

Malee[®]

THE FRUIT EXPERT

Annual Report 2011





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FINANCIAL SUMMARY

		2011	2010	2009
TOTAL REVENUE	Million Baht	3,726	2,889	3,146
SALES REVENUE	Million Baht	3,660	2,829	3,083
GROSS PROFIT	Million Baht	1,089	805	735
NET EARNINGS	Million Baht	228	106	131
EARNINGS PER SHARE	Baht	3.3	1.5	1.9
BOOK VALUE PER SHARE	Baht	7.8	5.6	4.7
TOTAL ASSETS	Million Baht	2,264	2,197	2,152
TOTAL LIABILITIES	Million Baht	1,717	1,806	1,825
SHAREHOLDERS' EQUITY	Million Baht	547	392	327

SIGNIFICANT FINANCIAL RATIO

LIQUIDITY RATIO		2011	2010	2009
CURRENT RATIO	Time	0.8	0.6	0.5
QUICK RATIO	Time	0.4	0.3	0.3
CASHFLOW FROM OPERATION RATIO	Time	0.2	0.1	0.1
A/R TURNOVER RATIO	Time	6.8	6.5	7.3
AVERAGE COLLECTION PERIOD	Days	53.8	56.0	50.2
INVENTORY TURNOVER RATIO	Time	5.3	4.6	5.2
AVERAGE AGE OF INVENTORY	Days	69.0	78.8	69.9
A/P TURNOVER RATIO	Time	2.2	1.9	2.0
AVERAGE PAYMENT METHOD	Days	163.0	196.6	180.1
CASH CYCLE	Days	(40.2)	(61.9)	(60.0)

PROFITABILITY RATIO		2011	2010	2009
GROSS PROFIT RATIO	%	29.8	28.5	23.8
NET PROFIT RATIO	%	6.1	3.7	4.2
RETURN ON EQUITY RATIO	%	48.5	29.6	312.7

EFFICIENCY RATIO		2011	2010	2009
RETURN ON ASSETS RATIO	%	10.2	4.9	6.3
RETURN ON FIXED ASSETS RATIO	%	20.7	8.9	12.6
ASSETS TURNOVER RATIO	Time	1.7	1.3	1.5

FINANCIAL POLICY RATIO		2011	2010	2009
DEBT TO EQUITY RATIO	Time	3.1	4.6	5.6
INTEREST COVERAGE RATIO	Time	8.8	2.7	5.5
DIVIDEND PAYOUT RATIO	%	0.0	0.0	0.0

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Revenue Structure

	2011		2010		2009	
	Million Baht	%	Million Baht	%	Million Baht	%
Domestic	2,925	79.57%	2,267	79.79%	2,417	77.82%
Export	751	20.43%	574	20.21%	689	22.18%
Total Sales	3,676	100.00%	2,842	100.00%	3,106	100.00%

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

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Message from the Honorary Chairman

I would like to take this opportunity to congratulate the company for being able to improve its performances compared to previous years, despite the crises caused from the unstable economy, political problems, and the flood that was considered to be the worst for decades. Throughout these times of crisis, the company has maintained excellent business performance. This has proved that the directors of the board, CEO as well as all staffs of the company had truly dedicated perseverance to their tasks until the pleasant outcomes were attained.

In addition I would like to thank the board of directors, CEO and all staff, for their dedication and hard work and wish them the very best in achieving their goals to drive the company in future success and growth.



Vanchai Chirathivat
The Honorary Chairman
Malee Sampran Public Company Limited

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Message from the Chairman

For the past few years, many countries throughout the world have been confronted with a global economic crisis that has attacked the United States of America, European and Asian countries including Thailand. The crisis has had an effect on several aspects such as consumer spending and unstable exchange rates. Therefore, the private sector has been struggling to adjust itself to cope with such times until the growth rate of Thailand's economy recovers.

By the end of 2011, vast flooding took place in several areas of Thailand. The flood was one of the most significant crises in decades. No matter whether such calamity was caused by the state of nature or an ineffective flood management, it did cause turmoil to the nation. The flood seriously damaged the economic hubs of the country such as Bangkok and its adjacent areas. This included several industrial zones, which were left submerged and inactive for months. Property and lives were lost and the accumulated damage equaled trillions of Baht. This crisis inevitably caused agony to Thai people. Nevertheless, looking on the bright side, we can see the overwhelming pictures of the generosity from Thai people who offered support in the forms of money and consumer products, voluntary labor and other support. As for Malee and its staffs, we contributed generously--donating consumer products, food and drink, sand and construction materials, money and labor to flood victims in communities close to our factory. I would like to take this opportunity to pass on my warm and sincere wishes to everybody who worked together with us, in order to recover our beloved country and restore happiness and well being to our society.

During the crisis, Malee together with its staff, unavoidably became victims of the flood due to the head-quarter of the company and households of the staffs being submerged and unreachable for approximately two months. Despite facing several obstacles and difficulties, all of us have shown that when there were problems or difficulties, our responsiveness, perseverance and unity could get us through those hard and effort-demanding moments. Consequently, the overall performance of that year was one of the best in the company's history. This success is an empirical proof of our quality for having strong and stable business base, flexible business structure and, most importantly, the effective management under the supervision from directors and staffs that could in time mitigate the severity of the effects from any crisis the company may have encountered,

The company has been continuously struggling to improve managerial schemes and policies in all areas so that we can be positively confident that, in 2012, the company will fully proceed forward to ensure that its performance will definitely be greater than that of the previous years.

Finally, the Malee Sampran (Public) Company Limited would like to inform everybody, especially the flood victims, that we join our hands and hearts with yours, in order to move forward with strength and stability. In addition, we would like to express our gratitude to all the shareholders, business alliances, financial institutes, related governmental organizations, directors of the board as well as company employees and staffs who have been making contributions to the company's achievement. All of your contributions will lead to the future success of the company and will, in return, lead to greater share profits and benefits.



Chatchai Boonyarat
Chairman

Malee Sampran Public Company Limited

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General Information

Malee Sampran Public Company Limited. Registration number 0107535000079

Abico Building, 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

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, 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

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

Tel: 0-662 992 5800 to 14, 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%)

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.

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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

Auditor

Mrs. Kesree Narongdej, Certified Public Accountant No. 76

Mrs. Natsarak Sarochanunjeen, Certified Public Accountant No. 4563

Mr. Sumit Khopaiboon, Certified Public Account No. 4885

A.M.T. & Associates.

