

**Malee** BRAND®  
THE FRUIT EXPERT

The **F**ruit **E**xpert



Annual Report 2010







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# FINANCIAL SUMMARY

		2010	2009	2008	2007
TOTAL REVENUE	Million Baht	2,889	3,146	3,748	4,068
SALES REVENUE	Million Baht	2,829	3,083	3,704	4,004
GROSS PROFIT	Million Baht	805	735	660	667
NET EARNINGS	Million Baht	106	131	(295)	(93)
EARNINGS PER SHARE	Baht	1.5	1.9	(4.2)	(1.3)
BOOK VALUE PER SHARE	Baht	5.6	4.7	(3.5)	0.7
TOTAL ASSETS	Million Baht	2,162	2,152	1,974	2,343
TOTAL LIABILITIES	Million Baht	1,770	1,825	2,216	2,292
SHAREHOLDERS' EQUITY	Million Baht	392	327	(243)	52

SIGNIFICANT FINANCIAL RATIO					
LIQUIDITY RATIO		2010	2009	2008	2007
CURRENT RATIO	Time	0.6	0.5	0.5	0.6
QUICK RATIO	Time	0.3	0.3	0.2	0.3
CASHFLOW FROM OPERATION RATIO	Time	0.1	0.1	0.1	0.1
A/R TURNOVER RATIO	Time	6.8	7.3	8.0	8.2
AVERAGE COLLECTION PERIOD	Days	53.7	50.2	45.6	43.8
INVENTORY TURNOVER RATIO	Time	4.6	5.2	5.1	5.3
AVERAGE AGE OF INVENTORY	Days	78.8	69.9	71.3	67.8
A/P TURNOVER RATIO	Time	2.2	2.2	2.4	2.9
AVERAGE PAYMENT METHOD	Days	169.0	168.9	149.7	125.2
CASH CYCLE	Days	(36.5)	(48.8)	(32.8)	(13.6)

PROFITABILITY RATIO		2010	2009	2008	2007
GROSS PROFIT RATIO	%	28.5	23.8	17.8	16.6
NET PROFIT RATIO	%	3.7	4.2	(7.9)	(2.3)
RETURN ON EQUITY RATIO	%	29.6	312.7	N/A	(94.4)

EFFICIENCY RATIO		2010	2009	2008	2007
RETURN ON ASSETS RATIO	%	4.9	6.3	(13.7)	(4.0)
RETURN ON FIXED ASSETS RATIO	%	8.9	12.6	(31.7)	(9.0)
ASSETS TURNOVER RATIO	Time	1.3	1.5	1.7	1.8

FINANCIAL POLICY RATIO		2010	2009	2008	2007
DEBT TO EQUITY RATIO	Time	4.5	5.6	N/A	44.3
DEBT SERVICE COVERAGE RATIO	Time	3.4	5.1	1.2	3.0
DIVIDEND PAYOUT RATIO	%	0.0	0.0	0.0	0.0







# Revenue Structure

	2010		2009		2008		2007	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Domestic	2,267	79.79%	2,417	77.82%	3,006	80.89%	2,652	66.37%
Export	574	20.21%	689	22.18%	710	19.11%	1,344	33.63%
<b>Total Sales</b>	<b>2,842</b>	<b>100.00%</b>	<b>3,106</b>	<b>100.00%</b>	<b>3,716</b>	<b>100.00%</b>	<b>3,996</b>	<b>100.00%</b>

Remarks : Export sales are F.O.B. value. Sales in financial statements include F.O.B, C&F, C.I.F.






# Message from the Honorary Chairman

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In 2010, the Company continuously gained better business performance. I would like to express my sincere gratitude to all members of the Board of Directors, management and our employees who have been inspired with passion and determination with great contribution and dedication to improve operational management that drive the Company's success with profit under pressure of volatilities of global economy and huge flood in the year 2010.

For the year 2011, I feel confidence that with the Company's capabilities through the concerted efforts of our people and its production facilities together with the trust in "Malee" brand, the company will continue to actively pursue valuable business development opportunities.

Last, I wish the Board of Directors, management and staffs to continue supports in achieving objectives for the sustainable growth of the company.



Vanchai Chirathivat

The Honorary Chairman

Malee Sampran Public Company Limited

## Message from the Chairman

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The year 2010 is another year that the Company has shown continuous good business performance, although there are negative factors causing from global economic fluctuation, internal political unrest during the beginning of the year and huge flood in the second half of the year 2010.

The Company has survived from the entire uncontrollable crisis that results from having a strong and stable foundation as well as a flexible business structure, which help mitigate risks affecting the Company's business. The important thing is that the Company has an effective management system and a highly capable management team that views the crisis as an opportunity for improving production management, production cost, marketing, and employee capabilities.

As the continuous success of management improvement, the Company very intends and remains confident that its 2011 target will be certainly achieved.

The company realizes the global warming problem at the present and in the near future, so the company has created the alternative energy project of BIO Gas (Pond Type) which used waste water from production. That considerably reduced utility expenses. The company has continuously developed in order to use clean energy for all productions.

Lastly, on behalf of Malee Sampran Public Co., Ltd., I would like to thank you all stakeholders for your kind corporation and continuing support.



Chatchai Boonyarat

Chairman

Malee Sampran Public Company Limited





# General Information

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## Malee Sampran Public Company Limited. Registration number 0107535000079

401/1 Phaholyothin Road, Lumlookka, Pathumthani 12130, Thailand

Tel. 0-662 992 5800 to 15, Fax. 0-662 992 5850 (central office), 0-662 992 5818-9 (export sales)

website: <http://www.malee.co.th>

Contact Person: Naharuthai Chuachalad Tel: 0-662 992 5800 Ext. 4010,

E-mail: [naharuthai\\_chu@malee.co.th](mailto:naharuthai_chu@malee.co.th)

The manufacturer and distributor of Canned Fruits, Canned Sweet Corn, Canned Pineapple, Pineapple Juice Concentrate, UHT Fruit Juices and Beverages.

Ordinary Share allotment 70,000,000 share of Baht 10 par value

## Malee Enterprise Company Limited. Registration number 1105535109621

Abico Building, 3th Floor, 401/1 Phaholyothin Road, Lumlookka, Pathumthani 12130, Thailand.

Tel. 0-662 992 5821 to 32 , Fax. 0-662 992 5833 (central office), 0-662 992 5834 to 5 (sales)

Website: <http://www.malee.co.th>

The distributor of Canned Fruits , UHT Fruit Juices and Pasteurized Fruit Juice, UHT and Pasteurized Milk, and Beverages.

Share allotment 10,000,000 ordinary shares of Baht 10 par value.

Number of shares held by the Company 9,998,800 shares (99.99%)

## Agri Sol Limited, Registration number 0135551007374

Office: 401/1 Abico Building, Phaholyothin Road, Lumlookka, Pathumthani 12130, Thailand

Tel: 0-662 992 5800 to14, Fax: 0-662 992 5819 <http://www.malee.co.th>

Factory and branch office No.: 110 Moo 9, Tambol Bangpaeng, Amphoe Banpaeng, Nakornphanom 48140, Thailand

Operating in Agro-Industrial business with care of environment, the manufacturer and distributor of Canned Sweet Corn.

Share allotment 14,500,000 ordinary shares of Baht 10 par value.

Number of shares held by Malee Sampran Public Company Limited 14,499,994 shares (99.99%)





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Malee Supply Company Limited.

Abico Building, 3th Floor, 401/1 Phaholyothin Road, Lumlookka, Pathumthani 12130, Thailand.

Share allotment 175,000 ordinary shares of Baht 10 par value. Number of shares held by the company  
170,800 shares held by the Company 170,800 shares (97%)

**Dormant.**

Icon Foods, LLC.

8070 La Jolla Shores Drive # 465

La Jolla, CA 92037

Tel. 1 858 456 3929 , Fax. 1 858 777 3447

Importer of Canned pineapple

Paid up capital USD 50,500. Number of shares held by the Company 99%

**Dormant.**

### Other Reference

Securities Registrar

Thailand Securities Depository Co.,Ltd.

4th Floor, The Stock Exchange of Thailand Bldg.

62 Rajadapisek Road, Klongteoy Bangkok 10110

Tel: 0-2229-2800, 0-2654-5999

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### Auditor

Mr. Pichai Dachanapirom, Certified Public Accountant No. 2421  
Mr. Pojana Asavasontichai, Certified Public Accountant No. 4891  
Miss Chantira Wongsri-Udomporn, Certified Public Account No. 4996  
Dhamniti Aauding Co., Ltd.  
267/1 Pracharaj Sai 1 Road Bangsue, Bangkok 10800  
Tel: 0-2587-8080

### Legal

Allen & Overy  
19th Floor, Phayathai Plaza  
128 Phayathai Road, Rajathavee  
Bangkok 10400  
Tel: 0-2216-5481-2

### Contact Person

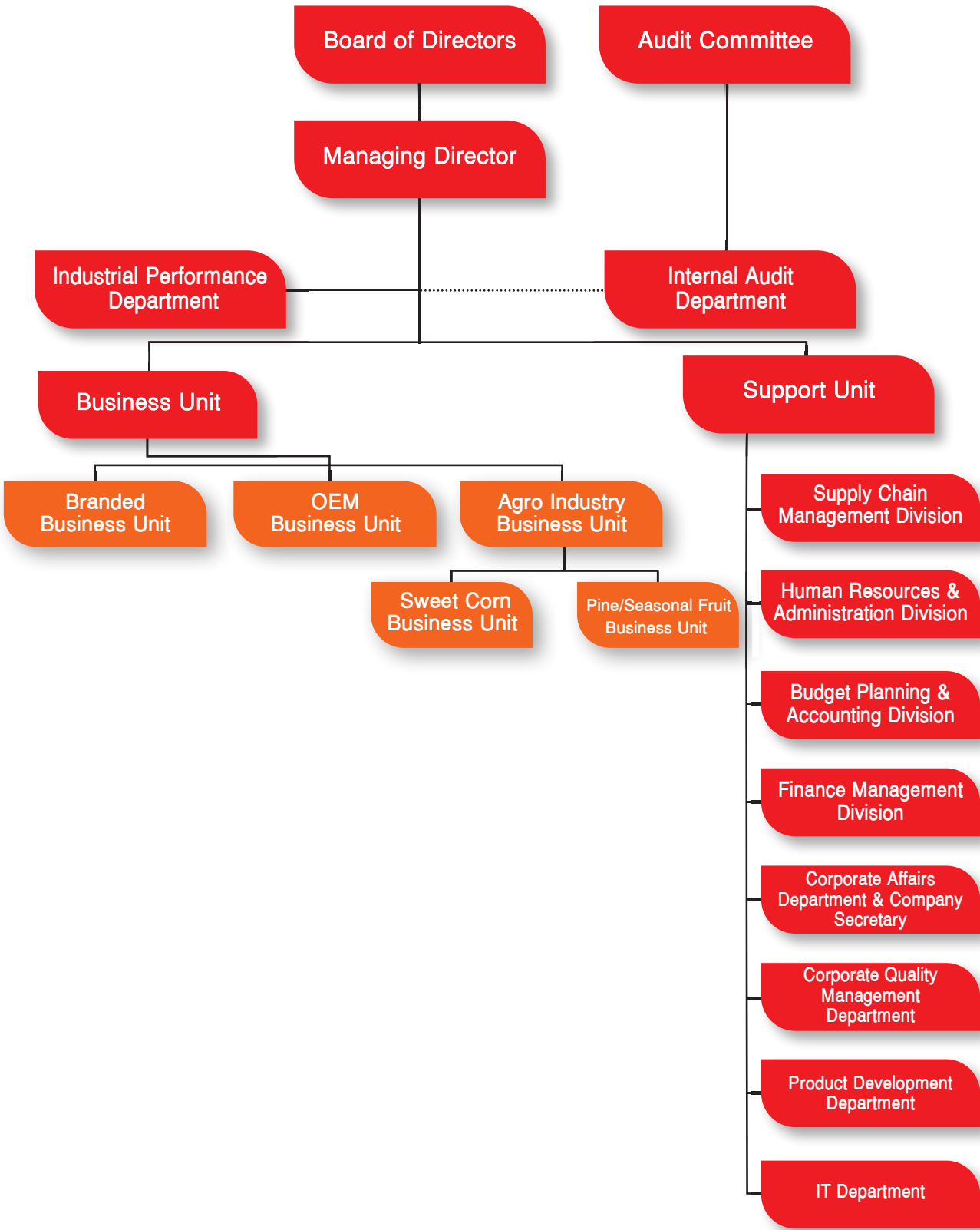
Miss Naharuthai Chuachalad  
Tel: 0-662 992 5800 ext. 4010  
E-mail: [naharuthai\\_chu@malee.co.th](mailto:naharuthai_chu@malee.co.th)







# Organization Chart 2010







# Nature of Business

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**Malee Sampran PCL** manufactures and distributes products within both domestic and abroad market. The core business is divided into

- **Processed fruits business:** canned sweet corn, sweet corn in pouch pack, canned pineapple, pineapple in pouch pack, pineapple juice concentrate, canned tropical fruit cocktail, canned seasonal fruits (rambutan, lychee, longan, mango, etc.).

**Malee Sampran Public Company Limited** is completely developed and secured our raw material supplies through the contract farming, seeding knowledge, supporting in agricultural in order to ensure sufficient and quality of the raw material supplies and to meet the demand of customers as well as the controlled quality according to the standards of GMP, HACCP, BRC, IFS, HALAN Q-MARK of The Federation of Thai industries and SR-MARK of Ministry of Commerce

- **Beverages business:** UHT and pasteurized fruit and vegetable juice, tea, coffee and drinking water packed in the format of can, UHT, plastic bottle (PET) under “Malee” and clients’ trademarks. UHT and pasteurized milk under Chokchai Farm trademark and UHT corn milk under Malee I-Corn trademark.
- **Canned fruit business:** Canned fruit packed in can format under “Malee”, “First Choice”, and “Farmer” trademark.

**Malee Enterprise Company Limited**, the subsidiary, is responsible for domestic marketing and distribution of all products, by the company's sales team and through appointed distributors nationwide.

Main products distributed by Malee Enterprise Company Limited are :

1. Canned fruits under “Malee”, “First Choice”, “Farmer” and “Malee Food Service” brands.
2. Canned, UHT and pasteurized fruit and vegetable juice under “Malee”, “Malee Health Plus”, Malee Veggies”, “Malee Juice Mix”, “Malee Juice Mix Kids”, “Malee Self Plus”, “Malee Tropical” and “Malee Food Service brand
3. UHT Corn Milk Drink under “Malee I-Corn” Brand
4. UHT and pasteurized milk under “Chokchai Farm” Brand
5. PET Drinking water under “Malee” brand



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With effective marketing plan and continual product development of Malee Enterprise Company Limited, Malee brand has positioned itself in consumer's mind for over four decades and is known as the market leader of premium quality canned fruit in Thailand all along and has risen both sales and market share of fruit juice over 10%. We gain good image of best selection of quality products for our consumers. As a result, we received 2010 Superbrands Awards from Superbrands UK institution and 2010 Trusted Brand Awards (Gold) in the category of packet drink from Reader's Digest for the 8 consecutive years. Also Malee has been ranked at 305 by Asia Top 1000 Brands in Fruit Juice category in Thailand Market

**Malee Sampran PCL** has demonstrated social and the environmental responsibility. We realize the importance of wastewater treatment systems efficiency improvement therefore we have received the award winning of Outstanding Environmental Factory from the competition of industrial plants at Nakhon Pathom Province, the award winning of Watery Environmental Protection from the Committee of Environmental Protection Industry and Social Responsibility Mark from the Department of Commerce on 15th May, 2009. Over 40 years, **Malee Sampran PCL** has committed to innovate and develop production process and technology in various areas at the same modernize level as developed countries. Besides, we focus on developing company standards such as quality of product, quality of processing and quality of packaging to meet international standard. The main development is to consider the importance in the health and safety of consumers. We have received standard certification which is widely accepted by domestic and international organizations in many countries such as HACCP, GMP, Kosher, Q Mark, IFS etc.





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## Summary of major changes in the past year

In 2010, company has set up more tactical and strategically marketing plan and focused more on new product development in order to reach consumers of all ages and to expand markets and distribution channels. This is the summary of all activities that occurring in the past year.

- **100% UHT Fruit Juice under Malee Brand** launch new product “Sainumpeung Orange” which has high acceptable taste and good feedback from consumer.
- **100% UHT Fruit Juice under Malee Healti Plus brand** - The more valuable fruit juice by adding nutrient for good health, launch another 2 flavors; Berry Mixed with Collagen for good skin health and Mangosteen with Mangosteen’s rind extract which outstanding for high antioxidant.
- **100% Veggies V9** - The most outstanding of mixed fruit and vegetable juice over others in the present market because of its prominent point of 9 sources of vitamins and minerals have been improved taste to be more delicious and fresher.
- **100% Pasteurized Fruit Juice** - Malee pasteurized fruit juice has been redesigned the packaging to look fresher, brighter, more dominant and more outstanding on the shelves. We also introduced new pack size, twin packs (value for money pack), to match consumer needs and suit people’s cost of living.
- **Canned Fruit Malee Brand**, in 2010 we developed and introduced new canned fruit product into the market which was “Salacca in Syrup” to satisfy consumer’s needs with ready to eat flip flop spoon. Moreover, Malee has been appointed as exclusive supplier of canned fruit in 7-Eleven for 4 consecutive years.
- **Corn Milk Malee I-corn Brand** has been improved product taste of all flavours to be fresh, creamy, and as squeeze from fresh corn.
- **UHT Milk and Pasteurised Milk Chokchai Farm Brand** have been distributed to more new channels such as schools, convenient stores, and pasteurized agents
- **Increasing distribution channels and expanding consumer base** through Amway, Loxley, Chomthana Co., Ltd. (distributor of Ice Cream Cremo) via school, and bus tour operators.
- Malee Sampran Public Co., Ltd. has established **Agri Sol Limited** for a subsidiary company which is registered on 31 July 2008 for the manufacture and distributor of canned fruits, canned sweet corn and sweet corn in pouch pack. The capital registration is Baht 145,000,000 (Baht one hundred and forty five million). Malee Sampran Public Company Limited held 14,499,994 shares (99.99%). It has not yet started the operation in 2008.





# Industry Review and Trends in 2011

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## Sweet corn business

Thailand export value of canned sweet corn in 2010 steadily increased by 7.7% corresponds to 5.108 million baht. However, the total export value presents sustainable growth from the previous year due to the appreciation of THB currency.

Sweet corn business in Thailand has continuous growth due to suitable weather condition that have had positive impact on the crop and good quality of Thai sweet corn that has yielded the positive feedback from overseas buyers.

The 2011 export outlook, it is expected that the rate of growth will increase for canned sweet corn exporting, although Thai sweet corn packers have got impacts from the antidumping, a measures imposed by European Commission. This is mainly due to the shortage supply of European packers and increase demands from overseas buyers.

## Vegetable and fruit juices business

Beverage consumption trends of healthy fruit and vegetable juice showed consistent high growth rates for many years because consumers realize the healthy benefit of fruits and vegetables that gains increasing popularity over the years. In the year 2010, fruit juice market sales of 10.00 billion baht, or about 284 million liters, by separating into firstly premium segment 3.40 billion baht, or about 51 million liters with growth rate of approximately 22% divided into UHT market 3.0 billion baht, at growth rate of 23% while Malee gains 21% market share and pasteurized market 0.40 billion baht, at 7% rate of growth. Secondly medium segment sized 0.60 billion baht, or about 12 million liters. Thirdly economy segment is worth approximately 2.90 billion or 123 million liters and finally super economy segment is worth 2.00 billion, or approximately 71 million liters. The rest are the other segments worth 1.00 billion baht or about 26 million liters. 25-60% Fruit juice showed continual growth for approximately 5-20% from 2008 and the market is likely to continue to grow in the future because people are likely to reduce drinking other types of beverage, such as sparkling water and turned to drink more fruit juice.

