



REFRESHED, RENEWED

ANNUAL REPORT 2016 MALEE GROUP PLC

WE CREATE HEALTHY
PRODUCTS THROUGH
ENVIRONMENTALLY FRIENDLY
PROCESSES FOR THE GOOD
HEALTH AND SUSTAINABILITY
OF EVERYONE TOWARD
SUSTAINABILITY.



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Growing well together

Malee's focus is on the health and well-being of everyone and everything around us because we believe that being healthy means that you can be at your best.

And when you're at your best, you can live life to its fullest.

Malee grows together with our consumers, so they stay healthy and happy

We grow together with our employees, so we can achieve success in our careers and lives.

We grow together with the farmers that grow our food, so they are proud of their work and maintain a great quality of life.

And we grow together with the environment, which needs to flourish and remain with us for generations to come.



As a company, Malee Group must continue to grow and become stronger so that we can in turn take care of more.

Because by "**Growing Well Together**," we will all prosper together.







Mr. Chatchai Boonyarat
Chairman of the Board of Directors
Malee Group Public Company Limited

MESSAGE FROM CHAIRMAN

THAI ECONOMY GROWTH WAS STILL SET TO REMAIN IN A SLOW-GROWTH PATH. UNFAVORABLE SITUATION LIMITS PRIVATE CONSUMPTION AND EXPENDITURE, WHILE GDP GREW UP TO ONLY 3%. HOWEVER, WITH MALEE'S POLICIES AND STRATEGIES CONCENTRATING MORE AT OVERSEAS MARKET, STRENGTH OF MALEE'S BRAND, EXPERTISE AND DEDICATION OF OUR TEAM HAS ENABLED US TO ACHIEVE THE GOAL SET FORTH, WHEREBY OPERATING RESULTS IN 2016 MARKED AS ONE OF THE BEST YEARS OF MALEE'S HISTORY. SALES REVENUE AND EARNINGS GREW CONTINUALLY TO BAHT 6,541 MILLION, AN INCREASE OF 21% COMPARING TO THE PREVIOUS YEAR. SALES REVENUE REACHED THE HIGHEST RECORD EVER SINCE THE COMPANY'S ESTABLISHMENT FOR ALMOST 40 YEARS, WHEREBY NET PROFIT IS BAHT 530 MILLION, AN INCREASE OF 60% COMPARING TO THE PREVIOUS YEAR.

In Q4/2016, we received great news that MALEE Group was, for the first time ranked in CG Scoring of 4 Stars (Very Good) from the Thailand Institute of Directors (IOD).

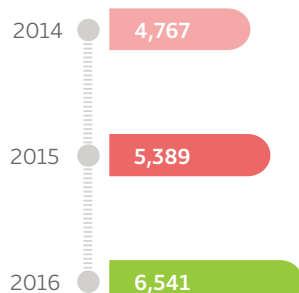
Thanks to the long-term strategic plan for year 2015-2017 – an initial plan that concentrates on building corporate foundation and strength in support of the future growth. There were several changes in 2016. First, the Company was renamed to "Malee Group Public Company Limited" as to be consistent to our business strategy and target in years to come. As for operation, the Company has set up a joint venture with Mega Life Science Public Limited Company to establish "Mega Malee Company Limited" with objective to develop new business segment on natural health-focused food and drink. The Company has also established a new subsidiary called "Malee Applied Science Company Limited with objectives to help local farmers as well as supporting the Company's income. Malee Applied Science Company Limited will conduct innovation research and development that add value to goods and services, which will be a major driving force to the growth of the Company in the future. The Company accelerates the progress of enhancing our competitiveness capacity on continual basis, by investing in building sustainable base for the future, improving factory, machinery and offices. These investments are intended to improve efficiency, reduce cost, improve quality system, conserve environment and increase the variety of products and packaging. In addition to the tangible asset investment, we also focus on building all new corporate culture through provision of training courses and skill development for our personnel on continuous basis.

In Q4/2016, we received great news that MALEE Group was, for the first time ranked in CG Scoring of 4 Stars (Very Good) from the Thailand Institute of Directors (IOD). The Company also has been selected to be a constituent stock of MSCI Global Small Cap Indices – as a reference for institutional investors all over the world to benchmark their return on investment.

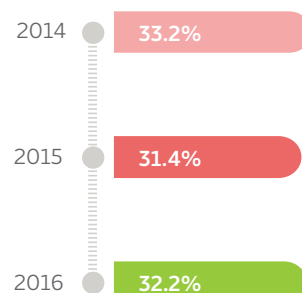
Finally, on behalf of the Board of Directors, Management and all employees, the Company would like to thank all shareholders, trade alliances, trade partners, consumers and other relating persons for your favorable contribution and support to our business. The Company is committed to operating our business and driving forward to the greater step adhering to the good corporate governance, with transparency, anti-corruption in all kinds, coupled with corporate social and environmental responsibility activities as to take care of our stakeholders in a long term.

FINANCIAL HIGHLIGHTS

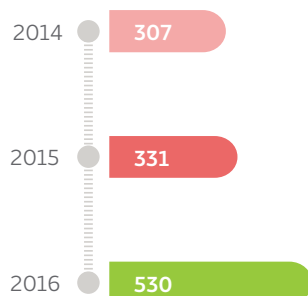
SALES REVENUE (THB Million)



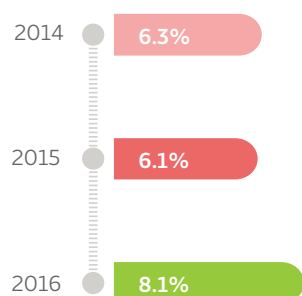
GROSS PROFIT MARGIN (%)



NET PROFIT (THB Million)



NET PROFIT MARGIN (%)



SALES BY GEOGRAPY (unit : THB Million)

	2014	%	2015	%	2016	%
Domestic Sales	3,700	78%	3,857	72%	3,978	61%
Export Sales	1,068	22%	1,533	28%	2,563	39%
Total Sales	4,767	100%	5,389	100%	6,541	100%

FINANCIAL HIGHLIGHTS (MILLION BAHT)	2014	2015	2016
Sales& Revenue	4,767	5,389	6,541
COGS	3,183	3,696	4,438
Gross Profit	1,585	1,693	2,104
SG&A	1,249	1,313	1,406
EBITDA	499	539	826
Depreciation&Amortization	82	92	144
EBIT	418	448	681
Net Profit	307	331	530
EPS (Baht)	2.22	2.37	3.79
Total Assets	2,992	3,042	3,640
Total Liabilities	1,976	1,788	2,061
Paid-Up Capital	140	140	140
Shareholders' Equity	1,012	1,250	1,575
Dividend per Share (Baht)	1.11	1.20	1.90

LIQUIDITY RATIOS	2014	2015	2016
Current Ratio (x)	1.0	1.1	0.9
Quick Ratio (x)	0.5	0.7	0.5

PROFITABILITY RATIOS	2014	2015	2016
Gross Profit Margin (%)	33.2%	31.4%	32.2%
EBIT Margin (%)	8.6%	8.2%	10.4%
Net Profit Margin (%)	6.3%	6.1%	8.1%
ROA (%)	14.7%	14.8%	20.4%
ROE (%)	29.8%	29.3%	37.5%

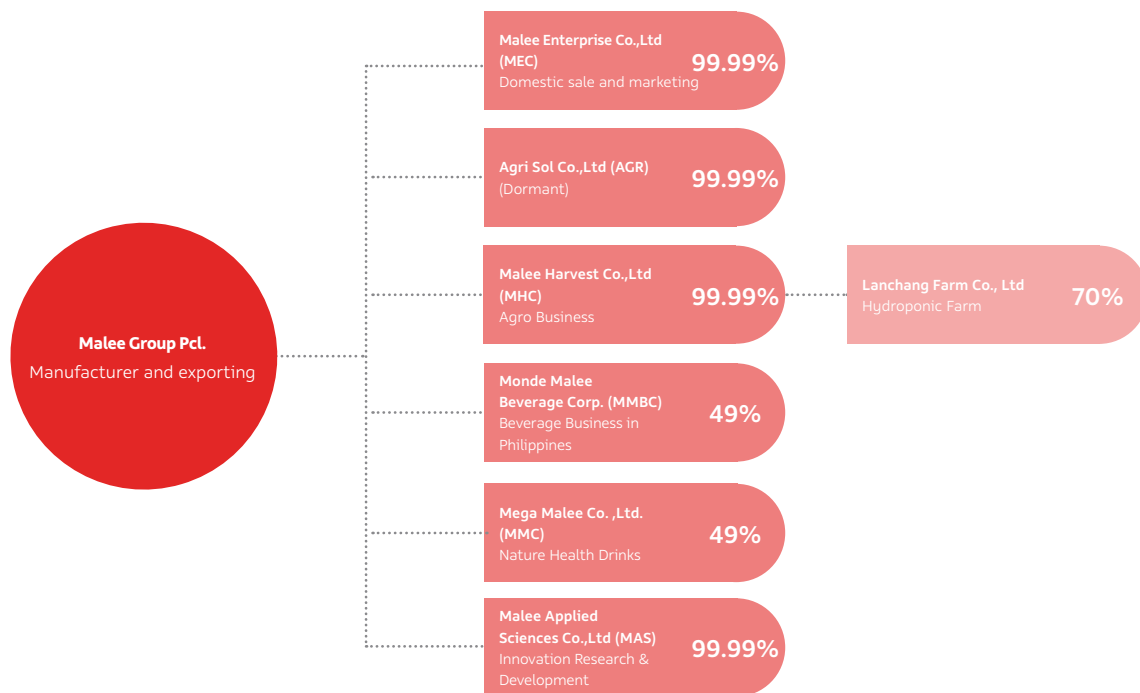
LEVERAGE RATIOS	2014	2015	2016
D/E (x)	2.0	1.4	1.3
IBD/E (x)	1.1	0.7	0.8

CASH CYCLE	2014	2015	2016
A/R Days	52	57	45
Inventory Days	88	76	64
A/P Days	49	43	32
Cash Cycle Days	91	90	77

GROUP STRUCTURE AND GENERAL INFORMATION



MALEE GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES GROUP OF COMPANIES' STRUCTURE AS OF DECEMBER 31, 2016



- On 22 August 2016, the Company signed a joint venture agreement with Mega Lifesciences Pcl to develop natural health-focused RTD products. The Company was completely registered on 12 January 2017.
- On 10 November 2016, the Company set up a new subsidiary named Malee Applied Sciences Co., Ltd. (MAS) to provide innovation research and development for value added products and services. The Company was completely registered on 12 January 2017.

Malee Group Public Company Limited

Registration Number	0107535000079
Address	Abico Building, 401/1 Phaholyothin Road, Lumlookka, Pathumthani, 12130, Thailand
Telephone	+(66) 992 5800 to 15 (Lines)
Fax	+(66) 992 5850 (Head Office), +(66) 992 5817-9 (Export Department)
Website	http://www.malee.co.th
Factory Address	26/1 Sampran Road, Sampran, Nakornprathom, 73110, Thailand
Business	The manufacturer and distributor UHT and Pasteurized Fruit Juice, UHT and Pasteurized Milk and Beverages, Canned Fruited, Canned Sweet Corn, Canned Pineapple.
Number of Shares and Par Value	140,000,000 shares, Par Value of 1 Baht per share
Contact Person	Ms. Naharuthai Chuachalad Tel. +(66) 992-5800 ext 4010 E-mail: naharuthai_chu@malee.co.th

SUBSIDIARIES AND ASSOCIATED COMPANY

Malee Enterprise Company Limited

Registration Number	1105535109621
Address	Abico Building, 401/1 Phaholyothin Road, Lumlookka, Pathumthani, 12130, Thailand
Telephone	+66(2)-992-5821-32
Fax	+66(2)-992-5833 (Head Office), +66(2)-992-5834-5 (Domestic Sale Department)
Website	http://www.malee.co.th
Business	The distributor of UHT and Pasteurized Fruit Juice, UHT and Pasteurized Milk, Beverages and Canned Fruit.
No. of ordinary shares and par value	10,000,000 shares, 10 Baht per share
No. of shares held by the Company	9,998,800 shares (accounted for 99.99%)

Agri Sol Company Limited

Registration Number	0135551007374
Address	Abico Building, 401/1 Phaholyothin Road, Lumlookka, Pathumthani, 12130, Thailand
Telephone	+66(2)-992-5800-14
Fax	+66(2)-992-5819 (Export Department)
Website	http://www.malee.co.th
Factory	110 Moo 9, Tambol Banpeang, Amphoe Banpeang, Nakornphanom, 48410, Thailand
Business	Agro-Industrial Business; manufacturer and distributor of Canned Sweet Corn. Currently, the Company stopped operating since December 31st, 2013
No. of ordinary shares and par value	4,000,00 shares, 10 Baht per share
No. of shares held by the Company	3,999,994 shares (accounted for 99.99%)

Malee Harvest Company Limited

Registration Number	0135556014948
Address	Abico Building, 401/1 Phaholyothin Road, Lumlookka, Pathumthani, 12130, Thailand
Telephone	+66(2)-992-5800 to 15 (Lines)
Business	Holding Company in Agricultural Business. Currently invest in Lanchang Farm Co., Ltd 70%
No. of ordinary shares and par value	400,000 Shares 100 Baht per share
No. of shares held by the Company	399,998 shares (accounted for 99.99%)

Monde Malee Beverage Corporation

Registration Number	0520960154
Address	NO.9 Sheriden St., Mandaluyong City 550, Metro Manila
Telephone	+66(3)-754-2100 +66(3)-810-9207
Business	Business: Manufacture and distributor of beverage in Philippines
No. of ordinary shares and par value	500,000 shares 200 Peso per share
No. of shares held by the Company	244,998 shares (accounted for 49%)

Mega Malee Company Limited

Registration Number	0115559023832
Address	No 384 Moo 4 Soi 6 Phatthana 3 Rd., Bangpoo Industrial Estate, Sub-district Phreaksa, District Muang, Samut Prakan 10280
Telephone	+66(2)-7093600-6
Business	Business: Develop new healthy food and beverage products
No. of ordinary shares and par value	100,000 shares 100 Baht per share
No. of shares held by the Company	48,999 shares (accounted for 49%)

Malee Applied Science Company Limited

Registration Number	0135560000948
Address	INC2 No 142 Thailand Science Park 8th floor, No. INC2C 801-807 Room Moo 9, Phaholyothin Road, Sub-district Klong 1, District Klong Luang, Pathumtani 12120
Business	Provide Research & Development service of innovation and technology to increase product & service's value
No. of ordinary shares and par value	100,000 shares 100 Baht per share
No. of shares held by the Company	99,997 shares (accounted for 99.99%)

OTHER REFERENCE**Registrar****Thailand Securities Depository Company Limited**

Address: The Stock Exchange of Thailand Building
93 Rachadapisek Road, Dindeang,
Bangkok 10400
Telephone: +(66) 2 009 9000
Fax: +(66) 2 009 9991

Auditor

Professor Kesree Narongdej
Certified Public Accountant No.76 (year 2016 for 1 year)

Mrs. Natsarak Sarochanunjeen
Certified Public Accountant No. 4563

Mr. Chaiguth Angsuwithaya
Certified Public Accountant No.3885

A.M.T. & Associates

(year 2011 – 2016 for 6 years)
Address: 491/27 Silom Plaza, Silom Road, Bangrak,
Bangkok, 10500.
Telephone: +66(2)-2234-1676

Legal Advisor**Bunchong and Vidhya Law Office Limited**

Address: 33/35, 33/39-40 Wall Street Tower Building,
9 Floor, Surawong Road, Kweang Suriyawong,
Khet Bangrak, Bangkok 10500
Telephone: +66(2)-236-2334 or
+66(2)-233-1666 ext. 3910-1
Fax: +66(2)-236-3916
Email: bcvidhya@bcvidhya.com

Investor Relations Department

E-mail: ir@malee.co.th





SHAREHOLDING STRUCTURE



TOP 10 MAJOR SHAREHOLDERS AS OF 11 MARCH 2016

List of Shareholders	Number of Share	%
Abico Holdings Public Company Limited	37,550,000	26.82
Mrs. Kamolchat Juangroongruangkit	27,174,700	19.41
Thai NVDR Co.,Ltd	7,607,304	5.43
Mrs. Chintana Boonyarat	3,790,650	2.71
TISCO ASSET MANAGEMENT CO.,LTD	3,646,200	2.60
Mr. Wat Chirathivat	3,298,950	2.36
Mr. Pichai Chirathivat	3,298,950	2.36
Mr. Kobchai Chirathivat	3,203,950	2.29
HSBC BANK PLC-HSBC GLOBAL INVESTMENT	2,997,500	2.14
FWD Life Insurance Pcl.	2,268,900	1.62

BOARD OF DIRECTOR SHAREHOLDING AS OF 31 DECEMBER 2016

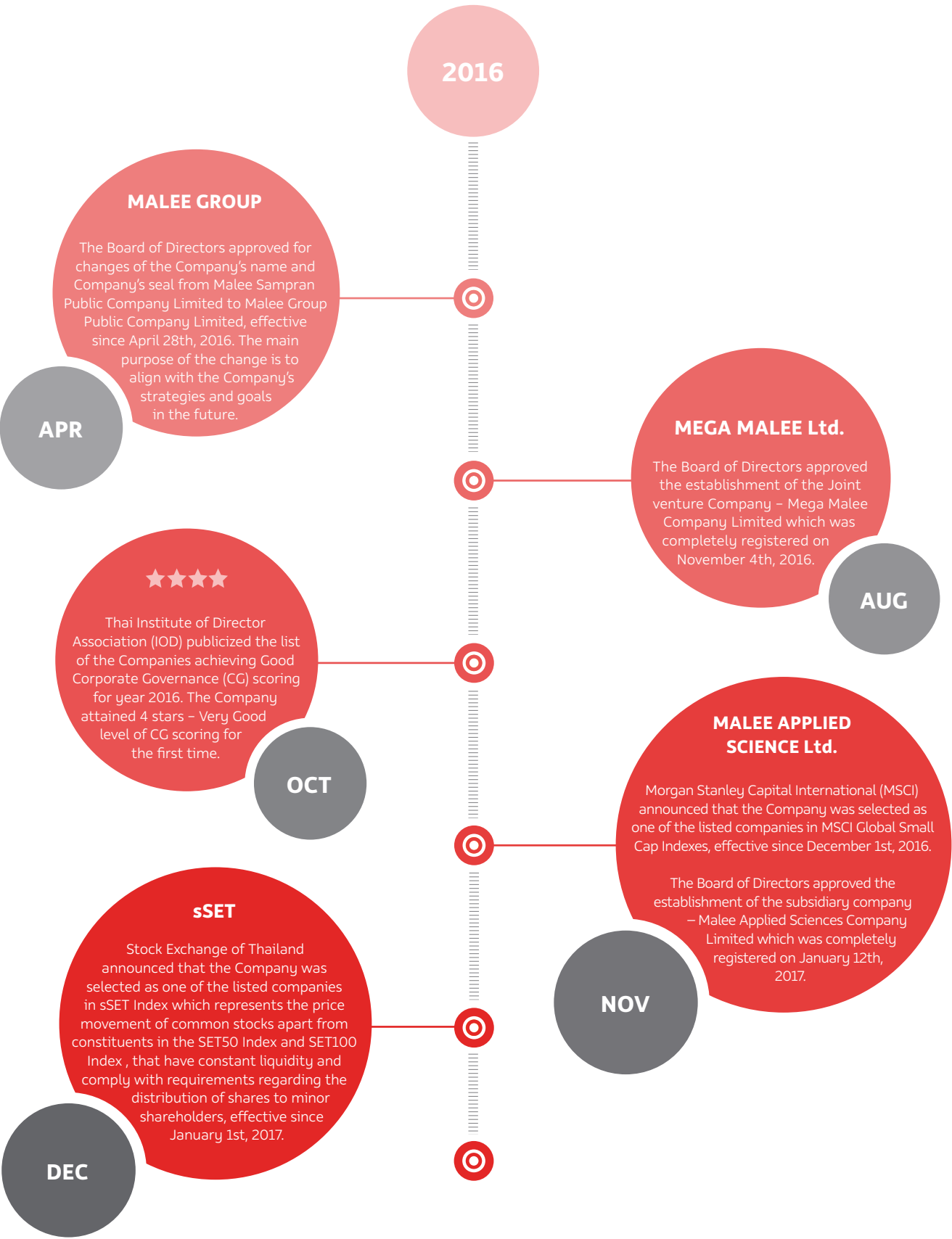
Name	1 Jan 2016	Change	31 Dec 2016
Mr. Chatchai Boonyarat	-	-	-
Mrs. Chintana Boonyarat	2.69%	0.02%	2.71%
Mr. Pichai Chirathivat	2.36%	-	2.36%
Ms. Roongchat Boonyarat	0.12%	0.13%	0.25%
Mr. Opas Lopansri	-	-	-
Mr. Kitti Vilaivarangkul	-	-	-
Ms. Nattharin Talthong	-	-	-
Ms. Nart Fongsmut	-	0.02%	0.02%
Mr. Krizz Chantjiraporn	-	-	-

DIVIDEND POLICY

"The company has the policy to pay dividends at the rate of not less than 50% of the net profit from normal operation according to consolidated financial statement after deduction of tax revenue and legal reserve. However, actual payments will be depending on company's cash flow, Company's investment plan including affiliate and other necessities as the Board of Director consider appropriate".



MAJOR DEVELOPMENT IN 2016



COMPANY POLICY AND BUSINESS OVERVIEW



BUSINESS OVERVIEW AND DEVELOPMENT

Malee Group Public Company Limited was originally established Malee Sampran Factory Company Limited, established on 2 February 1978 with registered capital of Baht 10 million, as a manufacturer and distributor of canned food and canned fruits. Upon growth of business, in 1981, the Company expanded its production capacity by building a factory on the area of 30 rais in Sampran District, Nakhon Pathom Province. Later on 13 March 1992, the Company was listed on the Stock Exchange of Thailand. In April 1984, the Company went through a change in shareholder structure when Abico Holding Public Company Limited acquired 10,000,000 shares from the existing shareholders, or 40% of Baht 250 million registered capital. On 26 September 1996, the Company increased its capital from Baht 250 million to Baht 650 million, with total paid-up capital of Baht 500 million. On 15 May 1998, the Company's name was changed to Malee Sampran Public Company Limited. On 9 December 1998, the Company increased its capital from Baht 500 million to Baht 999.99 million, with total paid-up capital of Baht 700 million, in order to support continual business growth.

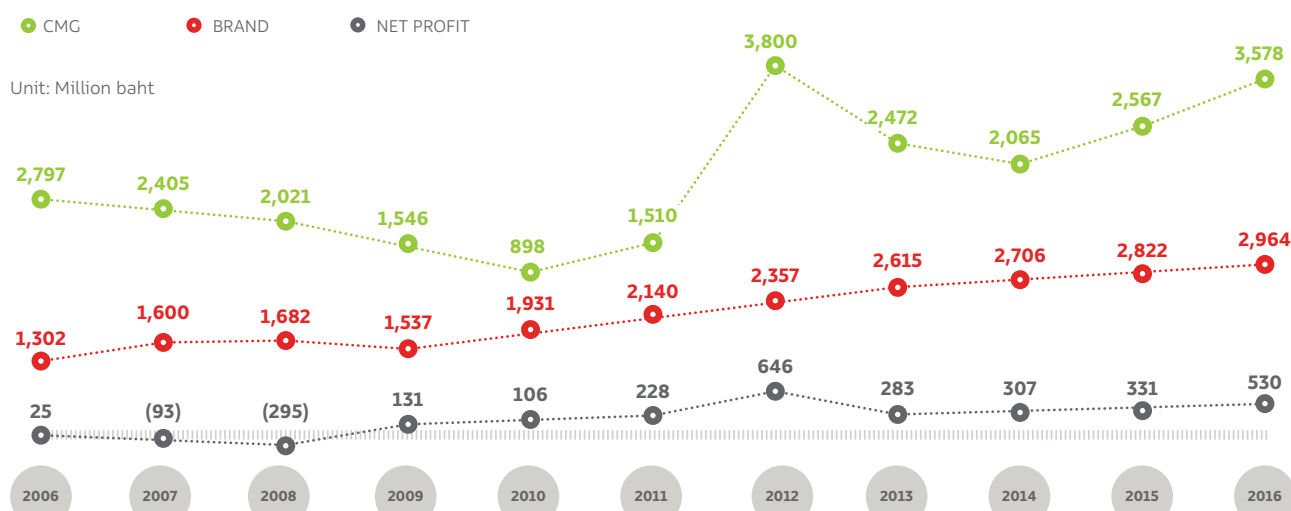
Later on 9 April 2013, the Company decreased its registered capital to Baht 182,000,000 million, with paid-up capital of Baht 140,000,000 million. In 2014, the Company again decreased its registered capital to Baht 140,000,000 million, with total paid-up capital of Baht 140,000,000 million. On 28 April 2016, the Company's name was changed to Malee Group Public Company Limited, and the Company seal was also changed accordingly.

The Company has purchased additional land in the same area of the current factory for further business expansion, with 3 rais purchased in late 2011 and 4 rais purchased in late 2014.

The Company has been conducting the business relating to canned fruits and UHT and pasteurized fruit juices for almost 40 years. Currently, the Company manufactures and distributes canned fruits and UHT and pasteurized fruit juices under "Malee" brand, UHT and pasteurized milk and condensed milk under "Farm Chokchai" brand as well as other beverages. In addition, the Company also engages in Contract Manufacturing Business (CMG) in which the Company produces beverage products in accordance with customers' requirements, domestically and internationally. The main business of the Company can be divided into 2 categories as follows:

- 1 **Branded Business (Brand):** A business in which the Company manufactures and distributes beverage products under Malee Brand for domestic and international markets.
- 2 **Contract Manufacturing Business (CMG):** A business in which the Company manufactures beverage products for other brand owners, both domestically and internationally.

SALES PROPORTION OF BRAND AND CMG



The Company is determined to follow the business plan to become a Top Beverage Brand of Choice for consumers, taking into account the production standard, quality and safety and consumers' hygiene. Our production process is accepted and recognized by many competent institutes both domestic and international, such as BRC (Global Standard for Food Safety) IFS: International Food Standard, HACCP Codex Alimentarius Commission, Halal Certificate, Khosher Certificate, GMP Codex Alimentarius Commission Recommended International Code of Practice General Principles of Food Hygiene, ISO22000, Food Safety System Certification 22000.

Malee's Vision and Target of Business Operation

Malee's focus is on the health and well-being of everyone and everything around us because we believe that being healthy means that you can be at your best. And when you're at your best, you can live life to its fullest.

Malee grows together with our consumers, so they stay healthy and happy. We grow together with our employees, so we can achieve success in our careers and lives.

We grow together with the farmers that grow our food, so they are proud of their work and maintain a great quality of life. And we grow together with the environment, which needs to flourish and remain with us for generations to come.

As a company, Malee Group must continue to grow and become stronger so that we can in turn take care of more. Because by 'growing well together', we will all prosper together.

Operative Strategy

The Company has a long-term goal of becoming a "Top Beverage Brand of Choice" in Thailand. To achieve this goal, the Company has a strategic plan for its operations in each period as follows:

Year	Strategic plan
2015-2017	Build foundation and strength to the organization in support of the future growth
2018-2020	Endeavor to achieve a leap growth as targeted
2021-2023	Develop business sustainability by becoming a global beverage brand.

Target of the Business Operation

The Company has set a common goal for business operation within the organization as follows:

1 Increase sale volumes, net profit and release new product lines to customers

The Company has set to develop new products to meet the consumers' need by broadening its scope of business beyond canned fruits and fruit juices into health and wellness, in response to higher consumers' demand in health-focus beverages for healthy life.

In each year, the Company sets its target to increase sales revenue which depends on different factors such as overall economic situation, direction and trend of beverage consumption, and competition. The company assesses the situation in the past, combining with the future direction, in order to formulate the marketing plan, new product launch, and production plan in the same direction of each year. In addition, the Company is focusing on finding new partners and market opportunities, both domestically and internationally, to strengthen and increase the efficiency for business expansion.

2 The Company was completely registered on 12 January 2017

The Company is well aware of its products being as consumption merchandise. Therefore, the Company prioritizes a great importance to the quality of the products manufactured through its production process, in order to ensure that all products are produced in accordance with food safety standards. The Company also aims to maintain the existing food safety standards and develop the production process to be at the same level as current food standards and future changes.

In addition, the Company aims to improve production efficiency to reduce production costs, which will enhance the Company's competitiveness compared to domestic and international manufacturers, in order to drive the Company to achieve its operating performance as targeted.

3 Operational goal and performance efficiency

The Company aims to improve and standardize its working procedures by implementing the SAP system to all departments throughout the Company. A resilient financial plan is also in place to meet the Company's business plan. In addition, the Company also focuses on developing capability and mindset of employees as well as building corporate culture, in order to bring in sustainable happiness and success at work, since human resources are considered as crucial resources for the Company's operations.

SHAREHOLDING STRUCTURE

The major shareholders of Malee Group Public Company Limited is Abico Holdings Public Company Limited, holding 26.82% of shares.

As of 31 December 2016 the Company's subsidiaries are as followings.

- 1 Malee Enterprise Co., Ltd.: the company operates marketing and distribution within the country. The distribution is performed by sale persons from the company and agents nationwide.
- 2 Agri Sol Co., Ltd.: a manufacturer of canned sweet corn. The company has stopped its operation since year end of 2013.
- 3 Malee Harvest Co.,Ltd: the company engage in investment in other firms. Currently, Malee Harvest has invested in 70% of shares of Lanchang Farm Co., Ltd., the company engaging in hydroponics agriculture based in Chiang Mai.
- 4 Monde Malee Beverage Corporation is a joint venture between the Company and Monde Nissin Corporation where the Company holds 49 percent of shares, producing and distributing beverage in Philippines.

- 5 Mega Malee Company Limited is a joint venture between the Company and Mega Lifesciences PLC. where the Company holds 49 percent of shares, Develop new healthy food and beverage products.
- 6 Malee Applied Science Company Limited Provide Research & Development service of innovation and technology to increase product & service's value.

RELATIONSHIP WITH BUSINESS GROUP OF MAJOR SHAREHOLDERS

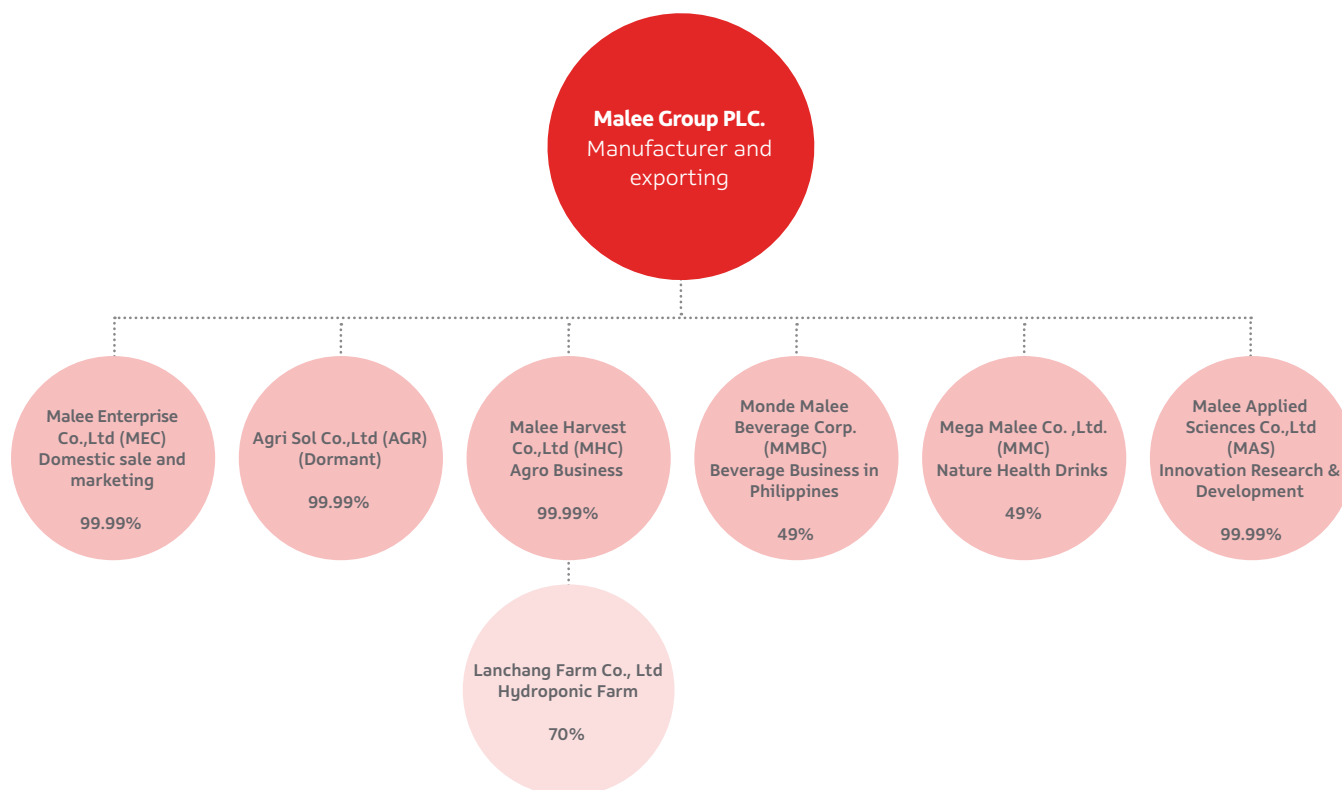
The relations between the Company and corporate major shareholders are as follows:

Abico Holdings PLC. holds 26.82% of shares.

Nature of business: Investment in other companies such as agriculture business, contract manufacturer of beverages and milk.

