



STRENGTHENING OUR FOUNDATION

ANNUAL REPORT 2017 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.



A stylized, handwritten signature in black ink, likely reading 'Chatchai Boonyarat'.

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

MESSAGE FROM CHAIRMAN

THE OVERALL ECONOMIC STATE OF THAILAND HAS BEEN CONTINUOUSLY DECELERATED FOR ANOTHER YEAR IN 2017. THE PURCHASING POWER OF THE PEOPLE DIMINISHED. THE ECONOMIC ATMOSPHERE WAS UNFAVORABLE FOR PRIVATE CONSUMPTION AND EXPENDITURE, HOWEVER, THANKS TO THE COMPANY'S POLICIES AND STRATEGIES THAT CONCENTRATE MORE ON INTERNATIONAL BUSINESS, OUR BRAND'S STRENGTH, AS WELL AS THE EXPERTISE AND DEDICATION OF OUR TEAM, THE COMPANY IS ON TRACK ON BUILDING STRONG FOUNDATION FOR THE FUTURE.

OUR LONG-TERM STRATEGIC PLAN OF NINE YEARS (2015-2023) WHICH CONSISTS OF THREE PHASES, THREE YEARS FOR EACH PHASE. THE YEAR OF 2017 WAS THE LAST YEAR FOR THE FIRST PHASE OF OUR STRATEGIC PLAN (2015-2017) THAT CONCENTRATES ON BUILDING CORPORATE FOUNDATION AND STRENGTH TO SUPPORT THE FUTURE GROWTH. THE OVERALL DEVELOPMENTS AND IMPORTANT ACTIVITIES IN THE FIRST PHASE OF OUR STRATEGIC PLAN WERE SUMMARIZED AS FOLLOWS:

1. The Company has changed its name and logo in accordance with our business strategies and goals in years to come, which concentrate on the growth of international business as well as extending beyond fruit business.

2. The Company has established a new subsidiary called "Malee Applied Science Company Limited" with objectives to increase farmers' revenues and increase the Company's stability in raw material supply, aiming at developing innovation and high value added products (HVA), the essential factors that enhance the Company's potential in preparing for the competition as well as driving the Company's growth in the future.

3. As for the operations, the Company has invested in improving factories, machineries, and offices renovations. These investments are intended to enhance production efficiency, reduce costs, improve quality system, conserve environment, and increase the variety of products and packaging. In addition to the tangible asset investment, the Company has also focused on investing in information system, research and development, building new corporate culture, improving personnel through provision of training courses and potential development on continuous basis, and increasing capable personnel enough for our growth plan in the future.

4. As for building partnerships, the Company has set up joint ventures with trade partners, both domestic and international, in order to improve the Company's products and distribution channels that meet consumers' demands in the entire region. The four partnership companies are as follows:

4.1. The Company has partnered with Mega Life Sciences Public Company Limited Thailand, to establish a joint venture called "Mega Malee Company Limited" in Thailand, with objective to develop new business segment on natural health-focused food and beverage products that meet consumer's further demands on health concerns.

- 4.2. The Company has partnered with Monde Nissin Corporation Philippines to establish a joint venture called "Monde Malee Beverage Corporation" in the Philippines, with objective to import the Company's food and beverage products for distribution in the Philippines.
- 4.3. The Company has partnered with PT Kino Indonesia Tbk Indonesia to establish two joint ventures in Indonesia and Thailand as follows:
- 1). PT Kino Malee Indonesia established in Indonesia with objectives to produce and import the Company's food and beverage products, as well as developing new products to distribute in Indonesia.
 - 2) Malee Kino (Thailand) Company Limited established in Thailand with objectives to import and distribute Kino's products such as personal care and beverage products, as well as developing new products for Thai market.
- 4.4. The Company is entering into an agreement to acquire 65-percent stake in Long Quan Safe Food JSC, which hold 100-percent stake in Tan Quang Minh Manufacture and Trading Company Limited, from the previous shareholders. Long Quan Safe Food JSC is a manufacturer and distributor of food and beverage products in Vietnam. The acquisition was intended to expand into Vietnam, market as well as to use it as our manufacturing hub to neighboring countries and emerging markets.

All of the above will be essential in establishing a strong foundation for the Company to drive more growth in the future. In 2018, the Company will celebrate its 40th year anniversary and begin its journey into the next decade. The year 2018 is also the first year of the second phase of our long-term strategic plan, the phase in which the Company planning for a leapfrogging and sustainable growth, with an aim to be one of the leaders in food and beverage business in ASEAN. Therefore, the Company has been planning for systematic operations in every aspect, while building preparedness of foundation aspects for sustainable stability.