491/27 Silom Plaza, Silom Road, Bangruak, Bangkok 10500

Tel: 0-2234-1676

Legal

Bunchong and Vidhya Law Office Limited

33/35, 33/39-40 Wall Street Tower Bldg., Fl. 9

Surawong Rd., Kwaeng Suriyawong, Khet Bangrak, Bangkok 10500

Tel: +66(2)-236-2334 or +66(2)-233-1666 Ext. 3910-1

Fax: +66(2)-236-3916

Email address: bcvidhya@bcvidhya.co

Contact Person

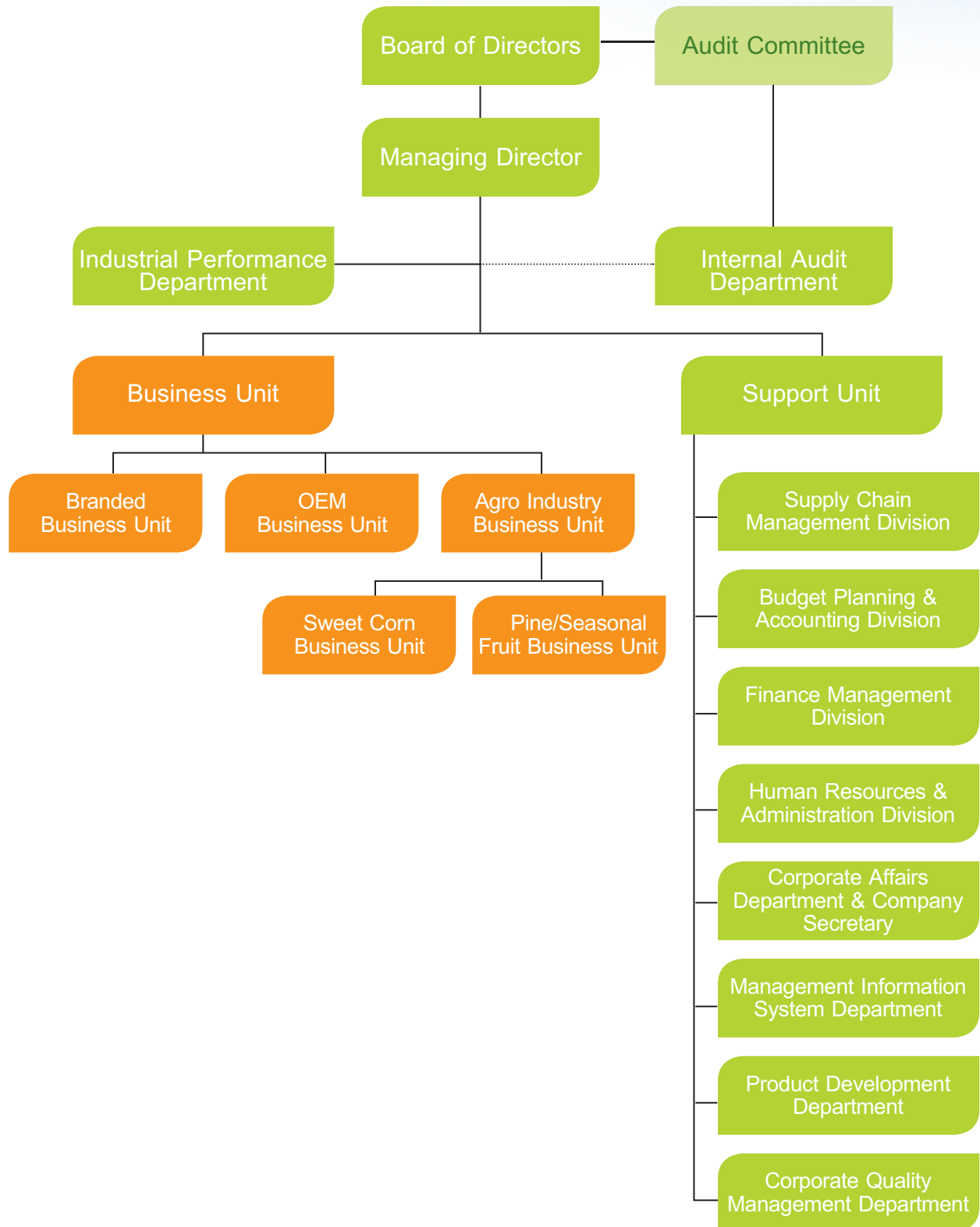
Miss Naharuthai Chuachalad

Tel: 0-662 992 5800 ext. 4010

E-mail: naharuthai_chu@malee.co.th



Organization Chart 2011



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Nature of Business

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.) format under “Malee”, “First Choice”, and “Farmer” trademark. The production of the employer brand.
- **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.

Malee Sampran Public Company Limited and Agri Sal Limited is completely developed 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

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 Healti Plus”, Malee Veggies”, “Malee Juize Mix”, “Malee Juize 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 three 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 9%. We gain good image of best selection of quality products for our consumers. As a result, we received 2005 Superbrands Awards from Superbrands UK institution and 2003-2010 Trusted Brand Awards (Gold) in the category of packet drink from Reader's Digest for the 9 consecutive years.

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. and The Award for Great Agricultural Dietary Product from the department of industrial work, when joining in the project which added value and develop the waste management technology in Agricultural Dietary Product Industrial year 2011 The award took place in January 10th 2012 Over 30 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.

Summary of major changes in the past year

In 2011, 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 “Granny smith green apple juice mixed white grape juice, White grape juice” 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 5 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.

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Industry Review and Trends in 2011

Sweet corn business

Thailand export value of canned sweet corn in 2011 were close to a year ago. However, the value increased by about 4% of 5343 total exports due to increased costs. The selling price must be higher. Exporters sell their goods to countries with strong currency such as the Japanese one. Followed by Taiwan, Korea, the Russian exports to the EU is still a problem of trade barriers (Anti Dumping) the total exports to the EU is significantly reduced.

The 2011 the export volume of corn that the trend may be near or slightly lower due to varying weather conditions and season of harvest. Sweet corn is delayed. Seed shortages resulting from flood water in late 2011 for the production of export goods should have a strategy. The market potential for products with high prices.

Vegetable and fruit juices business

Beverage consumption trends of fruit and vegetable juices had consistent high growth rates for many years because consumers realize and prefer their healthy benefits. In the year 2011, fruit juice market had sales value of 10.37 billion baht, or about 284 million liters. The fruit juice market is separated into premium, medium, economy, and super economy segments. The premium segment is the biggest with the value of 3.80 billion baht, or about 56 million liters with 5% growth rate. The premium segment is further divided into UHT and pasteurized segments. The UHT segment has the value of 3.0 billion baht with 6% growth rate. In this premium UHT segment, Malee holds 22% market share. The premium pasteurized segment has the value of only 0.80 billion baht with 8% growth rate. The size of the medium segment is 0.58 billion baht, or about 12 million liters. The economy segment is worth approximately 3.0 billion or 117 million liters. Finally, the super economy segment is worth 1.8 billion, or approximately 63 million liters. The rest are other segments worth 1.00 billion baht or about 28 million liters. The market trend is continuous growth because consumers are becoming more and more health conscious. Consumers will likely reduce their consumption of other types of beverage, such as sparkling water, and will increase their fruit juice and other healthy beverages consumption.

The growth rate of fruit juice market has always been good continuously at the average rate of 11 (Source: Nielsen, Dec. 2011) 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 high competition of new competitors from different beverage segment, such as the increasing entry of functional drinks, makes an impact on the market. The company continued to focus on increasing market penetration and growth of market share. Furthermore, the company highly considered to develop new products to meet consumer needs by selecting the best fruit under the idea of "Goodness from the Ground"



Goodness from the ground

In August 2011, the company introduced new flavors of fruit juices, including Green Granny Smith Apple and White Grape under the Malee brand. This introduction helped Malee create more sales and increase market share. We improved the taste profile of Malee Veggies V9 to closely match the taste of Thai consumers. We redeveloped new color and new design of packaging for both UHT and pasteurized fruit juices to help the products stand out on shelves. We launched the new packing sizes of pasteurized juice to be perceived as more value for money which has been accepted by consumers. We also expanded via new distribution channels such as Amway, Loxley, or Chomthana (sole distributor of Ice Cream Cremo) and have successfully penetrated more widely in the market to reach new consumer groups and gain broader distribution.

Canned Fruit business

Characteristic of the canned fruit industry

In 2011, canned fruit market value was approximately 800 millions baht with slow growth rate due to the volatile environment that caused agricultural product to decrease. However, the canned fruit business has low competition with only a few players with recognized brands, namely Malee and UFC. The high barriers to entry are caused by the needs of high investment of factories, experiences in choosing raw materials, and skilled workers for quality products.

Industry trend

The canned fruit business is closely related to agricultural production. This means if the crops run into uncontrollable environmental factors, such as flooding and drought, the yield will not meet the market demand. Also the new generation farmers lack interests in growing seasonal fruits, thus the area for growing fruit is diminishing every year.

In addition, canned fruit business has two main risk components

1. Can packaging material: This is crucial to the production process. The company has low negotiation power on price as there are only a few canning factories in the country. We cannot substitute the use of steel cans as it is the only material that allows us to maintain the quality of the fruit for two years. Therefore, the increase or decrease of the steel price affects the business costs directly.