The growth rate of Fruit juice market has always been good continuously at average rate 10 (Source: AcNielsen, Dec. 2010) due to various boosted factors such as increasing health conscious consumers, and the current lifestyle of consumers that demands convenience. However, in 2010 growth of the fruit juice market started to slow down because of economic downturn that put pressures on consumers spending. Price barrier is one of the factors since the price of fruit juice is 50 baht per liter considered relatively high compared to other types of beverage. Also the entry of healthy beverages such as functional drink makes an impact on the market and high competition of new competitors from different beverages. The Company continues to focus on the full market penetration and continued to increase growth and market share.





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In 2010 the company introduced new product to the market both in Malee Brand; Sainumpeung Orange 100% UHT and "Healti Plus; Berry Mixed with Collagen and Mangosteen with mangosteen's rind which offers higher benefit than general fruit juice under "Malee Health Plus" Brand. It is added health benefit nutrients such as Omega 3 or Folate, or Grape seed extract which come at 3 different flavours to choose, 100% Pomegranate Juice with Folate and Grape Seed extract, 100% Blackcurrant Juice with Omega 3, and 100% Orange Juice with Omega3, to meet the consumer needs seeking greater value fruit juice. This can help Malee create more sales and increase market share. Besides we also improve the taste of vegetables juice to be more delicious for Thai consumers. Moreover we have redeveloped new color and new design of packaging both UHT and pasteurized to help the products stand out on shelf. Also we have launched the new package sizes of pasteurized juice to be more value for money which has been accepted by consumers. We have expanded new distribution channels such as Amway, Loxley, or Chomthana (sole distributor of Ice Cream Cremo) to penetrate school channels as a result we can penetrate new consumer groups and gain broader distribution.

### Canned Fruit business

Consumption of canned fruit mostly is subject to various festivals such as Chinese New Year, or New Year, etc. The majority of consumers will consume in the household. Canned fruit market can be divided as follows according to the quality or size of the fruit.

- Premium Market. Contributes approximately 60% of total market which Malee is the brand leader. The growth is relatively slow in 2010
- Economy market. Contributes approximately 25% by House Brand and manufacturers' brands with very high growth rate
- Low range market. Contributes approximately 15% from domestic manufacturers distributed in UPC and from China. Growth rate is at approximately at 10%. (Source: AcNielsen, May. 2010).

The slowdown of economic condition caused consumers turning to consume more economy segment canned fruit because of lower prices at the acceptable quality (Value for money), which makes premium market growth slow down. This impacts Malee directly as the brand leader in premium market. In 2010, Malee canned fruit showed no growth compared to last year, but we still sustain our market share due to several reasons. For example, Malee brand is still the best quality product in consumer point of view and they remain loyalty to Malee brand, we have continual marketing activities and increase the frequency of promotion of economy and low range segment under "First Choice" and "Farmer" brand that helped maintain the sales base of economy and low range segment. Moreover, Malee continues to maintain the exclusive supplier of canned fruit in 7-Eleven for 4 consecutive years helping the image of Malee as the brand leader in convenient store. In 2010, Malee also introduced new canned fruit product "Salacca in Syrup" to satisfy consumer's need. However, in 2011 Malee target continuing growth in the canned fruit business for at least 3-5% and the company continues to reinforce its leadership in the market by maintaining our quality products and introducing new products as well as complementing with new emerging marketing activities to stimulate market and consumption.

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## Cereal Beverages business and UHT and pasteurized milk business

### Cereal Beverages business

Compared to last year, 2010 cereal beverage market showed increasing growth trend to the introduction of new products which stimulate consumption from new users or switch users from other beverages. Malee increased in this business by 18% and we had improved product taste to be as fresh as fresh corn milk. However in 2011 Malee will continue developing innovative products that provide greater health benefits because of the positive trend and popular signal of cereal beverage market that consumers still look for quality healthy products for themselves. We also continue to introduce new flavors to Amway Group since it targets directly to health conscious consumers. The company is expected to continue to sustain positive growth during next coming years.

### UHT and Pasteurized Milk Business

Thailand still has a record of low milk consumption at only 14.19 liters per person per year compared with that in Southeast Asia which is at 60 liters per person per year and all around the world at 103.9 liters per person per year. The Government has launched a variety of campaign for Thai people to stimulate more milk consumption.

Liquid Milk category can be divided into different markets based on a wide range of materials used to produce and manufacturing processes, however the main markets are:

- UHT milk market. Retail price is controlled by the Department of internal trade, Ministry of Commerce, contributed by approximately 23% of the total category (Source: AcNielsen, May. 2010) with the highest proportion of sales was plain flavour milk. This market can be divided into different segment such as Adult milk UHT, Child milk UHT, or all family milk UHT. This market showed continual growth even though it's slow down to 5%.
- Pasteurized milk market. Market price is also controlled by the Department of internal trade, Ministry of Commerce, contributed by approximately 9% of the total category (Source: AcNielsen, December 2010) and showed 8% growth.

UHT milk products of Malee PCL has accounted for 13% of total company's dairy business, decreased 11.5% and the pasteurized milk has accounted for 87% but showed 17% growth, making an overall of company's dairy business has grown by 6%. The reason of regression of UHT milk market was from stagnant market condition, and slower growth and relatively limited sales channels. Compared to pasteurized milk market, it represents higher market growth and distribution is increasing continuously from appointing more agents. Our strategies are to penetrate existing users of pasteurized milk to consume Chokchai Farm brand or to use agents to proactively offer home delivery service. We also market directly to the factory or food service sectors that use pasteurized milk as raw material in production. In 2010, the company has targeted growth of both UHT milk and pasteurized milk under Chokchai Farm brand by expansion of new consumer base target, adding more new channels and new distribution agents. Also developing new product line, at the same time change new packaging design to be more modern and match consumer needs in order to uplift brand's image.





# SHAREHOLDING STRUCTURE AND MANAGEMENT

## MAJOR SHAREHOLDERS AS OF DECEMBER 31, 2010

No.	Name of shareholders	No. of share	Percentage
1	Thailand Securities Depository Co., Ltd., for Depositors	25,896,177	36.99%
2	Thailand Securities Depository Co., Ltd. for Depositors	21,764,000	31.09%
3	Abico Holdings Public Company Limited.	17,840,700	25.49%
4	Miss Siriluck Wittayanupong	3,150,000	4.50%
5	CDI Co., Ltd.	700,000	1.00%
	Total	69,350,877	99.07%

## SHAREHOLDING BY THE DIRECTORS AS OF DECEMBER 31, 2010

Name	As of Dec 31, 2010	Amount Change	As of Dec 31, 2009
Mr.Chatchai Boonyarat	-	-	-
Mrs. Chintana Boonyarat	-	-	-
Mr. Prin Chirathivat	-	-	-
Mr. Kitti Vilaivarangkul	-	-	-
Mr. Pandit Mongkolkul	-	-	-
Mr. Khemadhat Sukondhasingha	-	-	-
Mr. Mati Tungpanich	-	-	-
Mr. Supatana Upanigkit	-	-	-

## THE BOARD OF DIRECTORS

Mr. Chatchai Boonyarat	Chairman
Mrs. Chintana Boonyarat	Director
Mr. Prin Chirathivat	Director
Mr. Kitti Vilaivarangkul	Director
Mr. Pandit Mongkolkul	Director
Mr. Khemadhat Sukondhasingha	Director / Chairman of Audit Committee / Independent Director
Mr. Mati Tungpanich	Director / Member of Audit Committee / Independent Director
Mr. Supatana Upanigkit	Director / Member of Audit Committee / Independent Director
Mr. Rangsan Kongpiam	The Company Secretary

## THE AUTHORITY AND DUTIES OF THE BOARD OF DIRECTOR

The Board of Directors is comprised of Executive Director and Non-Executive Directors of the company. The Board of Directors has the power and duties to manage the Company in accordance with the laws, objectives, Articles of Association and resolutions of shareholder meetings. To perform in accordance with its authority and responsibilities, the Board of Directors may appoint director or directors or other persons to perform any tasks on behalf of directors. The Board of Directors shall hold a meeting at least once in every three (3) months. Two authorized directors to bind the Company shall be authorized to sign with the Company's seal affixed in documents, instruments or other significant letters to bind the Company. The shareholders meeting or the meeting of the Board of Directors may determine and amend the directors' name authorized to sign to bind the Company with the Company's seal affixed. No director shall operate any business or become a partner in ordinary partnerships or become a partner with unlimited liability in limited partnerships or become a director of other juristic persons which have the same nature as and are in competition with the business of the Company, unless he notifies the shareholders meeting prior to the resolution for his appointment. A director shall notify the Company without delay if he has an interest in a contract entered into with the Company or holds shares or debentures in an increased or decreased amount of the Company or an affiliate company. Specific management accountabilities are as follows:

- Review and assess the company's strategy, major operational plan, risk assessment policy, annual budget and business plans. Follows up on the implementation of the plans, monitors the company performance. Monitors major investment expenditure, including joint venture agreements, and divestment of business.
- Nominate, determine the remuneration for, and evaluate management performance on a regular basis, (or if necessary, terminate the management). Review to ensure continuous management succession plan.
- Review the remuneration for Directors and management. Ensure that the Nomination process is done of ficially and transparency.
- Ensure the controlling system for finance and accounting is reliable. Including the assurance that the internal audit, risk assessment, financial control, and legal compliance process are adequate.
- Audit and resolve the issues of conflict of interest among management, the Board of Directors, and share holders. This must also includes the issues of misuse of the company's assets and inappropriate related party's transaction.
- Appoint a suitable qualified person as a Director. Ensure that the structure and operational procedures comply with good governance and appropriate ethical standards.
- The Directors should make decision for the company's business with good judgment, being independent from the influence from management and other beneficiary group. They should allocate adequate time for the business and be attentive in performing their duties according to their responsibility.

## THE AUDIT COMMITTEE

Mr. Khemadhat Sukondhasingha	Chairman of Audit Committee
Mr. Mati Tungpanich	Member of Audit Committee
Mr. Supatana Upanigkit	Member of Audit Committee

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## THE AUTHORITY AND DUTIES OF THE AUDIT COMMITTEE

- Reviewed the quarterly and annual financial statements with Company's management to present to the Board of Directors. To ensure the accuracy and creditability of the financial information as well as sufficient and timely disclosure of significant matters.
- Reviewed Company performance to ensure the Company's compliance with the securities and stock exchange laws, the Stock Exchange of Thailand's rules and regulations.
- Considered and supported the disclosure of any connected transactions which may cause conflicts of interest.
- To ensure that internal control system was performed properly and effectively.
- Considered and proposed the appointment of external auditor.
- Considered and approved the annual internal audit plan. Acknowledged the internal auditor's report, monitored the company's investment projects and provided useful recommendations
- Reviewed company risk management and made suggestion to help minimize those risks.

## EXECUTIVE COMMITTEE

Mr. Chatchai Boonyarat	Chairman
Mrs. Chintana Boonyarat	Director
Mr. Pandit Mongkolkul	Director
Mr. Kitti Vilaivarangkul	Director

## THE AUTHORITY AND DUTIES OF EXECUTIVE COMMITTEE

1. Assist the Board of Directors in overseeing management, operation and policies of business and also issuing policies in order to achieve the targeted budget and strategy as approved by the Board of Directors.
2. Consider the Company's annual budget before submission to the Board of Directors for approval.
3. Prepare and propose strategy, business and operation plan to the Board of Directors for approval.
4. Consider new business start up in compliance with the Company's policy before submission to the Board of Directors for approval.
5. Periodically review normal and non-normal courses of businesses operated by business departments.
6. Review and comment on monthly profit and loss report presented by management.
7. Perform any other act delegated by the Board of Directors and approved by the Executive Committee.

## THE NOMINATING AND REMUNERATION COMMITTEE

Mr. Mati Tungpanich	Chairman
Mr. Khemadhat Sukondhasingha	Director
Mrs. Chintana Boonyarat	Director





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## AUTHORITY AND DUTY OF NOMINATING AND REMUNERATION COMMITTEE

- Consider the selection and screening of individuals with suitable qualifications for appointment as Directors of the Company and propose names of candidates for the Board of Directors. Presentation to the Shareholders' Meeting authorization accordingly.
- Review the selection and screening of individuals with suitable qualifications for appointment as President of the Company and proposal of candidates for the Board of Directors authorization accordingly.
- Present guidelines for the determination of Executive management level remuneration.
- Consider and screen remuneration for Directors, for subsequent proposal to the Board of Directors and eventual authorization by the Shareholders' Meeting.
- Consider and screen remuneration for the President, for approval by the Board of Director.
- Recommend guidelines for the issue of warrants under the Directors and employees share purchase program, for authorization by the Board of Directors, Shareholders and the Securities Exchange Commission.
- Oversee the allocation of warrants for Director and employee share purchase plans as authorized by item (4) above, to Directors and employees in accordance with the objectives of the program.

## NOMINATION OF DIRECTORS

The appointment of the Company's directors shall be made by the Shareholder meeting. The Directors of the Company shall be a qualified person and not prohibited by law. The Board of Directors has a minimum of five directors appointed by the shareholder meeting. The selection criteria and procedures of the Board of Directors are provided below:

1. Each shareholder shall have a number of votes equal to the number of shares held.
2. The appointment of a director may be processed by voting to elect one or several persons as director or directors as deemed appropriate by the shareholder meeting. However, each shareholder must exercise all the votes he has under item 1 and cannot divide his votes to any person particularly.
3. The candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be elected as directors equivalent to be elected. If there is a tie in the last to be elected and this exceeds the said number of directors, the presiding Chairman shall have an additional casting vote.

At the every annual general meeting of shareholders, one third of the directors shall be retired. If the number is not a multiple of three, then the number nearest to one-third shall be retired. A retiring director is eligible for re-election.

In the case of a vacancy on the Board of Directors for reasons otherwise than by rotation, the Board of Directors shall elect any person who is qualified and not subject to the prohibited qualifications under law on public limited company as the substitute director at the subsequent Board of Directors meeting, unless the remaining term of office of the said director is less than two (2) months. The aforesaid substitute director shall retain his office only for the remaining term of office of the director whom he replaces. The resolution of the Board of Directors under the first paragraph shall consist of votes of not less than three-fourths (3/4) of the remaining directors.

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## PRINCIPLES FOR NOMINATING INDEPENDENT DIRECTORS

- Individuals must possess the qualification for as determined.
- Director must be able to perform their duties and express opinions using independent, individual judgment. This must be conducted with ethics and a primary concern for the organization's interests.
- Candidates must possess all the qualifications as specified by the Stock Exchange of Thailand, as follows
  - Must not hold more than 1 percent of the total number of shares with voting rights of the Company, companies within the group, associated companies or persons with potential conflict of interest (including persons related parties in accordance with Measure 258 of the securities Act)
  - Has no participation in management, Is not an employee, staff member or consultant receiving a regular salary; nor is an individual with controlling authority in the Company, companies within the Group associated companies or persons with potential conflict of interest. This includes relationships involving persons providing professional service to the Company or companies within the Group, such as auditors or legal counsel. Individuals must not have previously had benefits or interests as aforementioned, for a period of not less than 1 year.
  - Candidates must not have relationships of a business nature, such as being a customer, raw material supplier, creditor / debtor, have accounts receivables or payables with relation to relation to borrowings. Individuals must not have benefits or interests - whether directly or indirectly - with regard to both the finances and management of the Company, companies within the Group, associated companies or persons with potential conflict of interest of a nature that comprises independence.
  - Individuals must not be close relatives with management or majority shareholder of the Company, companies within the Group, associated companies or persons with potential conflict of interest. Nominees must not have appointed as representatives to safeguard the interests of Directors or majority shareholders.
  - Individuals must not possess any other characteristics which would compromise the independence of the Board of Directors.

## THE RISK MANAGEMENT COMMITTEE

Mr. Khemadhat Sukondhasingha	Chairman
Mr. Mati Tungpanich	Director
Mr. Supatana Upanigkit	Director
Mr. Pandit Mongkolkul	Director

## THE AUTHORITY AND DUTIES OF RISK MANAGEMENT COMMITTEE

- Assist the Board of Directors to set out the strategies and measures to control the Company's risk.
- Review the risk exposures of the Company's businesses, identify the acceptable level of risk, and control effectively.
- Review with management the strategies, frameworks and procedures that lead to the mitigation of material risk.
- Review reports from management of the steps that it has taken to monitor, mitigate and control the risk.
- Perform any other act delegated by the Board of Directors and approved by the Risk Management Committee.

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## COMPANY'S SECRETARY

By Securities and Exchange Act (No. 4) B.E.2551 to proclaim that the board of director of company shall appoint a company secretary responsible for the company matters on behalf of the company or the board of directors. The company appointed individuals with the requisite qualifications and experience to assume the duties of company secretary. The qualifications, characteristic and responsibilities of the position have been determined as follows:

### Qualification

- Bachelors degree
- Knowledge of legal principles in related to the Company and the SEC
- Good human relations and communications skills
- Prior experience in this position
- Knowledge of Corporate Governance issues

### Responsibilities

1. Preparing and keeping the following documents
  - A register of directors
  - A notice calling director meeting, a minute of meeting of the board of directors and an annual report of the company:
  - A notice calling shareholder meeting and minute of shareholders' meeting
2. Keeping a report on interest filed by a director or an executive
3. Performing any other acts as specified in the notification of the Capital Market Supervisory Board.
4. Supervise the disclosure of information and reporting in accordance with law and related regulations pertaining to good corporate governance.

## Remuneration for Directors and Management

- a) Directors' remuneration in 2010, for 8 persons, was Baht 3,170,000.-
- b) Executive directors and Management's remuneration in 2010, for 12 persons, was Baht 18,663,842 (as of 31 December 2010, total managements are 8 persons including with Executive directors for 4 persons)

## Other remuneration

Provident Fund of Management for 8 persons in 2009, was Baht 221,726.52

Company's Committee, Number of Attendance and Remuneration for year 2010													
NAME OF DIRECTOR	DURATION OF TENURE	NUMBER OF ATTENDANCE OF MEETING (TIME)					Annual RE-MUNERATION	MEETING PERDIEM					TOTAL
		BOD	AC.	EXCOM	RM.	NR.		BOD	AC.	EXCOM	RM.	NR.	
1 Mr. Chatchai Boonyarat Chairman of the Board of Director Chairman of the Executive Director	2553 - 2556	6/6	-	12/12	-	-	-	240,000	-	480,000	-	-	720,000
2 Mrs. Chintana Boonyarat Director Member of the Executive Director Member of the Nominating and Remuneration Committee	2552 - 2555	6/6	-	12/12	-	1/1	-	120,000	-	240,000	-	10,000	370,000
3 Mr. Prin Chirathivat Director	2552 - 2555	6/6	-	-	-	-	-	120,000	-	-	-	-	120,000
4 Mr. Khemadhat Sukondhasingha Director Chairman of the Audit Committee Independent Director Chairman of the Compensation Committee Member of the Nominating and Remuneration Committee	2553 - 2556	5/6	5/5	-	4/4	1/1	100,000	100,000	200,000	-	80,000	10,000	490,000
5 Mr. Mati Tungpanich Director Member of the Audit Committee Independent Director Chairman of the Nominating and Remuneration Committee	2551 - 2554	6/6	5/5	-	4/4	1/1	100,000	120,000	100,000	-	40,000	20,000	380,000
6 Mr. Kitti Vlaivarangkul Director Member of the Executive Director	2551 - 2554	6/6	-	12/12	-	-	-	120,000	-	240,000	-	-	360,000
7 Mr. Pandit Mongkolkul Director Member of the Executive Director	2553 - 2556	6/6	-	12/12	4/4	-	-	120,000	-	240,000	40,000	-	400,000
8 Mr. Supatana Upanigkit Director Member of the Executive Director Member of the Audit Committee	2552 - 2555	5/6	4/5	-	4/4	-	100,000	100,000	90,000	-	40,000	-	330,000
Total							300,000	1,040,000	390,000	1,200,000	200,000	40,000	3,170,000

REMARK : a) Duration of Tenure - At the every annual general meeting of shareholders, one third of the directors shall be retired. If the number is not a multiple of three, b) then the number nearest to one - third shall be retired. A retiring director is eligible for re-election.