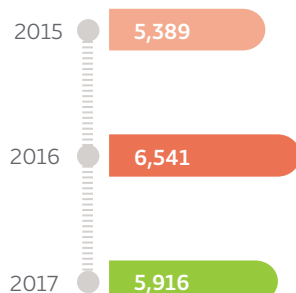
For almost 40 years of operations, the Company has encountered many different experiences from which we have learned, adapted, and changed our business approaches. We have overcome a lot of crisis and developed innovation, for products, services, and operational approaches to meet customers and consumers' demand. We have also encouraged good quality of life while building healthy environment and sustainable society for all concerned parties. All of those have helped the Company to reach the continual and solid growth and to be, ready to deal with the competition and any incurring changes.

As for our rewards and pride in 2017, the Company won the Prime Minister's Award 2017 for "Best Exporter" from Department of International Trade Promotion, Ministry of Commerce. The reward was granted by General Prayuth Chan-ocha, Prime Minister. The Company was ranked in CG Scoring of 4 Stars (Very Good) for the second consecutive year from Thailand Institute of Directors (IOD). The Company was selected to be a constituent stock of MSCI Global Small Cap Indices and a constituent stock of SET 100 Index, as a reference for institutional investors all over the world to benchmark their return on investment. Another pride in the year 2017 came when the Company, with our 2016 operating results, won the "Best Company Performance Awards" in the group of listed companies with a market capitalization between Baht 10,000 to 30,000 million, while also getting nominated for the "CEO Awards" in SET Awards 2017 organized by the Stock Exchange of Thailand.

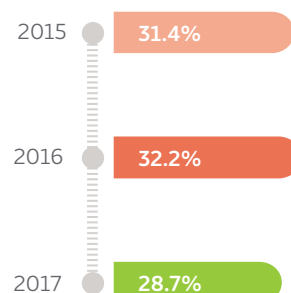
Finally, on behalf of the Board of Directors, Management and all employees, the Company would like to thank all shareholders, trade alliances, trade partners, consumers and all of other parties relating persons for your favorable contribution and support to our business. The Company is committed to operating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

FINANCIAL HIGHLIGHTS

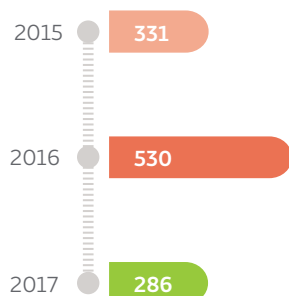
SALES REVENUE (THB MILLION)



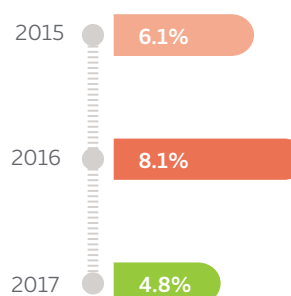
GROSS PROFIT MARGIN (%)



NET PROFIT (THB MILLION)



NET PROFIT MARGIN (%)



SALES BY GEOGRAPY (unit : THB Million)

	2015	%	2016	%	2017	%
Domestic Sales	3,857	72%	3,978	61%	3,781	64%
Export Sales	1,533	28%	2,563	39%	2,135	36%
Total Sales	5,389	100%	6,541	100%	5,916	100%

FINANCIAL HIGHLIGHTS (MILLION BAHT)	2015	2016	2017
Sales& Revenue	5,389	6,541	5,916
COGS	3,696	4,438	4,216
Gross Profit	1,693	2,104	1,700
SG&A	1,313	1,406	1,396
EBITDA	539	825	535
Depreciation&Amortization	92	144	181
EBIT	448	681	347
Net Profit	331	530	286
EPS (Baht)	1.19*	1.89*	1.02
Total Assets	3,042	3,640	4,390
Total Liabilities	1,788	2,061	2,778
Paid-Up Capital	140	140	140
Shareholders' Equity	1,250	1,575	1,612
Dividend per Share (Baht)	0.60*	0.95*	0.55