2. Fruit yields: Due to unpredictable changes of the environment during the past 2-3 years, the fruit yield fell short. This shortage directly impacts the canned fruit business. Therefore, the producers determined to produce certain amount of canned fruit to be sufficient enough in the market and cut down on promotions to not boost up the sales too much.



Canned Fruit Business

Canned fruit market can be divided to three segments according to the quality and size of the fruit.

- **Premium market:** There are two main competitors in this segment, including Malee under production of Malee Sampran Public Company Limited and UFC under production of Universal Food Public Company Limited. This market focuses on quality and consumer promotions rather than on price.

- **Medium market:** There are many players competing in this market because of the lower quality and lower price than the premium segment. Some players include Pigeon, Thai AD Food Company Limited, First Choice, and other house brands.

- **Economy market:** There are many brands in this market, such as Tank, Farmer, and Chaodoi. This segment focuses solely on low price and not at all on quality.

Overall, the medium and the economy segments are in the price war.

Positioning of Malee Brand in the industry

In the canned fruit market, Malee is the market leader who stimulates market growth through consumer promotions and new product introduction

Market share

1. Malee	contributes approximately	43%	Leader
2. UFC	contributes approximately	35%	
3. First Choice	contributes approximately	9%	
4. House Brand	contributes approximately	7%	
5. Others	contributes approximately	6%	

(Source: Nielsen, Sep 11)

Cereal Beverages business

The cereal beverage market value in the year 2011 was approximately 2 billion baht. This market is quite small comparing to other types of beverages of value over 100 billion baht. However, the trend of the cereal beverage market has high growth potential because consumers today search for healthy products. There is also only a few players, such as Ovaltin, Milo, and Mew, and low level of competition in the market of cereal beverage. However, in the year 2012, many big, prominent players will enter to compete in this market, including Vita and EMO.

The company's growth was quite stagnant at 3% due to the discontinuation of some flavors and consumers' exposure to many choices of healthy beverages. Competitors continuously launched new products to the market. Although the company recognizes the importance of this product group, we had the problem of raw material supply shortage. We aim to continuously develop new, healthy products in order to respond and capture the wellness and healthy beverage market trend.

Goodness from the ground



UHT Milk and Pasteurized Milk Business

The dairy market in Thailand is growing because the new generation consumers are more health conscious. In 2011, the market was worth 14 billion baht. Thailand's average milk consumption is 10 liters per person per year. Although the volume of consumption is not as great as those in developed countries; it is increasing and growing consistently. The growth is due to the variety of products, packaging, available flavors, and the expansion of sales channels. Furthermore, the government supported milk consumption through the campaign in 2011 to promote good health.

The dairy beverage market is divided into two major categories based on the raw materials for production and manufacturing processes

- UHT Milk: The market price is controlled by the government. The market share of the UHT category is approximately 70% of the total market (Source: Nielsen, May, 2011). The highest proportion of sales is plain flavor. UHT milk in the family, adult and children segment has been growing steadily at 7%.
- Pasteurized Milk: The market price is controlled by the government. The market share of the pasteurized category is approximately 30% of the total market (Source: Nielsen, May, 2011) with 10% growth rate.

The dairy market has increasing level of competition due to advertising and promotional discounts in order for players to maintain leadership and market share. In 2011, Chok Chai Farm Brand expanded distributions of UHT and pasteurized milk through sales via new channels and gained new target groups of consumers. Furthermore, pasteurized milk was promoted to be used as raw material for other food production processes.

In 2011, Chok Chai Farm brand developed new product with added benefits to meet the needs of consumers and make it possible to adjust to a new price as well.



SHAREHOLDING STRUCTURE AND MANAGEMENT

MAJOR SHAREHOLDERS AS OF DECEMBER 31, 2011

No.	Name of shareholders	No. of share	Percentage
1.	Thailand Securities Depository Co., Ltd., for Depositors	24,751,577	35.36%
2.	Abico Holdings Public Company Limited.	17,840,700	25.49%
3.	CREDIT SUISSE AG SINGAPORE BRANCH	14,245,000	20.35%
4.	Mr.Pichai Chirathivat	4,583,700	6.59%
5.	Miss Siriluck Wittayanupong	3,150,000	4.50%
6.	Thailand Securities Depository Co., Ltd., for Depositors	2,629,500	3.76%
7.	Mr.Sakchai Chirathivat	2,629,500	3.76%
8.	CDI Co., Ltd.	700,000	1.00%
	Total	69,544,877	99.35%

SHAREHOLDING BY THE DIRECTORS AS OF DECEMBER 31, 2011

Name	As of Dec 31, 2011	Amount Change	As of Dec 31, 2010
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

Goodness from the ground



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 officially 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 shareholders. 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



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 – SUB COMMITTEE

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



AUTHORITY AND DUTY OF NOMINATING AND REMUNERATION COMMITTEE – SUB 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.

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 – SUB 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 – SUB 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.

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 2011, for 8 persons, was Baht 2,645,000
- b) Executive directors and Management's remuneration in 2011, for 18 persons, was Baht 33,471,683 (as of 31 December 2011, total managements are 10 persons including with Executive directors for 8 persons)

Other remuneration

Provident Fund of Management for 8 persons in 2011, was Baht 203,639.76



Company's Committee, Number of Attendance and Remuneration for year 2011

NAME OF DIRECTOR	DURATION OF TENURE	NUMBER OF ATTENDANCE OF MEETING (TIME)						Annual REMENU RATION	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	2010 - 2013	4/4	-	10/10	-	-	-	-	160,000	-	400,000	-	-	560,000
2 Mrs. Chintana Boonyarat Director Member of the Executive Director Member of the Nominating and Remuneration Committee	2009 -2012	4/4	-	10/10	-	1/1	-	-	80,000	-	200,000	-	10,000	290,000
3 Mr. Pin Chirathivat Director	2012 - 2014	4/4	-	-	-	-	-	-	80,000	-	-	-	-	80,000
4 Mr. Khemadhat Sukondhasingha Director Chairman of the Audit Committee Independent Director Chairman of the Compensation Committee Member of the Nominating and Remuneration Committee	2010 - 2013	4/4	4/4	-	4/4	1/1	100,000	-	80,000	160,000	-	80,000	10,000	430,000
5 Mr. Mati Tungpanich Director Member of the Audit Committee Independent Director Chairman of the Nominating and Remuneration Committee	2011 - 2013	4/4	4/4	-	4/4	1/1	100,000	-	80,000	80,000	-	40,000	20,000	320,000
6 Mr. Kiti Vilaivarangkul Director Member of the Executive Director	2012 - 2014	4/4	-	10/10	-	-	-	-	80,000	-	200,000	-	-	280,000
7 Mr. Pandit Mongkolkul Director Member of the Executive Director Remuneration Committee	2010 - 2012	4/4	-	10/10	4/4	-	-	-	80,000	-	280,000	40,000	-	400,000
8 Mr. Supatana Upanigkit Director Member of the Executive Director Member of the Audit Committee	2009 - 2012	4/4	4/4	-	2/4	-	100,000	-	80,000	80,000	-	25,000	-	285,000
Total							300,000		720,000	320,000	1,080,000	185,000	40,000	2,645,000

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



Malee®



Good Corporate Governance

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 2011, the Shareholders' Meeting had been held on Monday 25th April 2011 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.
- 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.



Goodness from the ground

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 2011	1,340 persons
Employee Costs for the year 2011	Baht 320,777,630



Goodness from the ground

Internal Control System 2011

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 2011 for No. 6. 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
Subsidiaries		
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

Related parties		
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
Aira Factoring Public Company Limited (A)	Factoring	Co - directors
CG Broker Company Limited	Insurance	Co - directors

(A) Commencing March 8, 2011, Aira Factoring Public Company Limited (Formerly the name of Dhanamitr Factoring Public Company Limited) is not a related party of the Company and its subsidiaries.