BOD = BOARD OF DIRECTOR EXCOM = EXECUTIVE COMMITTEE AC = AUDIT COMMITTEE NR = NOMINATING AND REMUNERATION COMMITTEE RM = RISK MANAGEMENT COMMITTEE





# Good Corporate Governance

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## Policy on Corporate Governance

The Board of Directors of Malee Sampran Public Company Limited deems the good corporate governance as the Company's policy which contains principles and best practices as follows:

1. Operates with consideration to the rights and equality of shareholders and other stakeholders, such as employees, trading partners, community, and creditors, by:
  - 1.1 Protecting the shareholders' interest, and treating all shareholders equally. Refrain from limiting shareholders to have access to the company information, and to attend shareholders' meeting. In 2009, the Shareholders' Meeting had been held on Monday 26th April 2010 from 10.00 a.m. at ABICO Building, 6th floor, 401/1 Moo 8, Phaholyothin Road, Lumlookka, Pathumthani 12130. The members of the Board of Directors including the Chairman of the Audit Committee participated the Meeting. The company followed the correct procedure for convening the Meeting as specified by Laws, from the summons to attend the Meeting, the distribution of relevant documents and the agenda; and the provision of sufficient information and time for shareholders to consider the details prior to the Meeting date. The company also offered options to the shareholders who were unable to attend the Meeting by assigning their right of proxy to the independent Directors to participate and vote on their behalf. The proxy documents and instructions for appointing a proxy. The documents are sent to all shareholders 14 days prior to the Meeting date. The Chairman of the Meeting further informed the shareholders as to the method for voting using ballots, prior to commencement of the Meeting. During the process of counting votes, The Independent Director and external auditor representatives were witnesses in conjunction with company employees. Furthermore, all shareholders were given equal opportunity to inspect details of the company's operations, raise questions and express opinions. The Minutes are also presented on the company's website.
  - 1.2 Ensuring that those rights of the stakeholders are protected and well practiced.
  - 1.3 Providing written documents to show the company's responsibilities to stakeholders.
  - 1.4 Presenting the timely information on important issues, which have significant impacts to stakeholders. The reports must be presented with simplicity and consistency.



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## 2. Structure, Roles, Duties, Responsibilities and Independence of the Board of Directors

- 2.1 The Board of Directors is comprised of Executive Director and Non-Executive Directors. A number of the Non-Executive Directors will be assigned by the Board of Directors to independently review and give comments against the conflicts of interest, which may occur. The tasks are such as reporting on the company financial matters by the Audit Committee, nomination of Board members by the Nomination Committee, remuneration for Directors and the management by the Remuneration Committee.
- 2.2 To practice in accordance to the law, and the objectives, rules and regulations of Malee Sampran Public Co., Ltd.
- 2.3 Accountable to manage important and specific issues as follows:
- Review and assess the company's strategy, major operational plans, risk assessment policy, annual budget and business plans. Follows up on the implementation of the plans, monitors the company performance. Monitors major investment expenditure, including joint venture agreements, and divestment of business.
  - Nominate, determine the remuneration for, and evaluate management performance on a regular basis, (or if necessary, terminate the management). Review to ensure continuous management succession plan.
  - Review the remuneration for Directors and management. Ensure that the nomination process is done officially and with transparency.
  - Ensure the controlling system for finance and accounting is reliable. Including the assurance that the internal audit, risk assessment, financial control, and legal compliance processes are adequate.
  - Audit and resolve the issues of conflict of interest among management, the Board of Directors, and shareholders. This must also includes the issues of misuse of the company's assets, and inappropriate related party's transaction.
  - Appoint a suitable and qualified person as a Director. Ensure that the structure and operational procedures comply with good governance and appropriate ethical standards.
  - The Directors should make decision for the company's business with good judgment, being independent from the influence from management and other beneficiary group. They should allocate adequate time for the business and be attentive in performing their duties according to their responsibility.

## 3. Information disclosure and transparency:

To ensure that the Company properly discloses the significant information in time, and with transparency, the Board of Directors should provide an investor relation unit to represent the company in communicating with institutional investors, shareholders, general analysts and state agencies concerned. The Board should provide adequate resources to develop knowledge and communication skill of the investor relation officer, so that the presentation could be made properly.

4. Controlling and risk management system. The Board of Directors has the responsibility to identify risks in the business, and to ensure that the company has the process to manage the risks, by:

- 4.1 Providing an efficient internal control system, measures for operational control and to manage the risks. Attention must be given to the early warning signals.
- 4.2 Providing an efficient communication among independent auditors, shareholders, the Board of Directors, and the management, which have been linked altogether by the Audit Committee.
- 4.3 Internal Audit Office has significant roles in the management control and financial reporting system. The Company must set up the internal audit activities as a separate unit within the company.

5. Business Ethics: The company should provide code of ethical conduct for all the Directors, management, and employees to ensure that they understand the standard practices as expected by the Company and stakeholders such as shareholders, trading partners, creditors, and community etc. The Board should fully support this code of ethics, and distribute to all employees.

### Code of Ethics of Malee Group

Objectives of Malee Group are to produce goods of high quality, to be sold at reasonable prices, to establish relationship with all stakeholders, and to be responsible for the environment, community and society. The best practices are therefore set up as the guiding principle for the Directors, management, and employees.

### Control of Internal Information

The company has put in place a system where all company directors and management must report their share purchasing activities to ensure that they do not use insider information for personal gain in trading of Company shares. Furthermore, the Company has also informed all directors and management of the personal legal liabilities and punishment associated with such act.

### Employees

Number of Employees as at 31 December 2010	1,335 persons
Employee Costs for the year 2010	Baht 267,349,820





# Internal Control System 2010

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The Audit Committee has quarterly reviewed the internal control system with external and internal auditors. The Company has an adequate internal control system for its business, which includes protection and prevention of the properties, fraud, and reliability of financial and operation reports.

The management and internal auditor concluded that its internal control system is adequate and effective. There were no irregularities and significant errors found.



# Related Transactions

Please see notes to consolidated financial statements as at 31 December 2010 for No. 5. Related Party Transactions.

## RELATED PARTY TRANSACTIONS

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Related parties are these parties linked to companies in the Group as follow :

Related Companies	Business Type	Relation ship
<b>Subsidiaries</b>		
Malee Enterprise Company Limited	Distributor	Shareholders/Co-directors
Agri Sol Company Limited	Manufacture and distributor	Shareholders/Co-directors
Malee Supply Company Limited	Distributor (Dormant)	Shareholders/Co-directors
Icon Foods, LLC.	Distributor (Dormant)	Shareholders/Co-directors
<b>Related parties</b>		
Abico Holding Public Company Limited	Holding company (investment)	Company's shareholder/Co-directors
Abico Land Company Limited	Real estate developer	Co-directors
Abico Daily Farm Company Limited	Produce service of ready to drink milk and fruit juices	Group of companies/Co-director
Chokchai Milk Company Limited	Chokchai brand owner	Relate with Abico Holding Public Company Limited
PPO Farm Company Limited	Agriculture and dairy farm	Co-directors
Central Food Retail Company Limited	Department store	Co-directors
Big C Supercenter Public Company Limited	Department store	Co-directors
Dhanamitr Factoring Company Limited	Factoring	Co-directors
CG Broker Company Limited	Insurance	Co-directors



# Related Transactions

During the years, the Company had significant trading transactions with its subsidiary and related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Company and those companies. Below is a summary of those transactions.

		Baht			
		Consolidated financial statements		Separate financial statements	
	Pricing policy	2010	2009	2010	2009
<b>Transactions with subsidiary</b>					
(Eliminated in the consolidated financial statements)					
Sales of goods	Cost plus margin	-	-	1,205,969,822	1,012,295,903
Purchase of goods	Cost plus margin	-	-	50,677,669	-
Other income	Cost plus margin	-	-	82,591,639	-
Guarantee income	0.25 percent of the guarantee amount	-	-	737,500	400,000
Guarantee fee	0.25 percent of the guarantee amount	-	-	700,000	750,000
Land and plant rental expense	Contract price			-	5,800,000
Interest expense - loan	MLR + 0.25%	-	-	-	2,381,869
<b>Transactions with related parties</b>					
Sales of goods	Comprable market price	118,551,519	157,226,503	-	-
Purchase of goods	Comprable market price	6,289,103	-	-	-
<b>Building rental expenses</b>	Contract price	11,016,960	10,986,906	6,609,360	6,582,661
Produce service	Comprable market price	50,045,118	54,328,141	50,045,118	54,328,141
Sale promotion expense	Contract price	12,690,511	14,702,330	-	-
Insurance expense	Contract price	-	1,457,989	-	1,397,139
Interest expense - factoring	Market yield	1,573,587	2,408,567	-	-
Interest expense - loan	Market yield	-	374,414	-	374,414

The balances of the accounts as at December 31, 2010 and 2009 between the Company and those related companies are as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Trade accounts and notes receivable</b>				
Subsidiary				
Malee Enterprise Co., Ltd.	-	-	578,994,808	539,623,192
Agri Sol Co., Ltd.	-	-	4,536,172	18,931,925
<b>Total</b>	<b>-</b>	<b>-</b>	<b>583,530,980</b>	<b>558,555,117</b>
<b>Related parties</b>				
Chokchai Milk Limited	1,088,540	1,088,540	1,088,540	1,088,540
Central Food Retail Company Limited	17,226,513	20,556,374	-	-
<b>Total</b>	<b>18,315,053</b>	<b>21,644,914</b>	<b>1,088,540</b>	<b>1,088,540</b>
<b>Other accounts receivable</b>				
Subsidiary				
Agri Sol Co., Ltd.	-	-	4,965,428	6,734,958
Related party				
Abico Daily Farm Company Limited	138,924	8,566,870	138,924	8,566,870
Dhanamitr Factoring Company Limited	3,488	4,370	-	-
<b>Total</b>	<b>142,412</b>	<b>8,571,240</b>	<b>138,924</b>	<b>8,566,870</b>
<b>Trade accounts payable</b>				
Subsidiary				
Malee Enterprise Co., Ltd.	-	-	-	250,926
Agri Sol Co., Ltd.	-	-	53,725,106	-
	-	-	<b>53,725,106</b>	<b>250,926</b>
<b>Related party</b>				
Abico Daily Farm Company Limited	<b>4,401,571</b>	<b>4,748,725</b>	<b>4,401,571</b>	<b>4,748,725</b>
<b>Factoring payable</b>				
Related party				
Dhangmitr Factoring Company Limited	<b>28,862,498</b>	<b>24,923,852</b>	-	-
<b>Accrued expenses and accrued interest and other account payable</b>				
Subsidiary				
Malee Enterprise Co., Ltd.	-	-	498,655	-
Agri Sol Co., Ltd.	-	-	5,759,921	6,010,000
	-	-	<b>6,258,576</b>	<b>6,010,000</b>
<b>Related party</b>				
Abico Land Company Limited	99,711	161,507	67,487	132,014
Abico Daily Farm Company Limited	12,630	-	-	-
CG Broker Company Limited	-	1,449,801	-	1,397,139
Central Food Retail Company Limited	6,467,969	4,208,274	-	-
<b>Total</b>	<b>6,580,310</b>	<b>5,819,582</b>	<b>67,487</b>	<b>1,529,153</b>





# Board of Directors

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Mr. Chatchai Boonyarat	Chairman
Mrs. Chintana Boonyarat	Director
Mr. Prin Chirathivat	Director
Mr. Kitti Vilaivarangkul	Director
Mr. Pandit Mongkolkul	Director
Mr. Khemadhat Sukondhasingha	Director / Chairman of Audit Committee / Independent Director
Mr. Mati Tungpanich	Director / Member of Audit Committee / Independent Director
Mr. Supatana Upanigkit	Director / Member of Audit Committee / Independent Director
Mr. Rangsak Kongpiam	The Company Secretary

## Board of Director's Profile

### Mr. Chatchai Boonyarat Chairman

Graduated with a Bachelor's Degree in Chemical Engineering from Chulalongkorn University and Master's Degree in Manufacturing Engineering from Boston University, USA and also participated in the Chairman 2000 Program from Thai Institute of Directors Association. Formerly the President of the Thai Food Processor Association (TFPA); Chairman of Food Industry Club of the Federation of Thai Industries; Chairman of ASEAN Food Processing Industries; Vice Chairman, Federation of Thai Industries Honorable Secretary General of the Federation of Thai Industries; and Honorable Secretary General of the ASEAN Chamber of Commerce and Industry (ASEAN-CCI).

Currently, apart from being the Chairman of the Company and group of companies, he is also Vice Chairman, Chairman SME Committee, Chairman Committee on Economic Affairs Thai Chamber of Commerce, Committee Member of National Food Institute, Committee Member of The Office of Small and Medium Enterprises Promotion, Committee Member of The Institute for Small and Medium Enterprise Development, Expert Member of Trade Competitive Committee, Expert Member in private sector for science to Patent Committee Department of Intellectual, Price Controlling Member Committee to Department of Internal Trade Ministry of Commerce, Performance Agreement Committee to State Enterprise Policy Office Ministry of Finance. Executive Board to The Support Arts and Crafts International Center of Thailand, Patent Committee and The Sub-Committee on Screening Agriculture Project for Agricultural Research Development Agency (ARDA) and Sub-Committee on Tax Incentives of BOI.

### Mrs. Chintana Boonyarat Director

Graduated with a Bachelor's Degree in business from Menlo College, USA, and also participated in the Directors Certification Program DCP 5/2000 from Thai Institute of Directors Association.

Currently, as Director of Malee Sampran Plc; Executive Director of Central Marketing Group Co., Ltd.; President of Central Trading Co., Ltd.; Director of Tiger Eyes Trading (Thailand) Co., Ltd.; Abico Holdings Public Company Limited; Director of Board of Trade of Thailand.

# Board of Directors

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Mr. Prin Chirathivat

Director

Graduated with a Bachelor's Degree in Accounting from Skidmore College, USA and Master Degree in Business Administration from Sasin Graduate Institute of Business Administration and also participated in the Directors Certification Program DCP 2/2000; Director Accreditation Program DAP 35/2005; Audit Committee Program ACP 6/2005; The Role of Chairman 11/2005 from Thai Institute of Directors Association; CFO (Chief Financial Officer Certification Program 6/2006 and Graduate Diploma in Management of Public Economy 4/2005 from King Prajadhipok's Institute; Capital Market Academy Leadership Program 1/2005 (Capital Market Academy) 1/2005; The Program For Senior Executives Criminal Justice Administration (Courts of Justice) 13/2009; National Defense College (NDC) 2552

Currently, Executive Director-Finance of Central Group of Companies; Executive Director of Central Pattana Public Company Limited; Executive Director of Fabrica Co., Ltd.; Director and Executive Director of Central Retail Corporation Co.,Ltd ; Director of Central Plaza Hotel Public Company Limited; Advisory Committee of Market for Alternative Investment (MAI); Chairman of Audit Committee of Bua Luang Security Public Company Limited and Chiangrai Rajabhat University Steering Support Committee.

Mr. Kitti Vilaivarangkul

Director

Graduated with a Bachelor's Degree in Accounting from Ramkhamhaeng University (2nd Class Honors) and Master Degree in Business Administration from Thammasat University. Formerly working for Siam Commercial Bank Public Co., Ltd. and Singburi Sugar Co., Ltd. and also participated in the Directors Accreditation Program DAP 2005 , Director Certification Program DCP 2010 from Thai Institute of Directors Association

Currently, as Managing Director of Abico Holdings Public Company Limited; Director of Malee Enterprise Co., Ltd.; Director of Abico Dairies Farm Co., Ltd.; Director of Malee Sampran Public Co., Ltd. and also as Director of Abico Land Co.,Ltd.

Mr. Pandit Mongkolkul

Director

Graduated with a Bachelor's Degree in Accounting from Chulalongkorn University and Master Degree MBA in Finance and International Business from Sasin Graduate Institute of Business Administration and also participated in the Directors Certification Program DCP 2003 from Thai Institute of Directors Association ; Capital Market Academy Leadership Program (CMA 4 ) 2007 from Capital Market Academy.

Currently, Executive Vice President of Central Department Stores; Chairman and Executive Director of Tanamitr Factoring (Public) Co., Ltd.; Director of Earth-Care Co., Ltd ; Director of Central Marketing Group Intertrade Co.,Ltd.; Director/Consultant of the Good Corporate Governance Committee of Robinson Department Stores (Public) Co., Ltd. and Director of Robinson Group; Director of CG Broker Co., Ltd.; Director of Andaman Capital Co., Ltd.; Director of Malee Sampran (Public) Co., Ltd.; Director of Central Retail Training Centre Co., Ltd.; Director of Central Samui Hotel Management Co., Ltd.; Director of CR Ubon Ratchathani (Thailand) Co., Ltd.; Director of CR Udonthani (Thailand) Co., Ltd.; Director of CR Chiang Mai (Thailand) Co.,Ltd.; Director of CR Nakorn Sri Thammarat (Thailand) Co.,Ltd.; Director of CR Chantaburi (Thailand) Co.,Ltd.; Director of CR Ratchaburi (Thailand) Co.,Ltd.; and Director of CR Hadyai (Thailand) Co.,Ltd.;

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Mr. Khemadhat Sukondhasingha  
Director / Chairman of Audit Committee  
Independent Director

Graduated with a Bachelor's Degree in Electrical Engineering from Chulalongkorn University; Joined with the National Defense College of Thailand; Joined with Industrial Engineering Honorary from King Mongkut's Institute of Technology North Bangkok. Participated Director Certificate Program and Auditing Committee Program From Thai Institute of Directors in 2006. Formerly the Executive of Thai Kawasaki Motor Co., Ltd.; Chairman of Sikor E-Business Co., Ltd.; Chairman of Robitic Information Technology Co., Ltd. and Chief Executive Officer the SUPPORT Arts and Crafts International Centre of Thailand.

He is currently serving as Technical Advisor of Euroasia Business Advisory; Chairman of National Metal and Materials Technology Center Board, National Science Development Agency, Committee of PAC; Auditing Committee, Ministry of Science and Technology and Independent Director of Malee Sampran Plc.

Mr. Mati Tungpanich  
Director / Member of Audit Committee  
Independent Director

Graduated with a Bachelor's Degree in Architecture from Chulalongkorn University pursued his Master Degree in Architecture from Massachusetts Institute of Technology (MIT), USA; and later on joined the National Defense College of Thailand. He was elected 3 consecutive terms during 1986-1992 to serve as President of the Association of Siamese Architects under Royal Patronage. During 1996-1997 he served as Chairman of the Advisory Board to the Prime Minister on Urban Development. He was the first President of Federation of Design and Construction Services of Thailand (FEDCON) from 2000-2002.

He is currently serving as Director, Member of Audit Committee and Independent Director of Malee Sampran Plc. and Principle of Design+Develop co.Ltd., which he founded over 30 years ago.

Mr. Supatana Upanigkit  
Director/ Member of Audit Committee  
Independent Director

Graduated with a Bachelor in Accounting and Bachelor of Law from Thammasart University. Barrister -At -Law from The Thai Bar Organization. Special training in Banking Practice, Credit and Financial Analyst, Project analyst, The Law Process in business, Operating in Stock Exchange of Thailand and Executor Development., Certified Public Accountant from The Federation of Accounting Professions , Attorney at Law License from The Lawyers Council of Thailand , Training Course Director Accreditation Program Class 81/2009 from Thai Institute of Directors

Formerly the Vice President of DIA Auditing, Director and General Manager in Thai Finance, Vice President and Executive of Accounting in Thai Finance, Accountant at Yip-In-Soi Finance. And 13 years experiences in Bank of Thailand.

Currently, the Independent Director and Member of Audit Committee of Malee Sampran Public Co., Ltd., The owner and Vice President of Supatana Auditing and Speaker in Accounting and Taxation.