*Based on adjusted par value of baht 0.50

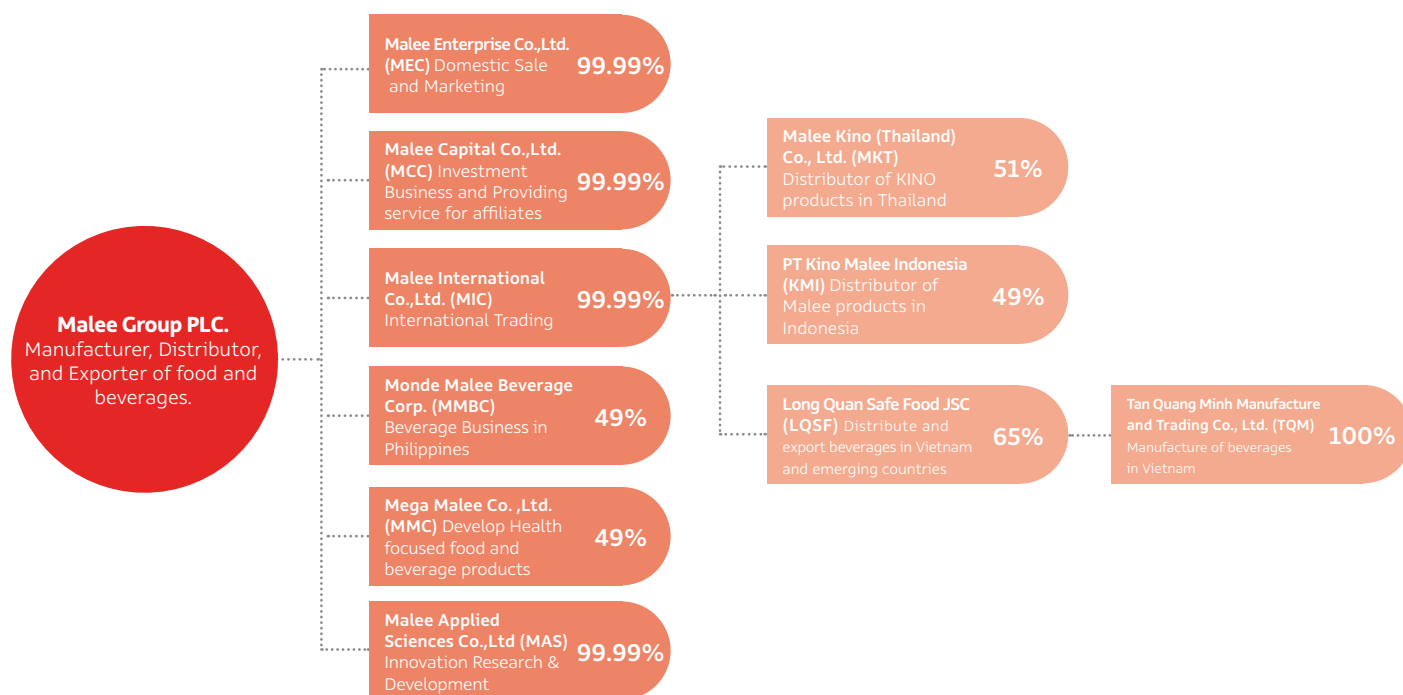
LIQUIDITY RATIOS	2015	2016	2017
Current Ratio (x)	1.1	0.9	0.9
Quick Ratio (x)	0.7	0.5	0.4

PROFITABILITY RATIOS	2015	2016	2017
Gross Profit Margin (%)	31.4%	32.2%	28.7%
EBIT Margin (%)	8.2%	10.4%	5.8%
Net Profit Margin (%)	6.1%	8.1%	4.8%
ROA (%)	14.8%	20.4%	8.6%
ROE (%)	29.3%	37.5%	17.9%

LEVERAGE RATIOS	2015	2016	2017
D/E (x)	1.4	1.3	1.7
IBD/E (x)	0.7	0.8	1.1

CASH CYCLE	2015	2016	2017
A/R Days	57	45	47
Inventory Days	76	64	80
A/P Days	43	32	34
Cash Cycle Days	90	77	93

STRUCTURE OF MALEE GROUP PUBLIC COMPANY LIMITED, ITS SUBSIDIARIES AND JOINT VENTURE AS OF 15 MARCH 2018



Remark

- As of the date of writing this report, our investment and acquisition in Vietnam is still in progress in accordance with the Condition Precedent as specified in the share purchase agreement. The acquisition is expected to be completed within 30 June 2018.