During the years, the Company had significant trading transactions with its subsidiaries 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	
Transfer Pricing policy		2011	2010	2011	2010
<u>Transactions with subsidiaries</u>					
(Eliminated in the consolidated financial statements)					
Sales of goods	Cost plus margin	-	-	1,141,016,108	1,205,969,822
Purchase of goods	Cost plus margin	-	-	44,823,483	50,677,669
Purchase of raw material and others	Cost plus margin	-	-	30,576,061	-

Goodness from the ground

Baht

	Transfer Pricing policy	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Others income	Cost plus margin	-	-	9,877,274	82,591,639
Guarantee income	0.25 percent of the guarantee amount	-	-	737,500	737,500
Guarantee fee	0.25 percent of the guarantee amount	-	-	700,000	700,000
Land and plant rental and service expense	Contract price	-	-	1,692,990	-
Purchase of land not used in operation	Cost	-	-	1,997,662	-
Transactions with related parties					
Sales of goods	Comparable market price	96,838,151	112,262,417	-	-
Purchase of goods	Comparable market price	9,840,622	6,289,103	-	-
Building rental expenses	Contract price	11,016,960	11,016,960	6,525,360	6,609,360
Produce service	Comparable market price	60,120,227	50,045,118	60,120,227	50,045,118
Sale promotion expense	Contract price	20,904,187	12,690,511	-	-
Interest expense - factoring	Market yield	383,977	1,573,587	-	-

The balances of the accounts as at December 31, 2011 and 2010 between the Company and its subsidiaries and those related companies are as follows:

Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Trade receivables				
Subsidiaries				
Malee Enterprise Co., Ltd.	-	-	623,331,386	578,994,808
Agri Sol Co., Ltd.	-	-	1,617,165	4,536,172
Total	-	-	624,948,551	583,530,980
Related parties				
Chokchai Milk Co., Ltd.	1,088,540	1,088,540	1,088,540	1,088,540
Central Food Retail Co., Ltd.	16,633,908	17,226,513	-	-
Total	17,722,448	18,315,053	1,088,540	1,088,540
Allowance for doubtful account				
Related party				
Chokchai Milk Co., Ltd.	(1,088,540)	(1,088,540)	(1,088,540)	(1,088,540)
Allowance for contingent damage due to a subsidiary cannot pay for goods				
Subsidiary				
Malee Enterprise Co., Ltd.	-	-	(244,395,435)	(334,031,767)



Baht

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Other receivables				
Subsidiaries				
Malee Enterprise Co., Ltd.	-	-	5,418,204	-
Agri Sol Co., Ltd.	-	-	210,000	4,965,428
Total	-	-	5,628,204	4,965,428
Related parties				
Abico Daily Farm Co., Ltd.	111,168	138,924	111,168	138,924
Aira Factoring Public Co., Ltd.	-	3,488	-	-
Total	111,168	142,412	111,168	138,924
Deposits				
Related parties				
Abico Land Co., Ltd.	2,973,000	2,973,000	-	-
Central Food Retail Co., Ltd.	83,436	-	-	-
Aira Factoring Public Co., Ltd.	-	4,503,488	-	-
Total	3,056,436	7,476,488	-	-
Trade payables				
Subsidiaries				
Malee Enterprise Co., Ltd.	-	-	536,492	-
Agri Sol Co., Ltd.	-	-	25,584,053	53,725,106
Total	-	-	26,120,545	53,725,106
Related party				
Abico Daily Farm Co., Ltd.	6,153,107	6,976,117	6,135,570	6,963,512
Factoring payable				
Related party				
Aira Factoring Public Co., Ltd.	-	28,862,498	-	-
Other payables				
Subsidiaries				
Malee Enterprise Co., Ltd.	-	-	-	498,655
Agri Sol Co., Ltd.	-	-	5,510,000	5,759,921
Total	-	-	5,510,000	6,258,576
Related parties				
Abico Land Co., Ltd.	63,455	99,711	39,753	67,487
Abico Daily Farm Co., Ltd.	17,537	12,630	-	-
Central Food Retail Co., Ltd.	16,649,958	12,004,475	-	-
Total	16,730,950	12,116,816	39,753	67,487





Malee®



Board of Directors

1) Mr. Chatchai Boonyarat	Chairman
2) Mrs. Chintana Boonyarat	Director
3) Mr. Prin Chirathivat	Director
4) Mr. Kittti Vilaivarangkul	Director
5) Mr. Pandit Mongkolkul	Director
6) Mr. Khemadhat Sukondhasingha	Director / Chairman of Audit Committee Independent Director
7) Mr. Mati Tungpanich	Director / Member of Audit Committee Independent Director
8) Mr. Supatana Upanigkit	Director/ Member of Audit Committee Independent Director
9) Mr. Rangsan 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. Participated in the Chairman 2000 Program from Thai Institute of Directors Association, and also participated in The Capital Market Academy Leader Program (CMA) 11.

Currently, apart from being the Chairman of Malee Sampran Public Company Limited and the Chairman of Abico Holding Public Company Limited.

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.; Director 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.



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 DAP 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 Dairy 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 – Corporate Finance of Harng Central Department Stores 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/Risk Management Committee of Malee Sampran (Public) Co., Ltd.; Director of Central Life Broker 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.; Director of CR Hadyai (Thailand) Co., Ltd.; Director of CG Training Center Co., Ltd. And Director of Central Watson Co., Ltd.;

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 Robotic 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 and the President of Architects Council of Thailand during 2004 - 2007

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 almost 40 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 2011, comparing with the same period of previous year, the total sales were Baht 3,660.4 million which increased by Baht 831.7 million or 29.4 % mainly due to domestic sales from OEM and Branded Business and export sales.

The gross profit was Baht 1,089.0 million which was higher than previous year by Baht 283.7 million. The gross profit margin was 29.8% of total sales which increased by 1.3% because the sales proportion of high margin product from beverages product. The selling and administrative expenses were Baht 893.4 million which was higher than last year by Baht 167.6 million or 23.1% that resulted from selling expenses varied to sales. As a result, the Company closed a net profit at Baht 227.7 million which increased Baht 121.3 million compared with the net profit of Baht 106.4 million in the same period of previous year.

Financial Status Analysis				
(Unit: Million Baht)				
Breakdown of assets	2011		2010	
Accounts receivable	611.6	27.0%	466.7	21.2%
Inventories	500.2	22.1%	472.0	21.5%
Investments	5.1	0.2%	5.0	0.2%
Land awaiting future development	28.5	1.3%	128.8	5.9%
Property, plant and equipment	1,004.4	44.4%	1042.4	47.4%
Others	114.3	5.0%	82.3	3.8%
Total assets	2,264.1	100.0%	2197.2	100.0%

Accounts receivable increased by Baht 144.9 million and Inventory increased by Baht 28.2 million as the result from domestic sales increased. Almost of the increased inventories were finished good prepared for domestic sale growth. The Allowance for stock obsolescence is decreased from inventory management.

Land awaiting future development decreased from last year. In quarter 1/2011 the company sale non - operating lands located at Muang district, Ratchaburi province which has the net appraisal book value is of Baht 98.7 million to a packaging payable for settlement with some of trade debt. The company gained on sales of land Baht 13.1 million

Plant and equipment decreased by Baht 38.0 million from depreciation of building machine and equipment.

Other asset mainly is accrued other income deposit and other receivable from normal operation.



The Quality of Assets

Accounts receivable

Net accounts receivable at the year end were Baht 611.6 million, of which Baht 154.8 million was overdue, increased by 23.5 million or 17.9 % of total overdue, comparing at the year end of 2010 as there were some delay payment from domestic sale from the impact of big flood. There are also some delays from export account receivable. The Company's management have reviewed the allowance for doubtful debt as at 31 December 2011 and believes that such amount is adequate in the current circumstances.