Relation: The Company conducts between subsidiaries of Abico Holdings PLC. in purchase and sale of dairy products and pasteurized fruit juices.

MALEE GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES GROUP OF COMPANIES' STRUCTURE AS OF DECEMBER 31, 2016



NATURE OF BUSINESS



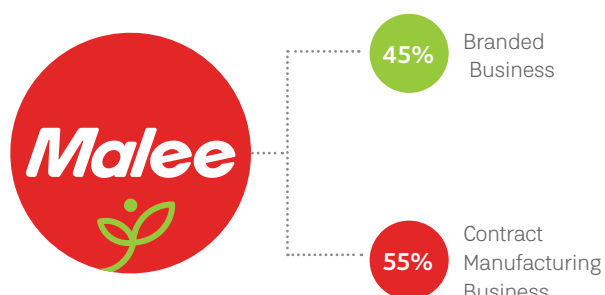


REVENUE STRUCTURE CLASSIFIED BY GEOGRAPHIC SEGMENTATION IS AS FOLLOW.

	2014		2015		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Total revenues from domestic sale	3,700	78%	3,857	72%	3,978	61
Total revenues from export sale	1,068	23%	1,533	28%	2,563	39

NATURE OF BUSINESS AND PRODUCTS

Malee Group Public Company Limited is a manufacturer and distributor of products for domestic and overseas markets. The main business can be divided into 2 categories as follows:



1 Business operation of products under Malee brand– divided into 2 groups:

Beverage products includes vegetable juices, UHT and pasteurized fruit juices under "Malee", "Malee Veggies", "Malee Healti Plus", "Malee Nutrient", "Malee Juice Mix", "Malee Juicy", "Malee Food Service", "Malee Tropical", "Malee Coco", and "Malee Probiotic" as well as coffee and drinking water packaged in can, UHT box and PET plastic bottles under "Malee" brand, fresh cow milk both pasteurized and UHT under "Farm Chokchai" brand, "Malee iCorn" corn milk, "Terbusta Max" and "Malee Oriental Café" canned coffee, and "Howdy" fruit juice.

Processed fruits and refreshment business includes seasonal canned fruits (rambutan, rambutan stuffed with pineapple, lychee, longan, truffle, toddy palm seed, mango, etc), canned sweet corn, canned pineapple, mixed canned fruits under "Malee" brand, "First Choice" brand, "Farmer" brand, "Malee Food Service" brand, and "Hunter" brand.

The products are distributed both in domestic and overseas markets through different sales channels of the Company.

2 Contract Manufacturing Business:

The Company produces and develops products according to the customers' requirements under the customers' brand for domestic and overseas market.

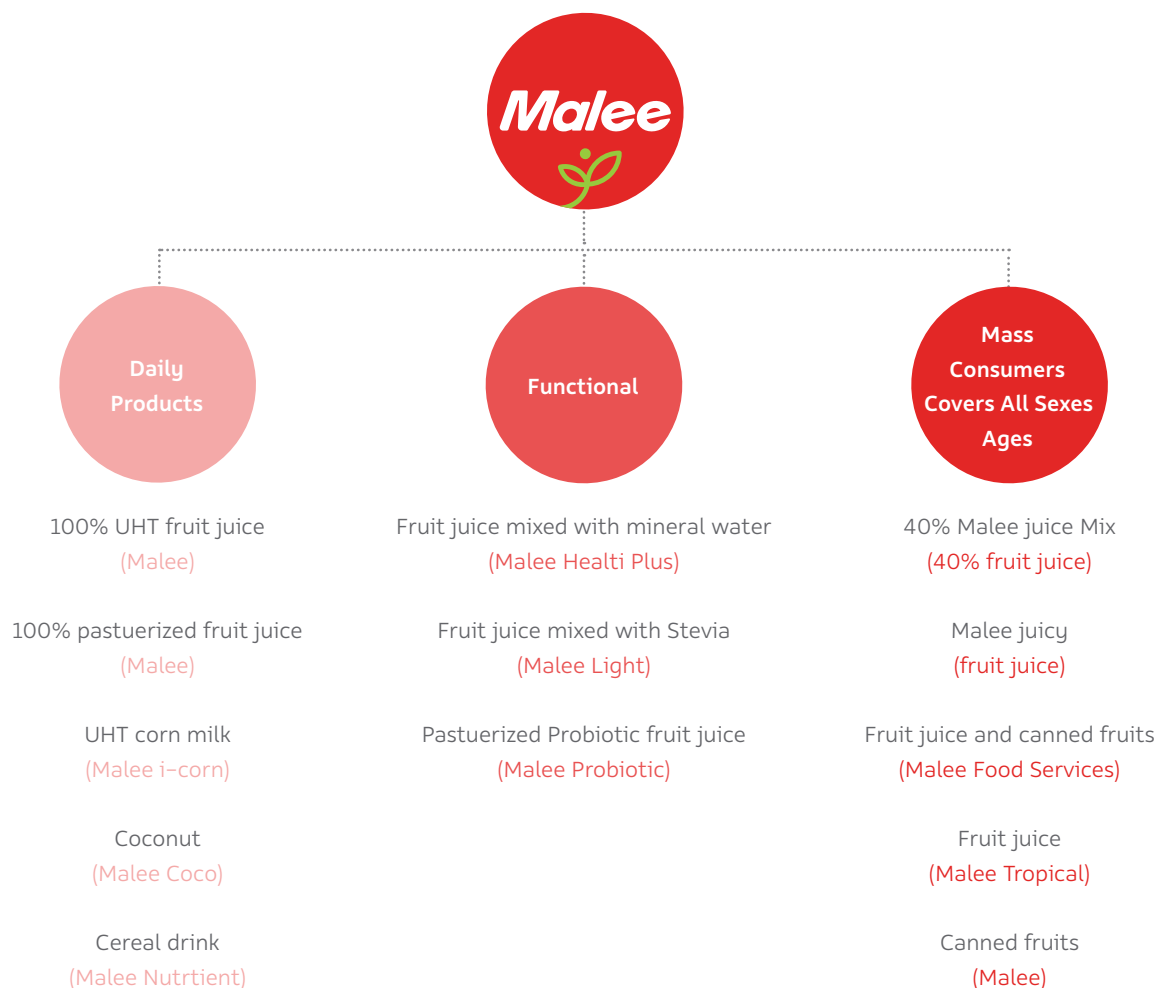
The Company manufactures products to meet the needs of customers. It also controls the quality of production in accordance with the standards and criteria of GMP, HACCP, BRC, IFS, HALAL, US FDA, and Q-MARK from the Federation of Thai Industries and SR-MARK from the Ministry of Commerce as well as being certified food safety standards ISO 22000 and FSSC22000. Thus, the Company can directly distribute to customers and their dealers abroad.

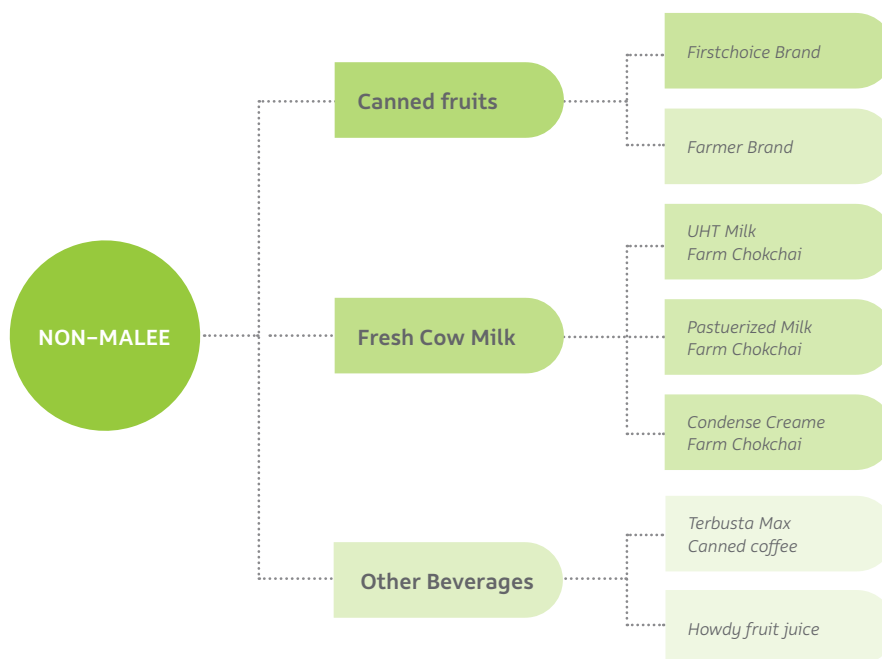
Malee Enterprise Company Limited is the Company's subsidiary operating domestic marketing and distribution. The distribution is performed by the Company's sales staff and dealers throughout the country.

The Company is committed to providing products for consumers' good health. The Company has re-structured the product categories based on benefit of each product as follows:

- 1) Daily consumer product—the group of products without additional nutritional additives. The product itself contains consumers' nutrition needs for daily.
- 2) Functional product — the group of products with additional nutritional additives for consumers who need additional nutrition to maintain healthy diet.
- 3) Mass— the group of products for those who need refreshing during the day or at any time, for consumers of all ages and all genders.

Products classified by functions are as follows:





MARKET CONDITIONS AND COMPETITION

Industry Overview and Outlook for 2017

Branded Business

Domestic Business

Fruit Juice and Vegetable Juice Business

2016 was another year where Thai consumers were alert to healthy drinks and organic, with standardized production process. Consumers searched for more information about the drinks before consuming and focused more on health issue to ensure that the drink they took would definitely be useful for health. The consumption of fruit juices was also another convenient choice for health, where consumers can drink anytime and anywhere, without hassle of finding sources of fresh fruits, washing, peeling and squeezing the juice by themselves. Moreover, they can be assured of nutrition, hygiene and safety of the drinks. Amid the changes toward aging society, major of consumers are hence, have to learn and understand the products that suit to their health in order to carry on their lives happily and longer with good health. However, with unfavorable market situation comprising of weakening purchasing power, rising cost of living and slow recovery of economy hindered the growth of fruit juice market in 2016 which was quite stable.

In 2016, total market value of the RTD fruit juice market was approximately Baht 1.4 Trillion from approximate consumption

of 345 million liters, with growth of 1% in value and -1% in volume. Premium Market (100% RTD Fruit Juice) value was Baht 5.19 billion from 74.31 million liters, with growth of 7% in value and 8% in volume, dividing into UHT market value of Baht 4.80 billion from 69.15 million liters, with growth of 9%, while Malee had market share of 21%. Pasteurized market value was Baht 0.39 billion, a drop of 17% while Malee had a market share of 35%, Medium Market (40–99% RTD Fruit Juice) value was Baht 1.25 billion from 27.10 million liters. Economy Market (20–39% RTD Fruit Juice) value was Baht 3.1 billion from 110.59 million liters. Super Economy Market (Less than 19% RTD Fruit Juice) value was Baht 2.38 billion from 82.23 million liters. The remaining was segmented in other markets with value of 2.0 billion from consumption of 50.80 million liters.

Despite the sluggish growth of RTD fruit juice market in 2016, we still expect to see the continual growth in an upcoming year. Statistically, Thai population drink fruit juice of approximately 5 liters/person/year, which is quite a low consumption rate compared with other countries. The trend of health and wellness continues to increase among consumers, and the growth is predicted to be steady. The launch of new products tends to be more focusing on health. Meanwhile, new fruit juice companies from domestic and overseas as well as new comers from other product categories, aiming to grab some market share, are likely to enter the fruit juice market, as there are not many players currently. The activities will stimulate the industry and support the market growth in 2017.

MALEE THAILAND, TANGERINE ORANGE FROM RU...

Malee

น้ำส้มเขียวหวาน พร้อมเนื้อส้ม
100%

TASCHERE ORANGE JUICE
WITH ORANGE PULP

น้ำส้มเขียวหวาน
ต้นตอเมล็ด
จังหวัด
สุโขทัย

น้ำส้มเขียวหวานพร้อมเนื้อส้ม 100%
จากน้ำส้มเขียวหวานพันธุ์ดี (ตรา Malee)

ดูแลตัวเองบ้างนะ
เป็นห่วง
พี่สาว

หนึ่งในชาวสวนส้มใจงาม
ตำบลแม่มหิน จังหวัดสุโขทัย

Malee 100% Juice Pasteurize



Malee 100% Juice UHT



UHT Corn Milk, Malee I – Corn



Fruit juice with mineral water, Malee Healti Plus



Coconut Water, Malee COCO



Fruit juice with low energy formula UHT fruit and vegetable Malee Light



Malee Canned Fruit



Chokchai Fram Pasteurize and UHT



Fruit juice Malee Food Service Brand



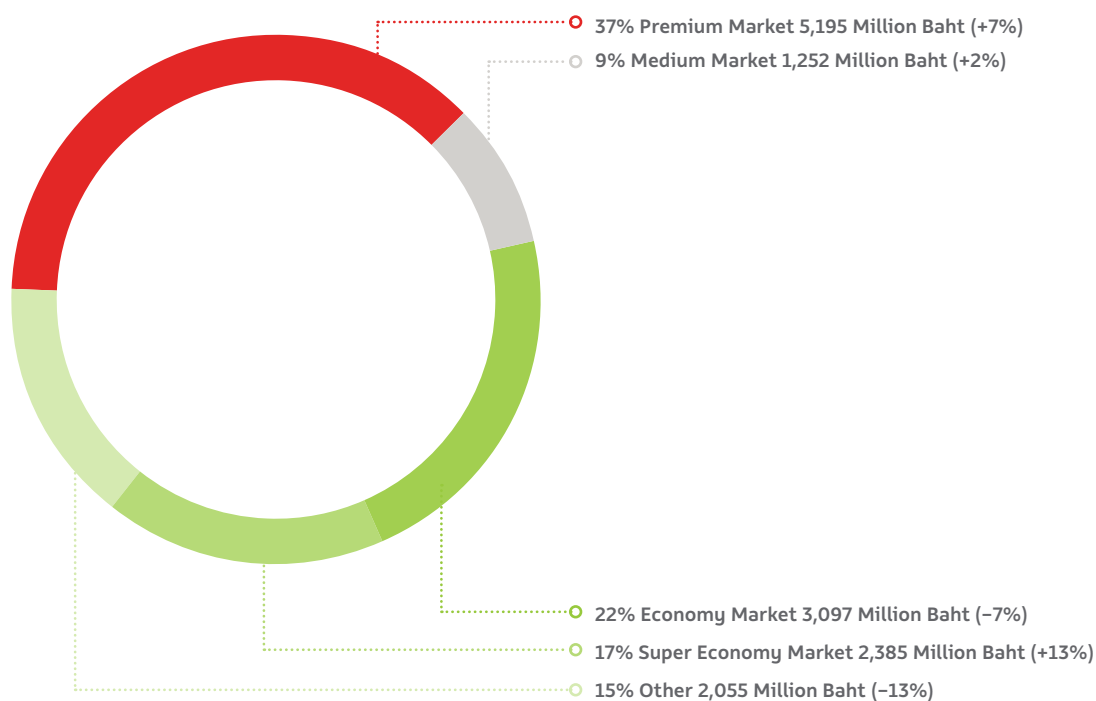
Tropical juice, Malee tropical



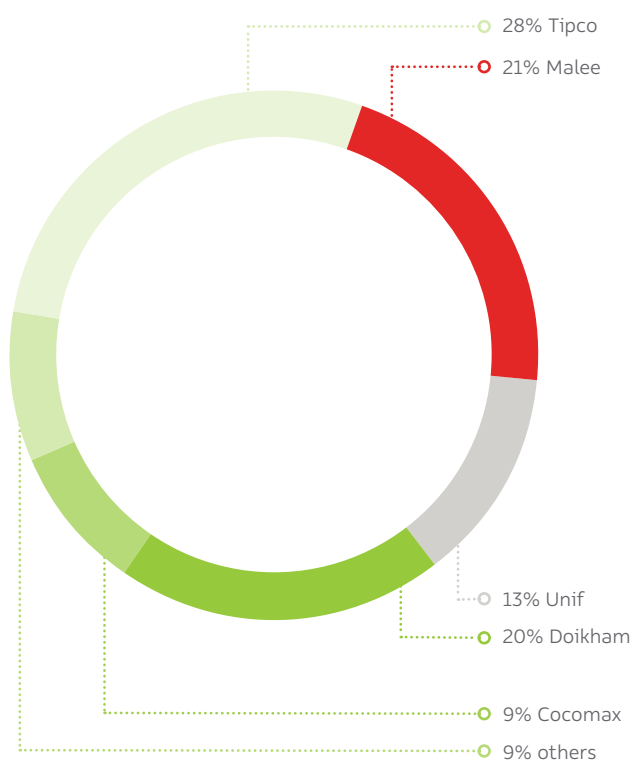
Cereal Milk Malee Nutrient



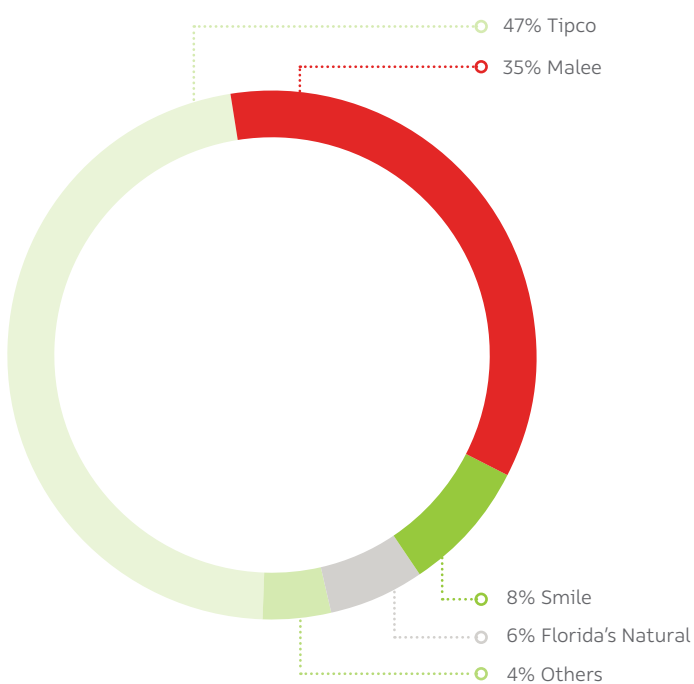
Domestic Ready-To-Drink Fruit Juice Market



Premium Juice UHT Market Share



MARKET SHARE (PREMIUM UHT)





In the past years, the domestic ready-to-drink fruit juice market has experienced quite robust growth, even reaching 10% in some particular years. Positive factors were including consumers' behavior, new competitors, ongoing advertisement from major competitors and sales promotion campaigns throughout the year.

Consumers are constantly looking for more product variety and new flavors, which help encourage the market to grow steadily. However, the market growth in 2016 was quite stable, as low purchasing power consumers were bearing high household debts, while intermediate-level consumers were cautious in spending, despite their fair purchasing power, due to higher living expenses. Meanwhile, the economic recovery was quite slow, although the government continued to launch economic stimulus measures, domestic spending was not much responded. Most consumers were still cautious on spending, especially the low-income consumers, having a direct impact on Economy Market which experienced a 7% drop. On the other hand, Premium Market grew 7% following a health trend as well as new players continuously entering the market.

Since the demand on ready-to-drink juices with specific benefit health has been growing, and there have been new players both domestically and internationally, the Company is confident that the ready-to-drink fruit and vegetable market will grow at a higher rate in 2017. The Company will continue to focus on delivering innovative products, the diversity of health products for a certain group of consumers, marketing activities throughout the year, in order to stimulate the consumption of Malee brand juices, generate sales growth, and increase

market share. The Company will also focus on the premium market (100% fruit juice) whose sales ratio is as high as 50% of domestic branded sales. In addition, the Company plans to launch new flavors of fruit juices to meet the needs of health conscious consumers preferring tasty and healthy fruit juices. The Company will also purchase crops from local farmers planting with responsibility to consumers.

In 2016, the Company emphasized on activities to create customer engagement with Malee brand as well as expanding the consumer base and gain new consumers from a variety of marketing campaigns through offline and online communication channel. The marketing campaigns included a surprise campaign for health-conscious consumers "Buy 100, win 1,000,000" through draws worth over Baht 1,000,000 and sweepstakes for prize winning throughout the year on the Facebook Fanpage of "Maleeclub".

Additionally in 2016, the Company also launched a new marketing campaign for the 100% fruit juice "The Caring Message #Good to Take Care Each Other", a campaign that conveyed the compassion of Thai farmers to consumers via Malee brand's fruit juices, in order to encourage good health to consumers. This campaign also inspired the creativity of Thai people, being the first fruit juice brand to convey the compassion of the real farmers on the package of Malee brand's fruit juices, with the aim of consumers receiving the warmth from farmers and passing it to their loved ones via Malee brand's fruit juices.



There were continuous activities creating brand engagement and love through social media in 2016. In addition to marketing activities mentioned above, the Company has developed new products to meet the demand of health-conscious consumers all age groups. New products developed and launched into the market last year included:

- New 5 flavors of 100% fruit juices including
 - 1) Pink guava juice mixed with fruits and vegetables juice.
 - 2) Australian tomato juice.
The first two flavors' target is health-conscious consumers who want tasty and vitamin benefit from 100% fruit juices.
 - 3) 100% Sukhothai tangerine juice deriving from gold tangerine juice from a group of farmers in Mae Sin District, Sukhothai Province.
 - 4) Nanglae pineapple juice mixed with 100% fruit juices from a group of farmers in a community enterprise in Chiang Rai province.
 - 5) Mulberry juice mixed with 100% fruit juices from the Queen Sirikit Sericulture Center in Nan Province.
The last three special flavors help support income of local farmers as the Company purchases fresh fruits and processes them following the Company's production process. This also makes farmers proud of their own career as well as helping to develop a sustainable career from generation to generation, while consumers will have fruits with quality to consume.

Canned Fruit Business

Characteristic of the canned fruit industry

According to the fact that seasonal fruits crop is hard to predict as it depends on the climate of each particular year. In some years, the fresh fruits amount might be insufficient for consumption and causes shortage in production of canned fruits, thus domestic and international demand cannot be

served. Consequently, canned fruits or even fresh fruits are required to be imported from overseas countries. Market value of the premium canned fruit in 2016 was Baht 1 billion, with a slower growth of 2%. Nonetheless, canned fruit industry has a low competition, with only a few brands recognized and accepted. The business requires high investments, competent skills in selecting raw materials as well as a number of labors with knowledge, expertise and skills in the process of selection, peeling, and carving fruits with quality. Meanwhile, uncertain seasons directly have an impact on the supply of raw materials. Therefore, it is quite difficult for new competitors to enter the canned fruit market, as it is not much motivated to invest.

Industry Trend

Canned fruit business is directly related to the amount of agricultural output, meaning that if there is occurrence of natural disasters such as flood, drought, unusual season, or unqualified crops, leading to inability to meet the demand of the market on each canned fruit. In addition, new generation of farmers do not much give importance of growing seasonal fruits, causing a reduction of planting area every year. Furthermore, the can used for packaging must be a tin can only, in order to maintain the quality of the fruit throughout





2 years. In the event when the cost of tin plate rises, this will directly affect the cost of the finished goods and the business.

Competition

The domestic canned fruit market is divided into 3 sub-segments including Premium, Medium, and Economy.

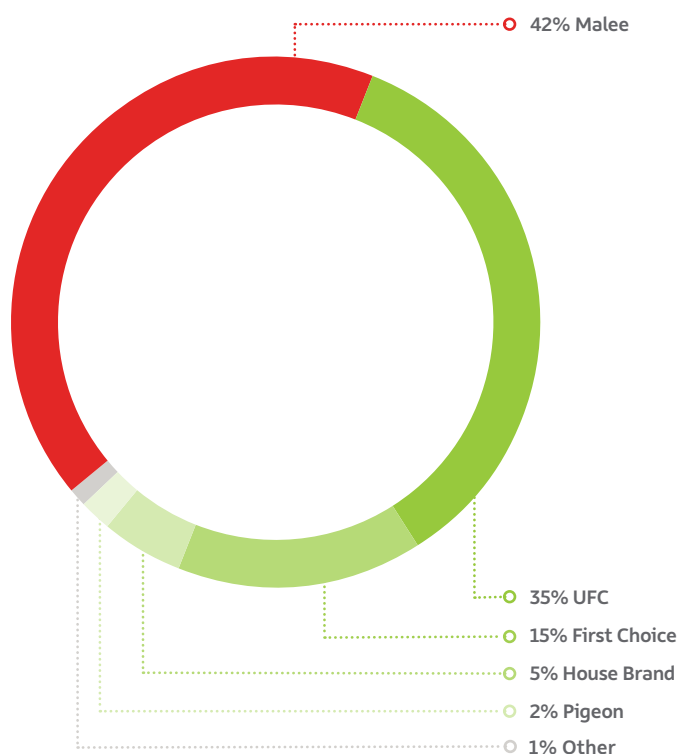
- **The Premium Market:** There are 2 key players which are Malee under Malee Group Public Company Limited and UFC under Universal Foods Company Limited. Rather than price competition, the companies in this sub-segment compete in product quality, distribution, packaging, and other sales promotional campaigns.
- **The Medium Market:** Since the quality of products is moderate and pricing is lower than the Premium Market, there are various players in this sub-segment i.e. First Choice, Pigeon, Thai AD and other house brands.
- **The Economy Market:** Number of players in this sub-segment are quite a lot including Farmer, Chao Doi, and many other house brands. Pricing is the key tactic in the Economy Market.

In 2016, the overall competition of the premium market was neutral since most firms tended to focus on promotional campaigns at point of sales during key festivals such as Chinese New Year or Chinese festival of the Ancestors Worship Ceremony, the periods in which sales volume of canned fruit leap up. The campaign was also launched in form of offering premium gift to stimulate the consumption, from time to time. However, it is crucial that each company needs to maintain a balance between sales amount and sufficient stock of products throughout the year. The Company continued to be a sole supplier of premium canned fruits in the convenient store at 7-Eleven. Later, First Choice brand was also introduced at 7-Eleven as an alternative choice to consumers who look for quality product at affordable price. The Company also advertised its products through TV programs introducing new menus of food and refreshment, in order to encourage consumption of canned fruits further than only during Chinese festival or Chinese banquet.

The Company's Position in the Market

Malee brand is a market leader in the domestic canned fruit. The Company stimulates the market growth by releasing new products in response to changing lifestyle of consumers who prefer convenience and hosting promotional activities to encourage the demand from time to time, especially during the fruit harvesting season, with the aim of reducing overstocking.

MARKET SHARE OF CANNED FRUIT



Cereal Beverage Business

The growth of healthy drink has been steady. As people tend to be more health conscious, they seek and research for supplementary information related to the beverage from product labels or internet source. Advanced medical technology and latest notification of the Food and Drug Organization which states that beverage manufacturers must put the warning statement regarding ingredient that could cause allergy have well educated consumers. Cereal drinks becomes another choice for consumers who are allergic to cow milk or gluten as it is highly safe for consumption, and it is also right for vegetarians. The trend of cereal drink keeps growing, following the trend of bio-organic consumption and vegetarian. The market value was approximately Baht 326 million, a 24.9% growth in 2016 (compared with Baht 261 million market value in 2015). Regarding competition, players from other segments switched to develop cereal drinks while existing competitors constantly released new products, new sizes and packages as well as putting huge amount of money on advertisement to stimulate the consumption. Positive support from vegetarian

festival during the second half of 2016 helped maintain the growth of cereal drink at a good level. At present, major competitors in cereal drink market are V-fit, Profit, Dutchmill, 137 Degrees, etc.

The Company could drive sales growth of sales volume of cereal drink to maintain at the same level as last year upon the launch of new product "Malee Nutrient" in 2014, with another flavor available at 7-Eleven, in total of 2 flavors. Malee Nutrient, the Cereal Drink for every morning providing all vital vitamins: A, E, B1,B2, B6, an high B12 per serving. Malee Nutrient comes in the packaging size of 330 ml with 3 flavors, including corn milk, dark rice milk mixed with black sesame, and oat milk mixed with millet at the selling price of Baht 20 each. In 2016, the Company expanded the product line by adding 4 flavors in the packaging size of 180 ml including corn milk, dark rice milk mixed with black sesame, and oat milk mixed with millet, and millet rice berry milk mixed with ginkgo leave extract which has been well responded by



and new flavors in response to customers' demand, with focus on market expansion through new product development, along with expansion and development of sales channel, concentrating on direct sale, and developing new formats with the aim of reaching more customers. For example, kiosk for selling simple set of breakfast served with milk product, conducting marketing and sales promotion activities to reinforce the brand, building awareness to consumers on a continual basis, and simulating the consumption. In order to strengthen the brand, several organizations put emphasis on encouraging Thai consumers to drink more milk for good health by providing knowledge and stimulating the milk drinking habit in all ages and all genders. As people have higher education and health trend is growing to all communities and all levels of society, it makes Thailand a high potential territory for milk business growth. Total market value of ready-to-drink milk was approximately Baht 62,530 million, with growth of 2.11%, and tends to grow constantly. The positive factors consist of variety of milk flavors by different brands, release of premium milk, expansion of sales channel, more marketing activities, multi-channels of communication, while Thai people are currently concerning over their own health, plus there is encouragement on milk consumption both from public and private sectors.



consumers. In addition, the Company also expanded the product line of pasteurized sweet corn milk Malee Nutrient in a packaging size of 230 ml, which is low fat but rich in vitamin E and vitamin A, at the selling price of Baht 16 each for consumers who prefer fresh sweet corn flavor. Plus, the new packaging size of 2000 ml is also available at Baht 135 each for food service customers as well as pastry shops and bakeries.

UHT and Pasteurized Dairy Business

The UHT and Pasteurized Milk Business maintained its growth through ongoing health trend which has been running for years. The average domestic consumption of milk stands at 16 liters/person/year. This indicated a huge gap for business expansion comparing with milk consumption in Japan with an average of 90 liters/person/year, or in Europe of 200 liters /person/year. In 2016, milk copanies emphasized on releasing new products to stimulate the market both in premium milk

The pricing of ready-to-drink milk market is controlled by the government. The market is classified based on raw materials used as well as production process as follows:





- UHT ready-to-drink milk accounts for approximately 31% of total market value, while Milk with plain flavor accounts for the highest portion of over 52%, classified into UHT milk for families, adults, and kids. Growth for this sector was steady at 3%.
- Pasteurized milk accounted for approximately 13% of total market value, with growth of 9%.
- Ready-to-drink yoghurt milk accounted for approximately 23% of total market value, with growth of 3%.
- Soy milk accounted for approximately 27% of total market value, with growth of 2%.
- Cereal drink accounted for approximately 1% of total market value, with growth of 24%.
- Milk for adult accounted for approximately 5% of total market value, with growth of 10%.

(Source: Nielsen, December 2016)

International Business

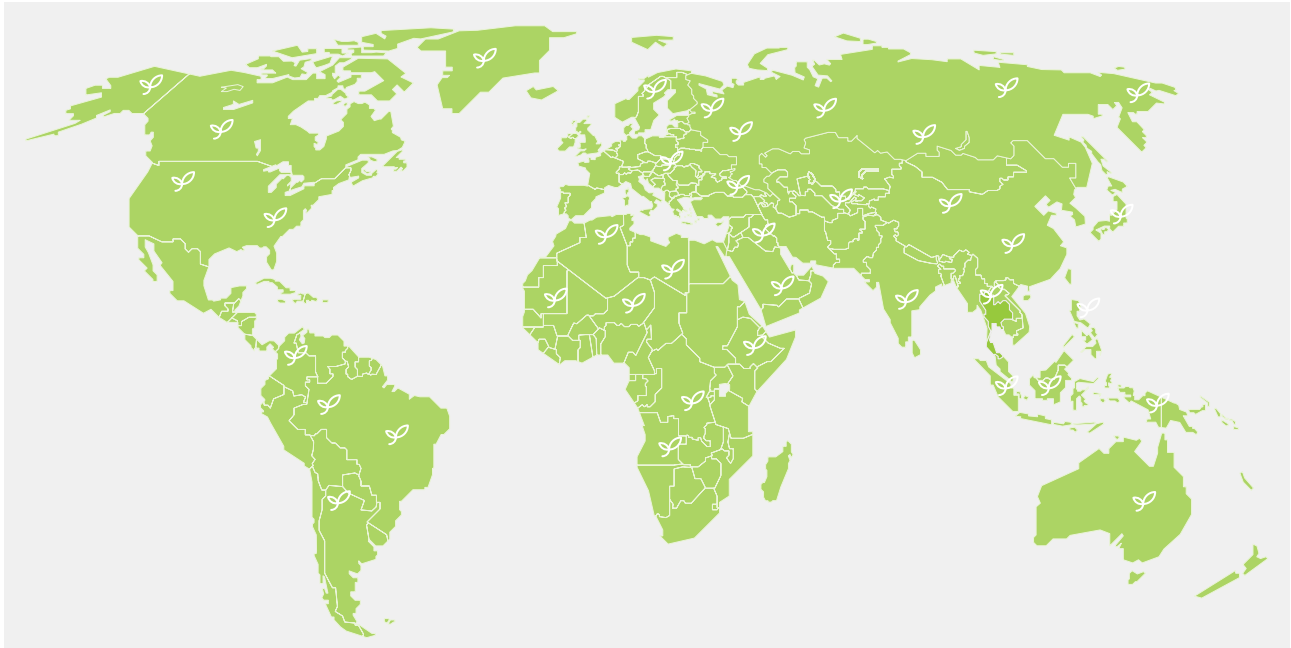
Due to the Company's strategy aiming to internationally expand Malee's business, increase export sales, support the expansion of the ASEAN Economic Community (AEC), and the fact that products from Thailand are in demand of the global market, international business has been growing steady. In 2016, international business growth reached 40% through fruit juices, coconut water, canned coffee as well as canned fruits, under Malee and partner's brands sold to 34 countries around the world. Top ten countries contributing around 80% of total export sales are Cambodia, China, Philippines, North Korea, Myanmar, Pakistan, Laos, Hong Kong, Japan, and Vietnam, respectively.

