drinks and fruit juices had decreasing income from last quarter 2016 amount Baht 3.69 million to be 3.35%, because the Company had decrease delivery to be 4.82%.

- Immovable property business had decreasing income from last year, Baht 0.46 million near that of second quarter 2016.

- Business agriculture and dairy farm had decreasing income amount Baht 1.63 million, because in dairy milk for sales decreased from the same quarter last year 17.96%

For the period of six - months (January – June)

- Business distributor of ready-to-drink milk, drinks and fruit juices had decreasing income from last year amount Baht 0.61 million, to be 0.28% near that of second quarter 2016.

- Immovable property business had decreasing income from last year, Baht 0.91 million near that of second quarter 2016.

- Business agriculture and dairy farm had decreasing income amount Baht 4.16 million, because in dairy milk for sales decreased from the same quarter last year 21.12%

(2) Cost of sales

For the second quarter (April – June)

The cost of sales decreased from the last year amounting Baht 3.23 million, to be 3.08% as follow:

- Cost of Producer of ready-to-drink decreased Baht 4.93 million, less than the previous year, or 5.18%. The decreased cost of production is consistent with the decreased revenue in the milk-manufacturing business.

For the period of six - months (January – June)

The cost of sales decreased from the last year amounting Baht 1.62 million, to be 0.78% near that of second quarter 2016.

(3) For the three month period a commission income amount Baht 2.15 million, increased from second quarter 2016 Baht 0.09 million to be 4.12% and commission income for the six-months period of Baht 4.49 million or increased Baht 0.61 million to be 15.62% because delivery volume increased from last year to be 2.12%.

(4) Administrative expenses amount Baht 12.84 million, decreased from second quarter 2016 Baht 0.77 million to be 6.35% and administrative expense for the six-months period of Baht 26.02 million, decreased Baht 1.98 million to be 7.06% because its subsidiary company has improve plant some time has been fixed cost with respect to the production costs to administration expenses.

(5) Expense of income tax for the six-months period ended June 30, 2017 and 2016 consisted of the followings:

	(Unit: Million Baht)	
	<u>2017</u>	<u>2016</u>
- Current period income tax	(1.08)	(1.73)
- Income tax waiting for amortization	(1.22)	(1.64)
Total	<hr style="border-top: 1px solid black; border-bottom: 1px solid black; height: 3px; width: 100%;"/> (2.30)	<hr style="border-top: 1px solid black; border-bottom: 1px solid black; height: 3px; width: 100%;"/> (3.37)

Analysis of financial status

(Unit: Million Baht)

<u>Assets</u>	<u>June 30, 2017</u>	<u>%</u>	<u>December 31, 2016</u>	<u>%</u>
Trade and other receivables	58.47	4%	60.87	5%
Inventories	72.89	6%	67.80	6%
Investment in associated company	479.08	38%	474.65	37%
Property, plant and equipment	546.99	43%	557.68	45%
Biological assets – dairy cow	42.98	3%	38.56	3%
Others	70.25	6%	52.82	4%
Total assets	1,270.66	100%	1,252.38	100%

Total assets were Baht 1,270.66 million, increasing from the year 2016, amount Baht 18.28 million to be 1.46%.

- Trade and other receivables decreased for Baht 2.40 million, near that of last year.
- Inventories increased for 5.09 million, during quarter 2/2017, the Company had a order to be used for the production of raw material to customers increased.
- Investment in associated company increased for Baht 4.43 million, occurring from realizing of profit sharing in associated companies.
- Property, plant and equipment decreased for Baht 10.69 million, to be 1.92%, because calculate depreciation operation amount Baht 22.50 million and during have purchase assets amount 11.81 million.
- Biological assets – dairy cow increased for Baht 4.42 million, occurring from adjusting of fair value of dairy cows in subsidiary companies.
- Other assets were cash and equivalent, intangible assets, deferred income tax assets and assets not used in operation.

Liabilities	(Unit: Million Baht)			
	June 30, 2017	%	December 31, 2016	%
Bank overdrafts and short-term loan	-	-	50.00	10%
Trade and other payables	39.44	8%	48.68	10%
Liabilities under financial lease agreement	72.45	16%	80.31	17%
Long – term loan	277.41	60%	236.85	49%
Others	75.69	16%	70.27	14%
Total liabilities	464.99	100%	486.11	100%

Total liabilities were Baht 464.99 million, decreased Baht 21.12 million, to be 4.34%.

- Bank overdrafts and short-term loan decreased Baht 50 million because the subsidiaries has repayment bill of exchange.
- Trade and other payables decreased Baht 9.24 million, because repayment to trade and other payables from raw materials and pack materials.
- Liabilities under financial lease agreement decreased Baht 7.86 million paid to financial lease agreement period.
- Long – term loan increased Baht 40.56 million during quarter 2/2017 the Company repayment loan Baht 19.79 million and received loan increased Baht 60.35 million.
- Other liabilities consisted of bank overdrafts form financial institutions, deferred tax liabilities, employee benefit obligation.

Please be kindly advised.

Yours sincerely,
Abico Holdings Public Co., Ltd.

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(Mr. Kitti Vilaivarangkul)
Managing Director