Liquidity

The Company has cash flows from operating activities of Baht 292.5 million which was 206.4 million more than previous year from better profit from operating, management of collection and inventory. The working capital ratio was 0.8 time better than 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 292.5 million were used for investing activities 58.1 million and to repay loans from financial institutions other payable 222.7 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

1. Risk of RawMaterial Shortage

In the year 2011, Thailand faced continuous uncertainty regarding raw material supply since Q.2, and the country was adversely affected by flood crisis during Q.3. Apart from causing serious damages to many sources of raw material, the flood crisis also interrupted some transportation modes, particularly shipping. Shortage of raw material supplies along with interrupted transportation thus resulted in sharp increase in both raw material and product prices. To solve those two problems, the company had to manage sales price & volume, secure sufficient sources of raw material and manage risk associated with transportation of raw material and shipping products to all clients.

2. Risk due to Economic Slump in Key Foreign Trading Partners

Due to deceleration in economic growth of Thailand's key trading partners including the US and EU, this seriously eroded consumer confidence in those two regions, thus resulting in declining demand for Thai exports from those two foreign trading partners. Thai exporters thus had to adapt themselves by looking for new export markets with sound potential to diversify export risk. The company aims to penetrate ASEAN market, expecting to obtain potential privileges given under AEC (ASEAN Economic Community) agreement.

3. Foreign Exchange Risk

As most of the Company's exports are in the form of US dollar, it has thus faced foreign exchange risk. To deal with this risk, the Company tends to limit forward sales and utilize currency forward to hedge risk caused by foreign exchange movement.



Goodness from the ground

Audit Committee Report


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 Tunpanich and Mr. Supatana Upanigkit serve as members of the Audit Committee.

In 2011, the Audit Committee held 4 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 2011 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 2011 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 13, 2012

Quality System and Awards

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.
- GMP Codex Alimentarius Commission Recommended International Code of Practice General Principles of Food Hygiene, CAC/RCP 1 (1969) Version 4 (2003) recognized by BVQI Company on 27th January 2010.

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 – 2005 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.

Goodness from the ground



- 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.
- The Award for Great Agricultural Dietary Product from the department of industrial work, when joining in the project which added value and develop the waste management technology in Agricultural Dietary Product Industrial year 2011 The award took place in January 10th 2012

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.



MALEE SAMPRAN PUBLIC COMPANY LIMITED AND
ITS SUBSIDIARIES THAILAND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011 and 2010
AND INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT
EXPRESSED IN THAI BAHT





Malee[®]



INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT

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

(1) I have audited the accompanying consolidated statements of financial position of Malee Sampran Public Company Limited and its subsidiaries as of December 31, 2011, and the related consolidated statements of changes in shareholders' equity, income, comprehensive income and cash flows for the year ended December 31, 2011, and I have also audited the separate financial statements for the same year of Malee Sampran Public Company Limited. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

(2) The consolidated financial statements of Malee Sampran Public Company Limited and its subsidiaries and the separate financial statements of Malee Sampran Public Company Limited for the year ended December 31, 2010, presented herein for comparison, were audited by another auditor in accordance with generally accepted auditing standards and expressed an unqualified opinion in her report dated February 16, 2011, but drawn attention issues regarding the going concern.

(3) 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.

(4) In my opinion, the financial statements above present fairly, in all material respects, the financial position of Malee Sampran Public Company Limited and its subsidiaries as of December 31, 2011, the results of their operations cash flows for the year then ended and financial position of Malee Sampran Public Company Limited as of December 31, 2011, the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

(5) Without qualifying my opinion, I draw attention the matters as follows:

Goodness from the ground



(5.1) Note 1.3 to the financial statements as stated in the consolidated financial statements, as of December 31, 2011 and 2010, the Company and its subsidiaries occurred accumulated losses from operation of Baht 1,027.03 million and Baht 1,230.77 million, respectively, and current liabilities in excess of current assets approximately Baht 370.11 million and Baht 654.72 million, respectively. 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 continuously positive cash flows from operation that have been presented in the consolidated statements of cash flows for the year ended December 31, 2011 at Baht 292.48 million. The managements have regularly considered the restructuring of their business structure, operations and finances, including marketing and selling strategies, therefore, they believe that these problems will be able to resolve in the 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

(5.2) Note 1.4 to the financial statements as stated that on June 10, 2011, the SET removed cause of possible delisting of the Company's securities and resumes its trading from June 22, 2011 onwards. And

(5.3) Note 2.2 (a) to the financial statements stated that in the current year, the Company and its subsidiaries have applied certain newly issued and revised financial reporting standards which are relevant to the Company and its subsidiaries. Accordingly, the comparative financial statements for the year ended December 31, 2010 have been presented in accordance with the financial statements for the year ended December 31, 2011.

(NATSARAK SAROCHANUNJEEN)

Certified Public Accountant

Registration No. 4563

A.M.T. & ASSOCIATES
Bangkok, Thailand
February 27, 2012

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MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
 AS AT DECEMBER 31, 2011 AND 2010

ASSETS

Baht

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
CURRENT ASSETS					
Cash and cash equivalents	5	25,872,015	14,172,125	7,321,223	1,721,145
Trade receivables					
Subsidiaries	6	-	-	624,948,551	583,530,980
Related parties	6	17,722,448	18,315,053	1,088,540	1,088,540
Unrelated parties		599,553,575	453,617,525	164,614,068	99,507,119
Less : Allowance for doubtful accounts	6	(5,715,302)	(5,240,793)	(5,062,839)	(5,240,793)
: Allowance for contingent loss due to a subsidiary may not be able to pay for the purchased goods	6	-	-	(244,395,435)	(334,031,767)
Trade receivables, net	7	611,560,721	466,691,785	541,192,885	344,854,079
Other receivables	6 and 8	40,197,931	39,359,351	34,393,387	36,146,183
Inventories, net	9	500,183,628	472,036,521	392,837,569	331,570,550
Other current assets		14,785,652	8,389,336	12,901,935	5,428,941
TOTAL CURRENT ASSETS		1,192,599,947	1,000,649,118	988,646,999	719,720,898
NON - CURRENT ASSETS					
Investments in subsidiaries, net	10	-	-	145,000,000	145,000,000
Loan to employees under welfare programme		7,298,541	-	5,060,650	-
Restricted bank deposits	11 and 22	5,143,412	5,060,961	-	-
Property, plant and equipment, net	12, 17 and 22	1,004,459,376	1,042,401,693	855,722,131	878,011,371
Land not used in operation, net	13 and 22	28,450,928	128,833,378	-	98,731,920
Other non - current assets					
Deposits	6 and 23.1 (C)	22,208,450	18,259,157	12,344,214	10,096,396
Others		3,895,143	2,028,995	3,895,143	2,029,612
TOTAL NON - CURRENT ASSETS		1,071,455,850	1,196,584,184	1,022,022,138	1,133,869,299
TOTAL ASSETS		2,264,055,797	2,197,233,302	2,010,669,137	1,853,590,197

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

Goodness from the ground



MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONT.)
AS AT DECEMBER 31, 2011 AND 2010