# Management Discussion and Analysis

## Operating Performance Analysis

Summary of the results from operations of the Company and its subsidiaries for the year ended 31 December 2009, comparing with the same period of previous year, the total sales were Baht 2,828.7 million which decreased by Baht 254.2 million or 8.2 % mainly due to the local sales in the contract manufacturing business and export sales decreased.

The gross profit was Baht 805.3 million which was higher than previous year by Baht 70.5 million. The gross margin was 28.5 % of total sales which increased by 4.6 % because the sales proportion of high margin product (e.g. fruit juices and beverages) was higher, while export sales with low margin decreased. The selling and administrative expenses were Baht 725.9 million which was higher than last year by Baht 20.3 million or 2.9 % of total sales according to sale growth of brand domestic. The Company had the total net profit at Baht 106.4 million compared with net profit of Baht 130.9 million in the previous year that there was the revision of estimated interest expense in the previous year Baht 74.1 million. The profit from the operation result increased from previous year 49.6 million.

Financial Status Analysis				
(Unit: Million Baht)				
Breakdown of assets	2010		2009	
Accounts receivable	431.2	19.9%	400.8	18.6%
Inventories	472.0	21.9%	401.6	18.7%
Investments	5.0	0.2%	33.9	1.6%
Land awaiting future development	128.8	6.0%	127.4	5.9%
Property, plant and equipment	1,042.4	48.2%	1,084.9	50.4%
Others	82.3	3.8%	102.9	4.8%
<b>Total assets</b>	<b>2,161.7</b>	<b>100.0%</b>	<b>2,151.5</b>	<b>100.0%</b>

Accounts receivable increased by Baht 30.4 million mainly from brand domestic sales that have longer collection term. Inventories increased by Baht 70.4 million, almost of the decreased inventories were packing material raw materials and finished good prepared for brand domestic growth. Most of the investments were fixed deposits to secure credit facilities granted by banks decreased from credit facilities changes. Property, plant and equipment decreased by Baht 42.5 million from depreciation of building machine and equipment.

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## The Quality of Assets

### Accounts receivable

Net accounts receivable at the year end were Baht 431.1 million, of which Baht 131.2 million was overdue, increased by 9.4 million or 7.7 % of total overdue, comparing at the year end of 2009 as there were some delay payment from export account receivable. The Company's management have reviewed the allowance for doubtful debt as at 31 December 2010 and believes that such amount is adequate in the current circumstances.

### Liquidity

The Company has cash flows from operating activities of Baht 108.6 million which was 86.1 million less than previous year from cash flow used in working capital, account receivable and inventory increasing. The working capital ratio was 0.6 time closed to the previous year.

### Capital Expenditures

The investments were improved production capacity of beverages under the various trademarks. The rest of the expenditures were repaired and maintained the plant and equipment to ensure the efficiency of the production facilities, and to achieve the good manufacturing practices (GMP) and international quality standards.

### The Source of Fund

Cash generated from operating activities 108.6 million were used for investing activities 17.6 million and to repay loans from financial institutions other payable 88.6 million.

### The Appropriateness of Capital Structure

The Company is considering the restructuring of its business structure and operations and finances and marketing and selling strategies, therefore, the Company believes that these problems will be able to resolve in near future.

### Liabilities

The Company still has high leverage. However, the continuing efforts of improvement from operation made the cash flow from operation positive continually. The debts which are mainly short-term loans are used as a working capital for operating activities. The Company yet converts parts of short-term debts to long-term one to improve the balance sheets. The Company has been trying to improve an operating performance and some parts of profit will be deducted in order to pay debts.

# Risk Factors

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## 1. Exchange Rate

There is exchange rate risk due to most of export sales are in US dollar. To reduce the risk, the Company has to manage forward sales and enter exchange rate forward contracts. Currently, proportion of export sales is approximately 20% of total revenues.

## 2. Raw Materials

Since main raw materials are agricultural products, which are fluctuated by climate variability and natural disasters. Therefore, the Company has to manage sales volume and prices related to material quantity and build raw material base to meet the demand.

# Audit Committee Report

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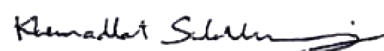
The Audit Committee of Malee Sampran Public Company Limited is composed of 3 independent directors who are independent and qualified as the Stock Exchange of Thailand's requirements. Mr. Khemadhat Sukondhasingha serves as Chairman of the Audit Committee, while Mr. Mati Tungpanich and Mr. Supatana Upanigkit serve as members of the Audit Committee.

In 2010, the Audit Committee held 5 meetings with the external auditor, internal auditor, and the Company's executive management to perform its duties and responsibilities in compliance with the regulations of the Stock Exchange of Thailand and as assigned by the Board of Directors. The significant tasks could be summarized as follows:

1. Reviewed the quarterly financial statements and the audited financial statements for the year 2010 with the external auditor and the Company's management to present to the Board of Directors, and found that the financial information is conformed to generally accepted accounting principles as well as sufficient and credible disclosures of significant matters.
2. Considered and approved the 2010 internal audit plan. Also supported and encouraged internal auditors to perform internal audit activities to meet an international standard. It found that the appropriate and effective internal control systems were in place. No significant weaknesses were found.
3. Reviewed risk management system and made recommendations to minimize risks in acceptable level.
4. In compliance with the regulations of the Stock Exchange of Thailand and other relevant laws, and found that the Company complied with such regulations and laws.
5. Reviewed connected transactions or transactions that may lead to conflict of interest, and found that the Company accurately and adequately disclosed in compliance with the regulations of the Stock Exchange of Thailand.
6. Considered the Company's auditor and audit fee, and proposed to the Board of Directors.

In the Audit Committee's opinion, the Company diligently pursued the good corporate governance policy. There are adequate internal control systems with no significant weaknesses and appropriate risk management. Related transactions or transactions that may lead to conflict of interest were accurately and adequately disclosed. The Company complied with regulations and other relevant laws. The financial statements were conformed to generally accepted accounting principles as well as sufficient and credible disclosures of significant matters.

On behalf of the Audit Committee



(Mr. Khemadhat Sukondhasingha)  
Chairman of the Audit Committee

February 1, 2011

# Quality System and Awards

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More than 30 years, Malee Company is continuing and improving production technique technology, and quality system consistently. The company's continuous main by focusing on rigorous food safety and hygiene to achieve national and international standard.

- BRC (Global Standard for Food Safety) issue 5 January 2008 : British Retail Consortium recognized by BVQI Company on 05th November 2010.
- IFS : International Food Standard Version 5 August 2007 recognized by BVQI Company on 05th November 2010.
- HACCP Alimentarius Commission (FAO/WHO) : Hazard Analysis and Critical Control (HACCP) Guideline Annex to CAC/RCP-1 (1969) Version 4 (2003) recognized by BVQI Company on 27th January 2010.
- Halal Certificate : recognized by The Central Islamic Committee of Thailand on 9th June 2009.
- Kosher Certificate : recognized by Thai Kashrut Services Limited on 17th September 2009.
- TLS. 8001-2003 Thai Labour Standard Certificate Completion Level Initiative Phase recognized by The Department of Labour Protection and Welfare The Ministry of Labour on 11th February 2009.
- Good Laboratory Practice / Department of Industrial Works, GLP/DIW recognized by Department of Industrial Works on 12th February 2008.

Besides, Malee Company has won awards as follows :

- The Prime Minister's Export Award 1993 which recognized the Company in the Distinctive Development & Marketing of a Thai Owned Brand in Category of food product.
- Best awards for environmental concern 1994, 1995 and 1997. Best Award for environmental protection plant for Water Management in 1994.
- World Tech 95 Award and The Best Product Award in the ASEAN Food Conference in Singapore in 1997
- Thailand Best Innovation Award 2003 for shelf-life extension of I-Corn milk beverage from chilled to ambient product at 9 months.
- Awarded in 2003 for innovative technology from Accensor Company and The Nation newspaper as the world's first producer of 100% corn milk beverage Malee I-Corn, called in UHT pack.
- Superbrands Thailand 2003 — 2004 by Superbrands Institute, UK which is the institute that conducted research for experts in fruits particularly from 5,000 samples nationwide.
- Trusted Brand 2003 — 2007 from Reader's Digest . For 5 consecutive years, Reader's Digest magazine has conducted researches and awarded the Company for its popularity among consumers.
- In August 2007, Malee Brand was selected in Hong Kong to be one of the top 20 leading brands in Thailand from the survey of Media Magazine, Asian Integrated Media, a regional brand consultant, and Synovate, a global marketing research company.
- In 2008, Malee Sampran Public Company Limited got the winner award "Thailand Energy Awards 2008" in improvement of biogas technology, Off-Grid category the first runner-up in development of biogas projection system "UASB; pond type) which is reprocessed from waste water and fruit garbage. This biogas technology will save in usage of electricity and fuel oil about 6 million baht per year. Company received award from Lieutenant General Poonpipat Lippatapunlop, the Ministry of Energy's minister at Chulabhorn Research Institute. In the same year, Malee also got 1st runner award of Asean Energy Awards 2008.



Feeling proud of the standard and Awards achieved, Malee Company regarded this as a driving force, an inspiration for our staffs to keep up the standard and with determination to devote to our works in order to reach the highest success in the future.





# Financial Statements

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MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

## REPORT OF THE AUDITOR

To        The Shareholders and Board of Directors of  
            Malee Sampran Public Company Limited and its Subsidiaries

I have audited the consolidated balance sheet of Malee Sampran Public Company Limited and its Subsidiaries as at December 31, 2010 and 2009, and the related consolidation statements of incomes, changes in shareholders' equity and cash flows for the years then ended and the separate balance sheet of Malee Sampran Public Company Limited as at December 31, 2010 and 2009, and the separate statements of income, the separate changes in shareholders' equity and the separate cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to issue a report on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Malee Sampran Public Company Limited and its Subsidiaries as at December 31, 2010 and 2009 and the consolidated results of their operations, the consolidated changes in their shareholders' equity and their consolidated cash flows for the years then ended, and the separate financial position of Malee Sampran Public Company Limited as at December 31, 2010 and 2009, and the separate results of its operations, the separate changes in its shareholders' equity and its separate cash flows for the years then ended in conformity with generally accepted accounting principles.

.....

Without changing in my unqualified opinion, I draw your attention to Note 1.4 to the financial statements as revealed in the consolidated financial statement, as at December 31, 2010 and 2009, the Company and its subsidiaries suffered recurring losses from operation of Baht 1,230.77 million and Baht 1,338.64 million, respectively, and current liabilities approximately Baht 655.00 million and Baht 747.32 million, respectively, in excess of current assets. In addition, as revealed in note 23.1.1 to the financial statements, as at December 31, 2010, the Company has long-time outstanding of some trade accounts payable. However, the Company's management is still able to maintain the trade debt repayment conditions as its normal course of business. Although, these conditions raise substantial doubt about the ability of the Company and its subsidiaries to continue as a going concern. However, the Company and its subsidiaries have long-time positive cash flow from operation that have been prevailing as presented in the consolidated statement of cash flow for year then ended December 31, 2010 at Baht 108.57 million. The management has regularly considered the restructuring of their business structure and operations and finances and marketing and selling strategies, therefore, they believe that these problems will be able to resolve in near future. For these reasons, the financial statements have been prepared on a going concern basis and hence do not include any of the adjustments that might result should the Company and its subsidiaries be unable to continue as a going concern.

And I draw your attention to the note to financial statement No.1.5, since March 10, 2009, the Company had been notified by the Stock Exchange of Thailand (SET) subject to the delisting of the Company security. Consequently, on May 11, 2009, the SET has posted the SP (Suspension) sign on the Company's securities to prohibit the trading until succeeded in solving a trouble of financial conditions and operations in respect with the SET regulation. The Company has proceeded to resolve its delisting grounds by jointed a certified financial advisory to conduct a rehabilitation plan. The rehabilitation plan has unanimously approved in the 2010 annual general meeting of shareholders on April 26, 2010. Following in quarter 3/2009, the Company has requested the Stock Exchange of Thailand to approve share trading resumption in stock market. Because the Company has considered that it has completed qualifications in accordance with the SET's requirements for resolving the delisting grounds. As the moment, the Company has requested to the Stock Exchange of Thailand for approving its share trading resumption in stock market again and it has not yet known the result.

.....

And I draw your attention to the note to financial statement No. 10 and 11 in the year 2009. The Company and its subsidiary have applied the revaluation method for plant and machineries using the appraisal value on December 31, 2009. This is in addition to the application of the revaluation method for land in the previous year. The management of the Company has chosen to adopt such accounting policy because plant and machineries of the Company and its subsidiary have been used for many years. Most of them have been fully depreciated but are still in use due to continuous maintenance and improvement. Thus, the book value of plant and machineries might not be represented at the value in use. The revaluation methods made the plant and machineries presented at their appropriate values. The revaluation of land, plant and machineries affects the Company and its subsidiary's financial statement as follows. First, the total values of land, plant and machineries on the consolidated financial statement and the separate financial statement increase by Baht 438.58 million and Baht 363.99 million, respectively. Such increases are recorded as surplus on revaluation of assets, under shareholders' equity. In addition, there is a Baht 3.33 million, charge to the provision for impairment losses of assets in the consolidated financial statement. The charge is recognized as an expense in the consolidated income statement. In conclusion, the asset revaluations alter the total shareholders' equity in the consolidated financial statement and the separate financial statement from the deficit amount in 2008 to the positive amount as shown in the balance sheet of 2009.

*Chantra Wongsri-Udomporn*

(Miss Chantra Wongsri-Udomporn)  
Certified Public Accountant  
Registration No. 4996

Dharmniti Auditing Company Limited  
Bangkok, Thailand  
February 16, 2011  
2011/062/0198



# Financial Statements

## MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### BALANCE SHEETS

AS AT DECEMBER 31, 2010 AND 2009

#### ASSETS

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	4	14172125	11842630	1721145	1512807
Trade accounts and notes receivable					
Subsidiaries	5	-	-	583,530,980	558,555,117
Related parties	5	18,315,053	21,644,914	1,088,540	1,088,540
Unrelated parties		418,116,377	381,771,827	99,507,119	112,412,877
Less : Allowance for doubtful accounts		(5,240,793)	(2,597,674)	(5,240,793)	(2,597,674)
	6	<b>431,190,637</b>	<b>400,819,067</b>	<b>678,885,846</b>	<b>669,458,860</b>
Inventories, net	7	472,036,521	401,600,347	331,570,550	260,732,431
Other current assets					
Export incentive receivable		526,491	1,308,619	526,491	1,308,619
Accrued other income and other accounts receivable	5	14,864,264	42,030,581	19,822,907	48,755,557
Input tax refundable		1,261,691	6,097,692	54,231	-
Advances payment		5,825,427	5,027,195	5,197,124	4,936,081
Excise tax		9,702,571	8,750,020	9,702,571	8,750,020
Others		15,568,243	8,249,607	6,271,799	6,268,642
<b>TOTAL CURRENT ASSETS</b>		<b>965,147,970</b>	<b>885,725,758</b>	<b>1,053,752,664</b>	<b>1,001,723,017</b>
<b>NON-CURRENT ASSETS</b>					
Restricted bank deposits	8	5,060,961	33,936,587	-	31,729,677
Investments in subsidiaries under the cost method, net	9	-	-	145,000,000	145,000,000
Property, plant and equipment, net	10	1,042,401,693	1,084,887,493	878,011,371	910,075,333
Land not used in operation, net	11	128,833,378	127,394,028	98,731,920	98,731,920
Other non-current assets					
Deposits		18,259,157	18,172,910	10,096,396	9,650,618
Others		2,028,995	1,384,155	2,029,612	1,384,155
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,196,584,184</b>	<b>1,265,775,173</b>	<b>1,133,869,299</b>	<b>1,196,571,703</b>
<b>TOTAL ASSETS</b>		<b>2,161,732,154</b>	<b>2,151,500,931</b>	<b>2,187,621,963</b>	<b>2,198,294,720</b>

Notes to financial statements form an integral part of these statements.

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**BALANCE SHEETS (CONT.)**

AS AT DECEMBER 31, 2010 AND 2009  
LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term loans from financial institutions	12	314,875,797	355,229,505	283,092,108	326,205,505
Trade accounts payable and note payable					
Subsidiary	5	-	-	53,725,106	250,926
Related party	5	4,401,571	4,748,725	4,401,571	4,748,725
Unrelated parties		916,235,638	895,265,671	839,790,215	885,905,880
Current portion of other payable	22.4.2	29,000,000	24,000,000	29,000,000	24,000,000
Factoring payable	6	153,515,825	100,492,016	9,409,413	16,438,473
Current portion of hire-purchase creditors	13	11,357,790	46,409,902	11,357,790	46,409,902
Current portion of financial lease creditors	14	1,268,371	-	622,444	-
Current portion of liability from guarantee	22.4.1	3,000,000	2,900,000	3,000,000	2,900,000
Current portion of long-term loans	15	7,512,534	26,754,810	7,512,534	26,754,810
Other current liabilities					
Accrued expenses and other accounts payable		162,012,322	167,358,028	58,711,771	66,792,289
Advances received from customers		11,775,926	6,580,829	11,775,926	6,370,829
Forward exchange contracts payable		341,683	85,416	214,071	18,948
Others		4,855,019	3,215,989	243,129	71,708
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,620,152,476</b>	<b>1,633,040,891</b>	<b>1,312,856,078</b>	<b>1,406,867,995</b>
<b>NON-CURRENT LIABILITIES</b>					
Hire-purchase creditors, net of current portion	13	4,806,617	11,573,093	4,806,617	11,573,093
Financial lease creditors, net of current portion	14	2,786,332	-	2,013,116	-
Liability from guarantee, net of current portion	22.4.1	2,488,260	5,488,260	2,488,260	5,488,260
Long-term loans, net of current portion	15	-	7,512,534	-	7,512,534
Other payable, net of current portion	22.4.2	139,822,300	167,257,330	139,822,300	167,257,330
Provisions for loss on defaulting on amount due from subsidiaries	25	-	-	334,031,767	303,642,300
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>149,903,509</b>	<b>191,831,217</b>	<b>483,162,060</b>	<b>495,473,517</b>
<b>TOTAL LIABILITIES</b>		<b>1,770,055,985</b>	<b>1,824,872,108</b>	<b>1,796,018,138</b>	<b>1,902,341,512</b>

Notes to financial statements form an integral part of these statements.

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**BALANCE SHEETS (CONT.)**

AS AT DECEMBER 31, 2010 AND 2009

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
SHAREHOLDERS' EQUITY					
Share capital					
Registered					
99,999,000 ordinary shares of Baht 10.00 each		999,990,000	999,990,000	999,990,000	999,990,000
Issued and fully paid					
70,000,000 ordinary shares of Baht 10.00 each		700,000,000	700,000,000	700,000,000	700,000,000
Share premium		347,500,000	347,500,000	347,500,000	347,500,000
Revaluation surplus		566,769,137	609,591,181	499,107,236	535,004,371
Retained earnings					
Appropriated - statutory reserve	16	8,180,000	8,180,000	8,180,000	8,180,000
Deficit		(1,230,772,968)	(1,338,642,358)	(1,163,183,411)	(1,294,731,163)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>391,676,169</b>	<b>326,628,823</b>	<b>391,603,825</b>	<b>295,953,208</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>2,161,732,154</b>	<b>2,151,500,931</b>	<b>2,187,621,963</b>	<b>2,198,294,720</b>

Notes to financial statements form an integral part of these statements.