In the previous year, the Company exported products under Malee brand to several countries around the world, allowing products under Malee brand to become wider known in key countries including Philippines, China, Cambodia, Laos, Myanmar, and Pakistan. The Company has been sourcing and developing new products to truly fulfill demand of customers in each local market. Moreover, we started to have specific marketing strategy for each country and

adjusted our plans responding to the market changes from competitors and market trends. We had continuous sales promotions to encourage consumptions, focusing on the use of local media for long term Malee brand building. Thus, Malee brand has continued to grow in parallel with the beverage market growth in each country, following the Company's long term goal for sustainable growth in the future.

Summary of major events occurred in 2016

- We focused on conducting Malee booth exhibition at international fairs such as Gulfood Dubai in United Arab Emirates, Foodex Tokyo in Japan, Sial Shanghai in China, FHC Shanghai in China, Top Thai Brand Kunming in China, CFDF Chengdu in China, Top Thailand Brand in Laos, Cambodia, Myanmar, Vietnam and Singapore. We aimed to introduce Malee products to entrepreneurs, or have overseas consumers learn more about Malee brand. It also helped expand the market of Malee products, increased distributions in town and country that were not yet covered, added product variety to international markets, introduced new products, increased sales opportunity, and enhanced business growth of Malee in those countries.
- Malee products had positive feedback from Chinese consumers since they like the taste of products and have trust in Thai brand including Malee. 2016 is another year of the Company's success in China market. Our distributors achieved their sales targets. Export sales to China grew approximately by 30% resulted from expanding sales channel into large and middle cities, and introducing Malee's fruit juices and Malee Coco's coconut water to more various selling channels including supermarket, and convenience store. Besides, we also promoted products through online media to meet Chinese customers' behaviors that like online shopping, making online sales to grow at a higher rate than other sales channels with potential to be equal to other sales channels in the future.
- In 2016, we started the strategy to manage distributors in China dividing by cities or provinces. China is a large country; therefore, having a single distributor will not be able to distribute products well enough. Instead, having distributors by cities and provinces would benefit from each distributor who has expertise in each local distribution for wider presence area of Malee merchandises.
- Apart from the Company's direct export business, we have also developed a joint venture with an overseas partner, Monde Nissin Corporation (MNC) in Philippines, establishing a new joint venture company named Monde Malee Beverage Corporation (MMBC) which mainly focuses on sale and marketing of beverage products since the beginning of the year 2016. The first product launched was canned coffee under Kratos Strong Coffee brand. The Company and MNC will work together to develop more



beverage products in order to improve MMBC's sales growth year by year. Last year, non-alcohol beverage market value in Philippines was Baht 240 billion, an increase of 20%. Canned coffee market was Baht 1,000 million, with potential to grow substantially because of high population and an expansion in middle-class people. We are aiming to develop and launch new products every year in order to encourage the market and consumption continuously.

- MMBC is one of the key engines driving sales growth of international markets because all of the products are newly developed in order to meet local customers' preference in Philippines. Therefore, it requires quite high marketing budget to introduce new brands to the market and create brand awareness. Although the Company made some loss in 2016, it was foreseen and according to a plan. Also, it is normal for high spending at the beginning as we launch new product into the market.
- We have been maintaining the growth of Malee Coco's coconut water in overseas markets for years. Now the product is widely accepted in countries around the world including China, Hong Kong, Australia, Japan, Korea, Canada, Pakistan, and Russia, etc. We are currently using a convenience store as a sales channel such as 7-Eleven in Hong Kong, AllDays in China as well as using hypermarkets such as Walmart in Canada and HyperStar in Pakistan, etc.
- New product launch and marketing activities
 - Malee Juicy for mass market in Pakistan, Bangladesh, Cambodia, and China
 - Malee Diet for health conscious market. The juice gives energy below 30kcl per 200ml since it uses stevia, a natural sweetener as a sugar substitution which

gives zero energy, following corporate's key mission to build good health to Malee juice consumers. Malee Diet is receiving positive response from consumers in Pakistan due to a booming health trend in Pakistan.

- Malee Coconut Milk Drink with Coconut Water in 1000ml packaging size. This juice is for consumers looking for coconut milk with dairy free, lactose free, cholesterol free, and gluten free, which is suitable for consumers who are allergic to milk and lactose, or vegetarian consumers. The key selling point and taste are different from other coconut milk drinks currently available in Chinese market. The product is having highly positive response from Chinese consumers from its unique taste. Right now we are speeding up the distribution and listing-in to stores all over China. Malee Coconut Milk Drink with Coconut Water also has good feedback from consumers in other countries such as Canada, Russia, Pakistan, Reunion Island, Japan, etc.



Malee products at the World Expo 2015 in Italy

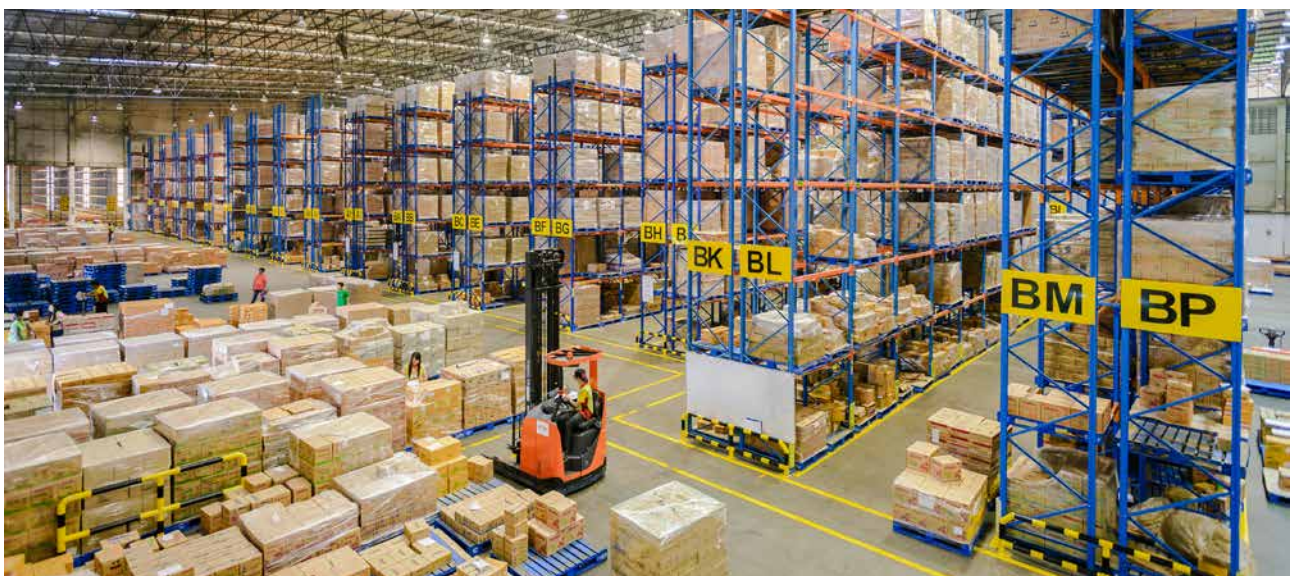
- The Company won the auction for fruit juices served on Vietnam Airlines. Winning flavors are Malee 100% apple juice, Malee 100% Madarin Orange juice, and Malee 100% tomato juice serving to first class and business class passengers only.
- There are promotional activities of Malee products in Laos for the whole year in order to stimulate sales and create loyalty in Malee brand 100% juice in wholesalers, retailers, and end-consumers to buy continuously. Promotional activities are including collecting a piece of Malee products to redeem a prize, or send a piece of Malee product to win a prize.
- The Company started a plan to use more local media to strengthen Malee brand in key countries. We selected media from ability to reach targeted consumers, make visibility and convey the message from the Company to consumers. For example, using the billboard at the high traffic intersection in Laos, radio in Laos, outdoor media in Myanmar, and social media in China including WeChat, Weibo, and Youku to reach new generation of consumers. The Company also used social media in Myanmar and Cambodia as internet penetration grows rapidly following the development of the country.
- The Company offered ChokChai Farm UHT milk back to Myanmar market again. We worked together with the distributor who has high capability in extensive distribution. We selected the sweetened and chocolate malt flavors in which local consumers prefer, in new packaging. We launched marketing activities to encourage sales and build brand awareness of Chokchai Farm UHT Milk to mothers and children. We organized tasting activities in order to lead to actual purchase, for example, school roadshows where kids and teens are targeted; and advertising via wrapped school buses to create brand awareness of Chockchai Farm. The Company created tasting experience by giving free sampling at department stores, supermarket, and schools. We also did promotional



activities at retailers including giving premium gifts at the point of purchase to encourage sales. In addition, we did the campaign on Facebook to create brand engagement with moms and teens in a long run.

To build a solid foundation of international business in 2017, we plan to improve working techniques to be more effective by building professional sales skills to sales staff as well as preparing for Malee brand's building strategy in overseas market for sustainable growth. We will work with distributors on the plan for promotional activities, media selection, outdoor media, mobile media, online media as well as merchandising management on shelves to attract customers and create brand awareness. We also build good relationship with local consumers in order to create loyalty to Malee brand and thus continuous consumption.

Following the recovery of the global economy, we are confident that 2017 will be another year in which the international business grows corresponding to the Company's target aiming to expand and increase export sales in the long run.



Contract Manufacturing Business (CMG)

CMG is another successful business of the Company in the previous year. The business services range from research and development for new product formulation, procurement of raw materials and packaging, and manufacturing products following the customer's requirements. Services of CMG can be divided into 2 types as follows:

- 1 Full Service – the Company will develop product formulation, procure raw materials and packaging, manufacture the product following the customer's plan, and deliver the finished goods at the agreed point.

- 2 Partial Service– Customers will have their own formulation and will partially or entirely provide raw materials and packaging to the Company, The Company will manufacture products according to the customer's plan as well as delivering the product to customers at the agreed point.

The Company has been receiving trust from the leading beverage brand customers, domestically and internationally. The Company currently has more than 20 major CMG customers with different types of beverages and packaging as shown in the below table:

No	Type	UHT –Tetra Paper				PET Bottle		Tin Can				
		1L	330ml	250ml	200ml	500ml	350ml	325ml	250ml slim	250ml Stubby	180ml	150ml
1	100% Fruit Juice	√	√	√	√	√	√	√	√	√	√	√
2	Nectra Fruit Juice	√	√	√	√	√	√	√	√	√	√	√
3	Flavor Fruit Juice	√	√	√	√	√	√	√	√	√	√	√
4	Tea	√	√	√	√	√	√	√	√	√	√	√
5	Coffee	x	x	x	x	x	x	√	√	√	√	√
6	Cereal Drink	√	√	√	√	x	x	x	x	x	x	x
7	Functional Drink	√	√	√	√	√	√	x	x	x	x	x

Remark: √ means currently in production
 x means never been in production, need to study first

Since several companies want to reduce production investment and personnel expenses, CMG Business has been growing continuously. In 2017, the Company plans to expand its production capacity from a new packaging production line, in order to increase sales and expand customer base to support the growth of CMG Business such as a PET production line to support customer growth as well as pouch pack production line.



OUR PRODUCTION

Our factory is located at No. 26/1, the road leading to Sampran District, Yaicha Sub-District, Sampran District, Nakhon Pathom, on the total area of 36 rais. The production lines include canned fruits and beverages, for example, canned coffee, fruit juices, fruit and vegetable juices, UHT canned drinks, and PET bottles drinks, etc.

PROCUREMENT OF PRODUCTS OR SERVICES

The Company procures raw materials from several sources all over the world such as concentrated fruit juices, sugar, and packaging including cans and paper cartons, without significantly relying on a particular supplier. In addition, the Company has a policy for the procurement department to search for qualified suppliers, so that the Company has multiple vendors providing raw materials to the Company. In addition, procurement of the Company is mostly like long-term partners. In some case, there is also a co-investment between the Company and suppliers for a specific production line.

QUALITY ASSURANCE

QUALITY ASSURANCE AND AWARDS

All these standard and awards we have received reflect well on our success and will be a driving force to encourage our employees to maintain standards and being passionate about the job to improve their performance to achieve the higher success together.

Standard	Details
BRC (Global Standard for Food Safety) British Retail Consortium	The Company has been certified by Tuv Nord, Germany on November 18th, 2016
HACCP (Hazard Analysis and Critical Control Points) (Management system as per Codex Alimentarius Commission Guideline Annex to CAC/RCP1-1969, rev. 4/2003	The Company has been certified by Tuv Nord, Germany on December 27th, 2016
Halal Certificate	The Company has been certified by The Central Islamic Committee of Thailand on June 26th, 2016
Kosher Certificate	The Company has been certified by Thai Kashrut Services Limited, The Jewish Community of Thailand on September 30th, 2016
GMP Codex Alimentarius Commission Recommended International Code of Practice General Principles of Food Hygiene, CAC/RCP 1-1969 rev. 4/2003	The Company has been certified by Tuv Nord, Germany on January 27th, 2016
ISO 9001 : 2015	The Company has been certified by Tuv Nord, Germany on December 13th, 2016
Good Laboratory Practice / Department of Industrial Works, GLP/DIW	The Company has been certified by the Department of Industrial Works, Ministry of Industry, Thailand
Certificate in the Program of Industrial Production Process Improvement with Cleaner Technology	By the collaboration between Mahidol University and the National Science and Technology Development Agency (NSTDA), Thailand

RISK FACTORS



1 Risk of fluctuation in volume and price of raw materials

Currently, the global climate as well as Thailand's has changed dramatically and become more volatile, resulting in an uncertain quantity of crops used as raw materials and thus risk of unexpected price fluctuation of raw materials in each year. To manage the risk beforehand, the Company pays attention to farmers and suppliers worldwide, in order to procure sufficient amount of raw materials at reasonable prices. The Company uses several methods including finding new sources of raw materials with good quality, purchasing in advance from various suppliers in different areas for diversification, etc.

2 Risk of competition from major manufacturers

The beverage industry has become fiercely competitive. More manufacturers, both locally and overseas are interested in entering the market. Under the Framework Agreement of the ASEAN Economic Community (AEC), the competition are getting more challenging, especially from major companies with high competitiveness, in terms of manufacturing technology, large capital, production expertise, lower cost of raw materials and cost of production. Major manufacturers are using pricing strategy to discourage small manufacturers entering the market. The Company's strategy is getting a team ready for procuring raw materials with good quality at reasonable prices, focusing on competing on product quality as well as brand image. The Company also highlights its selling point different from other competitors, along with advertising, free sampling, and various marketing activities without emphasizing only on price competition, in order to enhance the Company's product quality and brand image, building customer engagement in the long term as well as strengthening Malee brand. Furthermore, the Company has been developing new products to meet consumers' demands for health, and organizing activities to increase sales as well as distribute products extensively. Therefore, the Company has been launching products with innovation to support consumers' needs thoroughly and continuously.

3 Risk of reliance on Contract Manufacturing Business (CMC)

The Company has run the CMC Business for more than two decades. We have been developing plans for operations and manage risks by diversifying both clients and products to balance revenues and stability. The Company has a variety of products including tea, coffee, juices, several types of beverages, and canned fruits. In accordance with customers' demands, the Company offers a wide range of services including the development of recipes, production process until the products are ready for sale. The Company regularly discusses with business partners about operation plans to share the same goals and

benefits in the long term, so that customers have confidence and trust in the quality of products. The Company always collaborates closely with business partners for new product development. By doing so, the Company is lessening the possibility of contract termination or renewal rejection, whereas it is able to negotiate for suitable returns.

4 Risk of world economic and political uncertainty

According to the global economic and political instability situation in 2016 including continuous increase in oil prices, the Federal Reserve's interest rate hike, the impact of the Brexit on economic and political uncertainty in Europe, the new presidential election results in the US, China's economic slowdown, and the depreciation of the Chinese Yuan. Especially the devaluation of the Chinese Yuan which had an impact on emerging countries in Asia caused an export slowdown, reflecting the instability of world trade. Although Thailand's exports have not recovered yet, the Company was still able to maintain a healthy growth in its export business, following the Company's policy to drive the growth of the Malee Brand in the major countries. In addition, a variety of premium products meet the needs of the targeted high-income consumers, enhancing Malee Brand juices to grow continuously.

5 Risk of currency exchange rates

Due to the impact of the global economy, the exchange rate has been fluctuating. In order to manage and reduce risk of currency exchange rates, the Company controls sales volume of futures contracts as well as partially uses currency forward contracts. The Company also does a natural hedge by offsetting foreign currency derived from export sales to pay for raw materials and packages imported from overseas. In addition, a majority of the Company's export sales are baht-denominated, thus the Company's risk of currency exchange is in a manageable level.

6 Risk of energy prices

Production costs and logistics costs tend to rise following the hike in global oil prices. The Company manages the risk of energy price by adjusting the factory's system to be able to use power from several sources including LPG and Biogas.

BOARD OF DIRECTORS 2016

**MR. PICHAI
CHIRATHIVAT**

*Director / Member of
Executive Director*



**MS. NART
FONGSMUT**

*Independent Director /
Member of the
Audit Committee /
Chairman of the
Nomination and
Remuneration Committee /
Member of the Risk
Management Committee*



**MR. CHATCHAI
BOONYARAT**

*Chairman of the
Board of Director /
Chairman of the
Executive Director*



**MRS. CHINTANA
BOONYARAT**

*Director / Member of
Executive Director /
Member of the
Nominating and
Remuneration Committee*



**MR. PAITON
EIAMSIKULMIT**

*Company Secretary and
Vice President
CEO Office*



**MR. KITTI
VILAIVARANGKUL**

*Director / Member of
Executive Director /
Member of the Risk
Management Committee*



**MS. NATTHARIN
TALTHONG**

*Independent Director /
Chairman of The Audit
Committee /Member of the Risk
Management Committee /
Member of the Nominating and
Remuneration Committee*



**MS. ROONGCHAT
BOONYARAT**

*Director / Member of
the Executive Director*



**MR. OPAS
LOPANSRI**

*Director / Member of
the Executive Director*



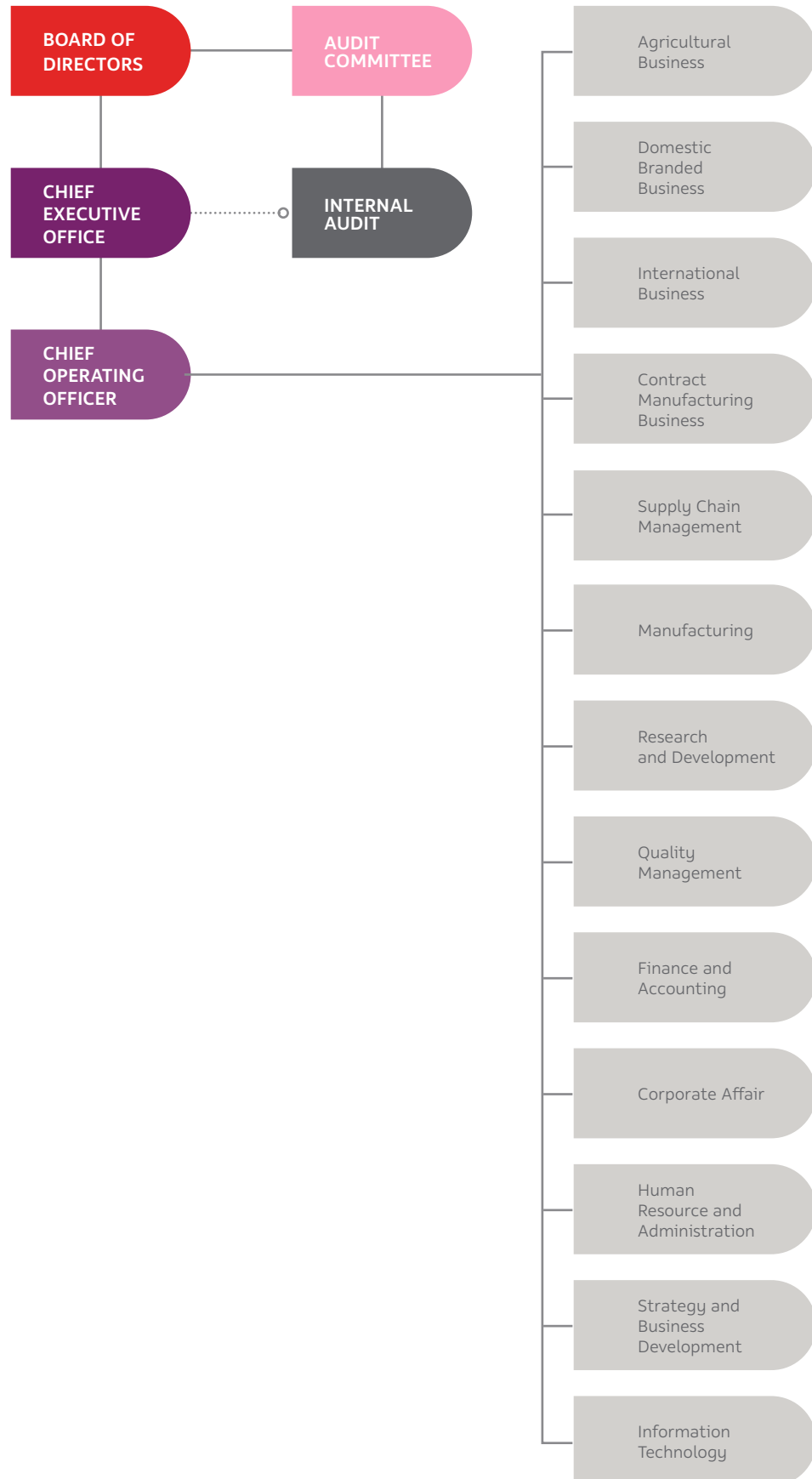
**MR. KRIZZ
CHANTJIRAPORN**

*Independent Director /
Chairman of the Risk
Management Committee /
Member of the Audit Committee /
Member of the Nominating and
Remuneration Committee*



ORGANIZATION CHART





CORPORATE GOVERNANCE



The Company recognizes the importance of business operation based on responsibility and integrity and hence has put its emphasis on good corporate governance and management with aim to increase its competitiveness capability, better management efficiency, and transparent / explicit business operation. The Company concentrates on sustainable growth, which will increase value of the Company in a long term for benefit of shareholders and all stakeholders. Company has determined Good Corporate Governance to directors, executives and employees to adhere to as a guideline to perform their duties.

Corporate Governance Policy

The Company recognizes the importance of corporate governance that is based on responsibility and morality and hence has put its emphasis on good corporate governance and management with aim to increase its competitiveness capability and better efficiency of management as well as transparent and explicit business operation. The Company concentrates on sustainable growth, which will increase value of the Company in a long term in the benefit for shareholders and stakeholders. Company applies Good Corporate Governance of year 2012, as stipulated by the Stock Exchange, to adhere to directors, executives and employees operations as a work guidelines. Details are as following:

1 Rights of Shareholders

The Company places its importance on rights of shareholders, disclosure of sufficient, accurate, complete, punctual and equal information to all shareholders for reference to their future decisions. Following is the policies determined by the Board of Directors:

- 1.1 The Company sent invitation letter along with the meeting agenda showing objectives and reasons of the meeting and opinions of directors in order to enable shareholders study the information included at least 14 days prior to the meeting date. The Company held the Annual General Meeting of Shareholders 2016 on 22 April 2016 at 10:00 hrs. at Evergreen Room, Asia Airport Hotel, No. 99/2, Pahonyothin Road, Kukot sub-district, Lumlookka district, Pathumthani. In case where shareholders cannot attend the meeting, they may assign any independent Director or any person to attend the meeting on their behalf by using the proxy form which is sent together with the notice to the meeting or it can be downloaded through the Company's website.
- 1.2 Facilitate all shareholders equally during the meeting by providing appropriate location and time of the meeting.
- 1.3 During the meeting, the agenda will be voted in order without changing any significant information and all shareholders have equal right to review business

operation of the Company, inquire and express opinions and suggestions. The meeting will be attended by directors and related executives to answer all question raised during the meeting.

- 1.4 The Company provides additional channel for disseminating news on its website. The invitation letter to the meeting is uploaded at least 30 days prior to the meeting date to enable shareholders to download and acknowledge accurate and complete information of the meeting.
- 1.5 Directors, senior executives, counsellor and certified auditor are required to attend the meeting to answer questions from shareholders.
- 1.6 The minutes of the meeting are recorded verbatim where all questions and comments are recorded for review and reference purpose. Then the minutes of the meeting will be disclosed in the Company's website and sent to the Stock Exchange of Thailand within 14 days from the date of the meeting.
- 1.7 For convenience and to prevent errors, loss or delays, the Company pays dividend (if any) by transferring it to shareholders' bank accounts.
- 1.8 It is the Company's policy that shareholders are allowed to propose the meeting agenda and /or questions related to the general meeting of shareholders 3 months prior to the date of the shareholders' meeting to ensure that shareholders will receive highest benefit from the meeting, to maintain the rights and interest of shareholders. The proposal or questions can be submitted through e-mail, fax to the Company Secretary.
- 1.9 Determine criteria to consider the Directors' remuneration based on duties, responsibilities and work performance which is linked to operation result and other relating factors; compare the rate and remuneration of other companies in the same industry of similar based on the survey result provided by the Thai Institute of Directors "IOD". However, the Directors' remuneration must be considered, compared and screened by the Nomination and Remuneration Committee and proposed to the Board of Directors for consideration prior to submission to the annual general meeting of shareholders.
- 1.10 The Company agrees to have an independent person to undertake the counting or reviewing the votes in the meeting and disclose to the meeting as well as record in the minutes of the meeting.
- 1.11 The Company uses ballots for voting of important agenda such as related transaction, acquisition or disposal of assets etc. for transparency and accountability in case of the conflict that may occur subsequently.

2 The Equitable Treatment of Shareholders' equity

To ensure the fair treatment among all shareholders, the Board of Directors has determined policies as following:

- 2.1 Send invitation letter to the meeting which includes sufficient information of all agenda to shareholders at least 14 days prior to the date of meeting in order to enable shareholders to thoroughly look through the information.
- 2.2 The right to vote at the meeting is according to the number of shares held by each shareholders where one share represents one vote. The Company grants the right to the shareholders who attend the meeting after the meeting has been started, to vote for the agenda which is under consideration and no resolution has been made yet, and the said person is deemed to constitute a quorum of the meeting for the said agenda and vote.
- 2.3 In election of directors to replace those retiring, the Company has a policy that shareholders may vote individually for a director in order to allow shareholders to select the person they want. The Company also provides adequate details of each candidate for consideration of shareholders.
- 2.4 The Company enables minor shareholders holding share not less than 5% of the paid-up capital for not less than 12 months, to agenda for the annual general meeting of shareholders, propose list of candidates for directors through email or fax to the Company Secretary.
- 2.5 Determine policy to prevent insider trading of relating persons which include directors, senior executives and staff involved with the Company's information (spouse and minor child of the said person as well), and to prohibit the said persons from disposal or acquisition of the Company's securities within 1 month before the disclosure of quarterly and yearly financial statement to the public. The Board of Directors and Management report the changes of shareholding to the Board of Directors' meeting.
- 2.6 Determine policy on conflict of interest based on the concept that any decision of personnel from all levels which concerns the business operation must be for the best benefit of the Company. And it is the duties of all employees to avoid involving in financial issue and/or relationship with external party which may cause the loss of Company's benefit, conflict of interest or to obstruct work performance. It is determined that the person relating to or involving with the considered transaction must inform the Company of their relation or involvement thereof and must not participate in consideration and has no power to approve for the said transaction. For such cases, everyone must

adhere to the principles and there will be no additional or special terms applied.

- 2.7 For convenience, shareholders who cannot attend the meeting in person may assign any person or at least 1 independent director to attend the meeting and vote on their behalf where name of the assigned person will be noticed in the invitation letter to the meeting.
- 2.8 All shareholders are treated equally regardless minor or major, Thai or foreign shareholder.
- 2.9 The registration of shareholders on the meeting date is via scanning barcode which shows register number of each shareholder provided in the shareholder's register and proxy form for the convenient and fast procedure. To count result of each agenda, only ballot card which show 'disagree' and 'abstain' are collected and counted to deduct from the total amount of voting shareholders. The barcode system is used to collect and verify the result of the ballot from each vote rapidly and the result can be checked after the meeting.
- 2.10 The Company determines to have agenda about Directors' remuneration, to clarify to shareholders for approval per annum and to clarify the numbers and types of remuneration of each directors including fixed and variable remuneration.

3 The Role of Stakeholder

The Company is aware and realizes the rights of all stakeholders whether internal stakeholder which are shareholders, staff, and external stakeholders such as customers, trading partners, creditors, competitors, state sectors and other authorities including surrounding communities. To express appreciation to stakeholder that supporting us in competition and generating profit which is considered as long term value, the Company hence, has determines policies as following:

3.1 Shareholders

- 1) The Company is always aware that shareholders are an owner of the business and the Company is committed to create a long term added value for them.
- 2) Perform their duties with integrity, make any decision based on principles of the profession prudence, and fairness to both major and minor shareholders for the best interest of shareholders as a whole.
- 3) Report status of the Company, operations results, financial statements, accounting and other information which are up-to-date and important in the format that is easy to understand, consistent and accurate.

- 4) Refrain from seeking benefit for their own and other persons by using any information of the Company which has not yet been disclosed to the public or execute any procedure in the manner that may cause conflict of interest to the Company.

3.2 Employees

- 1) Treat employees with politeness and pay individual respect to them.
- 2) Fairly treat employees through allowing for new opportunities, compensations, appointments, transfer and skills development.
- 3) Provide fair compensation, provident fund and social welfare to employees and prioritize the welfare of employees.
- 4) Maintain safety working condition to ensure health and assets safety of the employees.
- 5) Make any appointments, transfers, awards and punishments with bona fide, based on knowledge, skill and qualification of each employee.
- 6) Places importance on knowledge and skill development of employees by providing equal opportunities on regular basis with aim to develop ability and lead to professional level.
- 7) Listen to opinions and suggestions based on professional knowledge of the employees.
- 8) Comply with law and regulations relating to employees strictly.

3.3 Customers

- 1) Provide service with politeness, enthusiasm, readiness and sincere as if they are one of the family, creating reliability and accountability image of the service.
- 2) Keep information of customers, do not use such information for their own benefit or related person illegally or other illegal activity.
- 3) Provide customers with accurate, adequate, updated information about services of the Company without exaggerated advertising content which may misleads customers of quality or terms of services of the Company.
- 4) Provide advice on service efficiently and for the best interest of customers.

3.4 Business partners and/or creditors

- 1) Treats business partners and/or creditors with integrity and honesty, based on highest interest of the Company and fair mutual benefit. The Company avoids any situation that may cause conflict of interest, discusses the problems adheres to business relations.

- 2) Does not request or receive or pay for any interest which is illegal with business partners and /or creditors.
- 3) In case it is found that there is a request or accept or payment for any illegal interest, the information must be disclosed to business partners and/or creditors to seek for fair and rapid solution.
- 4) Comply with the agreed terms and conditions. Failure to do so, the Company will give advanced notice to creditors in order to find solution together.

3.5 Competitors

- 1) Does not violate the confidential or acknowledge trading secret of competitors with unfaithful method.
- 2) Follow the fair competition rules
- 3) Refrain from seeking information, trading secret of competitors through dishonest or inappropriate method.
- 4) Does not damage reputation of competitors by accusing in negative way.

3.6 Society and communities

The Company has a policy to conduct business which returns positive interest to economy, society and adhere to good citizen of the nation, comply with laws and applicable regulations strictly, engage in parts that will support and improve quality of society and community. In addition, the Company has set out policies to return profits to society by allocating a certain budget to support social activities that will generate advantages to society, community and create opportunities for environment.

3.7 Oversee the safety and health of employees

The Company places an importance of maintaining working environment to ensure safety to lives and assets of employees regularly. Strictly adhering to labor law, the Company provide such as proper and correct arrangement of building, locations and equipment of working, necessary medical care. All employees are required to wear protective equipment whenever they work on the construction site. Furthermore, employees from all levels are encouraged to recognize the value and importance of exercise and take it as a habit. The Company provides health care program to its employees such as annual health check-up and welfare medical expenses etc.

Personnel

As of 31 December 2016, there were	1,551 employees
Employee Compensation year 2016	507 Million Baht

The Number of Training for Employees

Whereas the Board of Directors and executives see the importance of development of human resource, in year 2016, the Company has provided training courses as following.

	Hour/Person/Year 2016
Executives Training Hours	69 hrs.
Employee Training Hours	21 hrs.

Injury Frequency Rate : IFR as of 31 December 2016 = 2.15
IFR is the Injury Frequency Rate (IFR) = (total number of injuries that require a strike of 1,000,000).

3.8 Environment

The Company has a policy to support different activities in connection with quality, hygiene and environment, including maintaining safe working condition to ensure health and assets safety of the employees. The Company also recognizes the importance of education and training for employees regarding environment and effective use of environment such as reduce the volume of garbage by reusing paper, file holders, campaign to switch off the lights during lunch break or switch off the lights which are not in use, taking stairs instead of lift, maintenance and improvement of equipment to be available for work to ensure the safety and create good working conditions. All these are contributed to the efficient development of employees as a whole.

3.9 Intellectual Property

The Company has set a clear policy not to undertake any action that will violate the intellectual property whether copyright, patents or trade mark, trading secret and other intellectual property as stipulated by law, for example, using licensed programs, where software is examined and installed by Information Technology Department to prevent using any illegal copies.