LIABILITIES AND SHAREHOLDERS' EQUITY

		Baht			
		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
CURRENT LIABILITIES					
Bank overdrafts and short - term loans from financial institutions	14 and 22	250,714,579	314,875,797	229,839,012	283,092,108
Trade payables					
Subsidiaries	6	-	-	26,120,545	53,725,106
Related party	6	6,153,107	6,976,117	6,135,570	6,963,512
Unrelated parties		943,874,366	913,673,697	873,652,999	837,228,275
Other payables	6 and 15	233,925,020	191,917,414	96,345,472	56,138,562
Factoring payables	6 and 7	47,621,078	153,515,825	9,107,671	9,409,413
Current portion of trade payables under a compromise agreement	23.4.2	27,636,667	29,000,000	27,636,667	29,000,000
Current portion of liabilities under financial lease agreements	16	3,409,048	12,346,097	3,013,103	11,980,234
Current portion of liability from guarantee	23.4.1	2,738,259	3,000,000	2,738,259	3,000,000
Current portion of long - term loan	17	-	7,512,534	-	7,512,534
Other current liabilities					
Advances received from customers		27,863,769	13,274,975	27,835,011	11,775,926
Others		18,771,439	9,281,104	8,642,322	3,030,409
TOTAL CURRENT LIABILITIES		1,562,707,332	1,655,373,560	1,311,066,631	1,312,856,079
NON - CURRENT LIABILITIES					
Trade payables under a compromise agreement, net of current portion	23.4.2	112,185,633	139,822,300	112,185,633	139,822,300
Liabilities under financial lease agreements, net of current portion	16	7,515,492	7,873,013	6,855,157	6,819,733
Liability from guarantee, net of current portion	23.4.1	-	2,488,260	-	2,488,260
Long - term loan, net of current portion	17	-	-	-	-
Employee benefit obligation	4	34,980,869	-	28,733,873	-
TOTAL NON - CURRENT LIABILITIES		154,681,994	150,183,573	147,774,663	149,130,293
TOTAL LIABILITIES		1,717,389,326	1,805,557,133	1,458,841,294	1,461,986,372

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

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2011 AND 2010

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

		Baht			
		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
SHAREHOLDERS' EQUITY					
Share capital					
Authorized share capital					
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 - up share capital		700,000,000	700,000,000	700,000,000	700,000,000
70,000,000 ordinary shares of Baht 10.00 each					
Share premium on issue of share		347,500,000	347,500,000	347,500,000	347,500,000
Retained earnings (deficit)					
Appropriated - Legal reserve	18	8,180,000	8,180,000	8,180,000	8,180,000
Deficit		(1,027,028,681)	(1,230,772,968)	(961,718,481)	(1,163,183,411)
Other components of equity		518,015,152	566,769,137	457,866,324	499,107,236
Total equity of the parent		546,666,471	391,676,169	551,827,843	391,603,825
Non - controlling interests		-	-	-	-
TOTAL SHAREHOLDERS' EQUITY		546,666,471	391,676,169	551,827,843	391,603,825
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,264,055,797	2,197,233,302	2,010,669,137	1,853,590,197

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

Goodness from the ground

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Consolidated financial statement (Baht)

	Note	Equity holders of parent company						
		Issued and fully paid - up share capital	Share premium on issue of share	Retained earnings (deficit)		Other components of equity		Total equity of the parent
				Legal reserve	Deficit	Other comprehensive income (loss)	Revaluation surplus	
Balances as at January 1, 2011		700,000,000	347,500,000	8,180,000	(1,230,772,968)		566,769,137	391,676,169
Effect of changes in accounting policy	4	-	-	-	(31,804,446)	-	-	(31,804,446)
Balances as at January 1, 2011 after adjustment		700,000,000	347,500,000	8,180,000	(1,262,577,414)		566,769,137	359,871,723
Transferred to deficit	12	-	-	-	7,819,280		(7,819,280)	-
Total comprehensive income (loss) for the year		-	-	-	227,729,453		(40,934,705)	186,794,748
Balances as at December 31, 2011		700,000,000	347,500,000	8,180,000	(1,027,028,681)		518,015,152	546,666,471
Balances as at January 1, 2010		700,000,000	347,500,000	8,180,000	(1,338,642,358)		609,591,181	326,628,823
Transferred to deficit	12	-	-	-	1,505,760		(1,505,760)	-
Total comprehensive income (loss) for the year		-	-	-	106,363,630		(41,316,284)	65,047,346
Balances as at December 31, 2010		700,000,000	347,500,000	8,180,000	(1,230,772,968)		566,769,137	391,676,169

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

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

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Separate financial statement (Baht)

	Note	Issued and fully paid - up share capital	Share premium on issue of share	Retained earnings (deficit)		Other components of equity		Total equity
				Legal reserve	Deficit	Other comprehensive income (loss)	Revaluation surplus	
Balances as at January 1, 2011		700,000,000	347,500,000	8,180,000	(1,163,183,411)	499,107,236		391,603,825
Effect of changes in accounting policy	4	-	-	-	(26,559,708)	-		(26,559,708)
Balances as at January 1, 2011 after adjustment		700,000,000	347,500,000	8,180,000	(1,189,743,119)	499,107,236		365,044,117
Transferred to deficit	12	-	-	-	7,253,672	(7,253,672)		-
Total comprehensive income (loss) for the year		-	-	-	220,770,966	(33,987,240)		186,783,726
Balances as at December 31, 2011		700,000,000	347,500,000	8,180,000	(961,718,481)	457,866,324		551,827,843
Balances as at January 1, 2010		700,000,000	347,500,000	8,180,000	(1,294,731,163)	535,004,371		295,953,208
Transferred to deficit	12	-	-	-	1,528,848	(1,528,848)		-
Total comprehensive income (loss) for the year		-	-	-	130,018,904	(34,368,287)		95,650,617
Balances as at December 31, 2010		700,000,000	347,500,000	8,180,000	(1,163,183,411)	499,107,236		391,603,825

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

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF INCOME
 FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

		Baht			
		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
REVENUES					
Sales	6	3,660,375,268	2,828,667,793	2,727,612,931	2,234,555,703
Other income					
- Adjustment for decrease in contingent loss due to a subsidiary may not be able to pay for the purchased goods	7	-	-	89,636,332	-
- Others	1.2, 6 and 13	65,848,385	59,881,860	54,709,561	41,130,080
TOTAL REVENUES		3,726,223,653	2,888,549,653	2,871,958,824	2,275,685,783
EXPENSES					
Cost of sales		2,571,349,554	2,023,369,836	2,370,066,777	1,863,202,508
Selling expenses		623,406,432	463,475,543	66,479,442	40,676,045
Administrative expenses		264,675,331	262,382,123	191,717,708	185,946,471
Other expenses					
- Adjustment for increase in contingent loss due to a subsidiary may not be able to pay for the purchased goods	7	-	-	-	30,389,467
- Others		5,351,032	-	377,875	-
Finance cost		33,711,851	32,958,521	22,546,056	25,452,388
TOTAL EXPENSES	1.2 and 6	3,498,494,200	2,782,186,023	2,651,187,858	2,145,666,879
PROFIT (LOSS) BEFORE INCOME TAX EXPENSES		227,729,453	106,363,630	220,770,966	130,018,904
INCOME TAX EXPENSES	26	-	-	-	-
PROFIT (LOSS) FOR THE YEARS		227,729,453	106,363,630	220,770,966	130,018,904
Share of profit (loss)					
Equity holders of the parent		227,729,453	106,363,630	220,770,966	130,018,904
Non - controlling interests		-	-	-	-
		227,729,453	106,363,630	220,770,966	130,018,904
Basic earnings per share (Baht)	20				
Profit (loss) attributable to:					
Equity holders of the parent		3.25	1.52	3.15	1.86

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



MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

		Baht			
		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
PROFIT (LOSS) FOR THE YEARS		227,729,453	106,363,630	220,770,966	130,018,904
OTHER COMPREHENSIVE INCOME (LOSS):					
Depreciation of increment in assets	12	(40,934,705)	(41,316,284)	(33,987,240)	(34,368,287)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEARS		(40,934,705)	(41,316,284)	(33,987,240)	(34,368,287)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEARS		186,794,748	65,047,346	186,783,726	95,650,617
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Equity holders of the parent		186,794,748	65,047,346	186,783,726	95,650,617
Non - controlling interests		-	-	-	-
		186,794,748	65,047,346	186,783,726	95,650,617

