

ABICO 002/KV/2018

February 22, 2018

Subject : Explanation on operation result for the year ended December 31, 2017.

To : Director and Manager
Stock Exchange of Thailand

As Abico Holdings Public Co., Ltd., would like to submit one copy of the financial statement for the year ending on December 31, 2017 that was audited by the auditor; together with this letter, we would like to explain about the result of work and financial status, compared with the operation result of the year 2016, as follows:

Summary of operation result for the year ending on December 31, 2017

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

<u>Company/business</u>	<u>(Unit: Million Baht)</u>		
	<u>For the year ending on December 31</u>		
	<u>2017</u>	<u>2016</u>	<u>Increase(decrease)</u>
Producer and distributor of ready-to-drink milk, drinks and fruit juices	507.48	423.33	84.15
Immovable property business	13.77	12.50	1.27
Agriculture and dairy farm	43.45	41.41	2.04
Total	564.70	477.24	87.46

- Business distributor of ready-to-drink milk, drinks and fruit juices had increased income from last year amount Baht 84.15 million, to be 20% because the Company have new customer and increased delivery product to be 16%.

- Immovable property business had increased income from last year, Baht 1.27 million because while the space for rent increased from 2016 to be 15% .

- Business agriculture and dairy farm had increased income amount Baht 2.04 million, because in dairy milk for sales increased and increasing price in this year.

(2) Cost of sales

The cost of sales increased from the last year amount Baht 68.65 million; to be 16% as follow:

- Cost of Producer of ready-to-drink increased Baht 66 million, to be 17%, the increased cost of production is consistent with the increased revenue in the milk-manufacturing business to be 19%.

- Cost of goods sold in business agriculture and dairy farm increased Baht 2.57 million, to be 6% because animal feed price increased form the year 2016.

(3) Commission income amount Baht 9.84 million, increased from year 2016 Baht 2.26 million to be 30% because delivery volume increased from last year.

(4) Administrative expenses amount Baht 52.20 million, decreased from year 2016 Baht 0.98 million to be 1.80% near that the year 2016.

(5) In separate financial statement and have reversal impairment of investment in subsidiaries in 2 subsidiaries amount Baht 278.24 million to determine value of recoverable amount are higher than investment cost, the company has reversed the impairment of investment in statement of income in separate financial statement, this does not effect to consolidated financial statement.

(5) Expense of income tax for the year ending December 31, 2017 and 2016 consisted of the followings:

	(Unit: Million Baht)	
	<u>2017</u>	<u>2016</u>
- Current period income tax	0.99	0.86
- Income tax waiting for amortization	4.07	0.11
Total	<u>5.06</u>	<u>0.97</u>

Analysis of financial status

(Unit: Million Baht)

	December 31, 2017	%	December 31, 2016	%
<u>ASSTES</u>				
Trade and other receivables	92.70	7%	60.87	5%
Inventories	104.83	8%	67.80	6%
Investment in associated company	483.96	36%	474.65	37%
Property, plant and equipment	558.59	42%	557.68	45%
Biological assets – dairy cow	44.28	3%	38.56	3%
Others	61.09	4%	52.82	4%
Total assets	1,345.45	100%	1,252.38	100%

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.

(Unit: Million Baht)

	December 31, 2017	%	December 31, 2016	%
Bank overdrafts and short-term loan	10.00	2%	50.00	10%
Trade and other payables	82.25	16%	48.68	10%
Liabilities under financial lease agreement	64.58	13%	80.31	17%
Long-term loan	265.68	53%	236.85	49%
Others	77.72	16%	70.27	14%
Total liabilities	500.23	100%	486.11	100%

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.

Please be kindly advised.

Yours sincerely,
Abico Holdings Public Co., Ltd.

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(Mr. Kitti Vilaivarangkul)
Managing Director