3.10 Respect to law and human rights

- 1) Protest against any action that violates human right in any circumstances.
- 2) Respect and treat all stakeholders with fairness based on the pride of human rights, without discrimination of races, origins, sex, color, religion,

physical condition, family background including to support the monitor of requirement concerning human rights within the Company.

- 3) Protest against any action that is aimed to seek benefit from human trafficking, use of child labor under the age as stipulated by law.
- 4) Support, respect and protect human rights by examining and control Company's business with external party that may be conducted in a way that supports and encourage violation of human rights. Refrain from any action that violates right of employees which is protected under the law.

3.11 Anti-Corruption and Corruption

- 1) The management structure is properly balanced between purchasing, accounting, financial, management and internal audit department to prevent abuse of power or other illegal activity.
- 2) Provide training to employees about the policy and practice of anti-corruption of the Company.
- 3) Support and coordinate with public and private authorities and controlling agency including all parts of Thai societies with intention to reduce the corruption and improve the development of the country.
- 4) Directors, executives and employees are not allowed to accept any kinds of corruption, directly or indirectly such as receiving gifts, giving gifts, presents, banquet, donation and any interest to themselves from the person who making business with the Company. The Company provides channel to stakeholders for direct message passing, suggestions and/or complaints regarding the corruption or any action that is not in compliance to the Company's criteria to the Board of Directors to the following address.

Company Secretary
MALEE GROUP PUBLIC COMPANY LIMITED
401/1, Moo 8, Abico Building, Pahonyothin road,
Kukot, Lumlookka, Pathumthani 12130

The complaints will be considered and proceeded as appropriate case by case without disclosing whistleblower, and the complaint details will be kept confidential under policy to protect whistleblower as well.

4 Disclosure and transparency

The Company recognizes the importance of accurate, complete and transparent disclosure of financial information and general information under the criteria set forth by the Securities and Exchange Commission and the Stock Exchange of Thailand including important information which affects securities price of the Company and decision among investors and stakeholders. The Company also prioritizes the importance of financial report as to clarify the financial status and actual operation result of the Company, based on correct accounting standard, completeness, punctuality and adequacy under the generally accepted accounting standards.

The Company discloses the information about each directors, roles and duties of the Board of Directors and committee as well as remuneration of directors and senior executives in the Annual Report (Form 56-2) and Annual Statement (Form 56-1).

CODE OF CONDUCT OF MALEE GROUP

At MALEE Group, we produce high quality products for reasonable price, based on integrity and fairness, with an aim to build good relation with all stakeholders as well as take responsibility for environment and communities.

To ensure that our operations are in line with the good corporate governance, and to have clear practice guidelines for the Management and employees to comply with, MALEE Group has formulated the Code of Conduct as follows:

1 To customers

- 1.1 Meet customers' satisfaction by providing standardized and qualified goods and services.
- 1.2 Disclose information about goods and services in full details and provide fair treatment to customers.
- 1.3 Provide warranty for products and services under the appropriate requirements, and maintain the reliability and trust among customers.
- 1.4 Arrange procedures and system of contact channel in order that customers communicate with the Company conveniently, without delay.

2 To trading partners and creditors

- 2.1 Conduct business with fairness, refrain from taking advantages. Pay respect and comply with the contractual requirements set forth.
- 2.2 Not demanding, accepting or giving any dishonest business gain with trading partners or creditors. Should there be any information of any dishonest benefit gain, the Company, without delay, shall discuss with a trading partner or creditor for fair resolution.

3 To competitors

- 3.1 Follow the rules of good competition
- 3.2 Not seeking confidential information of competitors by using an illegal approach.
- 3.3 Not discrediting competitors by defaming or undertake any action without true fact and fairness

4 To shareholders

- 4.1 Perform duties with honesty and integrity. Make a decision based on good faith, transparency and being beneficial to the Company and shareholders.
- 4.2 Perform duties using knowledge and skills of management at fullest effort for the benefit of the Company and shareholders.
- 4.3 Safeguard to ensure that none of the Company's assets will be unreasonably depreciated or lost.
- 4.4 Report accurate status and operating results of the Company in full details.
- 4.5 Not seeking advantages for oneself or relating person by using any Company's information which has not been disclosed to the public.
- 4.6 Not disclosing confidential information of the Company to an external party, especially competitors.
- 4.7 Not undertaking any actions in an aspect that may cause conflict of interest with the Company.

**** The Company has prepared Code of Conduct for Investor Relations as a guideline or scope of practice in case where there will be an issue or matter that is difficult to make a judgment.*

5 To society

- 5.1 Not undertaking any action that will causes damages to community, natural resources and environment.
- 5.2 Support an activity that brings about benefits to societies and communities.
- 5.3 Practice or control to ensure the compliance with law and regulations as stipulated by the regulatory agencies.
- 5.4 Focus and place an importance on environmental care, taking into account the safety for the communities that located adjunct to the Company.

6 To employees

- 6.1 Perform duties with responsibility, honesty, devotion and patience for the advancement and stability of the Company and ourselves.
- 6.2 Perform duties with diligence, seek approach to develop and improve work to remain at qualified efficiency always.
- 6.3 Follow policies and articles of association strictly.
- 6.4 Conserve and create to bring about the unity and harmony among employees, as to work and seek for the best way together as a team of robust efficiency.

- 6.5 Use assets of the Company in a manner that will generate maximum benefits to the Company. Maintain assets from depreciation or loss. Not using assets of the Company for one's personal or others' benefit.
- 6.6 Refrain from any action that is in violation of an intellectual property either of the Company or other person. Not using software piracy within the Company system.
- 6.7 Keep trading partners' confidential information, safeguard to ensure that such confidential information will not be leaked or disclosed to an unrelated person which may cause damages to the Company.
- 6.8 Pay attention to and undertake any action to safeguard the safety and good working condition.
- 6.9 Report to a relevant authority and the Management of any wrongful or illegal actions occurred, including the possession or use of drugs within the Company.
- 6.10 Not using one's duty or allow other persons to use one's duty to seek benefit for oneself or other persons in a wrongful way.
- 6.11 Refrain from any actions that may cause damages to the image and reputation of the Company.

7 Between employees (supervisor, subordinate and colleagues)

- 7.1 Help each other taking into consideration the benefit to work and working environment as a whole, pay respect to the right of the others.
- 7.2 A supervisor shall conduct oneself as a respectful person among subordinates, comply with the policies and regulations strictly, be a good model for subordinates, supervise subordinates adhering to principles and logics of integrity and morality.
- 7.3 A subordinate shall treat one's supervisor with respect, and treat one's colleagues with helpful and friendly manner, refraining from discrediting one's supervisor and colleagues without true fact. Not taking work of the other as one's own.

**** For Investor Relations *** as a guideline or scope of practice*

In case there will be a problem or issue that is difficult for judgment. This guideline is consistent to the Code of Conduct for Investor Relations 2014 and the good corporate governance, as formulated by the Securities and Exchange Commission and the Stock Exchange of Thailand. There are 4 Basic principles of the Code of conduct for Investor Relations as follows:

- 1 Disclose any material information which will be necessary to make an adequate and accurate decision in timely manner.

- 2 Must not use internal information for one's own and others' benefit.
- 3 Disclose information equally and fairly.
- 4 Perform duties with honesty and integrity based on equality concept, no discrimination.

Basic guidelines for Investor Relations:

- 1 Disclose any material information which will be necessary to make an adequate and accurate decision in timely manner.**
 - 1.1 Disclose accurate, adequate information in timely manner, following regulations and rules set forth by the SEC and SET.
 - 1.2 Provide information with carefulness, discretion and diligence. Investor Relations may refuse to provide any information, upon consideration that such information is a trade secret customer's or the Company's confidential information or it is information that cause the Company to lose competitiveness capacity.
 - 1.3 Provide explicit information, with details adequate for understanding, for example, provide information or explanation in case where the Company's operating results are varied over 20% and/or provide a clear MD&A in order that the audience will be able to understand the cause. Investor Relations shall as well provide the explanation of such changes, etc.
 - 1.4 In case of a rumor or leakage or information, Investor Relations shall explain the fact to investors, by following requirements of the Stock Exchange of Thailand regarding the disclosure of information of the listed companies.
 - 1.5 Not disclosing false information or creating news with intention to persuade the subscription of shares.
 - 1.6 Set up channel for information disclosure to all audience equally.
- 2 Investor Relations shall not use internal information for one's own and others' benefit.**
 - 2.1 Comply with the relevant regulations of safeguard of corporate internal information. Investor Relations having access to such internal information must not disclose such information to other persons until it is disclosed to the public as stipulated by the requirement.
 - 2.2 Disclose any information which is significant to business operation through SET channel to the public prior to disclosure to a particular group of investors.
 - 2.3 Comply with policy of share subscription strictly, not trading shares during silent period and report each transaction to the Office of Company Secretary.

- 2.4 Set up the Quiet Period for appointment or answering the questions relating to operating results of the near future to analysts and investors to suit and close to the time of the release of the results, at least 2 weeks (14 days) prior to disclosure of the financial statement etc.
- 2.5 In case a meeting of analysts is held for the earnings preview, Investor Relations must complete the meeting prior to the Quiet Period and be cautious at providing any prohibited information.
- 2.6 Advise the executives to be careful when providing and using the Company's internal information.

3 The Investor Relations shall disclose information to all audience equally and fairly.

- 3.1 Offer an opportunity to stakeholders to have access to information equally. The type of activities launched to each group may be varied as considered fit; taking into account the information provided must not result in anyone's losing advantage or opportunity of investment.
- 3.2 Offer an opportunity to stakeholders to contact and make an inquiry as appropriate, without discrimination.
- 3.3 Disclose the details of the special meeting to the public as soon as possible on the Company's website without delay, for example, the information presented at the Opportunity Day.
- 3.4 The Investor Relations may, with due diligence, publish information through social network in order to enable audience to follow up news from point of view of investors. In the event of misunderstanding, and it requires explanation, the Investor Relations shall inform the information through SET system to all parties as to prevent disclosure of information to only particular groups.
- 3.5 Not publishing negative information or defaming competitors.
- 3.6 Investor Relations shall treat each group of stakeholders as following:
 - 3.6.1 To investors
 - (a) Treat all investors equally, whether minor or major investors and offer an opportunity to an individual investor to have an identical access to information as equal to the analysts and institutional investors.
 - (b) No discrimination when accepting the One-on-One Meeting with institutional investors or groups of investors. Investor Relations shall formulate explicit rules for setting up an appointment which is fair to all parties.

(c) To arrange an activity for investors such as company visit/ site visit and meeting with investors, the Investor Relations shall take into account the benefit of the Company and cost-effectiveness of the resource as a priority.

- 3.6.2 To analysts
 - (a) When arranging an analyst meeting, Investor Relations shall invite and equally offer a chance to analysts from all securities companies to attend.
 - (b) Not giving gifts or rewards to analysts as an incentive or to persuade them to write a promoting research for the Company.
- 3.6.3 To media
 - (a) Provide information and offer an opportunity to the media as considered appropriate and adequate.
 - (b) Not making any business conditions with the media, for example, asking the media to advertise or giving positive opinion on the Company.
 - (c) Not giving any compensation or gifts to the media in order to encourage them to build up the untrue story of the Company.
- 3.6.4 To government agency
 - (a) Cooperate in providing information to the government agency as requested.
 - (b) Not giving gifts to government officers in return of any special assistance.
- 3.6.5 To corporate personnel
 - (a) Liaise with the executives to meet with stakeholders occasionally.
 - (b) Report to the Board of Directors and executives of the information that will add value to the Company, such as performance of Investor Relations, opinion of analysts and investors, the situation in the capital market, etc.
 - (c) Liaise with the Company and employees for the Code of Conduct for Investor Relations to encourage the compliance among them.
- 3.6.6 Treat other stakeholders such as financial institutions and credit rating companies equally, providing information fairly. The exception is in case of business necessity. For example, to provide internal information as a supplementary document when applying for the loan from financial institutions, the Investor Relations shall proceed the document with carefulness and ask the reception of such document to sign the NDA.

4 The Investor Relations shall perform their duties with honesty and integrity, adhering to the principles of equality, no discrimination.

- 4.1 Refrain from any actions that are in conflict with the corporate interest. For example, to use the Company's assets for personal benefit.
- 4.2 Not seeking personal benefit from the relation and information received from performing duty as the Investor Relations.
- 4.3 Follow policies and code of conduct of employees set forth by the Company.

This Code of Conduct is approved by the Board of Directors on 25 February 2016 and shall be applied as a practice guideline for the Investor Relations Department.

The Company has a team of Investor Relations led by Miss Saithip Monthakantiwong, the Assistant Vice President, , who will liaise with investors and shareholders including institutional and individual investors and securities analysts. The Company regularly holds a meeting to analyze operating results and to disseminate corporate information such as financial and general information to shareholders, securities analyst and investors as well as providing communication channel for investors through the Company's website.

In the previous year, the Company participated in various activities with the Stock Exchange of Thailand and the security companies to provide corporate information for investment decision. The Company also joined the roadshow locally and abroad whereby, we received positive feedback from both overseas and domestic investors. Subsequently, Investor Relations has brought forward the feedback, questions received from investors, to the executives for acknowledgement.

Use of Internal Information

The Company stipulates that directors and executives must report their acquisition and disposal of assets to prevent the use of internal information for private interest. The individual responsibility and penalty measures are informed to all employees for acknowledgment. The Company has determined the measures to prevent misuse of insider trading among relating person which include the Board, senior executives and employees in units involving with the Company's information (spouse and minor child of such person), to prohibit the related person to purchase, sell the Company's asset within 1 month prior to the disclosure of quarterly and annual financial statement. The Board of Directors and Management reported the changes of securities holding to the meeting of Board of Directors by adding as an agenda in each quarterly meeting.

	Details of Investor Relations	Corporate organizers
In the country	<p>Participated in Opportunity Day 2015 4 times</p> <p>Joined Thailand Focus 2015</p> <p>Investing Asean: Bangkok</p> <p>CIMB Roadshow: Beverage Day</p> <p>Tisco dbAccess Thailand Consumer & Tourism Day</p> <p>KGI Securities (Thailand)</p>	<p>The Stock Exchange of Thailand</p> <p>The Stock Exchange of Thailand And Phatra Securities Public Company Limited</p> <p>Maybank Kim Eng Securities (Thailand)</p> <p>CIMB Securities</p> <p>TISCO Securities Company</p> <p>KGI Securities PLC.</p>
Abroad	<p>May Bank Kim Eng Thailand Corporate Day 2016 – Hong Kong</p>	<p>May Bank Kim Eng Securities PLC.</p>



MANAGEMENT STRUCTURE



Structure of the Board of Directors The Board is responsible to shareholders in operating business of the Company, oversee to ensure the corporate governance is in accordance with the goals and guidelines that will generate maximum benefits to shareholders taking into account the interests of all stakeholders As at 31 December 2016 the Board of Directors was comprised of 9 members namely as follows.

- A. 2 Executive Committee
- B. 7 non-Executive Committee which consisted of 3 Independent Directors.

The executive committee is a committee who is full time participated in the company management and earns monthly rewards on a basis in the form of salary or other remuneration similarly as salary.

The non-executive committee is a committee who does not hold as executive positions and was not involved in the management of the company. May or may not be an independent director.

The Board of Directors is comprised of Executive Director and Non-Executive Directors having power and duties to manage the Company business to be in accordance with the laws, objectives, Articles of Association and resolutions of shareholder meetings. To perform its duties, the Board of Directors may appoint a director(s) 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 as stated in the Company Certificate can sign their names with the Company's seal to bind the Company in any document, instrument or other important documents. The meeting of shareholders or Board of Directors may determine and amend the director whom is authorized to sign name binding the Company with 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 in private company which have the same business nature as and are in competition with the Company's business unless the notification is made to shareholders meeting prior to the resolution for such appointment without delay if such director has an interest in a contract made with the Company or holds shares or debentures in an increased or decreased amount of the Company or an affiliate company.

Board of Directors

1	Mr. Chatchai Boonyarat	Chairman / Chairman of Executive Committee
2	Mrs. Chintana Boonyarat	Director / Executive Director / Member of the Nomination and Remuneration Committee
3	Mr. Pichai Chirathivat	Director / Executive Director
4	Mr. Kittti Vilaivarangkul	Director / Executive Director / Risk Management Committee
5	Mr. Opas Lopansri	Director / Executive Director
6	Ms. Roongchat Boonyarat	Director / Executive Director
7	Ms. Nattharin Talthong	Director / Independent Director / Chairman of the Audit Committee/ Risk Management Committee / Nomination and Remuneration Committee
8	Ms. Nart Fongsmut	Director / Independent Director / Audit Committee / Chairman of the Nomination and Remuneration Committee / Risk Management Committee
9	Mr. Krizz Chantjiraporn	Director / Independent Director / Member of the Audit Committee / Chairman of the Nomination and Remuneration Committee / Risk Management Committee
10	Mr. Paitoon Eaimsirikulmit	Company Secretary

REMARK: Mr. Kobchai Chirathivat has resigned from Director since 12th October 2016, thereby the Board of Director has appointed Mr. Opas Lopansri to resume as the new director with effective on 10th November 2016 onward.

Board of Directors

Criteria for consideration and selection the directors

Qualifications of directors

The person to undertake directorship shall have the following qualifications.

- 1 A person with flawless background
- 2 Have vision and is able to foresee the overall business image.
- 3 A person with positive character, morality and appropriate manner
- 4 A person with efficient communication skill
- 5 A person with systematic business analysis and decision making
- 6 A person who realizes and understand finance, commerce or industry and have experience of
- 7 business management

Criteria for selection of directors

- 1 Must be a person who possesses the qualifications as aforesaid.
- 2 The Board must have various skills which are beneficial to determining direction and control the Company's operation.

Independent Director

The definition of the Independent Director of the Company is in accordance with regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

- 1) Hold not more than 1% of the voting shares of the Holding Company, subsidiaries, associates, major shareholders or controlling person including the shares hold by related person of such independent director.
- 2) Never or not holding position of director with duty involving management, employee, staff, advisor who receives monthly salary or controlling party of the Company, holding company, subsidiary, joint-venture, joint-venture of the same level, major shareholders or controlling person of the Company, except the position that has been dismissed for at least 2 years.
- 3) Not being a person who is related by blood or legal registration, including mother, father, spouses, sibling and children and spouse of children, of other director, management, major shareholder, controlling person or a person to be nominated as a management or controlling person of the company or subsidiaries.
- 4) Not having or used to have business relation with the Company, holding company, subsidiaries, affiliates, major shareholders, or controlling person of the Company in a way that may impede the independent judgement of Independent Director, including not being or used to be the significant shareholder or controlling person of the person

having business relation with the Company, holding company, subsidiaries, affiliates, major shareholders or controlling person of the Company except the position that has been dismissed for at least 2 years.

- 5) Not being or formerly an independent auditor of the company, holding company, subsidiaries, associates, major shareholders, or the controlling person, and not being a significant shareholder, controlling person or partner of the audit firm which has provided independent auditor services to the company, holding company, subsidiaries, associates, major shareholder or the company controlling person except where such relationship was revoked at least 2 years in advance.
- 6) Not being or formerly providing professional services including legal advice, financial advice which received a service fee higher than two million baht per year from the Company, holding company, subsidiaries, associates, major shareholder or the controlling person and not being a significant shareholder, controlling person or partner of the independent service provider except such relationship was in excess of a period of two years before.
- 7) Not being a director who was appointed as a representative of a director of the Company, major shareholder or shareholder who is related to the major shareholder of the Company.
- 8) Not provide the same services as the company and not being competitors of the company and subsidiaries or not being a significant partner in partnership or being an executive director, staff, employee, consultant who receives regular payroll, or holding over 1% of voting rights of other company which operates the same business and compete with the company and subsidiaries.
- 9) Is not any otherwise which is unable to have an independent opinion regarding the business operation of the Company.

Criteria for the selection of independent directors

- 1 The person must have the qualifications of directors, as defined.
- 2 A director who can independently express opinion based on their own discretion, with morality adhering to organizational interest, but not the specific interest of major shareholders or minor shareholders or himself.
- 3 Is qualified as stated by the Stock Exchange of Thailand and adhering to the good practices as following.
 - Hold not more than 1% of the voting shares of the Company, its subsidiaries, associates or the person that may have conflict of interest (include the relating person as per Section 258 of the Stock Exchange law).

- Never or not holding position of director with duty involving management, employee, staff, advisor who receives monthly salary or controlling party of the Company, subsidiary, joint-venture, joint-venture or the person that may have conflict of interest and not having the benefit or interest for at least 2 years.
- Not having business relation, benefit or interest, directly or indirectly in terms of finance or management of the Company's subsidiary, affiliate company or the person that may have conflict of interest that may impede the independence.
- Not being a close relative with executives, major shareholders of the Company, subsidiary, affiliated companies or the person that may have conflict and is not appointed as a representative to safeguard the interest of directors, major shareholders.
- Not disclose any relationship that may stop the independence to the Board of Directors.

The scope of duties and responsibilities of committee and the CEO are determined clearly in written form reflecting the transparency and concise decision of the Company.

Diversification of The Board Structure

The Board of Directors has the policy that emphasizes the diversity of the Board structure, without limitation of education, sex, specific skills. At present the Board consists of 4 female directors from total 9 directors. Furthermore, the Non-executive Independent Director are those whose skill and experience relevant to the Company's business operation such as accounting, finance, supply chain and agriculture.

The Process for The Selection of New Directors

The Board appointed the Nomination and Remuneration Committee to select new director(s) by considering qualifications, experience, suitability and the ability to work as a director. The nomination of new director must be in accordance with Public Company Act.

Scope of Duties of Directors

1 Roles, duties and responsibilities of the Board of Directors

The Board of Directors is responsible to perform accordingly to the Company's objectives, Articles of Association and resolution of the meeting and shareholders with integrity and honestly, prudence and aim to safeguard the interest of shareholders and stakeholders in long and short term to ensure that the Company's operation are driven into the direction that will generate maximum benefit to shareholders and stakeholders. The Board of Director is responsible to appoint for the Audit committee and any other all sub-committee. The Board shall supervise to have vision, mission, strategy, target, policy and annual budget in which the Board will jointly review and express

opinion every year to create understand on overall business image prior to approval and monitor to ensure the management will be consistent to the plan by adhering to the guideline of the Stock Exchange of Thailand and the Securities and Exchange Commission.

2 Meeting of the Board of Directors

Meeting of the Board of Directors is an essential duty where the directors must attend regularly to acknowledge and make decision on the Company's business operation. Annually, the Meeting of the Board of Directors shall be held at least 4 times. The meeting agenda is set in advance and special meeting may be held in case of urgent matter.

At least 2 out of 3 of total directors shall constitute a quorum. The senior executives may attend the meeting in order to provide information that could be useful and to acknowledge the policy. It is the Company's policy that non-executive directors and the person that is not a member of Executive Committee attend the meeting together at least once a year to discuss about the topic of interest without attendance of Management. All Executive Committee are allowed to propose the matters to add as an agenda in the Board of Directors' meeting and to express their opinion independently. Then the Company Secretary will bring the proposed matters into meeting agenda and prepare invitation letter to the meeting accordingly. A majority vote in the meeting determines a resolution with each member of the Board having one vote. Board Members that may have conflicts of interest on a particular issue must leave the room during discussion and does not have the right to vote on the particular issue. After the meeting, the Company Secretary shall prepare the minutes of the meeting and send to Chairman of the Board to certify the accuracy and submit to the meeting for certification in the next meeting. Directors may suggest correction on the minutes of the meeting. The certified minutes of the meeting is kept as a confidential in electric format for convenient of access and reference.

3 Orientation of new directors

To perform their duties, the directors shall acknowledge Company's nature of business. For this reason, the Company conducted an orientation session for a new director so that he learned about the Company and business overview, got access to corporate information which is useful and crucial to responsibilities including guideline to the good corporate governance. The Company Secretary shall coordinate to have to orientation session.

4 Policy on limitation of the number of listed company and number of term of office of Directors

Director is advised not to become director in more than five other listed companies without any exception. At present, the Company's Directors hold directorship in less than 5 listed companies. The company also has a policy prohibiting the CEO to be hold director position in other companies which conduct the same or similar business to the Company's except associates and/or subsidiaries and/or affiliated company to ensure that the person will not cause conflict of interest. Independent Directors may hold the position for maximum 9 consecutive years without exception. The Board of Directors has reviewed that the policy on term of office of the Independent Directors is appropriate and suit to the continuing performance because it consume some time to find qualified persons.

5 Succession Plan

The Company realizes the necessity and importance of the succession plan and hence has prepared the succession plan for major executive positions by selecting the candidates, providing ongoing training its human resource to meet position requirements, to ensure that the Company will have a person with knowledge and suitable skill for the succession.

Meeting of The Board of Directors

Each year, the Management prepares schedule of the Board of Directors' meeting and sub-committee in advance and sends to the Board of Directors and sub-committees. The meeting agenda is sent to the boards 7 days prior to the meeting date so that board members may have sufficient time to study all pertinent information.

Position of executive committee on more than 2 listed companies

None of the board members hold director position in more than 2 listed companies.

The Audit Committee is comprised of 3 Independent Directors of the Company. The committee members have the required knowledge and experience. Ms. Natnarin Talthong is a Chairman of the Audit Committee who has adequate expertise and experience on business management, accounting and finance and also a qualified person from MAI. The Audit Committee is responsible for reviewing the Company's financial reporting process to ensure that it is accurate and adequate, and the suitability and effectiveness of the internal control and internal audit. In 2016 the Audit Committee held total 4 meetings.

The Audit Committee Sub-Committee

Ms. Nattharin Talthong	Chairman of Audit Committee
Ms. Nart Fongsmut	Audit Committee
Mr. Krizz Chantjiraporn	Audit Committee

Scope of Duties of the Audit Committee

- 1 Review quarterly financial statement and annual financial statement together with the Company's auditor and related executives, as to propose to the Board; Oversee Company's financial report to ensure the accountability, adequacy and reliability.
- 2 Review the Company's compliance with the law on securities and exchange, the regulations of The Stock Exchange of Thailand.
- 3 Consider to disclose the information or the connected transaction or transaction that may have conflict of interest.
- 4 Oversee to ensure that the Company's internal control is adequate and efficient.
- 5 Select/ appoint/ remove/ propose remuneration for auditor
- 6 Review the adequacy of internal control system and monitor the significant risk management regularly.
- 7 Consider the independence of internal audit unit, approve the appointment/ transfer/ dismissal of the head of internal audit department.

Executive Committee

Mr. Chatchai Boonyarat	Chairman of the Board of Directors
Mrs. Chintana Boonyarat	Director
Mr. Pichai Chirathivat	Director
Mr. Kitti Vilaivarangkul	Director
Ms. Roongchat Boonyarat	Director
Mr. Opas Lopansri	Director

Scope of duties and responsibilities of the Executive Committee

- 1 Assist the Board of Directors in management by formulating business strategy and policy to achieve the target as assigned by the Board of Directors.
- 2 Consider annual budget of the Company before proposing to the Board of Directors' meeting for approval.
- 3 Prepare and present strategy, business plan and operation to the Board of Directors for approval.
- 4 Consider the initiation of Company's new business to ensure the consistence to Company's policy prior to submitting to the Board of Directors' meeting for approval.
- 5 Review business operation which includes normal transaction and non-normal transaction of each business line from time to time.
- 6 Monthly meeting for review and comment the monthly profit (loss) report prepared by other Management as assigned by the Board of Directors and by approval of the Executive Committee.

The Nomination and Remuneration Committee

Ms. Nart Fongsmut	Chairman of the Nomination and Remuneration Committee
Mrs. Chintana Boonyarat	Nomination and Remuneration Committee
Ms. Nattarin Talthong	Nomination and Remuneration Committee
Mr. Krizz Chantjiraporn	Nomination and Remuneration Committee

Chairman of the Nomination and Remuneration Committee is an independent director of the Company and most of the members of the Nomination and Remuneration Committee consists of independent directors (three out of four or 75%), which is based on the principles of good governance and ASEAN CG.

Scope of duties of the Nomination and Remuneration Committee

- 1 Select and screen the qualified person to undertake director position, to the Board of Directors to propose to
- 2 Consider, select and screen the qualified person to undertake managing director position and propose to the Board of Directors for approval.
- 3 Suggestion criteria for determining remuneration for managerial executive of the Company.
- 4 Consider the Directors' remuneration and propose to the Board for approval in the shareholders' meeting.
- 5 Initiate issuance of warrants for directors and employees and propose to the Board of Directors and shareholders and the SEC for approval.
- 6 Review the approved warrants of directors and employees to ensure the compliance to project objective.
- 7 The meeting of the Nomination and Compensation Committee. On 2016, has organized nomination and compensation committee meeting 2 times.

Nomination of Directors and Management

Selection of the Company's directors must be approved by the shareholders' meeting. The candidates must be qualified and does not have the prohibited characteristics as stipulated by law. The Board of Directors shall contain at least five (5) persons being selected under criteria and methods as follows.

- 1 One share represents one vote.
- 2 The voting for director may be cast for individual or for several directors as considered by the meeting of shareholders. Election may be of individuals or of groups, as the shareholders' meeting deems appropriate. A shareholder may not divide his/her votes among several individuals or groups.
- 3 Person(s) receiving the maximum number of votes in the respective order will be appointed as director(s) for the number of directors to be selected or appointed on that occasion. Where persons selected in the next sequence receive equal votes which exceed the number of director(s) to be selected or appointed on that occasion, the decisive vote shall be cast by the chairman of that meeting.

At the Annual General Meeting of Shareholders, one-third (1/3) of all directors shall resign by rotation. In case the number of resigned directors cannot be proceeded, the similar amount to one third of the directors to resign during the first year. The resigning directors may be re-elected.

A vacancy in the Board of Directors by reasons other than term completion will be filled at the next Board meeting by a qualified person selected by the Board who must not also be subjected to any restriction by Public Company law unless the remaining term of that director is less than two (2) months. The replacing director will remain in his/her post only for the remaining term of the directors/he replaces. The resolution of the designation shall receive votes of not less than three-fourths (3/4) of the remaining directors.

Risk Management Committee

Mr. Krizz Chantjiraporn	Chairman of the Risk Management Committee
Mr. Kittti Vilaivarangkul	Risk Management Committee
Ms. Nattharin Talthong	Risk Management Committee
Ms. Nart Fongsmut	Risk Management Committee

Scope of duties and responsibilities of the Risk Management Committee

- 1 Assist the Board of Directors in management by formulating strategy and measures of risk management.
- 2 Review risks relating to the Company's business, set out the acceptable risk and effective risk control.
- 3 Coordinate with the Management in reviewing strategy, format and work procedures that will mitigate the significant risks of the Company.
- 4 Review the Management's report of the proceeded work to supervise and control risks of the Company.
- 5 Perform any duties as assigned by the Board of Directors and by approval of Risk Management Committee.

Development and training courses of Directors in 2016

The Board of Directors recognizes the importance of developing the resources of the Company. Directors who determines policies, vision and business direction are the important person that should develop their knowledge constantly both the knowledge about directorship and knowledge about Company's business. In 2016 the Board of Directors attended the training course as following.

Directors	Programs and Hours of Attending	Location
Mr. Opas Lopansri	Director Certification Program (DCP) 2016	Thailand Institute of Directors (IOD)
Ms. Nart Fongsmut	Top Executive Program in Commerce and Trade (TEPCoT9)	University of the Thai Chamber of Commerce

Directors	Programs and Hours of Attending	Location
Mr. Paithoon Eiamsirikulmit	Strategie CFO in Capital Markets Program Course 2 / 2016	Stock Exchange of Thailand

Whereas the Securities and Exchange Act, Vol. 4 B.E. 2551 Section 89/15 stipulated that the Board of Directors shall appoint a qualified and experienced person secretary to be responsible for Company's operation on behalf of the Company, qualifications and duties of the Company Secretary are as followings.

Education and Qualifications

- Hold Bachelor Degree
- Have knowledge in laws relating to Company and SEC.
- Have excellent communication and interpersonal abilities
- Have knowledge about corporate governance

Scope and Responsibilities

- 1 Be a consultant and secretary of the Board of Directors and Sub-committees.
- 2 Liaise between the Board of Directors, executives, shareholders and controlling authorities.
- 3 Keep and maintain the following documents.
 - Directors' register
 - Notice to the Board of Directors' meeting, minutes of the Board of Directors' meeting and annual report of the Company.
 - Invitation letter to the shareholders' meeting and minutes of the shareholders' meeting

- 4 Keep the report of stakeholders as provided by directors of executives.
- 5 Conduct any other tasks as notified by the Capital Market Advisory Board.
- 6 Supervise the disclosure of information and report to ensure the compliance to applicable law and regulations and the good corporate governance.

Remuneration of The Directors and Executives

- 1 Total attendance fee of 9 directors for year 2016 was 4,330,000 baht. (see attachment)
- 2 Total attendance fee of 12 directors including executives committee for year 2016 was 42,601,205 baht

Other Compensation

Other compensation Executive's provident fund for 10 executives in 2016 was 780,128.76 baht. (as of 31 December 2016 including 13 executives committee and 5 directors).

A comparison of remuneration of directors and executives in 2016

Details of The Remuneration of Directors and Executives	2015	2016
Attendance fee for Directors	4,260,000	4,330,000
Total remuneration of directors and executives	44,024,583	42,601,205
Other fee for executives (Provident Fund)	438,296	780,128

Self-assessment of the Board

Malee Public Company Limited arranges the Board self-assessment forms which were set up to align with the principles of Good Corporate Governance. The main objective of the self-assessment form is to measure and improve the Board performance. The self-assessment consists of 3 forms are as follows:

- 1 Self – Assessment of the Board (the entire committees)
- 2 Self – Assessment for each Committees (the entire committees)
- 3 Self-Assessment of Individual Directors

The three assessment forms stipulated the percentages corresponding to the levels of performance achieved in each of these are as detailed below:

- Over 90% = Excellent
- Over 80% = Very good
- Over 70% = Good
- Over 60% = Fair
- Below 60% = Need improvement.