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

Goodness from the ground

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Cash flows from (used in) operating activities					
Profit (loss) for the years		227,729,453	106,363,630	220,770,966	130,018,904
Adjustments to reconcile profit (loss) to net cash provided by (paid from) operating activities:					
Adjustment for increase (decrease) in contingent loss due to a subsidiary may not be able to pay for the purchased goods		-	-	(89,636,332)	30,389,467
Bad debt and allowance for doubtful accounts (reversal)		584,211	2,079,881	(242,480)	2,079,881
Loss on obsolete inventories		25,381,820	22,973,547	16,486,131	14,487,219
Provision for obsolete inventories (reversal)		(13,679,031)	3,852,563	(13,805,673)	4,497,590
Depreciation		48,790,846	44,814,418	37,263,029	32,775,258
Amortization		1,261,835	960,617	1,254,487	960,617
Allowance for impairment loss (reversal)		-	(227,782)	-	(526,498)
Write - off property, plant and equipment		6,367,410	5,271,346	5,348,689	4,907,236
Loss (gain) on sales of property, plant and equipment		(13,242,902)	(94,419)	(13,095,501)	(71,331)
Unrealised loss (gain) on exchange rate		4,590,878	656,077	2,421,285	600,580
Employee benefit obligation		3,869,073	-	2,866,815	-
Interest income		(56,492)	(280,225)	(8,384)	(252,544)
Finance cost		33,711,851	32,958,521	22,546,056	25,452,388
Income tax expense		-	-	-	-
Profit (loss) from operating activities before changes in operating assets and liabilities		325,308,952	219,328,174	192,169,088	245,318,767
Operating assets (increase) decrease					
Trade receivables		(145,517,673)	(46,706,951)	(106,524,519)	(12,481,723)
Other receivables		(774,054)	5,153,696	1,750,047	13,184,729
Inventories		(39,849,896)	(97,262,284)	(63,947,477)	(89,822,928)
Other current assets		(3,660,592)	3,936,140	(5,837,972)	401,074
Loans to employees under welfare programme		(7,298,541)	-	(5,060,650)	-
Other assets		(7,077,276)	(1,691,704)	(5,367,837)	(2,051,852)

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

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONT.)

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

		Baht			
		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
Operating liabilities increase (decrease)					
Trade payables		146,163,658	20,559,911	124,829,143	6,948,459
Other payables		37,914,024	2,381,818	35,959,777	(11,213,102)
Trade payables under a compromise agreement, long - term		(29,000,000)	(22,435,030)	(29,000,000)	(22,435,030)
Other current liabilities		19,702,250	5,125,618	19,412,791	1,538,676
Employee benefit obligation		(692,650)	-	(692,650)	-
Cash flows from (used in) operating activities		295,218,202	88,389,388	157,689,741	129,387,070
Cash paid to income tax, net		(2,735,723)	(2,256,600)	(1,635,023)	(2,023,798)
Net cash flows from (used in) operating activities		292,482,479	86,132,788	156,054,718	127,363,272
Cash flows from (used in) investing activities					
Decrease (increase) in restricted bank deposits		(82,451)	28,875,626	-	31,729,677
Acquisition in property, plant and equipment		(60,933,242)	(47,237,901)	(57,071,974)	(42,432,670)
Proceeds from sales of property, plant and equipment		2,844,264	420,651	1,025,992	4,669,174
Interest received		56,492	280,225	8,384	252,544
Net cash flows from (used in) investing activities		(58,114,937)	(17,661,399)	(56,037,598)	(5,781,275)
Cash flows from (used in) financing activities					
Increase (decrease) in bank overdrafts and short - term loans from financial institutions		(64,161,218)	(40,353,708)	(53,253,096)	(43,113,397)
Increase (decrease) in factoring payables		(105,894,747)	53,023,809	(301,742)	(7,029,060)
Cash paid to liabilities under finance lease agreements		(12,730,884)	(23,535,003)	(12,368,021)	(23,363,493)
Cash paid to liability from guarantee		(2,750,000)	(2,900,000)	(2,750,000)	(2,900,000)
Cash paid to long - term loan		(7,512,534)	(26,754,810)	(7,512,534)	(26,754,810)
Cash paid to finance cost		(29,618,269)	(25,622,182)	(18,231,649)	(18,212,899)
Net cash flows from (used in) financing activities		(222,667,652)	(66,141,894)	(94,417,042)	(121,373,659)
Net increase (decrease) in cash and cash equivalents		11,699,890	2,329,495	5,600,078	208,338
Cash and cash equivalents at beginning of years		14,172,125	11,842,630	1,721,145	1,512,807
Cash and cash equivalents at end of years	5	25,872,015	14,172,125	7,321,223	1,721,145

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

Goodness from the ground



Supplemental disclosures of cash flows information:

Activities not effecting cash:

1) For the year ended December 31, 2010

- In the 1st quarter of 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 receivables in the same amount.

- Decreased in revaluation surplus due to depreciation of the incremental asset for the year ended December 31, 2010 of Baht 41.32 million (the Company only: Baht 34.37 million) is recognized as stated in note 12 to financial statements.

2) For the year ended December 31, 2011

- In the 1st quarter of 2011, The Company and its subsidiaries have applied newly issued and revised financial reporting standards. The effects of the application are increase in deficit and increase in employee benefit obligation of Baht 31.80 million (the Company only: Baht 26.56 million).

- In the 1st quarter of 2011, The Company sold all its non - operating lands to a packaging payable for settlement with some of trade dept - tin amounted of Baht 117 million.

- Increased in the Company's liabilities under finance lease agreement of Baht 3.45 million from acquisition of property, plant and equipment in the 2nd quarter of 2011.

- In the 1st and the 4th quarter of 2011, The Company sold and write - off certain revalued machineries, thus the balance of revaluation surplus were transferred directly to decrease in deficit of Baht 7.82 million (the Company only: Baht 7.25 million) is recognized as stated in note 12 to financial statements.

- Decreased in revaluation surplus due to depreciation of the incremental asset for the year ended December 31, 2011 of Baht 40.93 million (the Company only: Baht 33.99 million) is recognized as stated in note 12 to financial statements.

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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 12130.

1.2 Expenses by nature

The significant expenses classified by nature for the years ended December 31, 2011 and 2010 are as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Changes in inventories of finished goods decrease (increase)	(21,686,953)	(24,235,385)	(59,739,379)	(25,444,659)
Purchase finished goods	209,897,754	190,556,361	252,749,133	229,617,228
Raw materials and consumables used	2,107,993,977	1,584,120,258	1,930,353,738	1,474,906,178
Employee benefits expenses	320,777,630	267,349,820	220,922,363	179,881,932
Directors and management benefit expenses	33,471,863	27,189,438	24,475,534	19,737,305
Depreciation and amortization expenses	50,052,681	45,775,035	38,517,516	33,735,875
Write - off property, plant and equipment	6,367,410	5,271,346	5,348,689	4,907,236
Loss from defective and obsolete inventories	11,702,789	26,826,110	2,680,458	18,984,809
Bad debt and doubtful accounts (reversal)	584,211	4,739,340	(242,480)	4,739,340
Contingent loss due to a subsidiary may not be able to pay for the purchased goods (reversal)	-	-	(89,636,332)	30,389,467
Loss (gain) on exchange rate	93,661	1,599,028	(377,875)	5,494,372

1.3 Fundamental Accounting Assumptions

As at December 31, 2011 and 2010 the Company and its subsidiaries occurred accumulated losses from operation of Baht 1,027.03 million and Baht 1,230.77 million, respectively, and current liabilities in excess of current assets approximately Baht 370.11 million and Baht 654.72 million, respectively. 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 continuously positive cash flows from operation that have been presented in the consolidated statement of cash flows for the year ended December 31, 2011 at Baht 292.48 million. The managements have regularly considering the restructuring of their business structure, operations and finances, including marketing and selling strategies, therefore, they believe that these problems will be able to resolve in the 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.

1.4 Status of the Company regarding to delisting of security

On 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 on May 10, 2011, 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. And on June 10, 2011, the SET removed cause of possible delisting of the Company's securities and resumes its trading from June 22, 2011 onwards.