Malee Group Public Company Limited

Registration Number	0107535000079
Address	No. 401/1 Phaholyothin Road, Lam Luk Ka, Pathumthani, 12130
Telephone	+66(2) 080 7899
Fax	+66(2) 080 7800
Website	http://www.malee.co.th
Factory Address	26/1 Sampran Road, Sampran, Nakornprathom, 73110, Thailand
Business	Manufacturer, Distributor, and Exporter of food and beverages.
Number of Shares and Par Value	280,000,000 shares, Par Value of 0.50 Baht per share
Contact Person	Ms. Naharuthai Chuachalad Tel. +66(2) 080 7899 ext 1136 E-mail: naharuthai_chu@malee.co.th

SUBSIDIARIES AND ASSOCIATED COMPANY

Malee Enterprise Company Limited

Registration Number	1105535109621
Address	401/1 Phaholyothin Road, Lam Luk Ka, Pathumthani, 12130, Thailand
Telephone	+66(2) 080 7899
Fax	+66(2) 080 7800
Website	http://www.malee.co.th
Business	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%)

Malee Capital Company Limited

Registration Number	0135551007374
Address	401/1 Phaholyothin Road, Lam Luk Ka, Pathumthani, 12130, Thailand
Telephone	+66(2) 080 7899
Fax	+66(2) 080 7800
Website	http://www.malee.co.th
Business	1. Investment business 2. Provide service for affiliates
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 International Company Limited

Registration Number	0135556014948
Address	401/1 Phaholyothin Road, Lam Luk Ka, Pathumthani, 12130, Thailand
Telephone	+66(2) 080 7899
Fax	+66(2) 080 7800
Business	International Trading
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%)

Registration Number 0520960154

Address	NO.9 Sheriden St., Mandaluyong City 550, Metro Manila, Philippines
Telephone	+66(3) 754 2100 +66(3) 810 9207
Business	Beverages business in Philippines
No. of ordinary shares and par value	750,000 shares 200 Peso per share
No. of shares held by the Company	367,498 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) 709 3600-6
Business	Develop new health focused 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 Sciences 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%)

Malee Kino (Thailand) Company Limited

Registration Number	0135561001310
Address	401/1 Phaholyothin Road, Lam Luk Ka, Pathumthani, 12130, Thailand
Telephone	+66(2) 080 7899
Fax	+66(2) 080 7800
Business	Kino products and NPD in Thailand
No. of ordinary shares and par value	1,00,000 Shares 100 Baht per share
No. of shares held by the Company	509,997 shares (accounted for 51%)

PT Kino Malee Indonesia Company Limited

Registration Number	4017120536100522
Address	Kino Office Tower 22nd Floor, Jl. Sutera Boulevard No. 01 Alam Sutera, Kel. Panunggangan Timur, Kec. Pinang, Tangerang City, Banten Province, Indonesia
Telephone	+621-654-5422
Fax	+621-654-2526
Business	Malee products and NPD in Thailand
No. of ordinary shares and par value	40,000 Shares 1,000,000 IDR per share
No. of shares held by the Company	19,600 shares (accounted for 49%)

OTHER REFERENCES**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

Mr. Chaityuth Angsuwithaya
Certified Public Accountant No.3885

A.M.T. & Associates

(year 2011 – 2017 for 7 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 +66(2) 233 1666 ext. 3910-1
Fax:	+66(2) 236 3916
Email:	bcvidhya@bcvidhya.com

Investor Relations Department

Ms. Saithip Monthakantiwong	
Telephone:	+66(2) 080 7899
E-mail:	ir@malee.co.th





SHAREHOLDING STRUCTURE



TOP 10 MAJOR SHAREHOLDERS AS OF 9 MARCH 2018

List of Shareholders	Number of Share	%
Abico Holdings Public Company Limited	75,100,000	26.82
Mrs. Kamolchat Juangroongruangkit	49,000,000	17.50
Thai NVDR Co.,Ltd	8,913,973	3.18
Mrs. Chintana Boonyarat	8,015,500	2.86
Mr. Wat Chirathivat	7,397,900	2.64
Mr. Pichai Chirathivat	6,597,900	2.36
Mr.Kobchai Chirathivat	6,407,900	2.29
K Master Pooled Fund – Provident Fund	5,199,700	1.86
Malee Group	4,000,000	1.43
Mr.Surasak Burapadecha	3,264,000	1.17

BOARD OF DIRECTOR SHAREHOLDING AS OF 31 DECEMBER 2017

Name	31 Dec 2016	Change	31 Dec 2017
Mr. Chatchai Boonyarat	–	–	–
Mrs. Chintana Boonyarat	2.71%	0.07%	2.78%
Mr. Pichai Chirathivat	2.36%	–	2.36%
Ms. Roongchat Boonyarat	0.24%	0.16%	0.40%
Mr. Opas Lopansri	–	–	–
Mr. Kitti Vilaivarangkul	–	–	–
Ms. Nattharin Talhthong	–	–	–
Ms. Nart Fongsmut	0.02%	0.02%	0.04%
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".