The findings from the self-assessments were as follows:

- 1 **Self – Assessment of the Board (the entire committees)** consisted of four categories: Board Composition and Qualification; Board Meetings; Board Practices; and Others

such as Relationship with Management and The Board Self-Development. The results indicated excellent overall performance with an average score of 99.1%.

- 2 **Self-assessment for each Committees (the entire committees)** consisted of three categories: Board Composition and Qualification; Board Meetings; and Board Practices.

The results in the three categories indicated excellent overall performance for the committees as follows:

- 2.1 The Board committee indicated very good performance with an average score of 88.5%.
- 2.2 The Audit Committee indicated excellent performance with an average score of 98.8%.
- 2.3 The Enterprise Risk Management Committee indicated excellent performance with an average score of 93.1%.
- 2.4 The Remuneration Committee indicated excellent performance with an average score of 100%.

- 3 **Self-Assessment of Individual** consisted of three categories: Board Composition and Qualification; Board Meetings; and Board Practices.

Overall results of the three categories indicated excellent conformance by most directors, with an average score at 98.20%.

Auditors' Remuneration

Remuneration of Auditor-year 2016 compared to the year 2015 are detailed below.

Remuneration of The Company's Auditor	2015	2016
Remuneration of the Company's auditor	1,655,000	2,175,000
Remuneration of the subsidiaries' auditor	545,000	550,000
Total	2,200,000	2,725,000

Note: Excluding other compensations such as vehicles, transportation, accommodation etc.

The Company's auditor is an dependent person having no relation or conflict of interest with the Company.

COMPANY'S COMMITTEE, NUMBER OF ATTENDANCE AND REMUNERATION FOR YEAR 2015

Name of Director	Duration of Tenure	Number Of Attendance Of Meeting (time)						Meeting Peridorm			Total
		BOD	AC	EXCOM	RM.	NR.	BOD	AC	EXCOM	RM.	
1 Mr. Chatchai Boonyarat	2015	5/5	-	12/12	-	-	340,000	-	480,000	-	820,000
2 Mrs. Chintana Boonyarat	2014	5/5	-	12/12	-	2/2	210,000	-	230,000	-	460,000
3 Mr. Kitti Vilaivarakul	2014	5/5	-	12/12	5/5	-	210,000	-	240,000	50,000	500,000
4 Mr. Pichai Chirathivat	2015	5/5	-	10/12	-	-	210,000	-	220,000	-	430,000
5 Mr. Opas Lopansri	2016	-	-	2/2	-	-	-	-	20,000	-	20,000
6 Ms. Roongchat Boonyarat	2016	4/5	-	12/12	-	-	200,000	-	240,000	-	440,000
7 Ms. Nattharin Talthong	2016	5/5	4/4	-	3/5	2/2	210,000	260,000	-	30,000	520,000
8 Ms. Nart Fongsmut	2016	4/5	4/4	-	5/5	2/2	200,000	180,000	-	50,000	470,000
9 Mr. Krizz Chantjiraporn	2015	5/5	4/4	-	5/5	2/2	210,000	180,000	-	100,000	510,000
10 Mr. Kobchai Chirathivat	2015	4/4	-	-	-	-	160,000	-	-	-	160,000
Total							1,950,000	620,000	1,430,000	230,000	4,330,000

Remark: - At the Annual General Meeting of Shareholders, one-third (1/3) of all directors shall resign by rotation. In case the number of resigned directors cannot be proceeded, the similar amount to one third of the directors to resign during the first year.
- Mr. Kobchai Chirathivat has resigned from Director since 12th October, 2016 due to his additional business engagement, thereby the Board of Director has appointed Mr. Opas lopansri to resume as the new director with effective on 10th November 2016 onward

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

Control of Conflict of Interest

The Company realizes the importance of considering transactions with transparency and benefit to the Company, hence, prioritizes the prevention of transaction that may cause conflict of interest, connected transaction with the policies summarized below.

- 1 Executives and employees shall comply to the Company's ethics which is an important matters, adhere to strictly as to build the reliability and trust among all stakeholders. The code of conduct is disseminated to employees of all levels.
- 2 The Board of Directors and executives shall inform the Company of the relationship or connected transaction in the activities that may cause conflict of interest.
- 3 Propose related transaction to the audit Committee for consideration prior to seeking for approval from the Board of directors under good corporate governance, and oversee to ensure compliance with regulations as stipulated by the Stock Exchange of Thailand and the Securities and Exchange Commission

Use of Insider Information

The Board of Directors highly recognizes the importance of good corporate governance with transparency and prevention of internal control system which has not yet been disclosed to the public. The Company has formulated the policy on the use of internal control as following:

- 1 Directors, executives and executives in accounting or finance from managerial position onwards or equal shall report their security holding, spouse's, and minor child's to the Securities and Exchange Commission pursuant to Section 59 and Penalty Section 275 of the Securities and Exchange Act B.E. 2535.

- 2 Directors, executives and executives in accounting or finance from managerial position onwards or equal shall report their security holding, spouse's, and minor child's to the Company Secretary within 30 days from the date of being appointed as a director, executive prior sending to Securities and Exchange Commission and the Stock Exchange of Thailand, or submit a report of changes in security holding (if any) and prepare a report of the security holding in case there should be any changes within 3 working days.
- 3 Violation of use of internal information for personal benefit is subjected to penalty of warning letter, cut of wages, suspend from work temporary without compensation or removing as permitted by the law. The penalty is considered from the intention of action and the severity of the offense. The Company Secretary collect information on the security holding of directors and executives including the spouse and minor child to the Board of Directors' meeting in all quarters.

Office of Internal Audit

The Company has its own internal audit department. Ms. Nunthima Ruangjarin is an Assistant Vice President of internal audit office where the matter is reported directly to the Audit Committee.



THE PROFILE OF THE BOARD OF DIRECTORS 2017



MR. CHATCHAI BOONYARAT

*Chairman of the Board of Director/
Chairman of the Executive Director*

Age 69 years

Education

- Bachelor's Degree in Chemical Engineering, Chulalongkorn University
- Master's Degree in Manufacturing Engineering, Boston University in USA.

Director Accreditation Program

- Chairman 2000 Program, Thai Institute of Directors Association (IOD)
- Leader Program (Class 11), The Capital Market Academy (CMA)

Experience

1995 – Present Chairman of the Board of Director,
Chairman of Executive Director,
Malee Group Public Company Limited

1997 – Present Chairman, Abico Holdings Public Company Limited

Position in Other Listed Companies

Chairman, Abico Holdings Public Company Limited

Date of First Director's Appointment

June 2nd, 1995

Relative between director and management director

Spouse of Mrs. Chintana Boonyarat –
Director and Executive Director
Parent of Ms. Roongchat Boonyarat –
Director and Executive Director

(%) Shareholding as at December 31st, 2016

None

Stock Trading During the Year 2016

None



MRS. CHINTANA BOONYARAT

*Director / Executive Director /
Nominating and Remuneration Committee*

Age 65 years

Education

- Bachelor's Degree in Business Administration, Menlo College, USA

Director Accreditation Program

- Director Certification Program (DCP 5/2000), Thai Institute of Directors Association (IOD)
- Role of Chairman Program (RCP 15/2011), Thai Institute of Directors Association (IOD)
- Top Executive Program in Commerce and Trade (TEPCot3), The University of the Thai Chamber of Commerce

Experience

1999 – Present Director, Executive Director,
Malee Group Public Company Limited

2013 – Present Director, Central Marketing Group Co., Ltd.

1992 – Present Director, Abico Holdings Public Company Limited

Position in Other Listed Companies

Director, Abico Holdings Public Company Limited

Date of First Director's Appointment

August 17th, 1999

Relative between director and management director

Spouse of Mr. Chatchai Boonyarat –
Chairman and Chairman of Executive Director
Parent of Ms. Roongchat Boonyarat –
Director/ Executive Director and Chief Operating Officer

(%) Shareholding as at December 31st, 2016

2.71%

Stock Trading During the Year 2016

Purchased 28,000 shares
Sold 300 shares
Total hold 3,790,650 shares

**MR. PICHAI CHIRATHIVAT***Director / Executive Director***MR. KITTI VILAIVARANGKUL***Director / Executive Director /
Risk Management Committee*

Age 56 years

Education

- Bachelor's Degree in Business Administration, Claremont College, USA
- Master's Degree in Business Administration, Azusa Pacific University, USA

Director Accreditation Program

- Strategic Planning & Management in Retailing Program, IGDS
- PSA Program (Class 98), The Psychological Security Association of Thailand
- NCD Program (Class 53), National Defense College of Thailand

Experience

2012 – Present Director, Executive Director,
Malee Group Public Company Limited

1999 – Present Managing Director, Central Trading Co., Ltd.

Position in Other Listed Companies

None

Date of First Director's Appointment

April 5th, 2012

Relative between director and management director

Brother of Mrs. Chintana Boonyarat –
Director and Executive Director

Uncle of Ms. Roongchat Boonyarat –
Director and Executive Director

(%) Shareholding as at December 31st, 2016

2.36%

Stock Trading During the Year 2016

None, Total Hold 3,298,950 shares

Age 59 years

Education

- Bachelor's Degree in Accounting (2nd Class Honors), Ramkhamhaeng University
- Master's Degree in Business Administration, Thammasat University

Director Accreditation Program

- Directors Accreditation Program (DAP 2005), Thai Institute of Directors Association (IOD)
- Directors Certification Program (DCP 2010), Thai Institute of Directors Association (IOD)

Experience

2003 – Present Director, Member of Executive Director, Member of the Risk Management Committee, Malee Group Public Company Limited

2003 – Present Director, Malee Enterprise Co., Ltd.

1999 – Present Director, Managing Director, Abico Holdings Public Company Limited

1999 – Present Director, Managing Director, Abico Land Co., Ltd.

1997 – Present Director, Managing Director, Abico Dairy Farm Co., Ltd.

1997 – Present Director, Managing Director, PPO Farm Co., Ltd.

Position in Other Listed Companies

Director and Managing Director,
Abico Holdings Public Company Limited

Date of First Director's Appointment

6th May 2003

Relative between director and management director

None

(%) Shareholding as at December 31st, 2016

None

Stock Trading During the Year 2016

None



MS. NATTHARIN TALTHONG

*Independent Director / Chairman of Audit Committee /
Risk Management Committee /
Nominating and Remuneration Committee*

Age 48 years

Education

- Bachelor's Degree in Economics and Business Administration, Kasetsart University
- Master's Degree of Science in France, University of Colorado, Denver, USA

Director Accreditation Program

- The Capital Market Academy Leader program (CMA) Class 11
- Directors Accreditation Program (DAP), Class 69, Thai Institute of Directors Association (IOD)
- Rebuilding Private Bank after Crisis by VRL Institute, Singapore
- Private Banking Strategies & Techniques for Growth by Euromoney Training, London, United Kingdom
- Leadership Greatness – Great Leader, Great Team, Great Results
- Top Executive Program in Commerce and Trade (TEPCoT), Class 7/2014
- Advanced Audit Committee Program (AACP), Class18/2015, Thai Institute of Directors Association (IOD)

Experience

- 2014 – Present The Panel of Expert Market for Alternative Investment (MAI)
- 2013 – Present Independent Director, Chairman of the Audit Committee, Member of the Risk Management Committee, Member of the Nominating and Remuneration Committee, Malee Group Public Company Limited.
- 2010 – 2013 Executive Chairman, Kasikorn Securities PLC.
- 2010 – 2013 Head of K Group Private Banking Business, Kasikornbank Public Company Limited, Kasikorn Securities Public Company Limited.
- 2005 – 2010 Managing Director Brokerage Business of Kasikornbank Public Company Limited.

Position in Other Listed Companies

None

Date of First Director's Appointment

March 29th, 2013

Relative between director and management director

None

(%) Shareholding as at December 31st, 2016

None

Stock Trading During the Year 2016

None



MS. NART FONGSMUT

*Independent Director / Audit Committee /
Chairman of the Nomination and Remuneration Committee /
Risk Management Committee*

Age 54 years

Education

- Bachelor's Degree in Doctor of Medicine (M.D.), Chulalongkorn University
- Master's Degree in Business Administration, School of Management, Boston University, USA.

Director Accreditation Program

- Director Accreditation Program (DAP), Class122/2015, Thai Institute of Directors Association (IOD)
- Top Executive Program in Commerce and Trade (TEPCoT9), The University of Thai Chamber of Commerce

Experience

- 2014 – Present Independent Director, Member of the Audit Committee, Chairman of the Nomination and Remuneration Committee, Member of the Risk Management Committee, Malee Group Public Company Limited
- 2012 – Present Director, Mater Dei Alumnae Association
- 2001 – Present Managing Director, Nap Nutriscience Co., Ltd.
- 1990 – Present Director, Thepwatana Co., Ltd.

Position in Other Listed Companies

None

Date of First Director's Appointment

May 9th, 2014

Relative between director and management director

None

(%) Shareholding as at December 31st, 2016

0.02%

Stock Trading During the Year 2016

Purchased 28,500 shares
Total Hold 28,500 shares

**MR. KRIZZ CHANTJIRAPORN**

Independent Director / Chairman of the Risk Management Committee / Audit Committee / Nominating and Remuneration Committee

Age 66 years

Education

- Bachelor's degree in BBA, Business Administration from Southeast Asia Union College (SAUC), Singapore
- Master's degree in MA, Business Communication and Management, (English Program), The University of the Thai Chamber of Commerce
- Graduate Diploma in Management Consulting & Change, The University of Hong Kong, The Poon Kam Kai Institute of Management
- Executive Program, J.L. Kellogg Graduate School of Management at Northwestern University, USA (a Sasin Program)
- Ph.D, Supply Chain Management, (Supply Chain Traceability Management), N. Washington University, USA

Director Accreditation Program

- Director Accreditation Program (DAP), Class122/2015, Thai Institute of Directors Association (IOD)

Experience

- 2014 – Present Independent Director, Chairman of the Risk Management Committee, Member of the Audit Committee, Member of the Nominating and Remuneration Committee, Malee Group Public Company Limited
- 2008 – Present Director of Lucky Glass Co., Ltd.
- 2008 – Present CEO and Director of SCM International Training Center For Professional Qualifications (SCM-ITC)
- 2003 – 2007 Executive Vice President – Agro Supply Chain & Exports of Malee Group Public Company Limited
- 2002– 2003 Director, Consulting Services, Operations Effectiveness Management (OES) of Price Waterhouse Coopers Thailand.
- 1998 – 2002 Chief Executive Director of GS1 Thailand, The Federation of Thai Industries

Position in Other Listed Companies

None

Date of First Director's Appointment

November 12th, 2014

Relative between director and management director

None

(%) Shareholding as at December 31st, 2016

None

Stock Trading During the Year 2016

None

**MS. ROONGCHAT BOONYARAT**

Director / Executive Director

Age 32 years

Education

- Bachelor's Degree in Art in Economics, Bowdoin College, USA
- Master's Degree in Business Administration, Business Strategy and Marketing From Sasn Graduate Institute, Chulalongkorn University

Director Accreditation Program

- Directors Certification Program DCP (195/2014), Thai Institute of Directors Association (IOD)

Experience

- 2013 – Present Director, Executive Director, Chief Operating Officer, Malee Group Public Company Limited
- 2013 – Present Director, Executive Vice President Domestic Branded Business, Malee Enterprise Co., Ltd.

Position in Other Listed Companies

None

Date of First Director's Appointment

March 29th, 2013

Relative between director and management director

Daughter of Mr. Chatchai Boonyarat – (Chairman, Chairman of Executive Director)

Mrs. Chintana Boonyarat – (Director and Executive Director)

(%) Shareholding as at December 31st, 2016

0.24%

Stock Trading During the Year 2016

Purchased 167,900 shares

Total Hold 340,000 shares



MR. OPAS LOPANSRI

Director / Executive Director



MR. PAITON EIAMSIRIKULMIT

Company Secretary

Age 34 years

Education

- Bachelor's Degree in Business Administration, Business Entrepreneurship, Marshall School of Business, University of Southern California, USA
- Master's Degree in Business Administration, Business Strategy and Marketing From Sasin Graduate Institute, Chulalongkorn University

Director Accreditation Program

- Directors Certification Program DCP (2016),
- (Previous year) Thai Institute of Directors Association (IOD)

Experience

2016 – Present Director, Executive Director, Executive Vice President International Business, Malee Group Public Company Limited

2015 – 2016 Executive Vice President International Business, Malee Group Public Company Limited

2011 – 2015 Chief Executive Officer, Mobiliti Company Limited

Position in Other Listed Companies

None

Date of First Director's Appointment

November 10th, 2016

Relative between director and management director

None

(%) Shareholding as at December 31st, 2016

None

Stock Trading During the Year 2016

None

Age 52 years

Education

- Bachelor of Science (Agricultural Economics) (Agricultural), Kasetsart University
- Master of Science (Agricultural Economics) (Agricultural), Kasetsart University

Director Accreditation Program

- Strategie CFO in Capital Market Program, course 7/20 Stock Exchange of Thailand
- Company Secretary Program (Class 57/2014), Thai Institute of Directors Association (IOD)
- Board Report Program (Class 13/2014), Thai Institute of Directors Association (IOD)
- Company Reporting Program (CRP 9/2014), Thai Institute of Directors Association (IOD)

Experience

2016 – Present Vice President of CEO Office Malee Group Public Company Limited

2013 – Present Company Secretary, Malee Group Public Company Limited

2012 – 2015 Vice President of Corporate Finance and Corporate Affairs, Malee Group Public Company Limited

2010 – 2011 Vice President of Supply Chain Management, Malee Group Public Company Limited

2009 – 2010 Vice President of Financial Management, Malee Group Public Company Limited

Position in Other Listed Companies

None

Date of First Director's Appointment

May 13rd, 2013

Relative between director and management director

None

(%) Shareholding as at December 31st, 2016

None

Stock Trading During the Year 2016

None



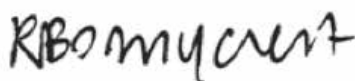
REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENT



The Board of Directors is responsible for the financial statement of Malee Group Public Co., Ltd. and the financial information as appeared in the Annual Report. The Company's Financial Statements have been prepared under generally accepted accounting principles and standards, under and adhered to appropriate accounting policies with prudence and rationality.

All material information has been sufficiently disclosed in the notes to financial statements. The Board of Directors has run and maintained appropriate risk management with use of internal control system to ensure accurate and comprehensive financial records on a daily basis in accordance with the applicable law and regulations. In relation to above, the Board of Directors has appointed the Audit Committee, which consist of non-executive director and independent directors, to oversee and review the financial statements to ensure the reliability and accuracy. The Audit Committee has expressed an opinion regarding aforementioned matters in the report of the Audit Committee included in the annual report.

The Board of Directors has an opinion that internal control system of Malee Group Public Company Limited has been effective what allowed assurance that the financial statements for the year ended 31 December 2016 of which is reviewed by the Company's auditor under generally accepted accounting standards, are reliable and are in accordance with generally accepted accounting principles, complying with all relevant and applicable rules and regulations.



(Ms. Roongchat Boonyarat)
Director



(Mr. Kittu Vilaivarangkul)
Director

AUDIT COMMITTEE REPORT



The Audit Committee of Malee Group Public Company Limited is composed of 3 independent directors who are independent and qualified as the Stock Exchange of Thailand's requirements. Ms. Nattharin Talthong serves as Chairman of the Audit Committee, while Ms. Nart Fongsmut and Mr. Krizz Chantjiraporn serve as members of the Audit Committee.

In 2016, 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 2016 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 2016 internal audit plan. Also supported and encouraged internal auditors to perform internal audit activities according 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 by appointing Mr. Krizz Chantjiraporn serves as Chairman of Risk Management, Ms. Nattharin Talthong, Mr. Kittti Vilaivarangkul and Ms. Nart Fongsmut be members of Risk management by recommending the utmost advantage and reducing all risks from operation, instructive a special lecture of risk management for the integration in sustainability.
- 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.

Through contemplations of the aforementioned performance reports, The Audit Committee has concluded that for the year 2016, the company's financial statement is accurate in the respects of the generally accepted accounting principles with adequate disclosure of complete and trustworthy information. The company has in place appropriate and efficient internal control and internal audit systems as well as risk management. The company abides by relevant laws and regulations, which also includes adequately and transparently operates in line with good corporate governance system.

On behalf of the Audit Committee



(Ms. Nattharin Talthong)
Chairman of the Audit Committee
February 19, 2017

INTERNAL CONTROL SYSTEM



In accordance with the principles of good corporate governance, the Board of Directors has continuously put emphasis on the internal control system by assigning the Audit Committee, which consists of independent directors, to review the Company's internal control system. The Company has instituted an internal audit department which is independent from management and directly reports to the Audit Committee to review the operations and working systems of each department of the Company and its subsidiaries in accordance with the annual audit plan. This is to ensure the Company's business objectives could be achieved. It is the view of the Board of Directors and management that the Company's internal control system is sufficient and effective in the following areas:

- 1 The Company's objectives could be achieved efficiently and effectively.
- 2 The Company's risk management system covers all aspects and is effective. The Company's information system, important financial data, management and operation systems are trustworthy, complete accurate and timely.
- 3 System to safeguard assets, human resources and data in information system is appropriate.
- 4 The Company's operation is in compliance with policies, rules, regulations, and requirements related to the Company's businesses.

RELATED PARTIES 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	Relationship
Direct subsidiaries		
Malee Enterprise Company Limited	Distributor	Shareholders/Co – directors
Agri Sol Company Limited	Manufacture and distributor	Shareholders/Co – directors
Icon Foods LLC	Distributor (Dormant)	Shareholders/Co – directors
Malee Harvest Company Limited	Investment	Shareholders/Co – directors
Indirect subsidiary		
Lanchang Farm Company Limited (Held by Malee Harvest Company Limited 70%)	Manufacture and distributor for agricultural crops	Co – directors
Joint ventures		
Monde Malee Beverage Corporation (Registered in Philippines)	Principally engaged in the importation, marketing promotion and sale of food and beverage in Philippines market.	Shareholders
Mega Malee Company Limited	Research and development of food and beverage	Shareholders
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 Dairy Farm Company Limited	Produce service of ready to drink milk and fruit juices	Group of companies/Co – director
Chokchai Milk Company Limited	Original owner of Chokchai brand (Dormant)	Relate with Abico Holding Public Company Limited
PPO Farm Company Limited	Agriculture and dairy farm	Co – directors
Monde Nissin Corporation	Manufacture and distributor for noodle and biscuits	A venture
Spicy Disc Company Limited	Music and entertainment	Co – directors

CORPORATE SOCIAL RESPONSIBILITIES (CSR)



"We create healthy products through environmentally friendly processes for the good health and sustainability of everyone toward sustainability."

Malee Group Public Company Limited conducts business activities within and outside the organization in accordance with good governance principles, taking into account all factors what can have an influence on stakeholders. The Company is fully aware of maintaining direct and indirect social behaviors as well as expectations within surrounding communities and adjacent environment, what is a part of sustainable growth. Materials and resources are consumed with the aim to be a part of the society based on the following principles:

The Company conducts business adhering to social responsibility in the value chain of our production process – from procurement of raw materials, production and delivery of product to consumers. The Company prioritizes the importance of social responsibility, and it is implanted in business ethics for directors, executives and all of our employees.

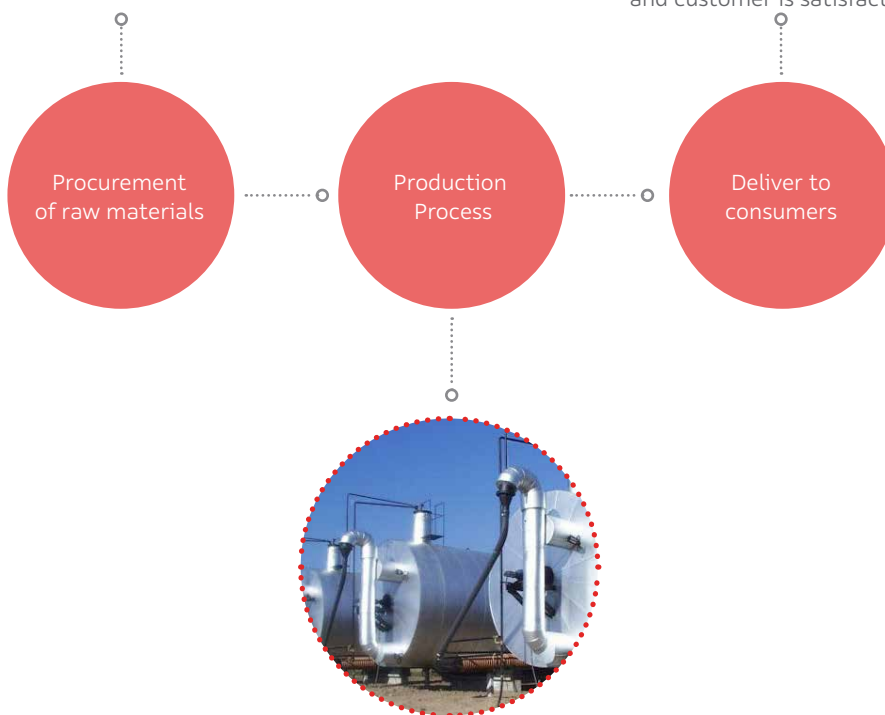
MALEE : CSR PROJECT UNDER VALUE CHAIN



Raw materials acquired from farmers



Deliver the products with care and customer is satisfactions



Renewable energy project:
off grid bio mass

CSR POLICY AND OVERVIEW

1 Conduct business with fairness

The Company commits to and supports good corporate governance. Its internal management system put emphasis on responsible, committed, equal, fair, efficient, and transparent working procedures and systems, to create trust and confidence among shareholders, investors, stakeholders and all involved parties.

In addition, fair business operation is the one of the areas in Malee's code of conduct. The Company has put emphasis on fair business operation, taking into account and understanding the interests of customers and trading partners including raw material suppliers, farmers as well as surrounding communities, to create their trust in the Company. This will generate sustainable benefits for both the Company and all stakeholders.

2 Anti-Corruption

Since 2011, the Company has joined more than 20 organizations, led by the Thai Chamber of Commerce and Board of the Trade of Thailand to establish Anti-Corruption Network of Thailand. In regard to internal practices, the Company has trained its staffs with an aim to ensure that they work with consciousness and integrity. Moreover, the staff members who exceptionally performed their duties will be honorably awarded to get reward for their work and to encourage others to follow.

The Company expressed its intention by joining the Collective Action Coalition – the activity launched by Thai Institute of Directors (IOD) in collaboration with the Thai Institute of Directors, Chamber of Commerce, International Chamber of Commerce, Association of Thai Listed Companies, Association of Thai Banks, Federal of Thai Capital Market Associations and the Federation of Thai Industries.

At present, the Company has set the written policy, communicate with all directors, executives, employees and business partners as well as strictly supervise the work of the concerned parties in order to prevent corruption. In addition, the Company also has regular random check activities.

3 Respect to Human Rights

The Company has a clear and efficient working system to ensure that the issues of human rights, fair labor treatment, including registration of alien labor as stipulated by the labor law, compensation as well as welfares. In addition, the Company provided different training courses allowing

staff to widen their knowledge and competency for their career development. The Company has received a certificate from The Department of Labor Protection and Welfare from The Ministry of Labor.

4 Fair Treatment to Labor

Human resource is one of the key factors for the Company to improve and create value-added production and increase productivity. Thus, the Company has strong determination to provide best condition for its employees through fair treatment, opportunities, compensations, welfare and skill development programs.

Furthermore, the Company has continued to improve and promote internal working environment to ensure good life quality including occupational health and work safety. The Company has received an Honor Certificate from participation in several programs such as "Zero-Accident" campaign launched by the Ministry of Labor.

5 Responsibilities to Consumers

Being a manufacturer and distributor of consumer products, the Company is committed to operating business in the way that meets all required clean and safety standards. The Company has been well recognized domestically and internationally for its high quality products and ability to fulfill all required standards. The Company has obtained many certificates including Certificate in the Program of Industrial Production Process Improvement with Cleaner Technology from Mahidol University with cooperation from NSTDA and international certificates from HACCP, GMP, KOSHER, Q Mark, IFS, BRC and Halal Certificate. Furthermore, the Company has a Consumer Hot Line at 02 532 3572 as another channel to receive customers' complaints to take responsibilities for its products.



In 2016, the Company donated products, instructional media to the autistic children, and "Baan Chuan Chuen" learning house for supporting and developing the quality of life and occupation for disabilities.

6 Responsibilities to Communities, Society and Environment

The Company always realizes that strong communities and societies with sustainable development are key factors that will allow the Company to run its operation and business successfully. Thus, the Company has taken part in many campaigns aiming to promote and support the existence of such communities and societies, for instance, support local culture and tradition and help community where the need of hands is required.

The Company supported the 'Begin with Hearth' campaign under the slogan 'Build School, Build People' on Saturday 28 November 2016 at Mandarin hotel. The campaign encourages social responsibility for goodwill together with public and general investors to donate and support students and schools who are lack of opportunity in Thailand.



List of schools are as follows:

- 1) Baan Gree So school, Address – Moo. 4, Wang district, Narathivas province
- 2) Nikom Srang Ton Ang Wang school, Address – Moo 1, Wang district, Narathivas province
- 3) Baan Ruam Jai school, Address – Moo. 3, Baan I De Yea, Romsai, Sukirin district, Narathivas province
- 4) Baan Nu Roa school
- 5) Wiang Suwan Witayakom school
- 6) Nikom Pattana 10 school.

The Company has donated fund to support flood victims in the South of Thailand.

With awareness of the "CSR in Process", the Company, in collaboration with Tiang Jirathiwat Foundation, supported pineapple plantation by purchasing fresh Nanglae pineapple to use as a feedstock in production of pineapple juice.



The project was aimed to develop sustainable career to local agriculturists as well as conserve and support the "Nanglae" pineapple plantation which has been registered for geographical indication as a local plant originally grown in Thailand and treated as the country's heritage. The campaign contributed to sustainable development both to society and environment.

The Company did not only support community and social activities, but also co-founded and supported the 'Big Brother 50' project, led by Thai Chamber of Commerce which considered beneficial to the society and nation. The project will develop a business role model and inspire SMEs to follow the success which will lead to strength and prosperity of the country.





7 Environment Care

Since the production process of the Company involves agriculture and transforming of the raw materials into quality products for consumers through modern procedures which meet the world standards. Under our production procedures, the Company prioritizes the importance of responsibility to society and environment where "CSR in Process" has been deployed to the production procedures.

After implementation of waste water treatment technology as an internal system, the Company has been granted from prominent institutions, accolades and recognitions. In 1994, 1995 and 1997 we received "Outstanding Production Factory" in the area of efficient waste water treatment and management in Industrial Factory Contest, in Nakhon Pathom, and "Outstanding Production Factory" in the area of water environment protection in the 1994 from the Committee of Environmental Protection, while on 15 May 2009, the Company was awarded "Social Responsibility Mark Award" by the Ministry of Commerce.

According to the renewable energy produced from waste water and fruit waste created by the Company, we also received the winner award of "Thailand Energy Awards 2008" for its off-grid renewable energy campaigns from the Ministry of Energy, Chulabhorn Research Institute.

Another reflection of our effort is the First runner-up award in "Asean Energy Awards 2008" from development of biogas project system in the UASB Type (pond type) by reprocessing waste water and fruit residues.

Both projects were aiming for environmental preservation by getting rid of waste from the production process without causing pollution to the environment. In addition, the by-product from the project is an alternative energy which can be used in the manufacturing. Consequently, the Company can save the cost of electricity and energy approximately Baht 10 million per annum which is another solution toward sustainable production cost reduction.

The "Great Agriculture Dietary Product" Award acclaimed by the Department of Industrial on 10 January 2012, in Development of Waste Management Technology in Agricultural Dietary Product Industrial year 2011, is another award for the Company.

The Company's business operation policy is to minimize waste from the production process to zero. At present, the waste water (fluent) from the production process reaches 1,000 cubic meters per day, plus massive amount of flue gas which is resulted from steam production.



With effort to turn waste into use, the Company considered to conduct a laboratory of planting spirulina algae using fluent and flue gas as food. The purpose is to reduce amount of waste released to the environment for public benefit. In addition, the Company also plans to disseminate the knowledge to the public, which requires professional expertise. Therefore, the Company has hired research a team from Bioscience Research Dept. from Thailand Institute of Scientific and Technological Research (TISTR) to conduct the research, develop the procedure of planting spirulina algae through co-process with the research team of the Company. The knowledge and information derived from the research has been passed on to the research team of the Company for deeper analysis and to distribute to public.

All the projects mentioned above were started in the past, the Company continues to carry out the projects to date, for example, water treatment system, biogas development by UASB (Pond Type) and algae plantation, because the Company is well aware that the maintenance and care to communities and environment are an important issue that requires full attention for business operation.

8 Sharing innovation from Corporate Social Responsibilities

The Company has developed the knowledge gained from the operational experience and brought it to interested parties. Receiving well response, we received recurring requests from firms and agencies to visit our projects, for example, the UASB Biogas Project (Pond Type) developed from waste water as well as waste from agricultural products and molasses which helps reduce electricity expenses and fuel oil costs.



