

ABICO 012/KV/2017

November 9, 2017

Subject : Explanation on operation result for the Quarter ended September 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 3/2017

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

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

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

(Unit: Million Baht)

Company/business	For the third quarter			For the period of nine months		
	2017	2016	Increase(decrease)	2017	2016	Increase(decrease)
Producer and distributor of ready-to-drink milk	132.63	103.68	28.95	346.53	318.19	28.34
Immovable property business	3.59	3.25	0.34	9.12	9.70	(0.58)
Agriculture and dairy farm	8.93	8.37	0.56	29.50	33.10	(3.60)
Total	145.15	115.30	29.85	385.15	245.68	(5.68)

For the third quarter (July - September)

- Business producer of ready-to-drink milk, drinks and fruit juices had increased income from last quarter 2016 amount Baht 28.95 million to be 27.92%, because quarter 3'2017 the Company have new customer and increased delivery product to be 28.30%.

- Immovable property business had increased income from last year, Baht 0.34 million near that of third quarter 2016.

- Business agriculture and dairy farm had increased income amount Baht 0.56 million, near that of third quarter 2016.

For the period of nine - months (January – September)

- Business producer of ready-to-drink milk drinks and fruit juices had increasing income from last year amount Baht 28.34 million, to be 8.91% because the Company have new customer and increased delivery product increased 11.77%.

- Immovable property business had decreasing income from last year, Baht 0.58 million near that of quarter 3/2016.

- Business agriculture and dairy farm had decreasing income amount Baht 3.60 million, because the volume of dairy milk for sales decreased from the same quarter last year around 15%.

(2) Cost of sales

For the third quarter (July - September)

The cost of sales increased from quarter 3/2016, amount Baht 19.64 million, around 18.69% as follow:

- Cost of Producer of ready-to-drink increased Baht 18.44 million, less than the previous year, or 19.84%. The increased cost of production is consistent with the increased revenue in the milk-manufacturing business.

For the period of nine - months (January – September)

The cost of sales increased from the last year amounting Baht 18.02 million, or 5.77%.

- Cost of Producer of ready-to-drink increased Baht 17.87 million or 6.45%. The increased cost of production is consistent with the increased revenue in the milk-manufacturing business.

(3) For the three month period a commission income amount Baht 2.66 million, decreased from third quarter 2016 Baht 0.07 million or 2.57% and commission income for the nine-months period of Baht 7.14 million increased Baht 0.54 million or 8.12% because increased delivery volume.

(4) Administrative expenses amount Baht 14.32 million, increased from third quarter 2016 Baht 0.49 million or 3.57% and administrative expense for the nine-months period of Baht 40.34 million, decreased Baht 1.48 million or 3.55% because its subsidiary company has improve plant some time has been fixed cost with respect to the production costs convert to administration expenses.

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

	(Unit: Million Baht)	
	<u>2017</u>	<u>2016</u>
- Current period income tax	(0.87)	(0.88)
- Income tax waiting for amortization	(2.08)	(2.21)
Total	(2.95)	(3.09)

Analysis of financial status

(Unit: Million Baht)

<u>Assets</u>	<u>September 30, 2017</u>	<u>%</u>	<u>December 31, 2016</u>	<u>%</u>
Trade and other receivables	80.17	6%	60.87	5%
Inventories	81.41	7%	67.80	6%
Investment in associated company	476.96	36%	474.65	37%
Property, plant and equipment	555.96	42%	557.68	45%
Biological assets – dairy cow	44.64	3%	38.56	3%
Others	72.59	6%	52.82	4%
Total assets	1,311.73	100%	1,252.38	100%

Total assets were Baht 1,311.73 million, increasing from the year 2016, amount Baht 59.35 million or 5%.

- Trade and other receivables increased for Baht 19.30 million, because the Company delivery product to customer with Trade receivables increased consistent with the increased revenue in the milk-manufacturing business.
- Inventories increased Baht 13.61 million, during quarter 3/2017, the Company had order to be used for the production of raw material to customers increased.
- Investment in associated company increased for Baht 2.31 million, occurring from realizing of profit sharing in associated companies.
- Property, plant and equipment decreased for Baht 1.72 million, or 1%, because calculate depreciation operation amount Baht 34.14 million and during year have purchase assets amount 32.43 million.
- Biological assets – dairy cow increased for Baht 6.08 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)			
	September 30, 2017	%	December 31, 2016	%
Bank overdrafts and short-term loan	-	-	50.00	10%
Trade and other payables	72.56	15%	48.68	10%
Liabilities under financial lease agreement	65.85	14%	80.31	17%
Long – term loan	263.88	55%	236.85	49%
Others	76.45	16%	70.27	14%
Total liabilities	478.74	100%	486.11	100%

Total liabilities were Baht 478.74 million, decreased Baht 7.37 million, or 2%.

- Bank overdrafts and short-term loan decreased Baht 50 million because the subsidiary has repayment bill of exchange.
- Trade and other payables increased Baht 23.88 million, because the Company has increased in purchased raw materials and pack materials for customer.
- Liabilities under financial lease agreement decreased Baht 14.46 million because the Company had paid to financial lease agreement period.
- Long – term loan increased Baht 27.03 million during quarter 3/2017 the Company repayment loan Baht 33.32 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