2. BASIS OF FINANCIAL STATEMENTS PREPARATION

2.1 Basis for preparation of financial statements

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

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

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

2.2 Adoption of new financial reporting standards

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

During year 2010 and the 1st quarter of year 2011, the Federation of Accounting Professions has issued a number of revised and new financial reporting standards which are effective for the financial statements year beginning on or after January 1, 2011 and relevant to the Company's business as follows:



TAS 1	Presentation of Financial Statements (revised 2009)
TAS 2	Inventories (revised 2009)
TAS 7	Statement of Cash Flows (revised 2009)
TAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (revised 2009)
TAS 10	Events after the Reporting Period (revised 2009)
TAS 16	Property, Plant and Equipment (revised 2009)
TAS 17	Leases (revised 2009)
TAS 18	Revenue (revised 2009)
TAS 19	Employee Benefits
TAS 23	Borrowing Costs (revised 2009)
TAS 24	Related Party Disclosures (revised 2009)
TAS 27	Consolidated and Separate Financial Statements (revised 2009)
TAS 33	Earnings per Share (revised 2009)
TAS 34	Interim Financial Reporting (revised 2009)
TAS 36	Impairment of Assets (revised 2009)
TAS 37	Provisions, Contingent Liabilities and Contingent Assets (revised 2009)
TAS 38	Intangible Assets (revised 2009)
TAS 40	Investment Property (revised 2009)
TFRS 3	Business Combinations (revised 2009)

Adoption of the above financial reporting standards in the current year do not have material effect on the financial statements except as stated in note 3.16, 3.17 and 4 to the financial statements.

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

During year 2010 and the 1st quarter of year 2011, the Federation of Accounting Professions has issued the revised and new financial reporting standards which are effective for financial statements year beginning on or after January 1, 2013 as follows:

TAS 12	Income Taxes
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance (revised 2009)
TAS 21	The Effects of Changes in Foreign Exchange Rates (revised 2009)
TI 10	Government Assistance - No Specific Relation to Operating Activities
TI 21	Income Taxes - Recovery of Revalued Non - Depreciable Assets
TI 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Company shall adopt the above financial reporting standards on the effective date, however, the management considers that TAS 20 (revised 2009), TAS 21 (revised 2009) and TI 10 do not have material effect on the financial statements. This excludes TAS 12, TI 21 and 25 for which the management is still considering the effect to the financial statements for the year in which they are initially applied.

2.3 Basis of consolidation

2.3.1 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 December 31, 2010. There have been no changes in the composition of the Group during the current year as follow:

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	
		2011	2010		2011	2010	2011	2010
Held by the Company								
Malee Enterprise Company Limited	Distributor	99.99	99.99	Thailand	25.66	24.28	50.83	56.63
Malee Supply Company Limited	Distributor (Dormant)	97.60	97.60	Thailand	-	-	-	-
Icon Foods, LLC.	Distributo (Dormant)	99.00	99.00	USA	-	-	-	-
Agri Sol Company Limited	Manufacture and distributor	100.00	100.00	Thailand	11.29	13.87	6.90	8.64

2.3.2 The financial statements of an overseas subsidiary are translated into Thai Baht at the average closing exchange rate as to assets and liabilities, and at monthly average exchange rates as to revenues and expenses. The resultant differences have been shown under the caption of “Translation adjustment” in other components of equity.

2.3.3 Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.



3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue and expenses recognition

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

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 receivables

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

3.4 Inventories

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) or 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.

3.5 Investments

Investments in subsidiary companies 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 statements 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 statements of financial position 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 "Other components of equity" in the statements of financial position.

Recognition method of land on revaluation cost

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

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

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

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

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 statements of income. A decrease in value is recognized in the statements of income 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 other components of 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 retained earnings, not to the statements of income, to close the surplus account.

Depreciation

Depreciation of plants 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 as follows:

	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.

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 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.



3.10 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.

3.11 Finance lease agreement

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased property or the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long - term payables, while the interest element is charged to the statements of income over the lease period. 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.

3.12 Operating Lease

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

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

3.13 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.

3.14 Impairment of assets

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

3.15 Employee benefits

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

Severance Payment are recognized as expenses along the service period of employees. The Company's post - employment benefit obligations are estimated under the actuarial assumption. Previously, the obligations were recognized as expenses when incurred.

3.16 Employee benefit obligation

The Company and its subsidiaries recorded post - employment benefit obligation (not separated fund from the Company's assets) as specified in the Thai Law which estimated under the actuarial assumptions by a qualified actuary. However, the actual benefit obligation may be different from the estimate.

The Company and its subsidiaries selected to recognized the said employee benefit obligations as at December 31, 2010 amounted Baht 31.80 million (the Company only: Baht 26.56 million) by adjusted to the deficit as at January 1, 2011, in accordance with the transitional treatment of TAS 19 as disclosed in note 4 to the financial statements.

3.17 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%.

3.18 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 statement of financial position 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 year 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 year. Forward exchange contracts outstanding at the statements of financial position date are presented as net transaction under account "Forward exchange contracts receivable/payables" and its unrealized gain/loss resulting from currency translation at the statements of financial position are included in determining earnings.



3.19 Foreign currencies

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

Gains and losses on exchange are included in determining earnings.

3.20 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

Management determines the estimated useful lives and residual values for the Company's property, plant and equipment. 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.

3.21 Earning per share

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

Diluted earnings per share is calculated by dividing income (loss) 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.

3.22 Financial instruments

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

4. EFFECT FROM INITIAL ADOPTION OF FINANCIAL REPORTING STANDARDS

In the current year, the Company adopted the revised and new financial reporting standards as stated in note 2.2 (a) to the financial statements which had the effects on the financial statements as follows:

	Million Baht	
	Consolidated financial statement	Separate financial statement
Statement of financial position as at December 31, 2011		
Increase in employee benefit obligation, net	34.98	28.73
Increase in deficit as of January 1, 2011	31.80	26.56
Statement of income for the year ended December 31, 2011		
Increase in employee benefit expenses resulting to:		
- Increase in cost of sales	1.64	1.50
- Increase in selling expenses	0.52	0.16
- Increase in administrative expenses	1.71	1.20
- Decrease in net profit	3.87	2.86
- Decrease in basic earnings per share (Baht)	0.06	0.04
Movement in the present value of the employee benefit obligation		
Employee benefit obligation as at January 1, 2011	31.80	26.56
Benefits paid	(0.69)	(0.69)
Current service cost and interest	3.87	2.86
Employee benefit obligation as at December 31, 2011	34.98	28.73
Expenses recognised in profit or loss for the year ended December 31, 2011		
Current service costs	2.53	1.79
Interest cost	1.34	1.07
Total	3.87	2.86

	Percent
Principal actuarial assumptions as at December 31, 2011	
Discount rate	4.75
Salary increase rate	2.50 - 4.00
Employee turnover rate	0 - 22.92*
Mortality rate	75% of TMO97**

* Upon the length of service

** Reference from TMO97 : Thai Mortality Ordinary Table 1997

Goodness from the ground



Presentation of financial statements

According to TAS 1 Presentation of Financial Statements (revised 2009) requires "Changes in shareholder's equity, not arising from transaction with shareholders, only for the transactions that are not recognized in profit or loss" to be presented as "items of other comprehensive income (loss)" as a part of statement of comprehensive income.

The comparative data were represented to comply with the requirements of revised financial reporting standards.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents, as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Petty cash	236,478	231,000	80,000	80,000
Cash at banks - current accounts	12,439,918	3,987,312	7,155,521	1,533,338
- savings accounts	10,409,846	5,572,420	85,702	107,807
- fixed accounts	2,823	2,786	-	-
Cheque on hand	2,782,950	4,378,607	-	-
Total	25,872,015	14,172,125	7,321,223	1,721,145

6. 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
Subsidiaries		
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
Related parties		
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



ERROR: IOError
OFFENDING COMMAND: image

STACK:

-mark-
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