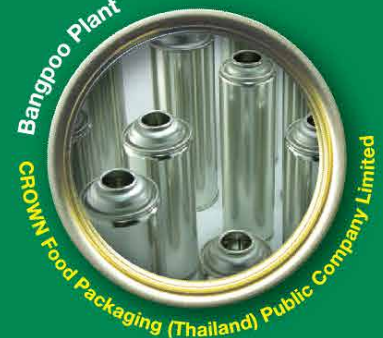
Samrong & Haad Yai Plant



Bangkaad Plant



Bangpoo Plant



“ขอบคุณที่ดูแลพวกเราเน้อ”

ทุกครั้งที่คุณดื่มก็เหมือนได้ช่วยดูแล
และสนับสนุนการเพาะปลูกที่ปลอดภัย
ต่อเกษตรกรและตัวคุณเอง



ความสุขที่ยั่งยืนของเกษตรกรชาวสวนส้ม
ตำบลแม่สิน จังหวัดสุโขทัย #ดีที่ได้ดูแลกัน

มาลี น้ำผลไม้ 100% ดี เพราะดูแลมาดี

Malee
Fruit with care.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)



2016 HIGHLIGHTS

Sales and Net Profit

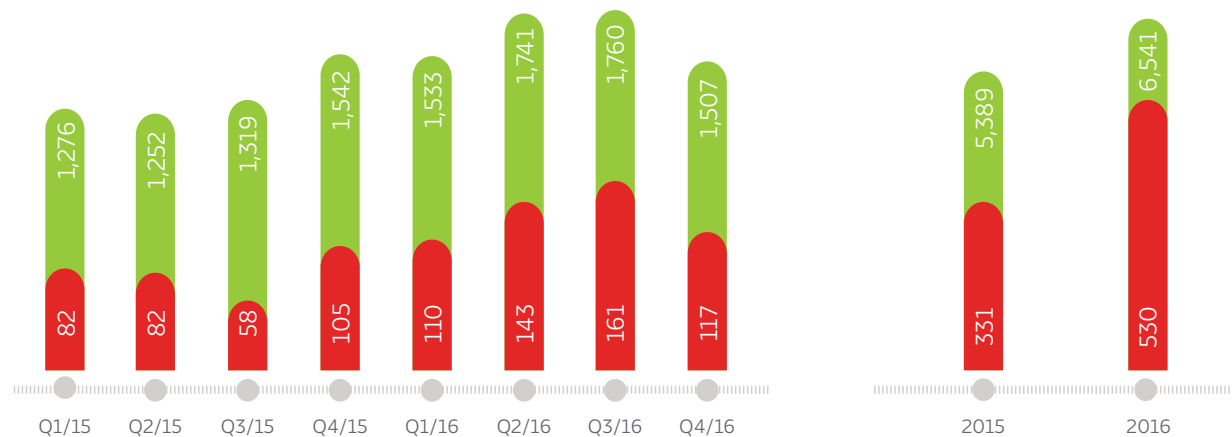


Figure 1: Sales and Net Profit

■ Sales Revenue ■ Net Profit

- In 2016, the Company achieved its highest record of annual sales since establishment in 1978, with total sales of Baht 6,541 million, an increase of 21% YoY.
- In 2016, the Company recorded net profit of Baht 530 million, an outstanding growth of 60% YoY, achieving its second highest profit since 2012, the year in which the Company benefited from the great flood in 2011.

OVERVIEW OF DOMESTIC ECONOMY AND READY-TO-DRINK FRUIT JUICE MARKET

In 2016, domestic RTD fruit juice market increased 1% YoY with an approximate market value of Baht 13,982 million, following the gradual recovery of domestic economy. Proportion of each market and growth are as shown in figure 2.

RESULTS OF OPERATIONS AND PROFITABILITY

2016 Sales Revenue

The Company and its subsidiaries recorded sales revenue of Baht 6,541 million, an increase of 21% YoY, following higher sales both in Branded Business (Brand) and Contract Manufacturing Business (CMG), both of which grew domestically and internationally, especially continually striking growth from export. This was in line with the Company's strategy to have revenues streamed from different businesses. Sales breakdown by business and geography are as follows:

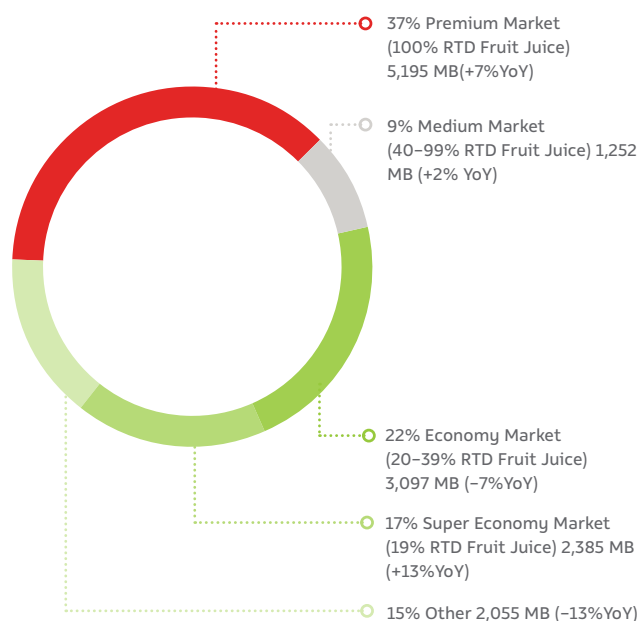


Figure 2: 2016 RTD Fruit Juice Market Value Breakdown by Market

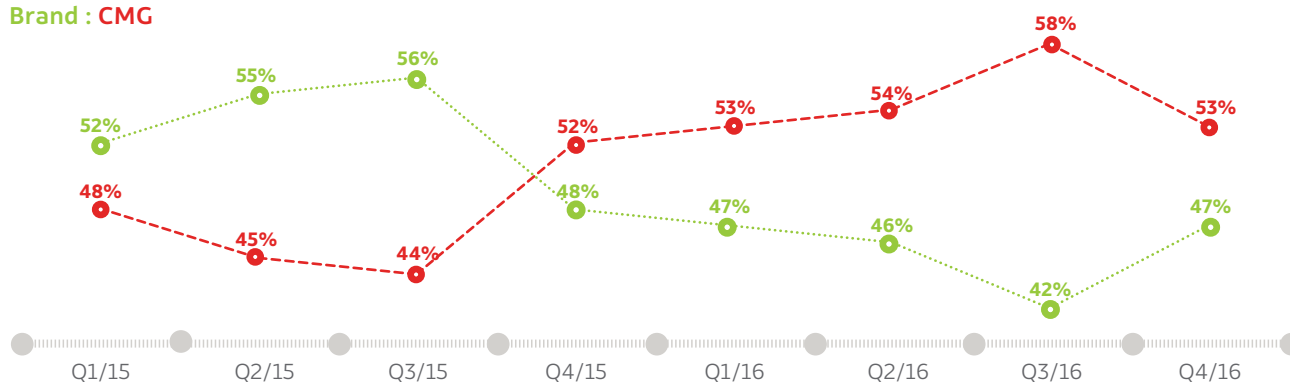
Sales Breakdown by Business:

- Brand: Baht 2,964 million, up 5% YoY
- CMG: Baht 3,578 million, up 39% YoY
- Sales ratio of Brand: CMG was 45:55, compared with 52:48 in 2015.

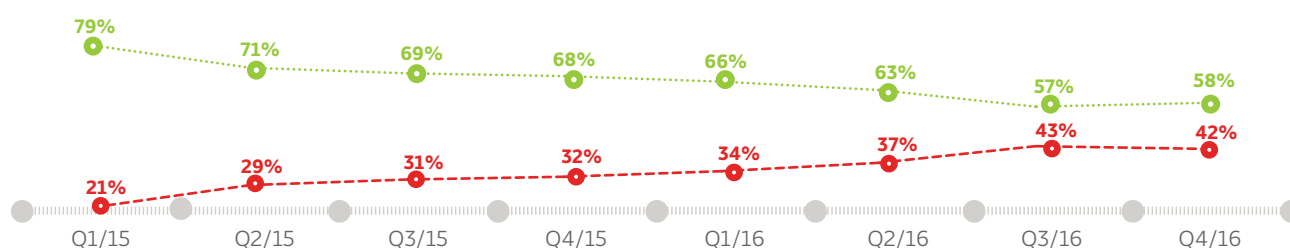
Sales Breakdown by Geography:

- Domestic: Baht 3,978 million, up 3% YoY
- Export: Baht 2,563 million, up 67% YoY
- Sales ratio of Domestic: Export was 61:39, compared with 72:28 in 2015

Brand : CMG



Domestic : Export



2016 Cost of Goods Sold

The Company and its subsidiaries recorded cost of goods sold of Baht 4,438 million, an increase of 20% YoY following higher sales but at a slower pace than sales growth. Cost of goods sold to sales reduced to 67.8% from 68.6% in the same period last year, as cost of production per unit reduced supported by higher utilization rate as well as improved cost management.

2016 Gross Profit

The Company and its subsidiaries recorded gross profit of Baht 2,104 million, an increase of 24% YoY. This represented gross profit margin of 32.2%, an increase from 31.4% in the same period last year.

2016 Selling Expenses

The Company and its subsidiaries recorded selling expenses of Baht 944 million, an increase of 1% YoY, following higher sales revenue. Selling expenses to sales reduced to 14.4% from 17.4% in the same period last year, in consequence of the group's cost control policy and increased sales ratio of CMG.

2016 Administrative Expenses

The Company and its subsidiaries recorded administrative expenses of Baht 463 million, an increase of 23% YoY due to higher personnel expenses following the group's policy to prepare for the upcoming growth in the future as well as gradual improvement of employee benefits to enhance competitiveness compared to the industry.

2016 Finance Costs

The Company and its subsidiaries recorded finance costs of Baht 23 million, a decrease of 31% YoY as a result of better interest rate as well as improved management of revolving loan.

2016 Net Profit

The Company and its subsidiaries recorded net profit of Baht 530 million, an increase of 60% YoY, representing net profit margin of 8.1%, up from 6.1% in the same period last year. Despite loss recognition of Baht 13 million from impairment of goodwill in its subsidiary, Lanchang Farm Company Limited (LCF) and loss recognition of Baht 40 million from the Company's Joint Venture in Philippines Monde Malee Beverage Corporation (MMBC), the Company's remarkable net profit was supported by notable sales growth, while costs were well managed including production cost, selling expenses, and finance costs. MMBC is one of the main engines to drive the Company's export sales going forward. Although it made loss in 2016, the loss was foreseen and according to plan of the Company that there was high spending at the beginning as we launched more new products into the market. On 16 February 2017, the Company's Board of Directors has resolved to dispose an investment in LCF, and the transaction is expected to complete within March 2017.

FINANCIAL POSITION OF THE COMPANY AND ITS SUBSIDIARIES

(Unit: Baht Million)	31 December 2016	31 December 2015	% Change
Cash and cash equivalents	92	75	+23%
Trade receivables	731	893	-18%
Inventories	812	740	+10%
Other current assets	96	77	+25%
Total current assets	1,731	1,785	-3%
Property, plant and equipment	1,781	1,133	+57%
Investments in joint venture	5	-	-
Other non-current assets	123	124	-1%
Total non-current assets	1,909	1,257	+52%
Total Assets	3,640	3,042	+20%
Short-term loans from financial institutions	1,047	749	+40%
Trade payables	323	465	-31%
Current portion of long-term liabilities	7	9	-19%
Current portion of liabilities under financial lease agreements	33	20	+68%
Other non-current liabilities	416	339	+23%
Non-current Liabilities	1,826	1,582	+15%
Long-term loans, net of current portion	7	11	-39%
Liabilities under financial lease agreements	91	63	+43%
Other non-current liabilities	138	132	+5%
Non-current Liabilities	235	206	+14%
Total Liabilities	2,061	1,788	+15%
Authorized share capital	140	140	+0%
Issued and fully paid-up share capital	140	140	+0%
Share premium	6	6	+0%
Retained earnings	1,229	902	+36%
Other components of equity	199	201	-1%
Total equity of parent Company's shareholders	1,575	1,250	+26%
Non-controlling interests	5	5	+2%
Total Shareholders' Equity	1,579	1,254	+26%
Total Liabilities and Shareholders' Equity	3,640	3,042	+20%

Assets

As at 31 December 2016, the Company and its subsidiaries had total assets of Baht 3,640 million, an increase of 20% from Baht 3,042 million as at 31 December 2015. This was due to additional investment in machinery to improve production efficiency and prepare for larger production volume as well as an increment in inventories, in consistent with higher sales.

Liabilities

As at 31 December 2016, the Company and its subsidiaries had total Liabilities of Baht 2,061 million, an increase of 15% from Baht 1,788 million as at 31 December 2015, resulted from higher short-term loans for investment in machinery to improve production efficiency as well as an increase in liabilities under financial lease agreement.

Cash Flow

(Unit: Baht Million)

Profit (loss) from operating activities before changes in operating assets and liabilities
Profit (loss) from changes in operating assets and liabilities
Net Cash flows from (used in) operating activities
Decrease (increase) in investments in joint venture
Acquisition of property, plant and equipment
Net Cash flows from other investing activities
Net Cash flows from (used in) investing activities
Increase (decrease) in short-term loans from financial institutions
Increase (decrease) in long-term loans
Cash paid to liabilities under finance lease agreement
Finance costs paid
Dividend paid
Cash flows from other financing activities
Net Cash flows from (used in) financing activities
Exchange differences on translating financial statement
Net increase (decrease) in cash and cash equivalents
Cash and cash equivalents at beginning of periods
Cash and cash equivalents at end of periods

Shareholders' Equity

As at 31 December 2016, the Company and its subsidiaries had total equity of parent Company's shareholders of Baht 1,575 million, an increase of 26% from Baht 1,250 million as at 31 December 2015, as a result of operating profit during the year.

LIQUIDITY AND CAPITAL RESOURCES

Current Ratio

As at 31 December 2016, the Company and its subsidiaries recorded current ratio of 0.95x, a decrease from 1.13x as at 31 December 2015, resulted from a decline in trade receivables due to improved management as well as an increase in short-term loans for investment in machinery to improve production efficiency and higher current portion of liabilities under lease agreements.

31 December 2016	31 December 2015	% Change
935	560	+67%
(186)	(96)	-93%
749	464	+62%
(47)	0	-
(664)	(68)	-877%
0	43	-100%
(712)	(25)	-2722%
296	(272)	+209%
(6)	(10)	+40%
(83)	(15)	-439%
(26)	(34)	+23%
(203)	(155)	-31%
0	72	-100%
(22)	(414)	+95%
2	0	-
17	25	-31%
75	50	+49%
92	75	+23%

As at 31 December 2016, the Company and its subsidiaries recorded ending cash of Baht 92 million, an increase from Baht 75 million at 31 December 2015, with details as follows:

- Net cash received from operating activities of Baht 749 million, consisting of (1) cash inflows from operation Baht 935 million, mainly resulted from operating profit; and (2) cash outflows from net change in working capital of Baht 186 million as a result of an increase in inventories and a decrease in trade payables.
- Net cash used in investing activities of Baht 712 million, comprising of (1) cash outflows from investment in joint venture companies of Baht 47 million; and (2) cash outflows from investment in fixed assets of Baht 664 million
- Net cash used in financing activities of Baht 22 million, consisting of (1) loans received from financial institutions of Baht 296 million; (2) long-term loan repayment of Baht 6 million; (3) repayment to liabilities under financial lease agreement of Baht 83 million; (4) cash paid to finance cost of Baht 26 million; and (5) dividend payment to shareholders of the Company of Baht 203 million.

FORWARD LOOKING

The Company is confident that it will be able to accomplish sales growth of 10–15% in 2017 by maintaining growth of Brand and CMG businesses, both of which will grow domestically and internationally. Export sales growth tends to grow at a higher rate than domestic as it did last year. However, there are some factors that may affect the operating performance in 2017 as follows:

External Factors

Expected slowdown in domestic economy which will have an impact to overall consumption; competition of ready-to-drink fruit juices market; and clarity on the new excise tax law relating to the sugar tax which will take effect this year are major external factors that may directly affect performance in 2017. However, to maintain growth, the Company has been preparing and reinforcing several aspects including marketing, new product development, cost reduction programs, strategies for sales diversification in order to grow amid the sluggish economy and intense competition in domestic market. In addition, thanks to quality and standardized products that meet the customers' requirement, the Company is tending to receive more orders from CMG customers.

Internal Factors

According to the strategy to expand the market abroad, the Company, together with Monde Nissin Corporation (MNC) has set up a joint venture named Monde Malee Beverage Corporation (MMBC) to generate more income from production and sales of beverages in the Philippines. In the past year, MMBC has released ready-to-drink canned coffee and received quite good feedback, and this year there will be more products launched into the market.

In addition for this year, the Company has established new corporates to help generate revenue and strengthen the Company's business in the future as follows:

- 1 The Company, together with Mega Lifesciences Public Company Limited which is a leading international manufacturer and distributor of pharmaceutical, nutraceutical products and Fast Moving Consumer Goods (FMCG), jointly set up Mega Malee Company Limited in order to develop a new business on health-related natural food and beverages.
- 2 Setting up a new subsidiary named Malee Applied Sciences Company Limited to provide innovation research and development for value added products and services. The Company also hopes that the value added of by-products will help support farmers and increase their income.

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- Easy Open Ends (Full Aperture)
- Easy Open Ends (Stay On Tab)
- Seafood Cans, Fruits & Vegetables Cans
- Beverage Cans
- Powdered Milk Cans
- Aerosol Cans
- General Cans

High Oxygen Barrier Plastic Containers:

- Bowl
- Tray



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Email : sales_mkt@swan.co.th, marketing@swan.co.th, swan@swan.co.th



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Fruit with care.

MALEE GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES (FORMERLY THE NAME OF MALEE SAMPRAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES) THAILAND

FINANCIAL STATEMENTS

For the year ended December 31, 2016

And independent auditor's report
expressed in Thai Baht



INDEPENDENT AUDITOR'S REPORT

To The Shareholders and Board of Directors of Malee Group Public Company Limited (Formerly the name of Malee Sampran Public Company Limited)

Opinion

I have audited the consolidated financial statements of Malee Group Public Company Limited and its subsidiaries (the "Group") and the separate financial statements of Malee Group Public Company Limited (the "Company") which comprise the consolidated and separate statements of financial position as of December 31, 2016, and the related consolidated and separate statements of changes in equity, income, comprehensive income, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Malee Group Public Company Limited and its subsidiaries and of Malee Group Public Company Limited as of December 31, 2016, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing ("TSAs"). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of my report. I am independent of the Group in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key Audit Matters included Audit Procedures are as follows:

Presentation of inventory valuation (the consolidated and separate financial statements)

As describe in Note 3.4 and 8 to the financial statement, inventories which are stated at the lower of cost and net realizable value are significant amount. Most of inventory age is not long due to the Company and its subsidiaries are principally engaged in the manufacture and distribution of earned agriculture products, fruit juices and non – alcohol beverage. And the management used information from inventory aging analysis report and individual obsolete stock analysis report to consider the allowance for inventories declining value, therefore, I have identified that the valuation of inventories is the significant matter that requires special attention in the audit.

My audit procedure on such matter

I assessed and tested the internal control related to the calculation of inventory cost, observed the inventory count, checked the aging report of inventories, inquired the management, and considered reasonableness of the policy regarding setup allowance for inventories declining value, and tested compliant of the allowance for inventories declining value to the policy. Including test the calculation of the allowance for inventories declining value by comparing cost of inventories and net realizable value. Additionally, I considered the adequacy of the information disclosure related to the measurement of inventories.

Other Matter

The consolidated financial statements of Malee Group Company Limited and its subsidiaries and the separate financial statements of Malee Group Company Limited for the year ended December 31, 2015, presented herein as comparative information, were audited by another auditor in my office, whose report thereon dated February 25, 2016 expressed an unmodified opinion on those statements.

Other Information

Management is responsible for the other information. The other information comprise the information included in the annual report of the Group, but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and the management of the Group.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

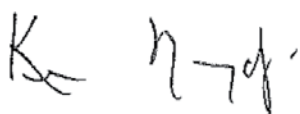
As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(KESREE NARONGDEJ)
Certified Public Accountant
Registration No. 76

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

ASSETS		Baht				
		Consolidated financial statements		Separate financial statements		
		NOTE	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
CURRENT ASSETS						
Cash and cash equivalents	5	92,273,387	75,185,652	46,427,751	40,449,746	
Trade receivables						
Subsidiary	4	–	–	254,936,235	325,917,480	
Unrelated parties		737,448,530	898,299,653	354,694,947	435,769,838	
Less : Allowance for doubtful accounts	6	(6,002,996)	(5,536,974)	(5,501,364)	(5,262,101)	
Trade receivables, net	6	731,445,534	892,762,679	604,129,818	756,425,217	
Other receivables	4 and 7	41,303,476	48,695,267	32,669,596	38,435,833	
Inventories, net	8	811,722,447	740,340,773	639,331,994	568,934,308	
Other current assets		54,678,263	28,001,452	31,867,715	8,282,377	
TOTAL CURRENT ASSETS		1,731,423,107	1,784,985,823	1,354,426,874	1,412,527,481	
NON – CURRENT ASSETS						
Investments in subsidiaries, net	9	–	–	164,478,488	282,125,535	
Investments in joint venture	10	4,927,441	–	43,577,755	–	
Long – term loans to subsidiary	4 and 11	–	–	26,329,926	34,173,351	
Restricted bank deposits	12 and 28	21,130,078	22,328,721	21,130,078	21,328,721	
Property, plant and equipment, net	13 and 28	1,780,948,879	1,132,964,761	1,667,362,098	1,012,848,327	
Goodwill	3.8 and 9	–	13,382,839	–	–	
Intangible asset, net	14	45,569,727	41,251,054	40,322,424	36,147,422	
Deferred tax assets	25	36,493,106	32,713,109	25,082,133	21,006,557	
Other non – current assets						
Deposits	4	13,450,141	12,934,926	8,490,863	7,028,764	
Others		6,298,237	1,383,877	6,218,036	1,310,027	
TOTAL NON – CURRENT ASSETS		1,908,817,609	1,256,959,287	2,002,991,801	1,415,968,704	
TOTAL ASSETS		3,640,240,716	3,041,945,110	3,357,418,675	2,828,496,185	

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

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

LIABILITIES AND
SHAREHOLDERS' EQUITY

		Baht			
		Consolidated financial statements		Separate financial statements	
	NOTE	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
CURRENT LIABILITIES					
Bank overdrafts and short – term loans					
from financial institutions	15 and 28	1,046,947,526	749,211,720	1,046,947,526	749,211,720
Trade payables					
Subsidiaries	4	–	–	15,060,299	82,768,677
Related party	4	18,571,124	17,173,009	18,571,124	17,137,217
Unrelated parties		304,271,459	447,902,264	297,740,092	426,331,837
Other payables	4 and 16	287,893,132	243,858,275	142,272,930	81,694,612
Current portion of long – term loans from					
– financial institutions	18.1	2,655,131	2,479,266	–	–
– others	18.2	4,368,749	6,140,448	–	–
Current portion of liabilities					
under financial lease agreements	17	33,434,438	19,952,594	33,352,862	19,709,885
Short – term loans from related parties	4 and 19	–	–	–	42,000,000
Income tax payable		56,526,471	41,144,241	54,697,661	41,144,241
Other current liabilities					
Advances received for goods		44,167,532	35,596,814	44,167,532	35,596,814
Accrued dividends payment		2,983,307	2,979,623	2,983,307	2,979,623
Others		24,180,728	15,230,447	17,719,106	10,152,946
TOTAL CURRENT LIABILITIES		1,825,999,597	1,581,668,701	1,673,512,439	1,508,727,572
NON – CURRENT LIABILITIES					
Long – term loans, net of current portion from					
– financial institutions	18.1	1,678,720	4,421,962	–	–
– others	18.2	4,881,340	6,348,122	–	–
Liabilities under financial lease agreements,					
net of current portion	17	90,561,917	63,461,544	90,561,917	63,380,075
Deferred tax liabilities	25	66,606,620	65,399,406	60,544,544	59,457,085
Employee benefit obligation	20	67,417,737	66,371,584	57,207,780	56,546,171
Liability from investment in joint venture					
in portion under the Company's responsibility	10	3,778,646	–	–	–
TOTAL NON – CURRENT LIABILITIES		234,924,980	206,002,618	208,314,241	179,383,331
TOTAL LIABILITIES		2,060,924,577	1,787,671,319	1,881,826,680	1,688,110,903

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

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)		Baht			
		Consolidated financial statements		Separate financial statements	
		As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
	NOTE				
SHAREHOLDERS' EQUITY					
Share capital					
Authorized share capital					
140,000,000 ordinary shares of Baht					
1.00 each as at December 31, 2016 and 2015		140,000,000	140,000,000	140,000,000	140,000,000
Issued and fully paid – up share capital					
140,000,000 ordinary shares of Baht		140,000,000	140,000,000	140,000,000	140,000,000
1.00 each					
Share premium on issue of treasury shares	21	5,848,058	5,848,058	5,848,058	5,848,058
Retained earnings (deficit)					
Appropriated					
– Legal reserve	23	14,000,000	14,000,000	14,000,000	14,000,000
– Treasury shares reserve	21	–	–	–	–
Unappropriated					
(after quasi – reorganization in June, 2012)		1,215,485,927	888,392,597	1,119,174,686	783,967,973
Other components of equity		199,196,161	201,338,780	196,569,251	196,569,251
Total equity of parent Company's shareholders		1,574,530,146	1,249,579,435	1,475,591,995	1,140,385,282
Non – controlling interests		4,785,993	4,694,356	–	–
TOTAL SHAREHOLDERS' EQUITY		1,579,316,139	1,254,273,791	1,475,591,995	1,140,385,282
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,640,240,716	3,041,945,110	3,357,418,675	2,828,496,185

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

Consolidated financial statements (Baht)

Equity of parent Company's shareholders																	
Retained earnings (deficit)																	
Other components of equity																	
Appropriated																	
Other comprehensive income (loss)																	
Exchange differences on translating financial statement																	
Revaluation surplus																	
Actuarial gains (losses) on defined employee benefit plans																	
Total equity of parent Company's shareholders																	
Non – controlling interests																	
Total shareholder's equity																	
Note	Issued and fully paid – up share capital	Treasury shares	Share premium on issue of treasury shares	Legal reserve	Treasury shares reserve	Unappropriated	Exchange differences on translating financial statement	Revaluation surplus	Actuarial gains (losses) on defined employee benefit plans	Total	Total equity of parent Company's shareholders	Non – controlling interests	Total shareholder's equity				
Balances as at January 1, 2016																	
	140,000,000	-	5,848,058	14,000,000	-	888,392,597	-	201,338,780	-	201,338,780	1,249,579,435	4,694,356	1,254,273,791				
21	-	-	-	-	-	-	-	-	-	-	-	-	-				
21	-	-	-	-	-	-	-	-	-	-	-	-	-				
21	-	-	-	-	-	-	-	-	-	-	-	-	-				
10	-	-	-	-	-	530,023,849	(2,142,619)	-	-	(2142,619)	527,881,230	91,637	527,972,867				
22	-	-	-	-	-	(202,930,519)	-	-	-	-	(202,930,519)	-	(202,930,519)				
Ending balances as at December 31, 2016																	
	140,000,000	-	5,848,058	14,000,000	-	1,215,485,927	(2,142,619)	201,338,780	-	199,196,161	1,574,530,146	4,785,993	1,579,316,139				
Balances as at January 1, 2015																	
	140,000,000	(66,484,975)	-	14,000,000	66,484,975	656,394,978	-	201,338,780	-	201,338,780	1,011,733,758	4,120,623	1,015,854,381				
21	-	66,484,975	-	-	-	-	-	-	-	-	66,484,975	-	66,484,975				
21	-	-	5,848,058	-	-	-	-	-	-	-	5,848,058	-	5,848,058				
21	-	-	-	-	(66,484,975)	66,484,975	-	-	-	-	-	-	-				
Transferred to retained earnings (deficit)																	
	-	-	-	-	-	(10,180,546)	-	-	10,180,546	10,180,546	-	-	-				
10	-	-	-	-	-	330,762,276	-	-	(10,180,546)	(10,180,546)	320,581,730	573,733	321,155,463				
22	-	-	-	-	-	(155,069,086)	-	-	-	-	(155,069,086)	-	(155,069,086)				
Ending balances as at December 31, 2015																	
	140,000,000	-	5,848,058	14,000,000	-	888,392,597	-	201,338,780	-	201,338,780	1,249,579,435	4,694,356	1,254,273,791				

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

Separate financial statements (Baht)

	Note	Retained earnings (deficit)				Other components of equity						
		Issued and fully paid – up share capital	Treasury shares	Share premium on issue of treasury shares	Appropriated		Other comprehensive income (loss)					
					Legal reserve	Treasury shares reserve	Unappropriated	Revaluation surplus	Actuarial gains (losses) on defined employee benefit plans	Total	Total equity of parent Company's shareholders	
Balances as at January 1, 2016												
		140,000,000	-	5,848,058	14,000,000	-	783,967,973	196,569,251	-	196,569,251	1,140,385,282	
	21	-	-	-	-	-	-	-	-	-	-	
	21	-	-	-	-	-	-	-	-	-	-	
	21	-	-	-	-	-	-	-	-	-	-	
		-	-	-	-	538,137,232	-	-	-	-	538,137,232	
	22	-	-	-	-	(202,930,519)	-	-	-	-	(202,930,519)	
Ending balances as at December 31, 2016												
		140,000,000	-	5,848,058	14,000,000	-	1,119,174,686	196,569,251	-	196,569,251	1,475,591,995	
Balances as at January 1, 2015												
		140,000,000	(66,484,975)	-	14,000,000	66,484,975	550,466,578	196,569,251	-	196,569,251	901,035,829	
	21	-	66,484,975	-	-	-	-	-	-	-	66,484,975	
	21	-	-	5,848,058	-	-	-	-	-	-	5,848,058	
	21	-	-	-	-	(66,484,975)	66,484,975	-	-	-	-	
		-	-	-	-	-	(8,965,378)	-	8,965,378	8,965,378	-	
		-	-	-	-	-	331,050,884	-	(8,965,378)	(8,965,378)	322,085,506	
	22	-	-	-	-	-	(155,069,086)	-	-	-	(155,069,086)	
Ending balances as at December 31, 2015												
		140,000,000	-	5,848,058	14,000,000	-	783,967,973	196,569,251	-	196,569,251	1,140,385,282	

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

STATEMENTS OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2016

		Baht			
		Consolidated financial statements		Separate financial statements	
		For the years ended December 31,		For the years ended December 31,	
	Note	2016	2015	2016	2015
REVENUES					
Revenues from sales	4	6,541,201,414	5,389,133,194	5,534,498,841	4,436,511,685
Other income					
– Gain on exchange rate		5,672,303	–	5,672,303	–
– Gain on sales of assets		–	24,160,232	–	1,792,739
– Others	4	31,896,908	47,453,752	45,976,380	59,776,565
TOTAL REVENUES		6,578,770,625	5,460,747,178	5,586,147,524	4,498,080,989
EXPENSES					
Cost of sales	8	4,437,603,077	3,696,388,891	4,349,519,228	3,658,711,215
Selling expenses		943,569,034	937,023,674	163,876,640	99,249,467
Administrative expenses		462,602,297	376,332,631	375,173,639	289,853,392
Other expenses					
– Loss on exchange rate		–	3,211,098	–	2,750,317
– Loss on sales of assets		224,688	–	445,200	–
– Adjustment for increase in impairment on investment		–	–	12,647,047	–
– Loss on impairment of goodwill		13,382,839	–	–	–
Finance costs		23,471,268	34,068,070	22,642,377	33,720,120
TOTAL EXPENSES	12 and 4	5,880,853,203	5,047,024,364	4,924,304,131	4,084,284,511
SHARE OF PROFIT (LOSS) OF ASSOCIATE	10	(40,286,341)	–	–	–
PROFIT (LOSS) BEFORE INCOME TAX EXPENSES		657,631,081	413,722,814	661,843,393	413,796,478
TAX EXPENSES (INCOME)	25	127,515,595	82,386,805	123,706,161	82,745,594
PROFIT (LOSS) FOR THE YEARS		530,115,486	331,336,009	538,137,232	331,050,884
PROFIT (LOSS) FOR THE YEARS ATTRIBUTABLE TO :					
EQUITY HOLDERS OF THE PARENT		530,023,849	330,762,276	538,137,232	331,050,884
NON – CONTROLLING INTERESTS		91,637	573,733	–	–
		530,115,486	331,336,009	538,137,232	331,050,884
BASIC EARNINGS PER SHARE (BAHT)					
Profit attributable to equity holders of the parent		3.79	2.37	3.84	2.37
The weighted average number of					
ordinary shares (shares)	26	140,000,000	139,392,721	140,000,000	139,392,721

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2016

		Baht			
		Consolidated financial statements For the years ended December 31,		Separate financial statements For the years ended December 31,	
	NOTE	2016	2015	2016	2015
PROFIT (LOSS) FOR THE YEARS		530,115,486	331,336,009	538,137,232	331,050,884
OTHER COMPREHENSIVE INCOME (LOSS):					
Items that will be reclassified subsequently to profit or loss :					
Exchange differences on translating financial statement	10	(2,142,619)	-	-	-
Total item that will be reclassified subsequently to profit or loss :		(2,142,619)	-	-	-
Items that will not be reclassified subsequently to profit or loss :					
Actuarial gains (losses) on defined employee benefit plans	20	-	(12,725,683)	-	(11,206,722)
Deferred tax relating to other components of equity	25	-	2,545,137	-	2,241,344
Total items that will not be reclassified subsequently to profit or loss		-	(10,180,546)	-	(8,965,378)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEARS		(2,142,619)	(10,180,546)	-	(8,965,378)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEARS		527,972,867	321,155,463	538,137,232	322,085,506
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEARS					
ATTRIBUTABLE TO :					
EQUITY HOLDERS OF THE PARENT		527,881,230	320,581,730	538,137,232	322,085,506
NON – CONTROLLING INTERESTS		91,637	573,733	-	-
		527,972,867	321,155,463	538,137,232	322,085,506