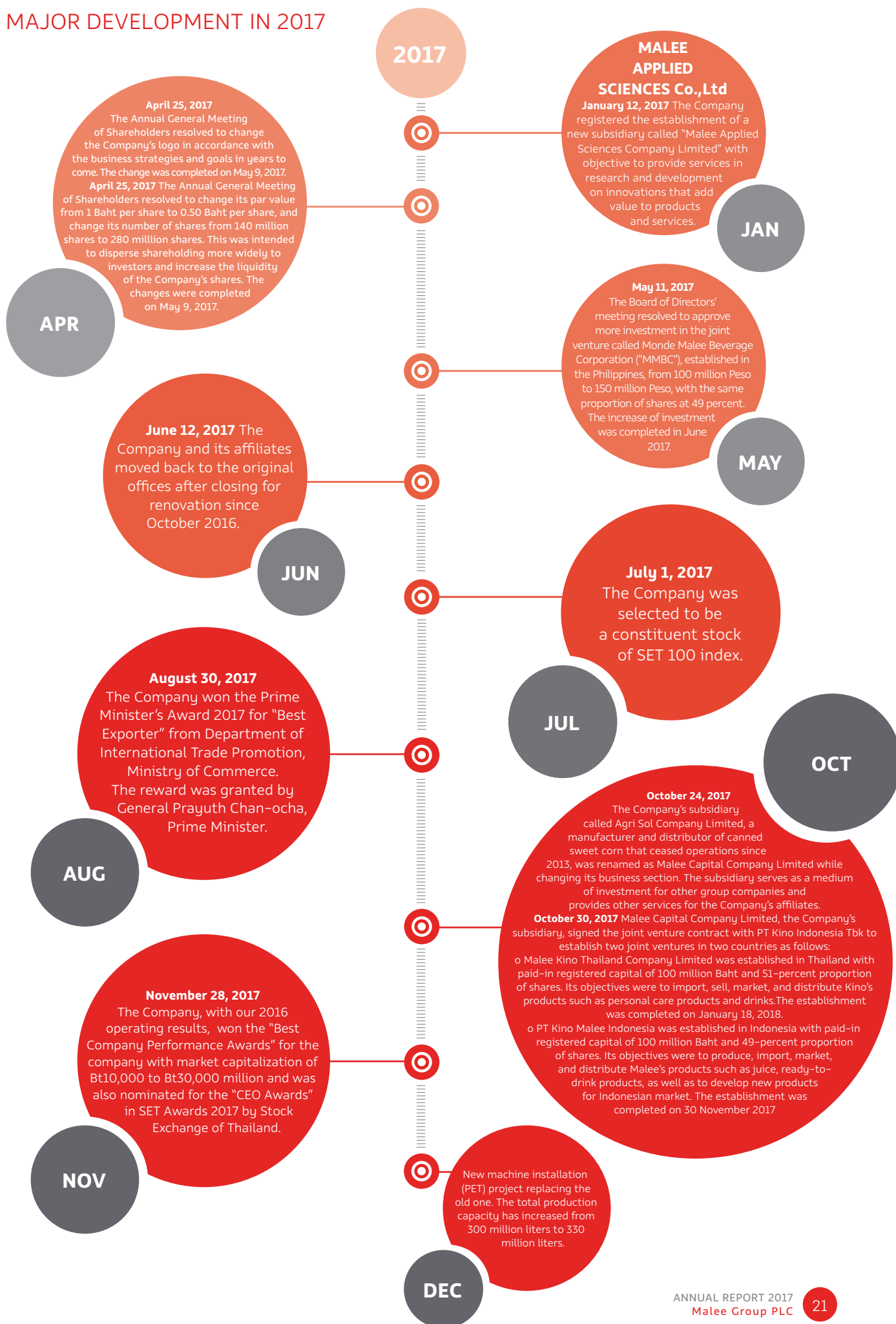
DIVIDEND PAYOUT RATIO IN £ YEARS

Year	Earnings per share (Bath/share)	Dividend payout ratio (Bath/share)	Dividend payout ratio on earnings(%)
2015	1.19	0.60	50.6%
2016	1.89	0.95	50.2%
2017	1.02	0.55	53.9%

Remark: Last updated at 0.50 Baht per share.