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
**STATEMENTS OF INCOME**  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>REVENUES</b>					
Sales		2,828,667,793	3,082,852,804	2,234,555,703	2,749,205,845
Other income		59,881,860	63,448,114	41,130,080	68,632,414
<b>TOTAL REVENUES</b>		<b>2,888,549,653</b>	<b>3,146,300,918</b>	<b>2,275,685,783</b>	<b>2,817,838,259</b>
<b>EXPENSES</b>					
Cost of sales		2,023,369,836	2,348,103,943	1,863,202,508	2,385,959,098
Selling expenses		463,475,543	438,761,713	40,676,045	65,196,516
Administrative expenses		236,734,008	236,907,074	167,282,629	176,206,356
Liability arising from estimated loss in defaulting on amount due to subsidiaries	24	-	-	30,389,467	63,924,844
Directors and management benefit expenses		25,648,115	26,551,950	18,663,842	17,687,112
Loss on impairment of assets (reversal)		-	3,334,443	-	(5,998,418)
<b>TOTAL EXPENSES</b>		<b>2,749,227,502</b>	<b>3,053,659,123</b>	<b>2,120,214,491</b>	<b>2,702,975,508</b>
<b>PROFIT (LOSS) BEFORE FINANCE COST</b>		<b>139,322,151</b>	<b>92,641,795</b>	<b>155,471,292</b>	<b>114,862,751</b>
<b>FINANCE COST</b>		<b>32,958,521</b>	<b>35,830,033</b>	<b>25,452,388</b>	<b>28,600,526</b>
Reversion of estimated interest expense	22.4.2	-	(74,114,809)	-	(74,114,809)
<b>NET PROFIT (LOSS) FOR THE YEAR</b>		<b>106,363,630</b>	<b>130,926,571</b>	<b>130,018,904</b>	<b>160,377,034</b>
Share of profit (loss)					
Equity holders of parent company		106,363,630	130,926,571	130,018,904	160,377,034
Minority interest		-	-	-	-
		106,363,630	130,926,571	130,018,904	160,377,034
Basic earnings per share					
Net profit (loss)	19				
Equity holders of parent company		1.52	1.87	1.86	2.29
Minority interest		-	-	-	-
		<b>1.52</b>	<b>1.87</b>	<b>1.86</b>	<b>2.29</b>

Notes to financial statements form an integral part of these statements.

# Financial Statements

## MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Consolidated financial statements (In Thousand Baht)							Minority Interest	Total
	Equity holders of parent company								
	Issued and paid-up share capital	Share premium	Revaluation surplus	Retained earnings		Total			
				Appropriated	Deficit				
Note	Ordinary shares								
Balance as at 1 January 2010	700,000,000	347,500,000	609,591,181	8,180,000	(1,338,642,358)		326,628,823	-	326,628,823
Depreciation increment in assets	-	-	(41,316,284)	-	-		(41,316,284)	-	(41,316,284)
Revaluation surplus (reversal)	-	-	(1,505,760)	-	1,505,760		-	-	-
Income (expense) recognised directly in equity	-	-	(42,822,044)	-	1,505,760		(41,316,284)	-	(41,316,284)
Net profit (loss) for the periods	-	-	-	-	106,363,630		106,363,630	-	106,363,630
Total recognised income and expense	-	-	(42,822,044)	-	107,869,390		65,047,346	-	65,047,346
Balance as at 31 December 2010	700,000,000	347,500,000	566,769,137	8,180,000	(1,230,772,968)		391,676,169	-	391,676,169
Beginning balance as at 1 January 2009	700,000,000	347,500,000	171,009,035	8,180,000	(1,469,568,929)		(242,879,894)	-	(242,879,894)
Revaluation surplus	-	-	438,582,146	-	-		438,582,146	-	438,582,146
Income (expense) recognised directly in equity	-	-	438,582,146	-	-		438,582,146	-	438,582,146
Net profit (loss) for the year	-	-	-	-	130,926,571		130,926,571	-	130,926,571
Total recognised income and expense	-	-	438,582,146	-	130,926,571		569,508,717	-	569,508,717
Ending balance as at 31 December 2009	700,000,000	347,500,000	609,591,181	8,180,000	(1,338,642,358)		326,628,823	-	326,628,823

Notes to financial statements form an integral part of these statements.



MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENTS OF

CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Consolidated financial statements (In Thousand Baht)							Minority Interest	Total
	Equity holders of parent company								
	Issued and paid-up share capital	Share premium	Revaluation surplus	Retained earnings		Total			
				Appropriated	Deficit				
Note	Ordinary shares								
Balance as at 1 January 2010	700,000,000	347,500,000	535,004,371	8,180,000	(1,294,731,163)		295,953,208	-	295,953,208
Depreciation increment in assets	-	-	(34,368,287)	-	-		(34,368,287)	-	(34,368,287)
Revaluation surplus (reversal)	-	-	(1,528,848)	-	-	1,528,848	-	-	-
Income (expense) recognised directly in equity	-	-	(35,897,135)	-	-	1,528,848	(34,368,287)	-	(34,368,287)
Net profit (loss) for the periods	-	-	-	-	-	130,018,904	130,018,904	-	130,018,904
Total recognised income and expense	-	-	(35,897,135)	-	-	131,547,752	95,650,617	-	95,650,617
Balance as at 31 December 2010	700,000,000	347,500,000	499,107,236	8,180,000	(1,163,183,411)		391,603,825	-	391,603,825
Beginning balance as at 1 January 2009	700,000,000	347,500,000	171,009,035	8,180,000	(1,456,644,288)		(229,955,253)	-	(229,955,253)
Revaluation surplus (reversal)	-	-	365,531,427	-	-	-	365,531,427	-	365,531,427
Revaluation surplus (reversal) from sale	-	-	(1,536,091)	-	-	1,536,091	-	-	-
Income (expense) recognised directly in equity	-	-	363,995,336	-	-	1,536,091	365,531,427	-	365,531,427
Net profit (loss) for the year	-	-	-	-	-	160,377,034	160,377,034	-	160,377,034
Total recognised income and expense	-	-	363,995,336	-	-	161,913,125	525,908,461	-	525,908,461
Balance as at 31 December 2009	700,000,000	347,500,000	535,004,371	8,180,000	(1,294,731,163)		295,953,208	-	295,953,208

Notes to financial statements form an integral part of these statements.

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Cash flows from (used in) operating activities</b>					
Net profit (loss)		106,363,630	130,926,571	130,018,904	160,377,034
Adjustments to reconcile net income to net cash provided by (paid from) operating activities :-					
Provisions for loss in defaulting on amount due to subsidiaries (reversal)		-	-	30,389,467	63,924,844
Allowance for doubtful accounts		2,079,881	1,342,807	2,079,881	1,342,807
Provision for obsolete inventories		3,852,563	1,922,266	4,497,590	1,086,470
Loss on obsolete inventories		22,793,347	26,197,667	14,233,614	9,731,296
(Gain) Loss from adjustment of inventories		180,200	916,535	253,605	869,232
Depreciation		44,814,418	92,084,103	32,775,258	78,851,980
Allowance for impairment loss (reversal)		(227,782)	(834,957)	(526,498)	(10,167,818)
Loss on write-off machineries and equipment		5,271,346	-	4,907,236	-
Amortisation		960,617	2,510,230	960,617	2,407,754
(Gain) Loss on sales of property, plant and equipment		(94,419)	(8,468,090)	(71,331)	(16,878,536)
Unrealised (gain) loss on exchange		656,077	90,966	600,580	142,379
Revision of estimated interest expense	22.4.2	-	(74,114,809)	-	(74,114,809)
Interest income		(280,225)	(577,840)	(252,544)	(571,651)
Interest expenses		32,958,521	35,830,033	25,452,388	28,600,526
Income tax expense		-	-	-	-
Income from operating activities before changes in operating assets and liabilities		219,328,174	207,825,482	245,318,767	245,601,508
Operating assets (increase) decrease					
Trade accounts and notes receivable		(33,426,183)	45,151,083	(12,481,723)	(101,344,853)
Inventories		(97,262,284)	66,881,610	(89,822,928)	118,499,642
Other current assets		9,089,836	(17,100,884)	13,585,803	(20,535,651)
Other assets		(1,691,704)	(6,381,158)	(2,051,852)	(1,393,798)

Notes to financial statements form an integral part of these statements.

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONT.)

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Operating liabilities increase (decrease)					
Trade accounts payable		20,559,911	(72,591,271)	6,948,459	(55,601,842)
Other current liabilities		(10,968,429)	(19,996,730)	(15,079,523)	(7,592,591)
<b>Advance received from customer</b>		<b>5,195,097</b>	<b>(8,257,874)</b>	<b>5,405,097</b>	<b>(8,467,874)</b>
Cash flow from operating activities		110,824,418	195,530,258	151,822,100	169,164,541
Income tax paid		(2,256,600)	(851,498)	(2,023,798)	(798,078)
<b>Net cash flows from operating activities</b>		<b>108,567,818</b>	<b>194,678,760</b>	<b>149,798,302</b>	<b>168,366,463</b>
<b>Cash flows from (used in) investing activities</b>					
Decrease (increase) in restricted bank deposits		28,875,626	54,253,019	31,729,677	56,459,929
Acquisition of machinery and equipment		(47,237,901)	(10,095,089)	(42,432,670)	(9,096,234)
Proceeds from sales of property, plant and equipment		420,651	15,965,034	4,669,174	16,010,794
Interest income received		280,225	577,840	252,544	571,651
<b>Net cash flows from (used in) investing activities</b>		<b>(17,661,399)</b>	<b>60,700,804</b>	<b>(5,781,275)</b>	<b>63,946,140</b>
<b>Cash flows from (used in) investing activities</b>					
Decrease in bank overdraft and short-term loans from financial institutions		(40,353,708)	(124,599,407)	(43,113,397)	(153,623,407)
Increase (decrease) in factoring payable		53,023,809	(45,289,609)	(7,029,060)	(3,261,214)
Cash received from account payable and loan from subsidiary		-	-	-	39,023,423
Cash paid to account payable and loan from subsidiary		-	-	-	(39,023,423)
Cash paid to hire-purchase creditors		(23,196,005)	-	(23,196,005)	-
Cash paid to liabilities under finance lease agreement		(338,998)	-	(167,488)	-
Cash paid to liability from guarantee		(2,900,000)	(2,437,740)	(2,900,000)	(2,437,740)
Cash paid to long-term loans		(26,754,810)	(31,231,351)	(26,754,810)	(31,231,351)
Other payable, long - term		(22,435,030)	(11,556,470)	(22,435,030)	(11,556,470)
Cash paid to interest expenses		(25,622,182)	(37,236,294)	(18,212,899)	(29,691,179)
<b>Net cash flows used in financing activities</b>		<b>(88,576,924)</b>	<b>(252,350,871)</b>	<b>(143,808,689)</b>	<b>(231,801,361)</b>
Net increase (decrease) in cash and cash equivalents		2,329,495	3,028,693	208,338	511,242
Cash and cash equivalents at beginning of year		11,842,630	8,813,937	1,512,807	1,001,565
<b>Cash and cash equivalents at end of year</b>		<b>14,172,125</b>	<b>11,842,630</b>	<b>1,721,145</b>	<b>1,512,807</b>

Notes to financial statements form an integral part of these statements.

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONT.)

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Supplemental cash flows information :-

Cash and cash equivalents consist of cash on hand and deposits at financial institutions and money market securities. Cash and cash equivalents in the cash flow statements are concluded from the accounts on balance sheet as follow :

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Cash on hand and deposits at financial institutions		14,172,125	11,842,630	1,721,145	1,512,807
Short-term securities		-	-	-	-
Cash and cash equivalents according to the previous outstanding		14,172,125	11,842,630	1,721,145	1,512,807
Effect from change in exchange rate		-	-	-	-
Cash and cash equivalents after adjusted		14,172,125	11,842,630	1,721,145	1,512,807

1) In quarterly 1, 2009, according to the resolution of Board of Director Meeting No. 3/2008 dated July 21, 2008, the Company has off-set the money of Baht 136.64 million earned from sale of land including other building machinery and factory and office equipment to a subsidiary, Agi Sol Co., Ltd. with the amount due for investing in the subsidiary's common stocks of Baht 145 million Baht. Therefore, the Company earned gain on sell of assets of Baht 8.43 million.

2) In quarterly 1, 2010, the Company has agreed with a payable to settle their hire-purchase installation of machinery in partial of Baht 18.62 million with other account receivable in the same amount.

Notes to financial statements form an integral part of these statements.

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

## 1. GENERAL INFORMATION

### 1.1 Corporate information

Malee Sampran Public Company Limited ("The Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of canned fruit and fruit juices and its registered address is 401/1, Moo 8, Phaholyothin Road, Kookod, Lumlookka, Pathumthani, Thailand 12130.

### 1.2 Employees and related costs

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Number of employees at end of years (persons)	1,335	1,379	926	1,115
Employee costs for the years (Baht)	267,349,820	251,544,132	179,881,932	183,948,009

### 1.3 Expenses by nature

	BAHT			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Depreciation and amortization	44,814,418	92,084,103	32,775,258	78,851,980
Gain (loss) on exchange rate	9,389,716	3,138,366	5,494,372	3,067,609

### 1.4 Fundamental Accounting Assumptions

As at December 31, 2010 and 2009, the Company and its subsidiaries suffered recurring losses from operation of Baht 1,230.77 million and Baht 1,338.64 million respectively, and current liabilities approximately Baht 655.00 million and Baht 747.32 million respectively, in excess of current assets. Although these conditions raise substantial doubt about the ability of the Company and its subsidiaries to continue as a going concern. However, the Company and its subsidiaries have long time positive cash flow from operation for the year ended December 31, 2010, at Baht 108.57 million. The managements are considering the restructuring of their business structure and operations and finances and marketing and selling strategies, therefore, they believe that these problems will be able to resolve in near future. For this reason, the financial statements have been prepared on going concern basis and hence do not include any of the adjustments that might result should the Company and its subsidiaries be unable to continue as a going concern.



MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2010 AND 2009

1.5 Status of the Company regarding to delisting of security

And I draw your attention to the note to financial statement No.1.5, since March 10, 2009, the Company had been notified by the Stock Exchange of Thailand (SET) subject to the delisting of the Company security. Consequently, on May 11, 2009, the SET has posted the SP (Suspension) sign on the Company's securities to prohibit the trading until succeeded in solving a trouble of financial conditions and operations in respect with the SET regulation. The Company has proceeded to resolve its delisting grounds by jointed a certified financial advisory to conduct a rehabilitation plan. The rehabilitation plan has unanimously approved in the 2010 annual general meeting of shareholders on April 26, 2010. Following in quarter 3/2009, the Company has requested the Stock Exchange of Thailand to approve share trading resumption in stock market. Because the Company has considered that it has completed qualifications in accordance with the SET's requirements for resolving the delisting grounds. As the moment, the Company has requested to the Stock Exchange of Thailand for approving its share trading resumption in stock market again and it has not yet known the result.

2. STANDARD BASIS OF PREPARATION

2.1 Basis for the preparation of financial statements

2.1.1 The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounting Act enunciated under the Accounting Profession Act B.E. 2547. The presentation of the financial statements has been made in compliance with the notification of the Department of Business Development, the Ministry of Commerce, re : the financial statements presentation B.E.2552 for public limited company, issued under the Accounting Act B.E.2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from such financial statements in Thai language.

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

2.1.2 Adoption of new accounting standards during the year

During the year 2010, the Federation of Accounting Professions (FAP) has issued Notifications to mandate the use of the revised 2009, new issued of accounting standards and financial reporting standards and the interpretation, totalling 32 standards, as follows.

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2010 AND 2009

Framework for the Preparation and Presentation of Financial Statements (revised 2009)

TAS 1	(revised 2009)	Presentation of Financial Statements
TAS 2	(revised 2009)	Inventories
TAS 7	(revised 2009)	Statement of Cash Flows
TAS 8	(revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10	(revised 2009)	Events after the Reporting Period
TAS 11	(revised 2009)	Construction Contracts
TAS 12		Income Taxes
TAS 16	(revised 2009)	Property, Plant and Equipment
TAS 17	(revised 2009)	Leases
TAS 18	(revised 2009)	Revenue
TAS 19		Employee Benefits
TAS 20	(revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21	(revised 2009)	The Effects of Changes in Foreign Exchange Rates
TAS 23	(revised 2009)	Borrowing Costs
TAS 24	(revised 2009)	Related Party Disclosures
TAS 26		Accounting and Reporting by Retirement Benefit Plans
TAS 27	(revised 2009)	Consolidated and Separate Financial Statements
TAS 28	(revised 2009)	Investments in Associates
TAS 29		Financial Reporting in Hyperinflationary Economies
TAS 31	(revised 2009)	Interests in Joint Ventures
TAS 33	(revised 2009)	Earnings per Share
TAS 34	(revised 2009)	Interim Financial Reporting
TAS 36	(revised 2009)	Impairment of Assets
TAS 37	(revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38	(revised 2009)	Intangible Assets
TAS 40	(revised 2009)	Investment Property
TFRS 2		Share-based Payment
TFRS 3	(revised 2009)	Business Combinations
TFRS 5	(revised 2009)	Non-current Assets Held for sale and Discontinued Operations
TFRS 6		Exploration for and Evaluation of Mineral Resources
TFRIC 15		Agreements for the Construction of Real Estate

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2010 AND 2009

These accounting standards and financial reporting standards are effective for the fiscal year beginning on or after January 1, 2011, except for TAS 12, TAS 20 and TAS 21, they are effective for the fiscal year beginning on or after January 1, 2013.

The management of the Company has assessed the effect of these accounting standards and financial reporting standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied, except for TAS 12 Income Taxes, TAS 16 (revised 2009) Property, Plant and Equipment, TAS 19 Employee Benefits and TAS 40 (revised 2009) Investment Property. The management of the Company is in the process of reviewing the effect of such accounting standards to the financial statements for the year in which they are initially applied.

## 2.2 Basis of consolidation

2.2.1 These consolidated financial statements include the financial statements of Malee Sampran 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 31 December 2010. There have been no changes in the composition of the Group during the current period.

Company's name	Nature of business	Percentage of shareholding		Country of incorporation	Assets as a percentage to the consolidated total assets		Revenues as a percentage to the consolidated total	
		2010 Percent	2009 Percent		2010 Percent	2009 Percent	2010 Percent	2009 Percent
Held by the Company								
Malee Enterprise Company Limited	Distributor	99.99	99.99	Thailand	21.90	19.98	56.42	42.80
Malee Supply Company Limited	Distributor	97.60	97.60	Thailand	-	-	-	-
	(Dormant)							
Icon Foods, LLC.	Distributor	99.00	99.00	USA	-	-	-	-
	(Dormant)							
Agri Sol Company Limited	Manufacture and distributor	100.00	100.00	Thailand	10.95	12.66	6.89	0.37

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2010 AND 2009

2.2.2 The financial statements of overseas subsidiary company are translated into Thai Baht at the 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 "Translation adjustment" in shareholders' equity.

2.2.3 Material balances and transactions between the Company and its subsidiary companies 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 and allowances.

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, 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 accounts receivable

Trade accounts receivable 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

Finished goods, work in process, raw materials, packing materials, spare parts and factory supplies are valued at the lower of standard cost (which approximates actual cost by weighted average method) and net realisable value. Standard cost includes all production costs and attributable factory overheads.

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.

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2010 AND 2009

### 3.5 Investments

Investments in subsidiaries and associated company are accounted for under the cost method less allowance for impairment loss on the investments, if any. The Company recognizes impairment loss on the investments in the statement of income.

### 3.6 Export incentive receivable

Export incentive, in the form of tax coupons, is recognized as revenue when the relevant export shipment is made. Export incentive is calculated by multiplying of the determined percentage and invoicing value based on F.O.B. basis.

### 3.7 Property, plant and equipment and depreciation

#### Measurement of land, plant and equipment

Land is stated at cost or revaluation. Plant and machineries are stated at cost or revaluation less accumulated depreciation and impairment loss (if any). Equipment, excluding plant and machineries are stated at cost less accumulated depreciation and impairment loss (if any).

Reappraised value is the fair market value, which is obtained from the independent appraiser, using the market approach to appraise land and cost approach to appraise building and machineries. The Company has a policy to revalue assets every five years to ensure that their carrying amounts do not differ materially from their fair values at the balance sheet date. When an asset's carrying amount is increased as a result of a revaluation, the increase should be recorded as "Surplus on revaluation of assets" under "Shareholders' equity" in the balance sheet.