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE	Baht			
	Consolidated financial statements For the years ended December 31,		Separate financial statements For the years ended December 31,	
	2016	2015	2016	2015
Cash flows from (used in) operating activities				
Profit (loss) for the years	530,115,486	331,336,009	538,137,232	331,050,884
Adjustments to reconcile profit (loss) to net cash provided by (paid from) operating activities:				
Bad debt and allowance for doubtful accounts (reversal)	466,022	1,190,590	239,263	1,287,802
Loss on destroy inventories	47,808,448	31,511,641	38,416,335	20,978,724
Allowance for obsolete inventories (reversal)	5,720,772	8,746,349	6,853,625	6,208,463
Depreciation	130,493,232	81,038,329	120,628,349	70,500,242
Allowances for impairment of assets (reversal)	(23,667)	-	-	-
Amortization – other assets	13,954,267	10,615,736	11,572,824	15,406,768
Write – off assets	4,547,416	457,090	2,920,648	434,563
Loss (gain) on sales of property, plant and equipment	224,688	(24,160,232)	445,200	(1,792,739)
Unrealised loss (gain) on exchange rate	(2,092,097)	(2,298,897)	(2,092,097)	2,750,317
Adjustment for increase in impairment on investment	-	-	12,647,047	-
Loss on impairment of goodwill	13,382,839	-	-	-
Share of losses (profit) of investments in joint venture	40,286,341	-	-	-
Employee benefit obligation	6,525,351	8,779,537	5,302,523	5,339,330
Interest income	(7,770,887)	(3,928,544)	(2,364,051)	(2,482,826)
Finance costs	23,471,268	34,068,070	22,642,377	33,720,120
Income tax expense	127,515,595	82,386,805	123,706,161	82,745,594
Profit (loss) from operating activities before changes in operating assets and liabilities	934,625,074	559,742,483	879,055,436	566,147,242
Operating assets decrease (increase)				
Trade receivables	160,851,123	(109,342,337)	152,056,136	(230,472,466)
Other receivables	7,391,791	(8,758,046)	5,766,237	(1,368,279)
Inventories	(124,910,894)	19,166,141	(115,667,646)	59,896,320
Other current assets	(29,342,053)	(838,400)	(23,585,337)	15,893,989
Loan to employees under welfare programme	-	6,765	-	6,764
Loan to subsidiary	-	-	7,843,425	(10,172,332)
Other non – current assets	(7,550,857)	7,027,634	(8,950,445)	(2,761,836)

STATEMENTS OF CASH FLOWS (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2016

	Baht			
	Consolidated financial statements For the years ended December 31,		Separate financial statements For the years ended December 31,	
	2016	2015	2016	2015
NOTE				
Operating liabilities increase (decrease)				
Trade payables	(142,232,690)	65,393,719	(194,866,215)	55,929,360
Other payables	46,486,163	8,203,171	62,270,380	(1,935,110)
Other current liabilities	17,521,002	4,887,378	16,136,878	4,663,682
Liability from investment in joint venture				
in portion under the Company's responsibility	3,778,646	-	-	-
Employee benefit obligation paid	(5,479,198)	(8,796,817)	(4,640,914)	(5,406,251)
Cash flows from (used in) operating activities	861,138,107	536,691,691	775,417,935	450,421,083
Net cash flows from (used in) paid to income tax	(112,133,365)	(73,185,014)	(113,140,857)	(63,411,345)
Net cash flows from (used in) operating activities	749,004,742	463,506,677	662,277,078	387,009,738
Cash flows from (used in) investing activities				
Decrease (increase) in restricted bank deposits	1,198,644	(8,327,716)	198,643	(8,327,716)
Proceeds from decrease in investments in subsidiary	-	-	105,000,000	-
Acquisition of investments in joint venture	(47,356,400)	-	(43,577,754)	-
Acquisition of property, plant and equipment	(664,407,799)	(68,003,235)	(660,666,296)	(57,079,478)
Proceeds from sales of property, plant and equipment	5,201,525	55,500,551	6,276,893	4,150,923
Decrease (increase) in intangible assets	(14,122,357)	(8,318,411)	(13,371,277)	(932,185)
Interest received	7,770,887	3,928,544	2,364,051	2,482,826
Net cash flows from (used in) investing activities	(711,715,500)	(25,220,267)	(603,775,740)	(59,705,630)
Cash flows from (used in) financing activities				
Increase (decrease) in bank overdrafts and				
short - term loans from financial institutions	295,643,703	(271,955,555)	299,827,902	(231,986,373)
Increase (decrease) in short - term loans from related party	-	-	(42,000,000)	42,000,000
Increase (decrease) in long - term loans from financial institutions	(2,567,377)	(2,569,708)	-	-
Increase (decrease) in long - term loans from others	(3,238,482)	(7,058,107)	-	-
Cash paid for liabilities under finance lease agreement	(83,332,561)	(15,468,249)	(83,089,960)	(15,025,296)
Proceeds from sale of treasury stocks	-	72,333,033	-	72,333,033
Finance costs paid	(25,922,574)	(33,881,282)	(24,334,439)	(33,720,120)
DIVIDEND PAID	(202,926,836)	(154,972,877)	(202,926,836)	(154,972,876)
Net cash flows from (used in) financing activities	(22,344,127)	(413,572,745)	(52,523,333)	(321,371,632)

		Baht			
		Consolidated financial statements For the years ended December 31,		Separate financial statements For the years ended December 31,	
	NOTE	2016	2015	2016	2015
EXCHANGE DIFFERENCES ON TRANSLATING FINANCIAL STATEMENT		2,142,619	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		17,087,734	24,713,665	5,978,005	5,932,476
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEARS		75,185,652	50,471,987	40,449,746	34,517,270
CASH AND CASH EQUIVALENTS AT END OF YEARS	5	92,273,386	75,185,652	46,427,751	40,449,746

Supplemental disclosures of cash flows information :

Activities not effecting cash

- 1 For the year ended December 31, 2016 Increased in the Company's finance lease liabilities – net amount of Baht 123.91 million due to purchase assets
- 2 For the year ended December 31, 2015 Increased in the Company's finance lease liabilities – net amount of Baht 20.07 million due to purchase assets

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

1 GENERAL INFORMATION

1.1 Corporate information

At the 2016 Annual General Meeting of Shareholders held on April 22, 2016, the Shareholders have approved to change the Company's name from "Malee Sampran Public Company Limited" to "Malee Group Public Company Limited". The company has registered with the Ministry of Commerce on April 28, 2016.

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

1.2 Expenses by nature

The significant expenses classified by nature for the years ended December 31, 2016 and 2015 are as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Changes in inventories of finished goods				
decrease (increase)	1,235,686	26,860,208	(629,180)	65,117,871
Purchase finished goods	596,415,427	471,651,929	498,119,431	381,377,783
Raw materials and consumables used	3,547,431,054	2,844,098,926	3,539,663,194	2,836,104,760
Employee benefits expenses	529,654,421	442,002,132	413,031,899	319,287,329
Directors and management benefit expenses	52,550,697	44,024,584	45,380,852	38,363,508
Depreciation and amortization expenses	144,447,499	91,654,065	132,201,173	85,907,010
Loss on sales of property, plant and equipment	224,688	–	445,200	–
Write – off assets	4,547,416	457,090	2,920,648	434,563
Loss from defective and obsolete inventories	53,529,220	40,257,990	45,269,960	27,187,186
Loss on exchange rate	–	3,211,098	–	2,750,317
Adjustment for increase in impairment on investment	–	–	12,647,047	–
Loss on impairment of goodwill	13,382,839	–	–	–

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 are presented in Thai Baht, which is the functional currency of the Company and its subsidiaries.

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 the year, the Company and its subsidiaries adopted a Conceptual Framework for Financial Reporting (revised 2015) and the Federation of Accounting Professions has issued the revised and new accounting standards, financial reporting

standards, accounting standard interpretations and financial reporting standard interpretations, which are effective for financial statements year beginning on or after January 1, 2016 which adoption of the above financial reporting standards in the current year do not have material effect on the financial statements.

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

During the year, the Federation of Accounting Professions has issued the revised and new accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, which are effective for financial statements period beginning on or after 1 January 2017 as follows.

Accounting Standards

TAS	1	Presentation of Financial Statements (revised 2016)
TAS	2	Inventories (revised 2016)
TAS	7	Statement of Cash Flows (revised 2016)
TAS	8	Accounting Policies, Changes in Accounting Estimates and Errors (revised 2016)
TAS	10	Events After the Reporting Period (revised 2016)
TAS	11	Construction Contracts (revised 2016)
TAS	12	Income Taxes (revised 2016)
TAS	16	Property, Plant and Equipment (revised 2016)
TAS	17	Leases (revised 2016)
TAS	18	Revenue (revised 2016)
TAS	19	Employee Benefits (revised 2016)
TAS	20	Accounting for Government Grants and Disclosure of Government Assistance (revised 2016)
TAS	21	The Effects of Changes in Foreign Exchange Rates (revised 2016)
TAS	23	Borrowing Costs (revised 2016)
TAS	24	Related Party Disclosures (revised 2016)
TAS	26	Accounting and Reporting by Retirement Benefit Plans (revised 2016)
TAS	27	Separate Financial Statements (revised 2016)
TAS	28	Investments in Associates and Joint Venture (revised 2016)
TAS	29	Financial Reporting in Hyperinflationary Economies (revised 2016)
TAS	33	Earnings per Share (revised 2016)
TAS	34	Interim Financial Reporting (revised 2016)
TAS	36	Impairment of Assets (revised 2016)
TAS	37	Provisions, Contingent Liabilities and Contingent Assets (revised 2016)
TAS	38	Intangible Assets (revised 2016)
TAS	40	Investment Property (revised 2016)
TAS	41	Agriculture (revised 2016)
TAS	104	Accounting for Troubled Debt Restructuring (revised 2016)
TAS	105	Accounting for Investments in Debt and Equity Securities (revised 2016)
TAS	107	Financial Instruments : Disclosure and Presentation (revised 2016)

Financial Reporting Standards

TFRS	2	Share – Based Payments (revised 2016)
TFRS	3	Business Combinations (revised 2016)
TFRS	4	Insurance Contracts (revised 2016)
TFRS	5	Non – current Assets Held for Sale and Discontinued Operations (revised 2016)
TFRS	6	Exploration for and Evaluation of Mineral Resources (revised 2016)
TFRS	8	Operating Segments (revised 2016)
TFRS	10	Consolidated Financial Statement (revised 2016)
TFRS	11	Joint Arrangements (revised 2016)
TFRS	12	Disclosure of Interests in Other Entities (revised 2016)
TFRS	13	Fair Value Measurement (revised 2016)

Accounting Standard Interpretations

TSIC	10	Government Assistance – No Specific Relation to Operating Activities (revised 2016)
TSIC	15	Operating Leases – Incentives (revised 2016)
TSIC	25	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders (revised 2016)
TSIC	27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2016)
TSIC	29	Service Concession Arrangements : Disclosures (revised 2016)
TSIC	31	Revenue – Barter Transactions Involving Advertising Services (revised 2016)
TSIC	32	Intangible Assets – Web Site Costs (revised 2016)

Financial Reporting Standard Interpretations

TFRIC	1	Changes in Existing Decommissioning, Restoration and Similar Liabilities (revised 2016)
TFRIC	4	Determining whether an Arrangement contains a Lease (revised 2016)
TFRIC	5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2016)
TFRIC	7	Applying the Restatement Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economies (revised 2016)
TFRIC	10	Interim Financial Reporting and Impairment (revised 2016)
TFRIC	12	Service Concession Arrangements (revised 2016)
TFRIC	13	Customer Loyalty Programmes (revised 2016)
TFRIC	14	TAS 19 (revised 2016) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (revised 2016)
TFRIC	15	Agreements for the Construction of Real Estate (revised 2016)
TFRIC	17	Distributions of Non – cash Assets to Owners (revised 2016)
TFRIC	18	Transfers of Assets from Customers (revised 2016)
TFRIC	20	Stripping Costs in the Production Phase of a Surface Mine (revised 2016)
TFRIC	21	Levies (revised 2016)

The management of the Company has assessed that TAS 1, TAS 2, TAS 7, TAS 8, TAS 10, TAS 12, TAS 16, TAS 17, TAS 18, TAS 19, TAS 21, TAS 23, TAS 24, TAS 27, TAS 28, TAS 33, TAS 34, TAS 36, TAS 37, TAS 38, TAS 41, TAS 107, TFRS 3, TFRS 8, TFRS 10, TFRS 13 and TFRIC 10 will not have material impact on the financial statements when it is applied. For the other TAS, TFRS, TSIC and TFRIC are not relevant to the Company's business, therefore they do not have impact on the financial statement when they are applied.

2.3 Basis of consolidation

2.3.1 These consolidated financial statements include the financial statements of Malee Group 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, 2015 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	
		2016	2015		2016	2015	2016	2015
Held by the Company								
Malee Enterprise Company Limited	Distributor	99.99	99.99	Thailand	17.73	23.65	37.80	46.56
Icon Foods, LLC.	Distributor (Dormant)	99.00	99.00	USA	-	-	-	-
Agri Sol Company Limited	(A) Manufacture and distributor	99.99	99.99	Thailand	1.84	5.71	0.02	0.32
Malee Harvest Company Limited (Its subsidiary is Lanchang Farm Company Limited (70% owned))	(B) Manufacture and distributor for agricultural crops	100.00	100.00	Thailand	17	3.20	0.16	0.29
Joint ventures								
Monde Malee Beverage Coporation (Registered in Philippine)	Importion, marketing promotion and sale of the Company's food and beverage in Philippine market	49.00	-	Philippine	-	-	-	-
Mega Malee Company Limited	Research and development of food and beverage	49.00	-	Thailand	-	-	-	-

(A) Manufacture and distributor (since year 2014 cease manufacture and change to outsourcing or trading, at the present new project is in the process of consideration).

(B) On February 22, 2017, Malee Harvest Company Limited executed agreement to sell all investment on Lanchang Farm Company Limited to an unrelated investor at Baht 18.27 million by reference the fair value of investment in Lanchang Farm from an independent appraiser. Such investment had a book value as at December 31, 2016 of Baht 30.42 million which this transaction was approve by executive board on February 16, 2017. The Company recognized the impairment loss on the investment in Malee Harvest Company Limited amount Baht 12.65 million in the separate financial statement and on all of Goodwill of this investment in the consolidated financial statement.

2.3.2 The financial statements of an overseas subsidiary and joint venture 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 "Exchange difference on translating financial statement" 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.

2.3.4 Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control is lost. Investments in subsidiary and joint ventures are accounted for using the equity method and is recognized initially at cost. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investee from the date that significant influence until the date that significant influence ceases.

2.3.5 At the Extraordinary General Meeting of Agri Sol Co.,Ltd's share holders held on November 27, 2015, the shareholders approved the decrease of Agri Sol Co.,Ltd's registered share capital by decreasing the amount of share in amount of Bath 105,000,000 from Bath 145,000,000 (14,500,000 ordinary shares at Bath 10 each) to Bath 40,000,000 (4,000,000 ordinary shares at Bath 10 each) in order to pay back to the share holders. This had been registered with the Ministry of Commerce on January 21, 2016.

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, cheque 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

Inventories are value at the lower of cost and net realisable value.

Finished goods and work in process are valued at the lower of standard cost (which approximates actual cost by weighted average method). Standard cost includes all production costs and appropriate share of production overheads base on normal operating capacity.

Trading finished goods are state at cost (weighted average method).

Raw materials, packing materials, spare parts and factory supplies are value at the lower of cost (weighted average method) and charged to production costs whenever consumed.

Allowance for stock obsolescence is set up for old, obsolete, slow – moving or deteriorated inventories.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the sale.

3.5 Investments

Investments in subsidiaries and joint ventures in the separate financial statements of the Company are accounted for using the cost method. Investments in joint ventures in the consolidated financial statement are accounted for using the equity method.

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 revalued amount. The others except land are stated at cost less accumulated depreciation and impairment loss (if any).

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.

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

	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	20, 40	20
Machinery	Straight – line	Straight – line	15, 20	5, 10
Equipment and furniture	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.

as follows:

3.8 Goodwill

The Group records the initial value of goodwill at cost, representing the excess of the acquisition costs over the fair value of the net assets acquired. Where the fair value of the net assets exceeds the cost of acquisition at the acquisition date, the difference is recognized as a gain in the statements of income immediately.

The Group recognizes goodwill at cost less accumulated impairment losses. The Group will carry out a test for impairment of goodwill at least once a year or when there are factors indicating that an investment

might be impaired.

To test for impairment, the Group allocates goodwill from business combinations to each cash-generating unit (or group of cash – generating units) that is expected to benefit from the synergies of the combination. The Group evaluates the recoverable amount of each cash – generating unit (or group of cash-generating units) and if it is lower than the carrying amount of the unit, the Group recognizes impairment losses in the statements of income. Allowance for impairment of goodwill will not be reversed.

3.9 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Company and its subsidiaries. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Company and its subsidiaries takes into consideration potential voting rights that are currently exercisable.

The Company and its subsidiaries measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognized amount of any non – controlling interests in the acquiree; plus
- If the business combination is achieved in stages, The fair value of the existing equity interest in the acquiree; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed

When the excess is negative, a gain on business acquisition is recognized immediately in the statements of income.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Company and its subsidiaries incurs in connection with a business combinations are expensed as incurred.

3.10 Borrowing cost

Borrowing costs comprise interest and other costs associated with the borrowings. Borrowing costs incurred on qualifying assets are capitalized as a cost of the qualifying property until all the activities necessary to prepare the property for its intended use are substantially completed. When funds are specifically borrowed for the construction or the production of asset, the amount of borrowing costs capitalized is determined from the actual borrowing costs during the year less any income on the temporary investment of those borrowings. When funds are borrowed for general purpose, the Group multiplies the capitalization rate by the capital expenditure in allocating borrowing costs to costs of assets.

All other borrowing costs are expensed in the period

they incurred.

3.11 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.

3.12 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.

3.13 Finance lease agreement

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased property or the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long – term payables, while the interest element is charged to the statements of income over the lease period. If there is no reasonable certainty that the lessees will obtain ownership by the end of the lease term, the asset acquired under finance lease shall be fully depreciated over the shorter of the useful life of the asset or the lease term.

3.14 Operating Lease

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

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

takes place.

3.15 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

3.16 Impairment of assets

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

3.17 Employee benefits

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

Severance Payment as specified in Thai Law are recognized as expenses in the income statement along the service period of employees. The Company and its subsidiaries's post – employment benefit obligations are estimated by a qualified actuary under the actuarial assumption using the Projected Unit Credit Method.

However, the actual benefit obligation may be different from the estimate.

The Company and its subsidiaries recognized the actuarial gains or losses arising from defined benefit plan in the period incurred in other comprehensive income.

3.18 Income tax

Income tax for the year comprises current and deferred tax. Current and deferred tax are recognized in the statement of income except to the extent that they relate to business combination or items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the period, using tax rates

enacted at the reporting date.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted at the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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.

Foreign entity's assets and liabilities are translated into Thai Baht at average bank buying and selling rate at the end of year, income and expense are translated into Thai Baht at average exchange rate during the year. Currency translation differences are presented in statement of comprehensive income in according to the percentage of shareholding.

3.20 Use of estimates and judgments.

The preparation of financial statements in conformity with financial reporting standards requires management to make subjective judgment and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. The significant areas of estimation uncertainty and critical judgment related to allowance for doubtful accounts, allowance for devaluation of inventories, allowance for impairment of investment, depreciation, allowance for impairment of assets and

employee benefit obligation.

statement of financial position derivative instruments.

3.21 Treasury shares

Treasury shares are stated at cost and presented as a deduction from shareholders' equity. If the selling price of treasury shares is greater than the purchase price of treasury shares, the Company recognizes the difference under the caption of "Premium on treasury shares". If the selling price of treasury shares is less than the purchase price of treasury shares, the difference is initially deducted from premium on treasury shares, with the remainder deducted against retained earnings.

3.22 Financial instruments

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

3.23 Basic Earnings per share

Basic earnings per share is determined by dividing profit (loss) attributable to equity holders of the parent for the year by the weighted average number of ordinary shares outstanding.

4 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

Related Companies	Business Type	Relationship
Direct subsidiaries		
Malee Enterprise Company Limited	Distributor	Shareholders/Co – directors
Agri Sol Company Limited	Manufacture and distributor	Shareholders/Co – directors
Icon Foods LLC	Distributor (Dormant)	Shareholders/Co – directors
Malee Harvest Company Limited	Investment	Shareholders/Co – directors
Indirect subsidiary		
Lanchang Farm Company Limited (Held by Malee Harvest Company Limited 70%)	Manufacture and distributor for agricultural crops	Co – directors
Joint ventures		
Monde Malee Beverage Corporation (Registered in Philippine)	Principally engaged in the importation, marketing promotion and sale of food and beverage in Philippine market.	Shareholders
Mega Malee Company Limited	Research and development of food and beverage	Shareholders
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 Dairy Farm Company Limited	Produce service of ready to drink milk and fruit juices	Group of companies/Co – director
Chokchai Milk Company Limited	Original owner of Chokchai brand (Dormant)	Relate with Abico Holding Public Company Limited
PPO Farm Company Limited	Agriculture and dairy farm	Co – directors
Monde Nissin Corporation	Manufacture and distributor for noodle and biscuits	A venture
Spicy Disc Company Limited	Music and entertainment	Co – directors

the Group as follow:

During the years, the Company had significant trading transactions with its subsidiaries and related parties, which have been

		Baht			
		Consolidated financial statements		Separate financial statements	
	Transfer Pricing policy	2016	2015	2016	2015
Transactions with subsidiaries					
(Eliminated in the consolidated financial statements)					
Sales of goods	Cost plus margin	-	-	1,469,523,740	1,559,511,224
Sale of raw material and others	Cost plus margin	-	-	175,245	5,385
Revenues from service	Contract price	-	-	12,120,000	12,120,000
Guarantee fee	1.75 percent of the guarantee amount	-	-	2,958,265	5,250,000
Interest income	Contract price	-	-	1,770,614	1,947,582
Purchase of goods	Cost plus margin	-	-	1,613,172	1,501,164
Purchase of raw material and others	Cost plus margin	-	-	55,982,700	81,855,453
Warehouse rental expenses	Contract price	-	-	7,200,000	7,200,000
Interest paid	CONTRACT PRICE	-	-	184,311	1,328,753
Transactions with related parties					
Sales of goods	Cost plus margin	64,538,963	-	-	-
Sales of raw material and others	Cost plus margin	4,147,697	-	-	-
Produce service	Cost plus margin	96,908,799	101,125,052	96,908,799	101,125,052
Building rental expenses	Contract price	10,898,400	12,098,400	7,334,400	7,334,400

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.

The balances of the accounts as at December 31, 2016 and 2015 between the Company and its subsidiaries and those related

		Baht			
		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Trade receivables					
Subsidiary					
	Malee Enterprise Co., Ltd.	-	-	254,936,235	325,917,480
Other receivables					
Subsidiary					
	Malee Enterprise Co., Ltd.	-	-	6,703,042	8,492,100
Joint Venture					
	Mega Malee Co., Ltd	56,730	-	56,730	-
Related party					
	Abico Daily Farm Co., Ltd.	855,103	3,537,455	855,103	3,537,455

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Long – term loans				
Subsidiary				
Malee Harvest Co., Ltd	–	–	26,329,926	34,173,351
Deposits				
Related party				
Abico Land Co., Ltd.	8,124,800	5,451,800	5,451,800	5,451,800
Trade payables				
Subsidiaries				
Malee Enterprise Co., Ltd.	–	–	815,432	759,031
Agri Sol Co., Ltd.	–	–	14,244,867	70,548,844
Lanchang Farm Co., Ltd	–	–	–	11,460,802
Total	–	–	15,060,299	82,768,677
Related party				
Abico Daily Farm Co., Ltd.	18,571,124	17,173,009	18,571,124	17,137,217
Other payables				
Subsidiaries				
Malee Enterprise Co., Ltd.	–	–	426,076	1,561,068
Agri Sol Co., Ltd.	–	–	1,400,568	1,194,059
Total	–	–	1,826,644	2,755,127
Related parties				
Abico Land Co., Ltd.	3,000	109,996	–	109,996
Abico Daily Farm Co., Ltd.	53,318	–	53,318	–
Spicy Disc Co., Ltd.	4,116,023	–	4,116,023	–
Total	4,172,341	109,996	4,169,341	109,996
Short – term loans				
Subsidiary				
Agri Sol Co., Ltd.	–	–	–	42,000,000

companies are as follows:

Currently, Chokchai Milk Company Limited does not directly relate to the Company, either through having common shareholders and/or common directors. However, Chokchai Milk Company Limited relates to Abico Holding Public Company Limited as the company major shareholder.

The Company is a manufacturer and distributor of the product under "Chokchai Farm" brand, license of Chokchai Milk Company

Limited. However, there is no charges of licensing. And since at January 2, 2013, it transferred ownership of license in "Chokchai Farm" brand to other company, therefore the Company has signed a license agreement with that company in order to be a manufacturer and distributor of the product under "Chokchai Farm" brand and has been committed to pay fees at Baht 500,000 per year. Under the agreement, the Company shall comply with various conditions for a period of 1 year including a renewal option.

Directors and management benefit expenses

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

Directors and management benefit expenses for the years ended December 31, 2016 and 2015 are as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short – term employee benefits	51,820,839	43,570,696	44,781,075	37,987,560
Post – employment benefits	729,858	453,888	599,777	375,948
Total	52,550,697	44,024,584	45,380,852	38,363,508

Guarantee obligations with related party

The Company has outstanding guarantee obligations with a subsidiary and its subsidiary has outstanding guarantee obligations with the Company, as described in note 29.3 to the financial statements.

Service agreements

The Company entered into a service agreement with a subsidiary to manage in each function specified in the agreement by receiving fees amount of Baht 1.01 million per month for a period of 1 year including a renewal option commencing from April 1, 2013. The Company has to comply with certain conditions contained in the agreements.

5 Cash and cash equivalents

Cash and cash equivalents, as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
PETTY CASH	115,905	164,742	48,102	80,000
Cash at banks				
– current accounts	37,357,551	20,005,692	8,048,920	10,440,156
– saving accounts	42,649,253	53,852,423	27,584,194	29,929,590
– fixed accounts	–	2,981	–	–
Cheque in hand	12,150,678	1,159,814	10,746,535	–

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Total	92,273,387	75,185,652	46,427,751	40,449,746

6 TRADE RECEIVABLES, NET

The outstanding balances of trade receivables as at December 31, 2016 and 2015 are aged, based on due date, as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Age of receivables				
Not yet due	579,005,859	674,716,533	380,240,377	480,438,951
Past due				
Up to 3 months	147,088,672	194,231,848	218,929,043	232,306,034
3 – 6 months	717,203	17,914,695	300,742	37,505,756
6 – 9 months	–	2,511,765	–	2,511,765
Longer than 9 months	10,636,796	8,924,812	10,161,020	8,924,812
Total	737,448,530	898,299,653	609,631,182	761,687,318
Less: Allowance for doubtful accounts	(6,002,996)	(5,536,974)	(5,501,364)	(5,262,101)
Trade receivables, net	731,445,534	892,762,679	604,129,818	756,425,217

The changes of allowance doubtful accounts during the years as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Beginning balance	(5,536,974)	(4,346,384)	(5,262,101)	(3,974,299)
Increased during the years	(606,034)	(1,193,590)	(239,263)	(1,287,802)
Received during the years	124,148	3,000	–	–
Decreased due to write – off	15,864	–	–	–
Ending balance	(6,002,996)	(5,536,974)	(5,501,364)	(5,262,101)

7 OTHER RECEIVABLES

Other receivables, as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Accrued other income	18,154,094	23,496,820	21,403,689	30,884,256

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Advance payment	1,235,587	963,480	321,046	139,390
Prepaid expense	20,730,725	21,524,076	9,761,791	4,701,296
Excise tax	1,183,070	2,710,891	1,183,070	2,710,891
Total	41,303,476	48,695,267	32,669,596	38,435,833

8 INVENTORIES, NET

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Finished goods	498,274,084	499,509,770	326,307,050	325,677,870
Raw materials	182,424,920	108,937,828	180,461,143	108,937,828
Packing materials	112,662,800	106,618,082	112,199,659	106,177,784
Spare parts and factory supplies	42,656,001	37,910,956	42,558,124	37,542,460
Goods in transit	3,484,254	9,422,977	3,484,254	9,422,977
Total	839,502,059	762,399,613	665,010,230	587,758,919
Less: Allowance for stock obsolescence	(27,779,612)	(22,058,840)	(25,678,236)	(18,824,611)
Inventories, net	811,722,447	740,340,773	639,331,994	568,934,308

Inventories recognized as an expense in cost of sales.

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cost of goods sold	4,384,073,857	3,656,130,901	4,304,249,268	3,631,524,029
Loss on destroy inventories	47,808,448	31,511,641	38,416,335	20,978,724
Increase (decrease) in provision for obsolete inventories	5,720,772	8,746,349	6,853,625	6,208,462
	4,437,603,077	3,696,388,891	4,349,519,228	3,658,711,215

The changes of allowance for obsolete stock during the years as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Beginning balance	(22,058,840)	(13,312,491)	(18,824,611)	(12,616,149)
Decreased (increased) during the years	(5,720,772)	(8,746,349)	(6,853,625)	(6,208,462)
Ending balance	(27,779,612)	(22,058,840)	(25,678,236)	(18,824,611)

9 INVESTMENTS IN SUBSIDIARIES, NET

These represent investments in ordinary shares of the following subsidiary companies.

Company's name	Separate financial statements						Dividend paid (Baht) For the years ended December 31,	
	Paid – up capital		Shareholding percentage		Cost method (Baht)			
	2016	2015	2016	2015	2016	2015	2016	2015
Investments in subsidiary companies								
Malee Enterprise Company Limited	Baht 100 million	Baht 100 million	99.99	99.99	99,988,000	99,988,000	–	–
Icon Foods Company Limited	USD 50,500	USD 50,500	99.00	99.00	1,291,000	1,291,000	–	–
Agri Sol Company Limited (A)	Baht 40 million	Baht 145 million	99.99	99.99	40,000,000	145,000,000	–	–
Malee Harvest Company Limited (B)	Baht 40 million	Baht 40 million	100.00	100.00	37,137,535	37,137,535	–	–
					178,416,535	283,416,535		
Less: Impairment loss on investment					(13,938,047)	(1,291,000)		
Investments in subsidiaries, net					164,478,488	282,125,535		

(A) At the Extraordinary General Meeting of Agri Sol Co., Ltd's shareholders held on November 27, 2015, the shareholders approved the decrease of Agri Sol Co., Ltd's registered share capital by decreasing the amount of share in amount of Baht 105,000,000 from Baht 145,000,000 (14,500,000 ordinary shares at Baht 10 each) to Baht 40,000,000 (4,000,000 ordinary shares at Baht 10 each) in order to pay back to the shareholders. This had been registered with the Ministry of Commerce on January 21, 2016. And in the 1st quarter of year 2016, the company had already received the each pay pack.

(B) On February 22, 2017, Malee Harvest Company Limited executed agreement to sell all investment on Lanchang Farm Company Limited to an unrelated investor at Baht 18.27 million

by reference the fair value of investment in Lanchang Farm from an independent appraiser. Such investment had a book value as at December 31, 2016 of Baht 30.42 million which this transaction was approved by executive board on February 16, 2017. The Company recognized the impairment loss on the investment in Malee Harvest Company Limited amount Baht 12.65 million in the separate financial statement and on all of Goodwill of this investment in the consolidated financial statement.

On January 12, 2017, the Company had established a new company namely Malee Applied Sciences Company Limited with shareholding percentage at 99.99% of registered and paid – up capital amount Baht 10.00 million. The operation is to provide an innovative research and development to increase value of product and service.

10 INVESTMENTS IN JOINT VENTURE

Company's name	Nature of business	Paid – up capital		Shareholding percentage		Cost method (Baht)		Dividend paid (Baht)			
								Equity method (Baht)		For the years ended December 31,	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Monde Malee Beverage Corporation (registered in Philippine)	Importation, marketing promotion and sale of the Company's food and beverage in Philippine market.	100 million Philippine Peso	–	49.00	–	38,475,516	–	(40,111,543)	–	–	–
Mega Malee Co., Ltd	Research and development of food and beverage	Baht 10 million	–	49.00	–	5,102,239	–	4,927,441	–	–	–
Investments in Joint Venture						43,577,755	–				

At the end of year 2016, the Company, Monde Nissin Corporation in Philippine and Thai nation at individual inverters had entered into a joint venture agreement to setting up a Philippine joint venture Company namely Monde Malee Beverage Corporation which has been registered in the 1stquarter of year 2016. The Company's shareholding is 49.00% of share capital amounting Philippine Peso 100.00 million with paid – up capital amounting to Philippine Peso 100.00 million.

On August 22, 2016, the Company and Mega Lifesciences Pubic Company Limited had entered into a joint venture agreement to setting up joint venture Company namely Mega Malee Company Limited which has been registered on November 4, 2016. The Company's shareholding is 49.00% of share capital amounting Baht 10.00 million with paid – up capital amounting to Baht 10.00 million.

Movements of investments in joint ventures as follows:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Investment in joint ventures				
Opening balance At 1 January	-	-	-	-
Acquisitions	43,578	-	43,578	-
Share of profits of joint ventures under equity method	(40,286)	-	-	-
Share of other comprehensive income	-	-	-	-
Unrealised gain on dilution from investment	(2,143)	-	-	-
Ending balance as at 31 December	1,149	-	43,578	-

Balance as at December 31, 2016, the investments in joint ventures in the consolidated financial statements are accounted for using the equity method as follows:

	Thousand Baht	
	2016	2015
Investment in joint ventures	4,927	-
Liability from investment in joint venture in portion under the Company's responsibility	(3,778)	-
	1,149	-

Summarized financial information of joint ventures as follows:

Name	Million Baht									
	Paid-up capital		Total assets		Total liabilities		Total revenues for the years ended		Profit (loss) for the years ended	
	As at December 31,		As at December 31,		As at December 31,		As at December 31,		As at December 31,	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
MONDE MALEE BEVERAGE CORPORATION	100 million Philippine Peso	-	82	-	90	-	2	-	(82)	-
Mega Malee Company Limited	Baht 10 million	-	10	-	-	-	-	-	-	-

11 LONG – TERM LOANS TO SUBSIDIARY

	Baht			
	Separate financial statements			
	As at December 31, 2015	Increase	Decrease	As at December 31, 2016
Short – term loans to subsidiary	34,173,351	–	7,843,425	26,329,926

On December 2015, The Company had entered into a loan agreement with a subsidiary. The interest is at the rate MLR% p.a. The principal and interest are repayable in monthly commencing from January 2016 and paid with in December 2018.

On February 1, 2017, such subsidiary has executed a letter of acknowledgement of debt dated January 31, 2017 with the Company and amended payment conditions on principal and accrued interest as follows:

- Grace period for all principal and accrued interest until September 2017 and start to make quarterly repayment from October 2017 as described in the agreement and the whole amount will be fully paid within January 2022.
- Starting from February 2022, the loan will be subject to interest rate of 6.275 % p.a. monthly payable.

Loans to a subsidiary which is unsecured.

12 RESTRICTED BANK DEPOSITS

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

13 PROPERTY, PLANT AND EQUIPMENT, NET

Consolidated financial statements

	Baht								
	Land	Buildings and buildings improvement	Land improvement	Machineries and equipment	Motor vehicles	Furniture, fixtures and office equipment	Construction in progress	Elimination	Total
Cost amount:									
As at December 31, 2015	125,290,595	424,557,505	12,495,249	1,809,369,630	30,606,459	61,995,584	44,022,876	(301,913)	2,508,035,985
Acquisition	-	1,641,249	-	19,626,869	12,839,050	14,003,884	740,211,527	-	788,322,579
Disposals	-	(4,557,524)	-	(70,656,997)	-	(9,906,856)	-	-	(85,121,377)
Write – off	-	(710,398)	-	(13,371,516)	-	(18,436,150)	-	-	(32,518,064)
Transfer in (out)	-	11,301,084	3,154,300	321,074,041	-	5,002,904	(340,532,329)	-	-
As at December 31, 2016	125,290,595	432,231,916	15,649,549	2,066,042,027	43,445,509	52,659,366	443,702,074	(301,913)	3,178,719,123
Accumulated depreciation:									
As at December 31, 2015	-	(264,817,077)	(10,798,968)	(1,244,376,181)	(18,276,839)	(56,004,557)	-	153,083	(1,594,120,539)
Depreciation for the year	-	(17,557,698)	(930,760)	(101,285,307)	(6,129,234)	(4,590,233)	-	-	(130,493,232)
Depreciation on disposals	-	3,007,984	-	67,087,205	-	9,599,977	-	-	79,695,166
Write – off	-	501,660	-	9,230,569	-	18,343,150	-	-	28,075,379
Transfer in (out)	-	-	-	-	-	-	-	-	-
As at December 31, 2016	-	(278,865,131)	(11,729,728)	(1,269,343,714)	(24,406,073)	(32,651,663)	-	153,083	(1,616,843,226)
Allowance for impairment loss:									
As at December 31, 2015	-	(13,334,662)	-	(1,676,571)	-	-	(17,612,914)	-	(32,624,147)
Increasing	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Write – off	-	-	-	23,667	-	-	-	-	23,667
As at December 31, 2016	-	(13,334,662)	-	(1,652,904)	-	-	(17,612,914)	-	(32,600,480)
Net book value:									
As at December 31, 2015	125,290,595	146,405,766	1,696,281	563,316,878	12,329,620	5,991,027	26,409,962	(148,830)	881,291,299
As at December 31, 2016	125,290,595	140,032,123	3,919,821	795,045,409	19,039,436	20,007,703	426,089,160	(148,830)	1,529,275,417
Incremental amount:									
As at December 31, 2015	251,673,462	-	-	-	-	-	-	-	251,673,462
Increasing (decreasing)	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Write – off	-	-	-	-	-	-	-	-	-
As at December 31, 2016	251,673,462	-	-	-	-	-	-	-	251,673,462
Revaluation basis assets, net:									
As at December 31, 2015	376,964,057	146,405,766	1,696,281	563,316,878	12,329,620	5,991,027	26,409,962	(148,830)	1,132,964,761
As at December 31, 2016	376,964,057	140,032,123	3,919,821	795,045,409	19,039,436	20,007,703	426,089,160	(148,830)	1,780,948,879
Depreciation for the years ended December 31,									
As at December 31, 2015									81,038,329
As at December 31, 2016									130,493,232

Separate financial statements

	Baht							
	Land	Buildings and buildings improvement	Land improvement	Machineries and equipment	Motor vehicles	Furniture, fixtures and office equipment	Construction in progress	Total
Cost amount:								
As at December 31, 2015	99,288,436	270,661,626	11,758,906	1,631,217,519	24,244,920	53,246,064	44,022,876	2,134,440,347
Acquisition	-	343,000	-	17,271,902	12,839,050	13,990,982	740,211,527	784,656,461
Disposals	-	(4,537,324)	-	(70,455,071)	-	(4,820,425)	-	(79,812,820)
Write - off	-	-	-	(11,506,167)	-	(18,430,329)	-	(29,936,496)
Transfer in (out)	-	11,301,084	3,154,300	321,074,041	-	5,002,904	(340,532,329)	-
As at December 31, 2016	99,288,436	277,768,386	14,913,206	1,887,602,224	37,083,970	48,989,196	443,702,074	2,809,347,492
Accumulated depreciation:								
As at December 31, 2015	-	(195,664,321)	(10,225,238)	(1,077,970,286)	(12,615,468)	(47,719,367)	-	(1,344,194,680)
Depreciation for the year	-	(11,327,957)	(930,759)	(98,287,646)	(5,698,485)	(4,383,502)	-	(120,628,349)
Depreciation on disposals	-	2,987,785	-	66,931,371	-	4,526,838	-	74,445,994
Write - off	-	-	-	7,422,372	-	18,342,942	-	25,765,314
Transfer in (out)	-	-	-	-	-	-	-	-
As at December 31, 2016	-	(204,004,493)	(11,155,997)	(1,101,904,189)	(18,313,953)	(29,233,089)	-	(1,364,611,721)
Allowance for impairment loss:								
As at December 31, 2015	-	(4,118,147)	-	(1,377,843)	-	-	(17,612,914)	(23,108,904)
Increasing	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Write - off	-	-	-	23,667	-	-	-	23,667
As at December 31, 2016	-	(4,118,147)	-	(1,354,176)	-	-	(17,612,914)	(23,085,237)
Net book value:								
As at December 31, 2015	99,288,436	70,879,158	1,533,668	551,869,390	11,629,452	5,526,697	26,409,962	767,136,763
As at December 31, 2016	99,288,436	69,645,746	3,757,209	784,343,859	18,770,017	19,756,107	426,089,160	1,421,650,534
Incremental amount:								
As at December 31, 2015	245,711,564	-	-	-	-	-	-	245,711,564
Increasing (decreasing)	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Write - off	-	-	-	-	-	-	-	-
As at December 31, 2016	245,711,564	-	-	-	-	-	-	245,711,564
Revaluation basis assets, net:								
As at December 31, 2015	345,000,000	70,879,158	1,533,668	551,869,390	11,629,452	5,526,697	26,409,962	1,012,848,327
As at December 31, 2016	345,000,000	69,645,746	3,757,209	784,343,859	18,770,017	19,756,107	426,089,160	1,667,362,098
Depreciation for the years ended December 31,								
As at December 31, 2015								70,500,242
As at December 31, 2016								120,628,349

As at December 31, 2016 and 2015, the Company and its subsidiaries have vehicles and machineries acquired under finance lease agreements, with net book value amounting to approximately Baht 158.20 million and Baht 107.13. million, respectively (the Company only: amounted to approximately Baht 157.97 million and Baht 106.52 million, respectively).

As at December 31, 2016 and 2015 certain buildings, vehicles and equipment items of the Company and its subsidiaries have been fully depreciated but they are still in use. The original cost in those assets amounted to approximately Baht 687.69 million and Baht 817.81 million, respectively (the Company only: amounted to approximately Baht 672.87 million and Baht 797.00 million, respectively).

In year 2016, Capitalized borrowing costs relating to the acquisition of construction of building improvement and machineries amounted to Baht 2.53 million (the Company only : amounted to Baht 2.53 million), with a capitalization rate of 2.44% to 2.81%

On February 10, 2017, the Company purchased 2 greenhouses from Lanchang Farm Company Limited (an indirect subsidiary) at Baht 5.50 million (excluding demolishing, installation and transportation expenses). Such price has been valued by reference the fair value an independent appraiser. The purpose of the purchase of such greenhouses is to donate to an academic institute. As at 31 December 2016, the greenhouses had a book value of Baht 5.02 million and presents under "Plant and Equipment".

Increment per assets appraisal

In December 2009, the Company and its subsidiary hired a local independent appraiser namely; 15 Business Advisory Company Limited, to appraise the value of lands, buildings and machineries under revaluation basis as shown in the accounting policies.

For appraisal of land, as follows:

In case of appraisal of lands, the Company's lands locate at Sampran District, Nakornpratom Province, the lands space is in total of 39 rai 0 ngarn 65 square wah and the subsidiary's land locates at Banpaeng District, Nakornpranom Province, the land space is in total of 118 rai 3 ngarn 79 square wah, at the total cost amounting to Baht 41.62 million (the Company only: amounted to Baht 31.42 million). The Company and its subsidiary appraised the lands for the second time in the year 2004 at appraisal price of the lands in the amount of Baht 212.63 million, and the third time in the year 2009 at appraisal price in the amount of Baht 198.68 million (the Company only: amounted to Baht 185.19 million). Increment per assets appraisal for the second and the third appraisal were amounted to Baht 171.01 million and Baht 156.83 million, respectively (the Company only: amounted to Baht 171.01 million and Baht 153.77 million, respectively), which were presented in the revaluation surplus under the caption of the other components of equity.

Following in December 2014, the Company and its subsidiary hired the same previous in dependent appraiser to reappraise the value of lands under at the revaluation basis as shown in accounting policies. Increment of lands appraisal of Baht 75.86 million (the Company only: amounted to Baht 73.55 million), was recognized in other comprehensive income and accumulated amount was presented in the "revaluation surplus" under the caption of the other components of equity.

However, the Company and its subsidiary do not depreciate the increment of land revaluation.

14 INTANGIBLE ASSETS, NET

Baht			
Consolidated financial statements			
	Computer software	Computer software under development	Total
Cost			
As at December 31, 2015	88,206,169	4,169,796	92,375,965
Increase	-	14,122,357	14,122,357
Decrease	(43,899,134)	-	(43,899,134)
Transfer in (out)	3,836,250	(3,836,250)	-
As at December 31, 2016	48,143,285	14,455,903	62,599,188
Accumulated amortization			
As at December 31, 2015	(51,124,911)	-	(51,124,911)
Increase	(9,698,951)	-	(9,698,951)
Decrease	43,794,401	-	43,794,401
As at December 31, 2016	(17,029,461)	-	(17,029,461)
Net book value			
As at December 31, 2015	37,081,258	4,169,796	41,251,054
As at December 31, 2016	31,113,824	14,455,903	45,569,727

Baht			
Separate financial statements			
	Computer software	Computer software under development	Total
Cost			
As at December 31, 2015	86,635,815	-	86,635,815
Increase	-	13,731,277	13,731,277
Decrease	(43,899,134)	-	(43,899,134)
Transfer in (out)	3,836,250	(3,836,250)	-
As at December 31, 2016	46,572,931	9,895,027	56,467,958
Accumulated amortization			
As at December 31, 2015	(50,488,393)	-	(50,488,393)
Increase	(9,451,542)	-	(9,451,542)
Decrease	43,794,401	-	43,794,401
As at December 31, 2016	(16,145,534)	-	(16,145,534)
Net book value			
AS AT DECEMBER 31, 2015	36,147,422	-	36,147,422
As at December 31, 2016	30,427,397	9,895,027	40,322,424

15 BANK OVERDRAFTS AND SHORT – TERM LOANS FROM FINANCIAL INSTITUTIONS

As at December 31, 2016 and 2015, bank overdrafts and short – term loans from financial institutions were as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Bank overdrafts	13,943,261	–	13,943,261	–
Promissory notes				
(interest rate of MMR p.a.)	753,358,400	340,000,000	753,358,400	340,000,000
Discounted bill of exchange				
(interest rate of MMR p.a.)	200,000,000	350,000,000	200,000,000	350,000,000
Trust receipts	79,645,865	59,211,720	79,645,865	59,211,720
Total	1,046,947,526	749,211,720	1,046,947,526	749,211,720

16 OTHER PAYABLES

Other payables, as follows

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Accrued expenses	172,129,120	154,840,573	75,413,171	43,350,451
Other – payable	115,764,012	89,017,702	66,859,759	38,344,161
Total	287,893,132	243,858,275	142,272,930	81,694,612

17 LIABILITIES UNDER FINANCE LEASE AGREEMENTS

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Liabilities under finance lease agreements	141,281,051	100,672,053	141,196,063	100,341,568
Less : deferred interest	(17,281,938)	(17,246,883)	(17,281,284)	(17,251,608)
deferred VAT	(2,758)	(11,032)	–	–
	123,996,355	83,414,138	123,914,779	83,089,960
Less : current portion due within one year	(33,434,438)	(19,952,594)	(33,352,862)	(19,709,885)
Liabilities under finance lease agreements, net of current portion	90,561,917	63,461,544	90,561,917	63,380,075

Consolidated financial statements (Baht)

	2016				2015			
	Principal	Deferred interest	Deferred VAT	Total	Principal	Deferred interest	Deferred VAT	Total
1 – 5 years	90,561,917	9,517,437	–	100,079,354	63,461,544	9,854,263	–	73,315,807
Over 5 years	–	–	–	–	–	–	–	–
Total	90,561,917	9,517,437	–	100,079,354	63,461,544	9,854,263	–	73,315,807

Separate financial statements (Baht)

	2016				2015			
	Principal	Deferred interest	Deferred VAT	Total	Principal	Deferred interest	Deferred VAT	Total
1 – 5 years	90,561,917	9,517,437	–	100,079,354	63,380,075	9,853,609	–	73,233,684
Over 5 years	–	–	–	–	–	–	–	–
Total	90,561,917	9,517,437	–	100,079,354	63,380,075	9,853,609	–	73,233,684

18 LONG – TERM LOANS**18.1 Loans from financial institutions**

		Baht			
		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Loan		4,333,851	6,901,228	–	–
Less	Current portion	(2,655,131)	(2,479,266)	–	–
	Long – term loans, net	1,678,720	4,421,962	–	–

On June 2, 2011 (the date before the acquisition date), Lanchang Farm Co., Ltd. had entered into a loan agreement with a local bank in the amount of Baht 7.00 million. The interest is at the rate MLR% p.a.

The principal and interest are repayable in every month commencing from the agreement date and paid within 7 years commencing from the date of the first installment.

Later, On October 1, 2012 (the date before the acquisition date), Lanchang Farm Co., Ltd. had entered into a loan agreement with a local bank such additional in the amount Baht 7.00 million. The interest is at the rate MLR% p.a. The 1 year term commencing from the agreement date, the interests are repayable in every month after that the principal and interest are repayable in every month and paid within 6 years commencing from the date of the first installment.

These loan are secured by the mortgage for land and construction.

18.2 Loans from other

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Loan				
- US DOLLAR				
(USD 0.08 and 0.28 million)	876,966	2,880,648	-	-
- THAI BAHT	8,373,123	9,607,922	-	-
Total	9,250,089	12,488,570	-	-
Less Current portion	(4,368,749)	(6,140,448)	-	-
Loans from other – net	4,881,340	6,348,122	-	-

US DOLLAR

On August 25, 2011 (the date before the acquisition date), Lanchang Farm Co., Ltd. had entered into a loan agreement with a Company in the amount of USD 0.48 million. The interest is at the rate 3% p.a.

The principal and interest are repayable in every month and paid within 3 years commencing from the agreement date. As at December 31, 2016, the principal balance in the amount of Baht 0.87 million (December 31, 2015 : Baht 2.88 million)

THAI BAHT

On March 7, 2011 (the date before the acquisition date), Lanchang Farm Co., Ltd. had entered into a loan agreement with a former director (resigned on September 26, 2014) amount of Baht 3 million. The interest is at the rate MLR% p.a.

The principal and interest are repayable in every quarter and paid within 7 years commencing from the agreement date.

On September 23, 2011 (The day prior to the company purchase of shares in the Lanchang Farm Co., Ltd.), Lanchang Farm Co., Ltd. has a loan agreement with a company of 10.55 million baht be paid a monthly 97,855 baht and during the years 2012 to recover an additional amount of 0.80 million baht be paid a monthly 9,384 Baht with interest rate of 3 p.a.. As at December 31, 2016, the principal balance in the amount of Baht 6.15 million (December 31, 2015 : 7.39 million Baht).

The above loans are unsecured.

19 SHORT – TERM LOANS FROM RELATED PARTIES

On February 25, 2015, the Company had entered into a loan agreement with a subsidiary in the amount of Baht 42.00 million. The interest is at the rate MMR% p.a..The principal are repayable within 1 year commencing from the agreement date and the interest are repayable in monthly.

The above loans are unsecured.

On February 12, 2016, the Company had already repaid the remaining loans and interest.

20 EMPLOYEE BENEFIT OBLIGATION

Movement in the present value of the employee benefit obligation for the years ended December 31, 2016 and 2015 as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Employee benefit obligation at beginning of years	66.37	53.66	56.55	45.40
Benefits paid	(5.51)	(6.32)	(4.64)	(5.12)
Current service cost and interest	6.56	6.30	5.30	5.06
Actuarial losses	–	12.73	–	11.21
Employee benefit obligation at end of years	67.42	66.37	57.21	56.55

Expenses recognised in the income statement for the years ended December 31, 2016 and 2015 are as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current service costs	4.64	4.55	3.67	3.57
Interest cost	1.92	1.75	1.63	1.49
Total	6.56	6.30	5.30	5.06

Principal actuarial assumptions as at December 31, 2016 and 2015 as follows:

	PERCENT
	Consolidated and Separate financial statement
Discount rate	3.00
Salary increase rate	2.50 – 4.00
Employee turnover rate	0 – 24.00*
Mortality rate	TMO2008**

* Based on the weighted average by age group of employees

** Reference from TMO2008 : Thai Mortality Ordinary Table 2008

Sensitivity analysis of significant actuarial assumptions

Significant actuarial assumptions for sensitivity analysis are discount rate, salary increase rate and mortality, while holding all other assumptions constant. The sensitivity analysis of change in the relevant actuarial assumption that were reasonably possible as of December 31, 2016 as follows:

- If the discount rate increases (decreases) by 0.5%, the employee benefit obligation in Consolidated financial statements would increase Baht 4.76 million (decrease Baht 4.83 million) and Separate financial statements would increase Baht 3.89 million (decrease Baht 3.82 million).
- If the salary increase rate increases (decreases) by 1.00%, the employee benefit obligation in Consolidated financial statements would increase Baht 5.25 million (decrease Baht 3.93 million) and Separate financial statements would increase Baht 4.14 million (decrease Baht 3.13 million).

In presenting the above sensitivity analysis, the present value of the employee benefit obligation has been calculated by using the same method that applied in calculating the employee benefit obligation recognized in the statement of financial position.

21 TREASURY SHARES AND APPROPRIATED RETAINED EARNINGS FOR TREASURY SHARES

On August 13, 2013, the Board of Directors has approved to undertake a treasury stock program for financial management purposes with the maximum amount of not exceeding Baht 200 million for the repurchase of not exceeding 14,000,000 shares at the par value of Baht 1 per share or equivalent to not exceeding 10% of the total of paid-up shares. The procedure used for the repurchasing of shares is on the Stock Exchange of Thailand. The repurchase period covers the duration of 6 months, starting from August 28, 2013 to February 27, 2014.

The period of the resale of share is 6 months after the completion date of share repurchase and not later than 3 years from this time which the Board of Directors will consider fixing the schedule of the share resale later on.

On December 25 and 26, 2013, the Company had purchased back 0.27 million ordinary shares (par value of Baht 1 each), or 0.19% of the total number of issued and fully shares, for a total of Baht 7.89 million (excluded cost of repurchase treasury shares).

During the 1st quarter of year 2014, the Company had purchased back 1.75 million ordinary shares (par value of Baht 1 each), or 1.25% of the total number of issued and fully shares, for a total of Baht 58.59 million (excluded cost of repurchase treasury shares).

During the 1st and 2nd quarter of year 2015, the Company sold 2.00 million shares of treasury stocks at an average price of Baht 36 per share, totaling Baht 72.33 million and premium on treasury shares on sales of treasury stocks in the amount of Baht 5.85 million.

According to letter No. Gor Lor Tor. Chor Sor. (Vor) 2/2548 of the Office of the Securities and Exchange Commission, dated 14 February 2005, concerning the acquisition of treasury shares, a public limited company may purchase back treasury shares in an amount not exceeding the amount of its retained earnings and is to appropriate an equal amount of retained earnings to a reserve for treasury shares, which must be maintained until the Company either sells the treasury shares or reduced its paid-up share capital by an amount equal to the value of the treasury shares which it could not sell. As at 31 December 2014, the Company appropriated the full required amount of retained earnings to a reserve for the treasury shares amounting to Baht 66.49 million.

22 DIVIDEND PAID

At the Annual General Meeting of Shareholders held on April 24, 2015, the shareholders had approved to pay the dividend amounted to Baht 85.40 million (140 million ordinary shares at Baht 0.61 each). However, the Company has recorded the dividend payment according to the legitimated shareholders having the right to receive the dividend for the total amount of Baht 85.07 million.

At the Board of Directors Meetings held on August 13, 2015 the Board of Directors had approved to pay the interim dividend amounted to Baht 70.00 million (140 million ordinary shares Baht 0.50 each). However, the Company has recorded the dividend payment according to the legitimated shareholders having the right to receive the dividend for the total amount of Baht 69.99 million.

At the Annual General Meeting of Shareholders held on April 22, 2016, the shareholders had approved to pay the dividend amounted to Baht 168.00 million (140 million ordinary shares at Baht 1.20 each). However, the Company has recorded the dividend payment according to the legitimated shareholders having the right to receive the dividend for the total amount of Baht 97.93 million.

At the Board of Directors Meetings held on August 11, 2016 the Board of Directors had approved to pay the interim dividend amounted to Baht 105.00 million (140 million ordinary shares Baht 0.75 each). However, the Company has recorded the dividend payment according to the legitimated shareholders having the right to receive the dividend for the total amount of Baht 104.99 million.

23 LEGAL RESERVE

Under the Public Limited Companies Act., the Company is required to set aside to a legal reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of its registered share capital. The legal reserve is not available for dividend payment.

to by employees, at the rate of 3.0 percent of their basic salaries, and by the Company and its subsidiaries at the same rate, and will be paid to employees upon termination in accordance with the rules of the fund. The fund is managed by Kasikorn Asset Management Company Limited.

The Company and its subsidiaries contributed to the fund for years ended December 31, 2016 and 2015 as follows:

24 PROVIDENT FUND

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The fund is monthly contributed

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Provident fund contribution	5,416,271	4,588,913	4,356,621	3,488,886

25 TAX EXPENSE

Tax expense for the years ended December 31, 2016 and 2015, consisted of :

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current tax expense	130,088	84,479	126,693	82,020
Deferred tax expenses (income)				
of temporary differences	(2,572)	(1,963)	(2,987)	1,076
Adjustments recognized in the years				
for current tax of prior year	-	(129)	-	(351)
Deferred tax expenses (income)	127,516	82,387	123,706	82,745

Income tax relating to each component of other comprehensive income for the years ended December 31, 2016 and 2015, consisted of :

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax expenses (income) relating to:				
- Increase of revaluation in land plant	-	-	-	-
- Actuarial gains (losses)				
on defined employee				
benefit plans	-	(2,545)	-	(2,241)
Deferred tax expenses (income)				
reported in other comprehensive income	-	(2,545)	-	(2,241)

Reconciliation between income tax expense and the product of accounting profit multiplied by the applicable tax rates for the years ended December 31, 2016 and 2015 as follows:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Accounting profit before tax	677,447	406,168	661,843	413,796
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	135,489	81,234	132,369	82,759
Tax effect of :				
– Tax exempted revenue	–	(387)	–	–
– Adjustments recognized in the years for current tax of prior year	–	(129)	–	(351)
– Non – deductible expenses	2,796	2,973	2,043	1,615
– Added deductible expenses	(10,769)	(1,304)	(10,706)	(1,278)
Tax expense reported in comprehensive income statement	127,516	82,387	123,706	82,745

The components of deferred tax assets and liabilities are as follows:

	Thousand Baht	
	Consolidated financial statements	
	As at December 31, 2016	As at December 31, 2015
Deferred tax assets		
Allowance for doubtful accounts	1,201	1,107
Allowance for diminution in value of inventories	5,705	4,412
Allowance for impairment of investments	5,317	258
Allowance for impairment loss	6,460	6,465
Employee benefit obligation	13,483	13,266
Unused tax benefits on loss carry forward	4,327	7,205
Total	36,493	32,713
Deferred tax liabilities		
Increase in value land and building from acquisition	3,050	3,050
Revaluation in land plant	50,335	50,335
Accumulated depreciation resulting from change in the estimated useful lives of assets	13,222	12,014
Total	66,607	65,399

	Thousand Baht	
	Separate financial statements	
	As at December 31, 2016	As at December 31, 2015
Deferred tax assets		
Allowance for doubtful accounts	1,100	1,053
Allowance for diminution in value of inventories	5,136	3,765
Allowance for impairment of investments	2,788	258
Loss on accumulated impairment	4,617	4,622
Employee benefit obligation	11,441	11,309
Total	25,082	21,007
Deferred tax liabilities		
Revaluation in land plant	49,141	49,141
Accumulated depreciation resulting from change in the estimated useful lives of assets	11,404	10,316
Total	60,545	59,457

26 WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

The weighted average number of ordinary shares calculated as follows:

	Consolidated and separate financial statements (Shares)	
	2016	2015
Number of ordinary shares outstanding at the beginning of the periods	140,000,000	137,978,900
Add Sale of treasury shares	-	1,413,821
Less treasury shares	-	-
Weighted average number of ordinary shares outstanding during the periods	140,000,000	139,392,721

27 FINANCIAL INFORMATION BY SEGMENT

The Company's and its subsidiaries' operations involve the manufacturing and distribution of canned agriculture products, fruit juices and non – alcohol beverage which are carried on in both Thailand and foreign countries. Financial information of the Company and its subsidiaries for the years ended December 31, 2016 and 2015 and as at December 31, 2016 and 2015, broken down by geographic segment, are as follows:

Business segment information

Thousand Baht				
Consolidated financial statements				
For the year ended December 31, 2016				
	Segment			Total
	Agriculture products	Others	Eliminated	
Revenues from sales	7,158,139	854,699	(1,471,637)	6,541,201
Gross profit	1,983,879	101,120	18,599	2,103,598
Other incomes				37,569
Selling expenses				943,569
Administrative expenses				462,602
Other expenses				
– Loss on sale of fixed assets				225
– Loss on impairment of goodwill				13,383
Finance costs				23,471
Tax expenses (income)				127,516
Shares of profit (loss) of from investment in joint ventures				(40,286)
Profit (loss) for the year				530,115

Geographic segment information

Thousand Baht				
Consolidated financial statements				
For the year ended December 31, 2016				
	Sales – domestic	Sales – export	Eliminated	Total
Revenues from sale	5,449,341	2,563,497	(1,471,637)	6,541,201
Segment operating profit	1,191,223	893,776	18,599	2,103,598

Business segment information

	Thousand Baht			
	Consolidated financial statements			
	For the year ended December 31, 2015			
	Segment			Total
	Agriculture products	Others	Eliminated	
Revenues from sales	6,091,774	858,371	(1,561,012)	5,389,133
Gross profit	1,601,545	72,779	18,420	1,692,744
Other incomes				71,614
Selling expenses				937,024
Administrative expenses				376,332
Other expenses – loss on exchange rate				3,211
Finance costs				34,068
Tax expenses (income)				82,387
Shares of profit (loss) of from investment in joint ventures				-
Profit (loss) for the year				331,336

Geographic segment information

	Thousand Baht			
	Consolidated financial statements			
	For the year ended December 31, 2015			
	Sales – domestic	Sales – export	Eliminated	Total
Revenues from sale	5,417,593	1,532,552	(1,561,012)	5,389,133
Segment operating profit	1,140,082	534,242	18,420	1,692,744

Information about major customers

For the year ended December 31, 2016, the Company and its subsidiaries' revenues from two customer. from domestic sales amounted Baht 2,419.01 million.

For the year ended December 31, 2015, the Company and its subsidiaries' revenues from three customer. from domestic sales amounted Baht 1,935.78 million.

	Million Baht					
	Consolidated financial statements					
	Domestic		Foreign		Total	
	2016	2015	2016	2015	2016	2015
Trade receivables, net	656.37	816.29	75.08	76.47	731.45	892.76
Property, plant and equipment, net					1,780.95	1,132.97
Other assets					1,127.84	1,016.22
Total assets					3,640.24	3,041.95

28 CREDIT FACILITIES

Credit facilities granted to the Company and its subsidiaries by financial institutions are secured by the mortgage/pledge of deposits at financial institutions, certain plots of its lands, buildings and some machineries of the Company and its subsidiaries.

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

29 COMMITMENTS AND CONTINGENT LIABILITIES

29.1 Commitments

a) As at December 31, 2016, the Company and its subsidiaries have commitments and contingent liabilities from unused letter of credit of amount to Baht – million.

b) As at December 31, 2016, the Company and its subsidiaries have commitments relating to the lease agreements for head office buildings, warehouses, machineries, office equipment, vehicles and service fees whereby for the expiration dates range from 2016 – 2021. Future minimum payments under the leases are as follows:

Rental expenses and service fees under the above leases for the year ended December 31, 2016 amounted to Baht 120.24 million (the Company only : amounted to Baht 96.34 million).

c) As at December 31, 2016, the Company has the commitment from purchase of machineries amounted to Baht 102.52 million.

Lease agreements	Periods (Million Baht)			
	Consolidated financial statements		Separate financial statements	
	Not later than one year	Later than one year and not later than five years	Not later than one year	Later than one year and not later than five years
Head office buildings	10.87	2.72	7.25	1.81
Warehouses	29.49	44.54	13.97	41.82
Machineries	57.83	1.30	57.78	1.30
Office equipment	2.89	1.26	2.17	1.08
Vehicles	4.14	5.42	3.31	4.14
Service fees	4.54	–	4.54	–

29.2 Bank guarantees

As at December 31, 2016 and 2015 there were outstanding bank guarantees of approximately Baht 9.20 million and Baht 10.12 million, respectively issued by banks on behalf of the Company and its subsidiaries (the Company only : amounted to Baht 8.78 million and Baht 9.12 million, respectively) in respect of certain performance obligations as required in the ordinary course of its business.

29.3 Guarantee

As at December 31, 2016 and 2015, the Company had guaranteed Baht 155 million and Baht 300 million, respectively of loans obtained by a subsidiary from financial institutions, respectively. These guarantees are effective for as long as the underlying obligations have not been discharged by the Company or its subsidiary.

Guarantee fees have been charged between the Company and its subsidiary at 1.75 percent per of the guarantee amount.

30 FINANCIAL INSTRUMENTS

30.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade receivables, trade payables and short – term and long – term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

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

Interest rate risk

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

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions and loans that are denominated in foreign currencies.

As at December 31, 2016, and 2015, the Company and its subsidiaries are exposed to foreign currency risk primarily to foreign currency denominated financial assets and liabilities as follows:

Consolidated and Separate financial statements			
Foreign currency	Financial assets	Financial liabilities	Asset / liability exchange rate
			as at December 31, 2016 (Baht per foreign currency unit)
US dollar	664,969	2,760,315	35.57/36.01
Euro	-	282,379	37.28/38.14
Singapore	1,043	-	24.45/25.08
			As at December 31, 2015 (Baht per foreign currency unit)
US dollar	382,536	2,541,839	35.83/36.25
Euro	-	31,509	38.97/39.80
Singapore	-	2,205	25.18/25.79

As at December 31, 2016, and 2015, the Company and its subsidiaries have not the outstanding foreign currency sales and purchase agreement.

30.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short – term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

31 CAPITAL MANAGEMENT

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

According to the statements of financial position as at December 31, 2016, the Group's debt to equity ratio was 1.30: 1 (as at December 31, 2015: 1.43: 1) and the Company's was 1.28 : 1 (as at December 31, 2015: 1.48 : 1).

32 EVENTS AFTER THE REPORTING PERIOD

On January 12, 2017, the Company had established a new company namely Malee Applied Sciences Company Limited with shareholding percentage at 99.99% of registered and paid – up capital amount Baht 10.00 million. The operation is to provide an innovative research and development to increase value of product and service.

On February 22, 2017, Malee Harvest Company Limited executed agreement to sell all investment on Lanchang Farm Company Limited to an unrelated investor at Baht 18.27 million by reference the fair value of investment in Lanchang Farm from an independent appraiser. Such investment had a book value as at December 31, 2016 of Baht 30.42 million which this transaction was approve by executive board on February 16, 2017. The Company recognized the impairment loss on the investment in Malee Harvest Company Limited amount Baht 12.65 million in the separate financial statement and on all of Goodwill of this investment in the consolidated financial statement.

33 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of Directors on February 23, 2017.







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