#### 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 to ensure that the carrying amount does not differ materially from the fair value at the balance sheet 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 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 the amount held in the revaluation surplus pertaining to land. If not, the excess will be recognized as an expense in the income statement.



MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)**  
 DECEMBER 31, 2010 AND 2009

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

**Recognition method of plant and machineries on revaluation cost**

Depreciation for the reappraised plant and machinery of the Company will be calculated based on the estimated remaining useful life and charged against the surplus on revaluation of fixed assets.

The differences arising from revaluation of buildings and machineries are dealt in the financial statements as follows:-

Any increase in value, is credited to the revaluation reserve unless it offsets a previous decrease in value recognized in the income statement. A decrease in value is recognized in the income statement to the extent that it exceeds the increase previously recognized in the revaluation reserve. The difference between the depreciation based on the revalued amount of the buildings and machineries and the depreciation based on the buildings and machineries's original cost is credited to the shareholder's equity under "Surplus on revaluation of buildings and machineries". Upon the disposal of previously appraised buildings and machineries, the revaluation surplus of the disposed buildings and machineries is transferred directly to the statement of retained earnings, not to the income statement, to close the surplus account.

**Depreciation**

Depreciation of plants, machineries and equipment are calculated by the estimated useful lives of each part of an item of plants, machineries and equipment. The estimated useful lives are

	Method		Year	
	New	Old	New	Old
Land improvement	Straight-line	Straight-line	5	5
Buildings improvement	Straight-line	Straight-line	25	5
Building acquired prior to 1990	Straight-line	Declining	40	20
Building acquired since 1990	Straight-line	Straight-line	40	20
Machinery acquired prior to 1990	Straight-line	Declining	15,20	5,10
Machinery acquired since 1990	Straight-line	Straight-line	15,20	5,10
Equipment and furniture acquired prior to 1990	Declining	Declining	5,10	5,10
Equipment and furniture acquired since to 1990	Straight-line	Straight-line	5,10	5,10
Motor vehicles	Straight-line	Straight-line	5	5

No depreciation is provided for land and construction in progress.

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2010 AND 2009

3.8 Borrowing cost

Borrowing cost of loans for fixed asset procurement is recorded in cost of fixed assets until the assets are ready for use.

3.9 Intangible asset

Intangible asset is stated at less amortization. Amortization of intangible asset is calculated by reference to its cost on the straight - line basis over 3 year.

3.10 Amortization

Pallets and packages are stated at cost less accumulated amortization. Amortization of pallets and packages is calculated on the straight-line method over periods of 1 and 3 years.

3.11 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.

3.12 Hire-purchase agreement

The Company recorded its property, plant and equipment under hire-purchase as assets and liabilities in the balance sheets at amounts equal at the inception of the hire-purchase to the fair value of the leased assets or, if lower, at the present value of the minimum hire-purchase payments. In calculating the present value of the minimum hire-purchase payments, the discount factor used is the interest rate implicit in the hire-purchase. The interest charge is recorded to periods during the hire-purchase term on the remaining balance of the liability for each period.

3.13 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 income statements over the lease period. The property, plant or equipment acquired under finance lease is depreciated over the shorter of the useful life of the asset or the lease term.

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2010 AND 2009

### 3.14 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 period in which termination takes place.

### 3.15 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.

### 3.16 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 income statement. An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

### 3.17 Employee benefits

Salary, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

### 3.18 Income tax

Income tax is provided for in the accounts based on the taxable profits determined in accordance with tax legislation at the determined rate of 30%.

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2010 AND 2009

### 3.19 Derivatives

The Company enters into forward exchange contracts to reduce its exposure from exchange rate on cash flow of apart of account receivable that dominated in foreign currency. As at the entered date of forward exchange contracts, the Company records its obligation on assets and liabilities in balance sheet and recognizes its variance on exchange rate under account "Premium or discount on cash flow hedging deferred account" which will be amortized on straight-line method through a term of its forward exchange contract. Exercised foreword exchange contracts that occurred during the period are translated into Baht at the rates ruling on the transaction dates and recognized its realized gain/loss when delivered currency in determining income of incurring period. Forward exchange contracts outstanding at the balance sheet date are presented as net transaction under account "Forward exchange contracts receivable/payables" and its unrealized gain/loss resulting from currency translation at the balance sheet are reported in equity. An exception as if the said loss is identified on nonqualified hedges, then the loss is recognized as losses in net income in the period in which it occurs.

### 3.20 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 balance sheet date are translated into Baht at the exchange rates ruling on the balance sheet date.

Gains and losses on exchange are included in determining earnings.

### 3.21 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. The significant estimates are as follows :

#### Property, plant and equipment and intangible assets

Management determines the estimated useful lives and residual values for the Company's property, plant and equipment, and intangible assets. Management will revise the depreciation charge as the useful lives and residual values change and write off or write down technically obsolete, abandoned or sold assets.

### 3.22 Earning per share

Basic earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
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### 3.23 Financial instruments

The Company and its subsidiary have no policy to speculate in or engage in the trading of any financial derivative instruments.

## 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents, as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Petty cash	231,000	161,000	80,000	110,000
Cash at banks - current accounts	3,987,312	3,212,633	1,533,338	1,180,530
- savings accounts	5,572,420	4,377,811	107,807	222,277
- fixed accounts	2,786	2,772	-	-
Checks on hand - due but not paid-in	4,378,607	4,088,414	-	-
Total cash and cash equivalents	14,172,125	11,842,630	1,721,145	1,512,807

## 5. RELATED PARTY TRANSACTIONS

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Related parties are these parties linked to companies in the Group as follow :

Related Companies	Business Type	Relation ship
<b>Subsidiaries</b>		
Malee Enterprise Company Limited	Distributor	Shareholders/Co-directors
Agri Sol Company Limited	Manufacture and distributor	Shareholders/Co-directors
Malee Supply Company Limited	Distributor (Dormant)	Shareholders/Co-directors
Icon Foods, LLC.	Distributor (Dormant)	Shareholders/Co-directors
<b>Related parties</b>		
Abico Holding Public Company Limited	Holding company (investment)	Company's shareholder/Co-directors
Abico Land Company Limited	Real estate developer	Co-directors
Abico Daily Farm Company Limited	Produce service of ready to drink milk and fruit juices	Group of companies/Co-director

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

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Related Companies	Business Type	Relation ship
Chokchai Milk Company Limited	Chokchai brand owner	Relate with Abico Holding Public Company Limited
PPO Farm Company Limited	Agriculture and dairy farm	Co-directors
Central Food Retail Company Limited	Department store	Co-directors
Big C Supercenter Public Company Limited	Department store	Co-directors
Dhanamitr Factoring Company Limited	Factoring	Co-directors
CG Broker Company Limited	Insurance	Co-directors

During the years, the Company had significant trading transactions with its subsidiary and related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Company and those companies. Below is a summary of those transactions.

		Baht			
		Consolidated financial statements		Separate financial statements	
	Pricing policy	2010	2009	2010	2009
Transactions with subsidiary (Eliminated in the consolidated financial statements)					
Sales of goods	Cost plus margin	-	-	1,205,969,822	1,012,295,903
Purchase of goods	Cost plus margin	-	-	50,677,669	-
Other income	Cost plus margin	-	-	82,591,639	-
Guarantee income	0.25 percent of the guarantee amount			737,500	400,000
Guarantee fee	0.25 percent of the guarantee amount	-	-	700,000	750,000
Land and plant rental expense	Contract price	-	-	-	5,800,000
Interest expense - loan	MLR + 0.25%	-	-	-	2,381,869
Transactions with related parties					
Sales of goods	Comprable market price	118,551,519	157,226,503	-	-
Purchase of goods	Comprable market price	6,289,103	-	-	-
Building rental expenses	Contract price	11,016,960	10,986,906	6,609,360	6,582,661
Produce service	Comprable market price	50,045,118	54,328,141	50,045,118	54,328,141
Sale promotion expense	Contract price	12,690,511	14,702,330	-	-
Insurance expense	Contract price	-	1,457,989	-	1,397,139
Interest expense - factoring	Market yield	1,573,587	2,408,567	-	-
Interest expense - loan	Market yield	-	374,414	-	374,414



MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

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The balances of the accounts as at December 31, 2010 and 2009 between the Company and those related companies are as follows:

	บาท			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Trade accounts and notes receivable</b>				
<b>Subsidiary</b>				
Malee Enterprise Co., Ltd.	-	-	578,994,808	539,623,192
Agri Sol Co., Ltd.	-	-	4,536,172	18,931,925
<b>Total</b>	<b>-</b>	<b>-</b>	<b>583,530,980</b>	<b>558,555,117</b>
<b>Related parties</b>				
Chokchai Milk Limited	1,088,540	1,088,540	1,088,540	1,088,540
Central Food Retail Company Limited	17,226,513	20,556,374	-	-
<b>Total</b>	<b>18,315,053</b>	<b>21,644,914</b>	<b>1,088,540</b>	<b>1,088,540</b>
<b>Other accounts receivable</b>				
<b>Subsidiary</b>				
Agri Sol Co., Ltd.	-	-	4,965,428	6,734,958
<b>Related party</b>				
Abico Daily Farm Company Limited	138,924	8,566,870	138,924	8,566,870
Dhanamitr Factoring Company Limited	3,488	4,370	-	-
<b>Total</b>	<b>142,412</b>	<b>8,571,240</b>	<b>138,924</b>	<b>8,566,870</b>
<b>Trade accounts payable</b>				
<b>Subsidiary</b>				
Malee Enterprise Co., Ltd.	-	-	-	250,926
Agri Sol Co., Ltd.	-	-	53,725,106	-
	-	-	<b>53,725,106</b>	<b>250,926</b>
<b>Related party</b>				
Abico Daily Farm Company Limited	4,401,571	4,748,725	4,401,571	4,748,725
<b>Factoring payable</b>				
<b>Related party</b>				
Dhangmitr Factoring Company Limited	28,862,498	24,923,852	-	-
<b>Accrued expenses and accrued interest and other account payable</b>				
<b>Subsidiary</b>				
Malee Enterprise Co., Ltd.	-	-	498,655	-
Agri Sol Co., Ltd.	-	-	5,759,921	6,010,000
	-	-	<b>6,258,576</b>	<b>6,010,000</b>
<b>Related party</b>				
Abico Land Company Limited	99,711	161,507	67,487	132,014
Abico Daily Farm Company Limited	12,630	-	-	-
CG Broker Company Limited	-	1,449,801	-	1,397,139
Central Food Retail Company Limited	6,467,969	4,208,274	-	-
<b>Total</b>	<b>6,580,310</b>	<b>5,819,582</b>	<b>67,487</b>	<b>1,529,153</b>

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
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Currently, Chokchai Milk Limited does not directly relate to the Company, either through having common shareholders and / or common directors. However, Chokchai Milk Limited relates to Abico Holdings Public Company Limited as the Company's major shareholder. The Company is a manufacturer and distributor of the product under "Chochai Farm" brand, license of Chochai Milk Limited. However, there is no charges of licensing.

Since at December 31, 2006, the Baht 35 million allowance for doubtful accounts was set aside in the account for Chokchai Milk Limited. Later, in the year 2007, the Central Court agreed with the business restructuring plan of Chokchai Milk Limited. Under this restructuring plan, the total stipulated debt amount that the Company shall receive amounted to Baht 1.09 million. As a result, in 2007, the Company had written off the remainder of the debt into bad debt of Baht 34 million. As at December 31, 2010, the Company considered to set allowance for doubtful accounts for above accounts receivable fully amounted Baht 1.09 million.

**Directors and management benefit expenses**

Directors and management benefit expenses represent the benefits paid to the directors and the Company's management such as salaries and related benefit including the benefit paid by other means. The directors and the Company's management are the persons who are defined under the Securities and Exchange Act B.E. 2535.

For the years ended December 31, 2010 and 2009, there paid to the directors and management benefit expenses for the Company and its subsidiary in the amount of Baht 25,648,115 and Baht 26,551,950, respectively and for the Company only in the amount of Baht 18,663,842 and Baht 17,687,112, respectively.

**Guarantee obligations with related parties**

The Company has outstanding guarantee obligations with its related party, as described in Note 22.3 to the financial statements.

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)**  
DECEMBER 31, 2010 AND 2009

## 6. TRADE ACCOUNTS AND NOTES RECEIVABLE

The outstanding balances of trade accounts receivable as at December 31, 2010 and 2009 are aged, based on due date, as follows:-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Age of receivables</b>				
Not yet due	305,170,469	281,577,844	332,107,756	317,717,715
Past due				
Up to 3 months	125,463,999	114,021,369	344,442,692	322,089,189
3 - 6 months	1,072,832	2,342,974	3,097,240	28,019,597
6 - 9 months	838,162	3,322,599	838,162	2,062,579
<b>Longer than 9 months</b>	<b>3,885,968</b>	<b>2,151,955</b>	<b>3,640,789</b>	<b>2,167,454</b>
Total	436,431,430	403,416,741	684,126,639	672,056,534
Less : Allowance for doubtful accounts	(5,240,793)	(2,597,674)	(5,240,793)	(2,597,674)
Trade accounts and notes receivable, net	<b>431,190,637</b>	<b>400,819,067</b>	<b>678,885,846</b>	<b>669,458,860</b>

In the year 2009, the Company and its subsidiary have written accounts receivable off from the accounts that had been certainly uncollectible approximately Baht 19.54 million. These accounts receivable were fully provisioned for doubtful debt in the prior year. The provision and accounts receivable as the amount above were reversed from the financial statement as at December 31, 2009.

Included in the trade accounts receivable of the Company and its subsidiary as at December 31, 2010 and 2009 were approximately Baht 176.59 million and Baht 147.15 million, respectively, which have been sold with recourse to financial institutions at a discount. The Company and its subsidiary have been sold with recourse to financial institutions at a discount for the Company and its subsidiary in the amount of Baht 153.52 million and Baht 100.49 million, respectively and for the Company only in the amount of Baht 9.41 million and Baht 16.44 million, respectively.

## 7. INVENTORIES

	Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Finished goods	321,728,493	297,493,108	192,827,522	167,382,863
Raw materials	41,075,212	25,700,569	39,573,372	25,635,678
Packing materials	101,638,096	70,610,720	94,074,765	62,258,744
<b>Spare parts and factory supplies</b>	<b>26,881,188</b>	<b>23,229,855</b>	<b>23,558,043</b>	<b>19,420,708</b>
Total	491,322,989	417,034,252	350,033,702	274,697,993
Less : Less Allowance for stock obsolescence	(19,286,468)	(15,433,905)	(18,463,152)	(13,965,562)
<b>Inventories, net</b>	<b>472,036,521</b>	<b>401,600,347</b>	<b>331,570,550</b>	<b>260,732,431</b>

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Allowance for obsolete stock is changed during the period as follows :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Beginning balance	15,433,905	15,183,231	13,965,562	12,879,092
Additional during the year	22,398,477	22,725,526	15,081,523	7,097,052
Deduction during the year	(18,545,914)	(22,474,852)	(10,583,933)	(6,010,582)
<b>Ending balance</b>	<b>19,286,468</b>	<b>15,433,905</b>	<b>18,463,152</b>	<b>13,965,562</b>

As at December 31, 2010, the Company has no pledged inventories. But as at December 31, 2009, the Company has pledged inventories of approximately Baht 52.84 million, respectively to secure short-term loans from financial institutions.

For the years ended December 31, 2010 and 2009, there are loss on disposed stock incurred from e.g. taking of disposed finished goods to produce biological gas for internal using in a factory, disposal of stocks that are out of date, damage and useless. For the Company and its subsidiary in the amount of Baht 22.79 million and Baht 26.20 million and for the Company only in the amount of Baht 14.23 million and Baht 9.73 million, respectively.

## 8. RESTRICTED BANK DEPOSITS

These represent fixed deposits pledged with the banks to secure credit facilities.

## 9. INVESTMENTS ACCOUNTED FOR UNDER THE COST METHOD

These represent investments in ordinary shares in following subsidiaries and associated company.

Company's name	Separate financial statements					
	Paid-up capital		Shareholding percentage		Cost (Baht)	
	2010	2009	2010	2009	2010	2009
			Percent	Percent		
<b>Investments in subsidiary companies</b>						
Malee Enterprise Company Limited	Baht 100 million	Baht 100 million	99.99	99.99	99,988,000	99,988,000
Malee Supply Company Limited	Baht 1.75 million	Baht 1.75 million	97.60	97.60	1,708,000	1,708,000
Icon Foods, LLC.	USD 50,500	USD 50,500	99.00	99.00	1,291,000	1,291,000
Agri Sol Limited	Baht 145 million	Baht 145 million	100.00	100.00	<b>145,000,000</b>	<b>145,000,000</b>
					247,987,000	247,987,000
Less : Impairment loss on investment					(102,987,000)	(102,987,000)
<b>Investment, net</b>					<b>145,000,000</b>	<b>145,000,000</b>

In the year 2008, the Company invested in the common shares of Agri Sol Limited at 100% of the authorized capital of the above company in the amount of Baht 145 million, 14,500,000 shares, at Baht 10 each. Therefore, Agri Sol Limited has the status of a subsidiary to the Company. As at December 31, 2010 and 2009, the Company has already included the financial statements of the company above which were prepared by the management into the consolidated financial statements (see Note 2.2.1).

## 10. PROPERTY, PLANT AND EQUIPMENT

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2010 AND 2009

### Consolidated financial statements

	Baht								
	Land	Buildings and buildings improvement	Land improvement	Machinery and equipment	Motor vehicles	Furniture, fixtures and office equipment	Construction in progress	Elimination	Total
Cost amount:									
As at December 31, 2009	41,619,715	326,044,301	8,932,610	1,457,098,368	16,770,127	145,611,436	34,703,115	(301,913)	2,030,477,759
Acquisition	-	675,000	31,000	3,083,217	4,838,801	3,982,886	37,581,349	-	50,192,253
Disposals	-	-	-	(1,449,323)	-	(33,600)	-	-	(1,482,923)
Transfer in (out)	-	73,925	-	4,082,373	-	3,831,901	(7,988,199)	-	-
Write-off	-	-	-	(29,104,578)	-	(87,318)	(3,782,243)	-	(32,974,139)
As at December 31, 2010	41,619,715	326,793,226	8,963,610	1,433,710,057	21,608,928	153,305,305	60,514,022	(301,913)	2,046,212,950
Accumulated depreciation :									
As at December 31, 2009	-	224,738,987	8,029,380	1,129,787,272	16,513,386	131,551,167	-	(153,083)	1,510,467,109
Depreciation charge for the year	-	4,759,147	460,458	32,118,324	261,082	7,215,407	-	-	44,814,418
Depreciation on disposals	-	-	-	(1,366,895)	-	(14,840)	-	-	(1,381,735)
Transfer in (out)	-	7,740	-	1,078,050	80,767	10,997	-	-	1,177,554
Depreciation for write - off	-	-	-	(28,905,628)	-	(77,883)	-	-	(28,983,511)
As at December 31, 2010	-	229,505,874	8,489,838	1,132,711,123	16,855,235	138,684,848	-	(153,083)	1,526,093,835
Allowance for impairment loss:									
As at December 31, 2009	-	11,648,118	-	6,191,442	-	-	24,824,104	-	42,663,664
Disposals	-	-	-	-	-	-	-	-	-
Write- off	-	-	-	(227,779)	-	-	-	-	(227,779)
As at December 31, 2010	-	11,648,118	-	5,963,663	-	-	24,824,104	-	42,435,885
Net book value :									
As at December 31, 2010	41,619,715	85,639,234	473,772	295,035,271	4,753,693	14,620,457	35,689,918	(148,830)	477,683,230
As at December 31, 2009	41,619,715	89,657,196	903,230	321,119,654	256,741	14,060,269	9,879,011	(148,830)	477,346,986
Revalued amount :-									
As at December 31, 2009	156,825,622	75,295,223	-	375,419,662	-	-	-	-	607,540,507
Increasing (Decreasing)	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(237,235)	-	-	-	-	(237,235)
Write - off	-	-	-	(1,423,009)	-	-	-	-	(1,423,009)
As at December 31, 2010	156,825,622	75,295,223	-	373,759,418	-	-	-	-	605,880,263
Accumulated depreciation :									
As at December 31, 2009	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	3,800,338	-	37,515,946	-	-	-	-	41,316,284
Disposals	-	-	-	(12,184)	-	-	-	-	(12,184)
Write - off	-	-	-	(142,300)	-	-	-	-	(142,300)
As at December 31, 2010	-	3,800,338	-	37,361,462	-	-	-	-	41,161,800
Net reappraised value :									
As at December 31, 2010	156,825,622	71,494,885	-	336,397,956	-	-	-	-	564,718,463
As at December 31, 2009	156,825,622	75,295,223	-	375,419,662	-	-	-	-	607,540,507
Revaluation basis assets :									
As at December 31, 2010	198,445,337	157,134,119	473,772	631,433,227	4,753,693	14,620,457	35,689,918	(148,830)	1,042,401,693
As at December 31, 2009	198,445,337	164,952,419	903,230	696,539,316	256,741	14,060,269	9,879,011	(148,830)	1,084,887,493
Depreciation for the years ended December 31,									Baht
2010									44,814,418
2009									92,084,104

## Separate financial statements

	Bath							
	Land	Buildings and buildings improvement	Land improvement	Machinery and equipment	Motor vehicles	Furniture, fixtures and Office equipment	Construction in progress	Total
Cost amount:								
As at December 31, 2009	31,417,556	223,687,554	8,196,267	1,258,964,239	16,172,841	94,845,551	34,339,015	1,667,623,023
Acquisition	-	594,500	31,000	2,968,526	3,227,347	832,996	37,581,349	45,235,718
Disposals	-	(530,161)	-	(5,413,427)	(867,593)	(247,815)	-	(7,058,996)
Transfer in (out)	-	73,925	-	4,082,373	-	3,831,901	(7,988,199)	-
Write - off	-	-	-	(29,104,578)	-	(87,318)	(3,418,143)	(32,610,039)
<b>As at December 31, 2010</b>	<b>31,417,556</b>	<b>223,825,818</b>	<b>8,227,267</b>	<b>1,231,497,133</b>	<b>18,532,595</b>	<b>99,175,315</b>	<b>60,514,022</b>	<b>1,673,189,706</b>
Accumulated depreciation :								
As at December 31, 2009	-	172,842,161	7,455,650	975,333,450	15,920,816	89,348,465	-	1,260,900,542
Depreciation charge for the year	-	2,416,477	460,458	27,079,217	104,644	2,714,462	-	32,775,258
Depreciation on disposals	-	(46,467)	-	(1,740,100)	(867,590)	(55,136)	-	(2,709,293)
Transfer in (out)	-	7,740	-	1,078,050	80,767	10,997	-	1,177,554
Depreciation for write - off	-	-	-	(28,905,628)	-	(77,883)	-	(28,983,511)
<b>As at December 31, 2010</b>	<b>-</b>	<b>175,219,911</b>	<b>7,916,108</b>	<b>972,844,989</b>	<b>15,238,637</b>	<b>91,940,905</b>	<b>-</b>	<b>1,263,160,550</b>
Allowance for impairment loss :								
As at December 31, 2009	-	2,431,603	-	4,395,812	-	-	24,824,104	31,651,519
Disposals	-	-	-	(298,729)	-	-	-	(298,729)
Write - off	-	-	-	(227,769)	-	-	-	(227,769)
<b>As at December 31, 2010</b>	<b>-</b>	<b>2,431,603</b>	<b>-</b>	<b>3,869,314</b>	<b>-</b>	<b>-</b>	<b>24,824,104</b>	<b>31,125,021</b>
Net book value :								
<b>As at December 31, 2010</b>	<b>31,417,556</b>	<b>46,174,304</b>	<b>311,159</b>	<b>254,782,830</b>	<b>3,293,958</b>	<b>7,234,410</b>	<b>35,689,918</b>	<b>378,904,135</b>
<b>As at December 31, 2009</b>	<b>31,417,556</b>	<b>48,413,790</b>	<b>740,617</b>	<b>279,234,977</b>	<b>252,025</b>	<b>5,497,086</b>	<b>9,514,911</b>	<b>375,070,962</b>
Revalued amount :-								
As at December 31, 2009	153,769,444	75,295,223	-	305,939,704	-	-	-	535,004,371
Increasing (Decreasing)	-	-	-	-	-	-	-	-
Disposals	-	-	-	(263,521)	-	-	-	(263,521)
Write - off	-	-	-	(1,423,009)	-	-	-	(1,423,009)
<b>As at December 31, 2010</b>	<b>153,769,444</b>	<b>75,295,223</b>	<b>-</b>	<b>304,253,174</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>533,317,841</b>
Accumulated depreciation :								
As at December 31, 2009	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	3,800,338	-	30,567,949	-	-	-	34,368,287
Disposals	-	-	-	(15,382)	-	-	-	(15,382)
Write - off	-	-	-	(142,300)	-	-	-	(142,300)
<b>As at December 31, 2010</b>	<b>-</b>	<b>3,800,338</b>	<b>-</b>	<b>30,410,267</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,210,605</b>
Net reappraised value :								
<b>As at December 31, 2010</b>	<b>153,769,444</b>	<b>71,494,885</b>	<b>-</b>	<b>273,842,907</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>499,107,236</b>
<b>As at December 31, 2009</b>	<b>153,769,444</b>	<b>75,295,223</b>	<b>-</b>	<b>305,939,704</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>535,004,371</b>
Revaluation basis assets :								
<b>As at December 31, 2010</b>	<b>185,187,000</b>	<b>117,669,189</b>	<b>311,159</b>	<b>528,625,737</b>	<b>3,293,958</b>	<b>7,234,410</b>	<b>35,689,918</b>	<b>878,011,371</b>
<b>As at December 31, 2009</b>	<b>185,187,000</b>	<b>123,709,013</b>	<b>740,617</b>	<b>585,174,681</b>	<b>252,025</b>	<b>5,497,086</b>	<b>9,514,911</b>	<b>910,075,333</b>
Depreciation for the years ended December 31								Baht
2010								32,775,258
2009								78,851,980



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As at December 31, 2010 and 2009 the Company and its subsidiary has motor vehicles and machineries acquired under hire-purchase agreements and finance lease agreements, with net book value amounting to approximately Baht 61.68 million and Baht 63.41 million, respectively (in the financial statement of the Company only amounted to approximately Baht 60.24 million and Baht 63.41 million, respectively).

As at December 31, 2010 and 2009 certain buildings and equipment items of the Company and its subsidiary have been fully depreciated but they are still in use. The original cost of those assets amounted to approximately Baht 156 million and Baht 882 million, respectively (in the financial statement of the Company only amounted to approximately Baht 112 million and Baht 845 million, respectively).

Since quarterly 1, 2009, the Company has sold its land including other building machinery and factory and office equipment which are retained at Ban-peal District, Sakonnakorn Province to its subsidiary, Agri Sol Co., Ltd. in the total price of Baht 120.14 million, with book value at the selling date of Baht 111.71 million. Therefore, the Company earned gain on sell of assets of Baht 8.43 million. The selling of asset resolution had been approved in the Board of Director meeting No. 3/2008 dated July 21, 2008. And at the same time, the Company has entered into the assets rental agreement with the said subsidiary company (see note 27).

During 2009, the company sold fixed assets included construction in progress that was damaged and non-usable to other persons. The total cost of such assets is of Baht 66.63 million and has its total book value of Baht 7.49 million, at the total selling price of Baht 15.94 million. There is a profit of selling of fixed assets of Baht 8.45 million.

In 2010, the Company and its subsidiary has written their damaging and defective machinery equipment and construction in progress off from accounts. Such damaging and defective fixed assets are total costs of Baht 32.97 million with its revaluation surplus of Baht 1.28 million. The total net book value is Baht 5.27 million. The loss on written off is Baht 5.27 million. (Only company; total assets' cost is of Baht 32.61 million, total net book value of Baht 4.91 million and total losses on written off of Baht 4.91 million.)

#### Increment per assets appraisal

In December 2009, the Company and its subsidiary hired 15 Business Advisory Limited, a local independent appraiser, to appraise the value of lands, buildings and machineries under the revaluation basis as shown in Note 3.7, Accounting Policies to Financial Statements.

The Company's lands locate at Sampran District, Nakornpratom Province and the total space is 39 rai 0 ngarn 65 square wah. The subsidiary's land locates at Banpaeng District, Nakornpranom Province, of which the total space is 118 rai 3 ngarn 79 square wah. The total cost of land is Baht 41.85 million (Baht 31.42 million for the Company only). The Company and its subsidiary appraised the lands for the second time in 2004, changing the total value to Baht 212.63 million, and the third time in 2009 at the appraisal price of Baht 198.68 million (Baht 185.19 million for the Company only). Increments for the second and the third appraisals were Baht 171.01 million and Baht 156.83 million (Baht 171.01 million and Baht 153.77 million for the Company only), respectively, which were presented in the revaluation surplus under the caption of shareholders' equity.

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The total cost of buildings and machineries is Baht 431.06 million (Baht 329.27 million for the Company only). The Company and its subsidiary appraised the buildings and machineries for the first time on December 31, 2009. Management adopted the aforementioned accounting policy because plant and machineries of the Company and its subsidiary have been used for many years and most of them have been fully depreciated but are still in use due to continuous maintenance and improvement. Thus, the book value of plant and machineries might not be represented at the value in use. The Company has not applied retroactive adjustment to the comparative financial statement due to data limitation. The reappraisal price was Baht 868.86 million (Baht 708.60 million for the Company only). The increment amounted to Baht 450.71 million (Baht 381.23 million for the Company only) which was presented in the revaluation surplus under shareholders' equity. However, the Company and its subsidiary had impairment loss from appraisal of buildings and machineries of Baht 12.92 million (Baht 1.91 million for the Company only).

For the year ended December 31, 2010, the Company and its subsidiary have come up with the depreciation of the asset' incremental amounts of Baht 41.32 million (Baht 34.37 million for the Company only), which had been charged against the revaluation surplus account under shareholders' equity (treatment under allowable cost method). If the Company and subsidiary choose to account for the depreciation for the surplus on fixed assets through the statement of income, the net profit for the year ended December 31, 2010, would decrease by Baht 41.32 million (Baht 34.37 million for the Company only) and basic earnings per share would decrease by Baht 0.59 per share (Baht 0.49 per share for the Company only). However, the Company and subsidiary do not have to depreciate the increment of land revaluation.

#### Change in the estimated useful lives

Since January 1, 2010, the Company and its subsidiary have changed the number of estimated useful lives of plant, machineries and equipment in accordance with the new estimated useful lives of assets according to the appraisal report of the independent qualified appraiser. The change affects the income statement for the year ended December 31, 2010 by decreasing depreciation expenses by Baht 31.10 millions (Baht 29.95 millions for the Company only) and increasing net profit by amount of Baht 31.10 millions (Baht 29.95 millions for the Company only) and increasing earnings per share by Baht 0.44 per share (Baht 0.43 per share for the Company only).

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## 11. LAND NOT USED IN OPERATION

	Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Land not used in operation, cost	185,535,831	184,096,481	157,485,047	184,096,481
Deduction of difference amounts per lands appraisal	(56,702,453)	(56,702,453)	(58,753,127)	(60,432,411)
Net	128,833,378	127,394,028	98,731,920	123,664,070
(Less) disposals	-	-	-	(24,932,150)
<b>Land not used in operation, net</b>	<b>128,833,378</b>	<b>127,394,028</b>	<b>98,731,920</b>	<b>98,731,920</b>

Land not used in operation consisted of:-

1. Lands locate at Baan-muang district, Sakolnakorn province, the land space is in total of 1258 rai 1 ngarn 12 square wah. The lands have been acquired since the year 2003, at the cost amounting to Baht 26.61 million, The appraisal prices of the lands from independent appraiser were in the amount of Baht 24.93 million which was made as second time in June 2004. Since quarterly 1, 2009, the Company had sold such land to its subsidiary, Agri Sol Co., Ltd. at book value price of Baht 24.93 million which is over than the lastest appraisal price before the selling date; on July 17, 2007 for lands building and other construction and on August 2, 2007 for machineries and equipment. However, the management had decided to sale at book value in accordance with the resolution of the Board of Director meeting No. 3/2551 dated July 21, 2008, as a result, have no gain or loss in this transaction.

Later, Agi Sol Co., Ltd. has made an assessing for the land in December 2009, the appraisal value is of Baht 28.66 million, which is presented in the consolidated financial statement. This lasted appraisal value is presented at higher value, compared to the acquisition cost in the amount of Baht 2.05 million, which was presented in the revaluation surplus under the caption of shareholder's equity. The allowance for impairment loss that was ever recorded for the second appraisal was reversed in the amount of Baht 1.68 million in statement of income for the year ended December 31, 2009. Currently, the lands were charged as non-operated lands.

On August 19, 2010, Agri Sol Co., Ltd. purchased 3 parcels of land locate near former land which has space in total of 85 rai 1 ngarn 47 square wah, at the cost of Baht 1.44 million. Purchase of land was done according to Board of director meeting NO. 1/2010 held on August 9, 2010.

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2. Lands locate at Muang district, Ratchaburi province, the land space is 725 rai 3 ngarn 88 square wah. The lands have been acquired since the year 1992, at the cost amounting to Baht 157.49 million, the appraisal prices of the lands from independent appraise were in the amount of Baht 90.82 million which was made as second time in June 2004. And the lasted appraisal price of Baht 98.73 million is made in December 2009. The Company records loss on impairment of assets (reversal) in the amount of Baht 7.91 million in the statement of income for the year ended December 31, 2009. Currently, the lands were charged as non-operated lands.

According to the Board of Directors' Meeting No. 6/2010 held on November 24, 2010 has passed a resolution approving the selling of all the Company's non-operating lands (see note 11.2) on January 19, 2011(see note 28).

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

As at December 31, 2010 and 2009, bank overdrafts and short-term loans from financial institutions were as follows:-

	Baht				
	Annual	Consolidated financial statements		Separate financial statements	
	Annual interest rate	2010	2009	2010	2009
Bank overdrafts	MOR	12,709,980	18,072,485	9,774,291	18,072,485
Short-term loans	MLR, MRR+1.25%	302,165,817	337,157,020	273,317,817	308,133,020
<b>Total</b>		<b>314,875,797</b>	<b>355,229,505</b>	<b>283,092,108</b>	<b>326,205,505</b>

## 13. LIABILITIES UNDER HIRE-PURCHASE AGREEMENTS

	Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Hire-purchase creditors	17,265,198	64,347,600	17,265,198	64,347,600
(Less) deferred interest	(1,100,791)	(6,364,605)	(1,100,791)	(6,364,605)
	16,164,407	57,982,995	16,164,407	57,982,995
(Less) current portion due within one year	(11,357,790)	(46,409,902)	(11,357,790)	(46,409,902)
<b>Hire-purchase creditors, net of current portion</b>	<b>4,806,617</b>	<b>11,573,093</b>	<b>4,806,617</b>	<b>11,573,093</b>

	Consolidated/Separate financial statements (Baht)					
	2010			2009		
	Principal	Deferred interest	Net	Principal	Deferred interest	Net
1 - 5 years	4,806,617	481,783	5,288,400	11,573,093	926,811	12,499,904
Over 5 years	-	-	-	-	-	-
<b>Total</b>	<b>4,806,617</b>	<b>481,783</b>	<b>5,288,400</b>	<b>11,573,093</b>	<b>926,811</b>	<b>12,499,904</b>

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**14. LIABILITIES UNDER FINANCE LEASE AGREEMENTS**

	Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Financial lease agreement	4,865,196	-	3,094,560	-
(Less) deferred interest	(694,656)	-	(459,000)	-
(Less) deferred VAT	(115,836)	-	-	-
	4,054,704	-	2,635,560	-
(Less) current portion due within one year	(1,268,372)	-	(622,444)	-
<b>Financial lease agreement, net of current portion</b>	<b>2,786,332</b>	<b>-</b>	<b>2,013,116</b>	<b>-</b>

	Consolidated financial statements (Baht)							
	2010				2009			
	Principal	Deferred interest	Deferred VAT	Net	Principal	Deferred interest	Deferred VAT	Net
1 - 5 years	2,786,332	384,947	82,740	3,254,019	-	-	-	-
Over 5 years	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,786,332</b>	<b>384,947</b>	<b>82,740</b>	<b>3,254,019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Separate financial statements (Baht)							
	2010				2009			
	Principal	Deferred interest	Deferred VAT	Net	Principal	Deferred interest	Deferred VAT	Net
1 - 5 years	2,013,116	256,228	-	2,269,344	-	-	-	-
Over 5 years	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,013,116</b>	<b>256,228</b>	<b>-</b>	<b>2,269,344</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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## 15. LONG-TERM LOANS

As at December 31, 2010 and 2009, the outstanding long-term loans from financial institutions consisted of the following:-

Loan	Interest rate (%)	Repayment schedule	Baht	
			Consolidated/Separate financial statements	
			2010	2009
1.	MLR	Monthly installments of not less than Baht 2 million each, and is to be repaid in full within May 2011	7,512,534	25,512,534
2.	8.25	Monthly installments of net less than Baht 3 million each, and is to be repaid in full within March 2010	-	8,754,818
Total			7,512,534	34,267,344
Less : Current portion due within one year			(7,512,534)	(26,754,810)
Net			-	7,512,534

### Long-term loan no.1:

On December 26, 2005 the Company entered into a loan agreement with a local commercial bank granting facilities of Baht 120 million, comprising trust receipts payable amounting to Baht 85.5 million and a long-term loan amounting to Baht 34.5 million. The loan is repayable in 36 monthly installments of not less than Baht 2 million each, with the first of these due in August 2006 and is to be repaid in full within January 2009. This loan is secured by the pledge of machinery. Later, on March 13, 2008 the Company was approved to have a period extension on the loans with amount not less than Baht 2 million in the 25th - 36th installments and amount not less than Baht 2.50 million in the 37th - 52nd installments. The rest will be fully paid in the final installment in June 2010. Interest is paid separately every month, commencing the first payment in February 2008.

### Repayment schedule extension and installment reduction, since quarter 2/2009

Since July 2, 2009 the Company has been approved to have a period extension on the loans with amount not less than Baht 1 million in the 41st - 47th installments (the former amount is 2.5 million/installment) and amount not less than Baht 1.5 million in the 48th - 63th installments (the former amount is 2.5 million/installment). The rest will be fully paid in the final installment in May 2011. Interest is paid separately every month, commencing the first payment in June 2009.



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Long-term loan no.2:

On September 30, 2008, the Company entered into a new loan agreement with a local commercial bank in the amount of Baht 70 million, consisting of long-term loan of Baht 30 million, letter of credit and trust receipt of Baht 30 million and bank overdraft of Baht 10 million. Repayment of the principal is due monthly in 20 installments at Baht 3 million each and Baht 13 million in the final installment, commencing the first payment in October 2008 until the last payment in May 2010.

Repayment schedule extension and installment reduction, since quarter 2/2009.

Since May 28, 2009 the Company has been approved to have a period extension on the loans with amount not less than Baht 1.5 million in the 8th - 13th installments (the former amount is 3 million/installment) and amount not less than Baht 3 million in the 14th - 22nd installments (the former amount is 3 million/installment) and Baht 13 million in the final installment, commencing the first payment in May 2009 until the last payment in August 2010.

## 16. SHARE CAPITAL AND LEGAL RESERVE

Under the provision of the civil and commercial code, the Company is required to set aside as statutory reserve at least 5% of its net income at each dividend declaration until the reserve reaches 10% of authorized capital. The reserve is not available for dividend distribution.

## 17. PROVIDENT FUND

The Company, a subsidiary and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The fund is monthly contributed to by employees, at the rate of 3.0 percent of their basic salaries, and by the Company and its subsidiary at the same rate, and will be paid to employees upon termination in accordance with the rules of the fund. The fund is managed by Kasikorn Asset Management Company Limited. For the years ended December 31, 2010 and 2009, the Company and its subsidiary contributed at approximately Baht 2.32 million and Baht 2.13 million, and the Company only in the amount of Baht 1.69 million and Baht 1.65 million, respectively to the provident fund.

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## 18. PROMOTIONAL PRIVILEGES

The Company has received promotional privileges from the Board of Investment for the manufacture of canned vegetables, pursuant to the promotion certificate No. 1089/2542 issued on 31 March 1999. Subject to certain imposed condition, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations commenced generating revenues (6 August 2001) and a 50% reduction of corporate income tax on income derived from the promoted operations for a period of 5 years after the tax-exemption period ends.

Revenues of the Company for the years ended December 31, 2010 and 2009 are below divided between BOI promoted activities and non-BOI promoted activities.

	Baht					
	BOI promoted		Non-BOI promoted		Total	
	2010	2009	2010	2009	2010	2009
<b>Sales</b>	-	208,527,584	2,234,555,703	2,540,678,261	2,234,555,703	2,749,205,845

## 19. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net profit (loss) for the year by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by dividing net profit (loss) for the year by the weighted average number of ordinary shares in issue during the period plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

	Consolidated financial statements					
	Net profit (loss)		Weighted average number of ordinary shares		Earnings per share	
	2010	2009	2010	2009	2010	2009
	Baht	Baht	Shares	Shares	Baht	Baht
Basic earnings per share						
Net profit (loss)						
Equity holders of parent company	106,363,630	130,926,751	70,000,000	70,000,000	1.52	1.87
Minority interest	-	-	-	-	-	-
	<b>106,363,630</b>	<b>130,926,751</b>	<b>70,000,000</b>	<b>70,000,000</b>	<b>1.52</b>	<b>1.87</b>

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Consolidated financial statements						
	Net profit (loss)		Weighted average number of ordinary shares		Earnings per share	
	2010	2009	2010	2009	2010	2009
	Baht	Baht	Shares	Shares	Baht	Baht
Basic earnings per share						
Net profit (loss)						
Equity holders of parent company	130,018,904	160,377,034	70,000,000	70,000,000	1.86	2.29
Minority interest	-	-	-	-	-	-
	<b>130,018,904</b>	<b>160,377,034</b>	<b>70,000,000</b>	<b>70,000,000</b>	<b>1.86</b>	<b>2.29</b>

## 20. FINANCIAL INFORMATION BY SEGMENT

The Company and its subsidiaries operate in a single industry segment, the manufacture and distribution of canned fruits, fruit juices and drinks and in a single geographical area, Thailand. As a result, all of the revenues, operating profit and assets as reflected in these financial statements pertain to the aforementioned industry segment and geographical area. For the years ended December 31, 2010 and 2009, the segmented sales income and fixed assets are as follows:-

Consolidated financial statements (Baht)						
	Export sales		Local sales		Total	
	2010	2009	2010	2009	2010	2009
Sales	579,479,983	691,666,334	2,249,187,810	2,391,186,470	2,828,667,793	3,082,852,804
Fixed assets-net					1,042,401,693	1,084,887,493
Separate financial statements (Baht)						
	Export sales		Local sales		Total	
	2010	2009	2010	2009	2010	2009
Sales	392,412,632	688,303,897	1,842,143,071	2,060,901,948	2,234,555,703	2,749,205,845
Fixed assets-net					878,011,371	910,075,333

## 21. CREDIT FACILITIES

Credit facilities granted to the Company and its subsidiary by banks and financial institutions are secured by the mortgage/pledge of deposits at financial institutions, certain plots of its lands, buildings, some machineries and inventories and by the guarantees of a related company and the Company's former directors of the Company and its subsidiaries.

In addition, credit facilities granted to the subsidiary by financial institutions are secured by the guarantee provided by the Company.

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## 22. COMMITMENTS AND CONTINGENT LIABILITIES

### 22.1 Commitments

As at December 31, 2010 and 2009, the Company and its subsidiary had the following commitments :-

- a) The Company had commitments of approximately USD 0.76 million and USD 1.1 million in relation to purchase of raw materials, respectively.
- b) As at December 31, 2010, the Company and its subsidiaries have commitments relating to the lease agreements for land, head office buildings, godown, office equipments, vehicles and service fee whereby future payments are required in the following amounts: -

	Million Baht	
Payable within	Consolidated financial statement	Separate financial statements
1 year	30.78	17.20
2 to 3 years	8.18	4.87

- c) Under commitment revealed on b), as at December 31, 2010 the Company and a subsidiary committed the significant long-term leases and services agreements as follows:-
  - c1) Long-term lease agreements with two domestic companies for rental forklift of 31 units (the Company only, of 21 units), the term of agreements covering for 2 years long, commencing from April 2010 and terminating in March 2012. The Company and the subsidiary shall pay monthly rental charge for the forklift of 31 units in totaling of Baht 388,000 (the Company only, of Baht 255,000) (excluding VAT) through 24 months of the lease term.
  - c2) Long-term lease agreements with two domestic companies for rental cars of 10 units (the Company only, of 7 units), the term of agreements covering for 5 years long, commencing from May 2006 and terminating in May 2011, from September 2009 and terminating in September 2014. the Company and the subsidiary shall pay monthly rental charge in totaling of Baht 211,600 (the Company only, of Baht 163,600) (excluding VAT) through 60 months of the lease term.

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- c3) Long-term lease and services agreements with a related company for rent and services of office buildings, the term of agreements covering for 3 years, commencing from April 2006 and terminating in March 2012, from December 2009 and terminating in December 2012. The Company and the subsidiary shall paid monthly rental and services in totaling of Baht 911,080 (the Company only, of Baht 543,780 excluding VAT).

## 22.2 Bank guarantees

As at December 31, 2010 and 2009, there were outstanding bank guarantees of approximately Baht 36.43 million and Baht 6.93 million, respectively issued by banks on behalf of the Company in respect of certain performance bonds as required in the ordinary course of its business.

## 22.3 Guarantee

As at December 31, 2010 and 2009, the Company had guaranteed Baht 295 million and Baht 160 million, respectively. Loans obtained by a subsidiary from financial institutions and its subsidiary had guaranteed loans of the Company amount to Baht 280 million and Baht 300 million, respectively. These guarantees are effective for as long as the underlying obligations have not been discharged by that the Company or its subsidiary.

Guarantee fees have been charged between the Company and its subsidiary at 0.25 percent of the guarantee amount.

## 22.4 Litigation

- 22.4.1 The financial institution sued the Company, as the guarantor of a former subsidiary, for a total of Baht 24 million (including interest of Baht 4 million). The Company has set aside a provision of Baht 12 million. However, in the first quarter of 2005, the Company and its former subsidiary negotiated compositions with that financial institution, whereby agreement was reached that the Company will pay indebtedness totaling Baht 20 million plus interest in installments as per the provisions of the agreement. The Company has recorded the Baht 8 million difference in the income statement in the first and second quarter of 2005 and presented the outstanding balance of this liability as "Liability from guarantee" in the balance sheet. In addition, in the second quarter of 2005, the former subsidiary negotiated compositions with the Company, whereby agreement was reached that the former subsidiary will pay indebtedness totaling Baht 16 million (the indebtedness to two financial institutions) in installments per the provisions of the agreement. For prudent reason, the Company will record the transactions when it receives settlement from the former subsidiary. For the years ended December 31, 2010 and 2009, the Company received the repayment of debt from the said subsidiary company in the amount of Baht 3.00 million and Baht 2.75 million, respectively.

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22.4.2 Since September 30, 2008, a company which is a trade account payable took legal action against the Company in accordance with the black court case no. Por. Bor. 815/2551, requiring to settle debts for payment of the goods in the total amount of Baht 273.23 million - consisting of product cost at Baht 202.82 million and interest at Baht 70.41 million. Additionally, the Company has to pay interest at 7.25% per annum of the amount Baht 202.82 million from October 1, 2008 until payment is fully settled to that company as well as paying the charges and lawyer fee for that company. However, the Company had filed a petition to the appeal court against such black court case, later it was ordered to end by the appeal court because of missing in litigation form, and the consumer case was used to complaint for this. Later, on May 28, 2009, the court of Thanyaburi province had read a conclusion of the chief of the appeal court and decided that the black court case is also not the consumer case. As a result, the case is released from the litigation record. Nevertheless, the trade payable (plaintiff) is reserved a right to bring a further action in civil suit and bankruptcy case. Next, on May 21, 2009 the trade payable has already delivered a borrowed article to the Company again for sustaining the civil suit and / or bankruptcy case. At that moment, the Company was in the debt negotiation with the payable but they did not reaching a compromise yet, resulting the Company still recognized the debt and interest charge in fully amount. The Company has fully recognized the obligation of such amount of interest into the financial statement since year 2008 until the six-month periods ended June 30, 2009, in the total amount of Baht 81.40 million. Trade account payable and accrued interest as at June 30, 2009 and December 31, 2008 in the amount of Baht 284.22 million and Baht 276.93 million are recorded into the Balance sheet of the Company, respectively. Consequently, in quarter 3/2009 the Company and the payable have reached a compromise agreement, and that allowed the Company to pay the debt in respect of the compromise agreement which required in the essential conditions as following. The Company has to pay the certain debt of the goods in the total amount of Baht 202.82 million with interest calculated from the total debt outstanding of period 30 onwards, at the rate of 7.25 percent per annum by monthly installments of 74 periods within the date 30 of every month, the first period commencing on August 30, 2009. The detail of repayment of principal and interest shown by the document attached such the compromise agreement, as follows:

Number of Installment	Amount of Installment (Baht)
1-24	Principal of 2 million (no interest)
25-30	Principal of 3 million (no interest)
31-48	Principal with interest of 3 million
49-73	Principal with interest of 4 million
74 (final)	Principal with interest of 3 million



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As a result, in the quarter 3, 2009 the Company has a fully revision of the accrued interest charge in the total amount of Baht 81.40 million which was provisioned since having the taking legal action from the trade payable. The reversal estimation of interest charge is accounted in the income statement for the three-month period from July 1, 2009 and ended on September 30, 2009.

The interest expense of such payable in totaling of Baht 7.44 million is recognized into the statement of income for the year ended December 31, 2010. This accrued interest expense incurred from the first (1) to the seventeenth (17) installations, calculating by the effective rate method based on the fixed rate in the agreement that will be paid in the thirtieth-first (31), February 2012 onward. The recognized interest expense will be fully or partial reversed when having repayment principal of loan prior installation in compromise agreement.

Other account payable and accrued interest is changed during the period as follows :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Beginning balance	191,257,330	276,928,609	191,257,330	276,928,609
Additional during the period	-	7,300,378	-	7,300,378
Deduction during the period	(22,435,030)	(11,564,970)	(22,435,030)	(11,564,970)
Revision of estimated interest expense	-	(81,406,687)	-	(81,406,687)
	168,822,300	191,257,330	168,822,300	191,257,330
(Less) Current portion due within one year	(29,000,000)	(24,000,000)	(29,000,000)	(24,000,000)
<b>Other account payable, net of current portion</b>	<b>139,822,300</b>	<b>167,257,330</b>	<b>139,822,300</b>	<b>167,257,330</b>

## 23. FINANCIAL INSTRUMENTS

### 23.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 48 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, trade accounts payable and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### Credit risk

The Company is exposed to credit risk primarily with respect to trade accounts receivable and other accounts receivable. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivables and other accounts receivable as stated in the balance sheet.

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Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, bank overdraft, short-term and long-term borrowings. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at December 31, 2010 and 2009 classified by type of interest rates are summarized in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

	Separate financial statements as at December 31, 2010					
	Fixed interest rates		Floating	Non- interest		
	Within			bearing	Total	Interest rate
	1 year	1-5 years	interest rate			(% p.a.)
			(Million Baht)			
Financial Assets						
Cash and cash equivalent	-	-	2	-	2	0.50
Trade accounts receivable	-	-	-	679	679	-
		-	2	679	681	
Financial liabilities						
Bank overdrafts and short-term loans						MOR, MLR
from financial institutions	-	-	283	-	283	MRR-1.25
Factoring payable	-	-	9	-	9	MLR
Trade accounts payable	-	-	-	898	898	-
Trade account payable and accrued interest	-	169	-	-	169	7.5
Other accounts payable	-	-	-	24	24	-
Hire-purchase creditors	-	16	-	-	16	6
Financial lease creditors	-	3	-	-	3	9.3
Long-term loans	-	-	8	-	8	MLR
	-	188	300	922	1,410	

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	Separate financial statements as at December 31, 2010					
	Fixed interest rates		Floating	Non- interest		
	Within		interest rate	bearing	Total	Interest rate
	1 year	1-5 years	(Million Baht)			(% p.a.)
Financial Assets						
Cash and cash equivalent	-	-	2	-	2	0.25
Trade accounts receivable	-	-	-	669	669	-
Deposits at financial institutions		-	-	-	32	0.75 - 1.00
with restrictions	<b>32</b>	-	<b>2</b>	<b>669</b>	<b>703</b>	
Financial liabilities						
Bank overdrafts and short-term loans						MOR, MLR,
from financial institutions	-	-	326	-	326	MRR + 1.25
Factoring payable						
Trade accounts payable	-	-	16	-	16	MLR
Trade accounts payable	-	-	-	891	891	-
and accrued interest	-	191	-	-	191	MLR
Other accounts payable	-	-	-	27	27	-
Hire-purchase creditors	-	58	-	-	58	6
Long-term loans	-	-	34	-	34	MLR, 8.25
	-	<b>249</b>	<b>376</b>	<b>918</b>	<b>1,543</b>	

#### 23.1.1 TRADE ACCOUNT PAYABLE

As at December 31, 2010, the Company has long-time outstanding of some trade accounts payable that are having outstanding age over one year long in the total amount of Baht 29.14 million. At present, the Company's management still can maintain the trade debt repayment conditions as normal course of business.

#### Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

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The balances of financial assets and liabilities denominated in foreign currencies as at December 31, 2010 and 2009 are summarised below.

Consolidated financial statements			
Foreign currency	Financial assets	Financial liabilities	Asset / liability exchange rate as at December 31, 2010 (Baht per foreign currency unit)
US dollar	287,573	619,549	29.91/30.30
Foreign currency	Financial assets	Financial liabilities	Asset / liability exchange rate as at December 31, 2010 (Baht per foreign currency unit)
US dollar	633,165	713,982	33.12/33.52
EURO	4,557	27,559	47.33/48.13
Separate financial statements			
Foreign currency	Financial assets	Financial liabilities	Asset / liability exchange rate as at December 31, 2010 (Baht per foreign currency unit)
US dollar	235,453	574,354	29.91/30.30
Foreign currency	Financial assets	Financial liabilities	Asset / liability exchange rate as at December 31, 2010 (Baht per foreign currency unit)
US dollar	563,805	713,849	33.12/33.52
EURO	4,557	27,559	47.33/48.13

As at December 31, 2010 and 2009, the outstanding forward currency exchange contracts are summarized as follows:-

Consolidated financial statement as at December 31, 2010				
	Currency	Amount	Exchange rate per contract (Baht/USD dollar)	Contract due date As from the balance sheet date
Trade account receivable	USD	80,352.49	30.050	25/05/2011
	USD	400,000.00	30.100	25/05/2011
	USD	200,000.00	30.140	25/05/2011
	USD	300,000.00	30.140	31/05/2011
	USD	160,519.79	30.062	31/05/2011
	USD	77,451.10	33.238	31/05/2011
	USD	300,000.00	30.028	03/02/2011
	USD	200,000.00	30.068	26/05/2011
	USD	500,000.00	30.072	26/05/2011
	USD	500,000.00	30.062	31/05/2011
		<b>2,718,323.38</b>		31/05/2011

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Consolidated financial statement as at December 31, 2009				
	Currency	Amount	Exchange rate per contract (Baht/USD dollar)	Contract due date As from the balance sheet date
Trade account receivable	USD	273,318.54	33.448	21/04/2010
	USD	966,098.00	33.448	21/04/2010
		<b>1,239,416.54</b>		

Separate financial statement as at December 31, 2010				
	Currency	Amount	Exchange rate per contract (Baht/USD dollar)	Contract due date As from the balance sheet date
Trade account receivable	USD	80,352.49	30.050	25/05/2011
	USD	400,000.00	30.100	25/05/2011
	USD	200,000.00	30.140	31/05/2011
	USD	300,000.00	30.140	31/05/2011
	USD	160,519.79	30.062	31/05/2011
		<b>1,140,872.28</b>		

Separate financial statement as at December 31, 2009				
	Currency	Amount	Exchange rate per contract (Baht/USD dollar)	Contract due date As from the balance sheet date
Trade account receivable	USD	273,318.54	33.448	21/04/2010
		<b>273,318.54</b>		

23.2 Fair values of financial instruments Since the majority of the Company's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the balance sheets. A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

## 24. CAPITAL MANAGEMENT

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

According to the balance sheet as at December 31, 2010, the Group's debt to equity ratio was 4.52 : 1 (December 31, 2009 : 5.59 : 1) and the Company's was 4.59 : 1 (December 31, 2009 : 6.43 : 1)

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## 25. PROVISION OF ESTIMATED LIABILITIES

The Company has provision of estimated liabilities into the Company's balance sheet as at December 31, 2010 and 2009, respectively that if a subsidiary would not settle the obligation of the amount due to the Company of Baht 334.03 million and Baht 303.64 million and forms part of the total liabilities of the subsidiary to the company as at December 31, 2010 and 2009 in the amount of Baht 583.53 million and Baht 558.56 million, respectively. In addition, the Company has also recognized the resulting gain from settled the estimated liabilities and reversal of estimated liabilities into the Company's income statement for the years ended December 31, 2010 and 2009, of Baht 30.39 million and Baht 63.92 million, respectively.

## 26. CORPORATE INCOME TAX

In accordance with taxable conditions on Thailand's revenue code, the Company and its subsidiaries has calculated its net taxable profit (loss) by taking both any forbidding expenditures and any reduced or exceptionable accounting transactions to adding-up or deducting from net profit (loss) under accounting base.

## 27. AGREEMENT

On April 1, 2552, the Company has entered into the land and factory rental and service agreement with its subsidiary, Agi Sol Co., Ltd. for the purpose of producing cannery product, particular for sweet corn. The Company has to pay monthly rental and service charge at Bath 1.00 million. The agreement term has 9 months long from April 1, 2009 to December 31, 2009.

Later, on August 3, 2009, the Company and its subsidiary as above has agreed in a memorandum of understanding for price reduction of land and factory rental and service agreement dated on April 1, 2009, that is in the shut down period from September 1, 2009 to November 30, 2009. The purpose is to shut down for the Company annually maintenance of machineries and equipments for support producing in the next year which the rate is reduced to Baht 0.10 million per month (from Baht 1.00 million per month).

On December 16, 2009, the Company has cancelled the agreement of land and factory rental and service with the subsidiary, Agi Sol Co., Ltd. Because the subsidiary has changed itself to be the production and selling of cannery factory especially sweet corn and other canned food.

## 28. EVENT AFTER THE REPORTING PERIOD

According to the Board of Directors' Meeting No. 6/2010 held on November 24, 2010 has passed a resolution approving the selling of the Company's non-operating lands (see note 11.2) to a packaging payable for settlement with some of trade debt - tin. On January 19, 2011, the Company has entered into purchase and selling of land agreement with such trade payable to sell the land where located at Muang district, Ratchaburi province with total space of 725 rai-3 ngarn-88 square wah. The contract price of the land is of Baht 117 million. At the date of selling, the land's cost is of Baht 157.49 million with its impairment loss provision of Baht 58.75 million. The net appraisal book value is of Baht 98.73. The Company has expenses on sale of the lands paid to the Land Department of Thailand in the total amount of Baht 5.16 million. A gain on sale of land is of Baht 13.11 million. Income tax credit is of Baht 1.17 million.

## 29. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of Directors on February 16, 2011.





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