MAJOR DEVELOPMENT IN 2017



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.

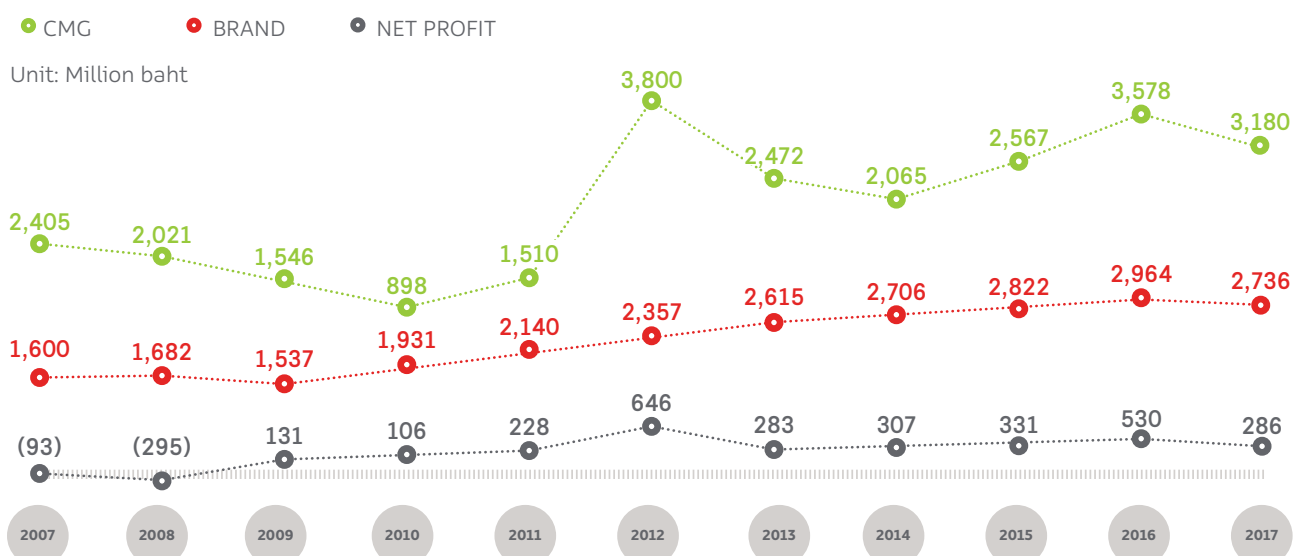
Later on 9 April 2013, the Company decreased its registered capital to Baht 182,000,000 million, with paid-up capital of Baht 140,000,000 million. In 2014, the Company again decreased its registered capital to Baht 140,000,000 million, with total paid-up capital of Baht 140,000,000 million. On 28 April 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 Target to increase sales and net profit as well as release new products for 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 Target on production, research and development, and production process to build knowledge within the Company.

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 Target to improve efficiency and operating performance

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 and assets for the Company's operations.

SHAREHOLDING STRUCTURE

The major shareholder of Malee Group Public Company Limited is Abico Holdings Public Company Limited, with proportion of shares at 26.82 percent.

As of March 15, 2018 the Company's subsidiaries are as followings.

- 1 Malee Enterprise Company Limited is a subsidiary that engages in domestic marketing and distribution. The distribution is operated both by salespersons from the company and its agents nationwide.
- 2 Malee Capital Company Limited is a subsidiary that engages in investment and service for our affiliates.
- 3 Malee International Company Limited is a subsidiary that engages in international trading
- 4 Monde Malee Beverage Corporation is a joint venture between the Company and Monde Nissin Corporation where the Company holds 49 percent of shares. It engages in producing and distributing beverages in the 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 is a subsidiary

that provides service on research and development that add value to products and services.

- 7 Malee Kino (Thailand) Company Limited is a subsidiary that engages in distributing Kino's products in Thailand.
- 8 PT Kino Malee Indonesia Company Limited is a joint venture where the Company holds 49 percent of shares. It engages in distributing Malee's Products in Indonesia.

RELATIONSHIP WITH BUSINESS GROUP OF MAJOR SHAREHOLDERS

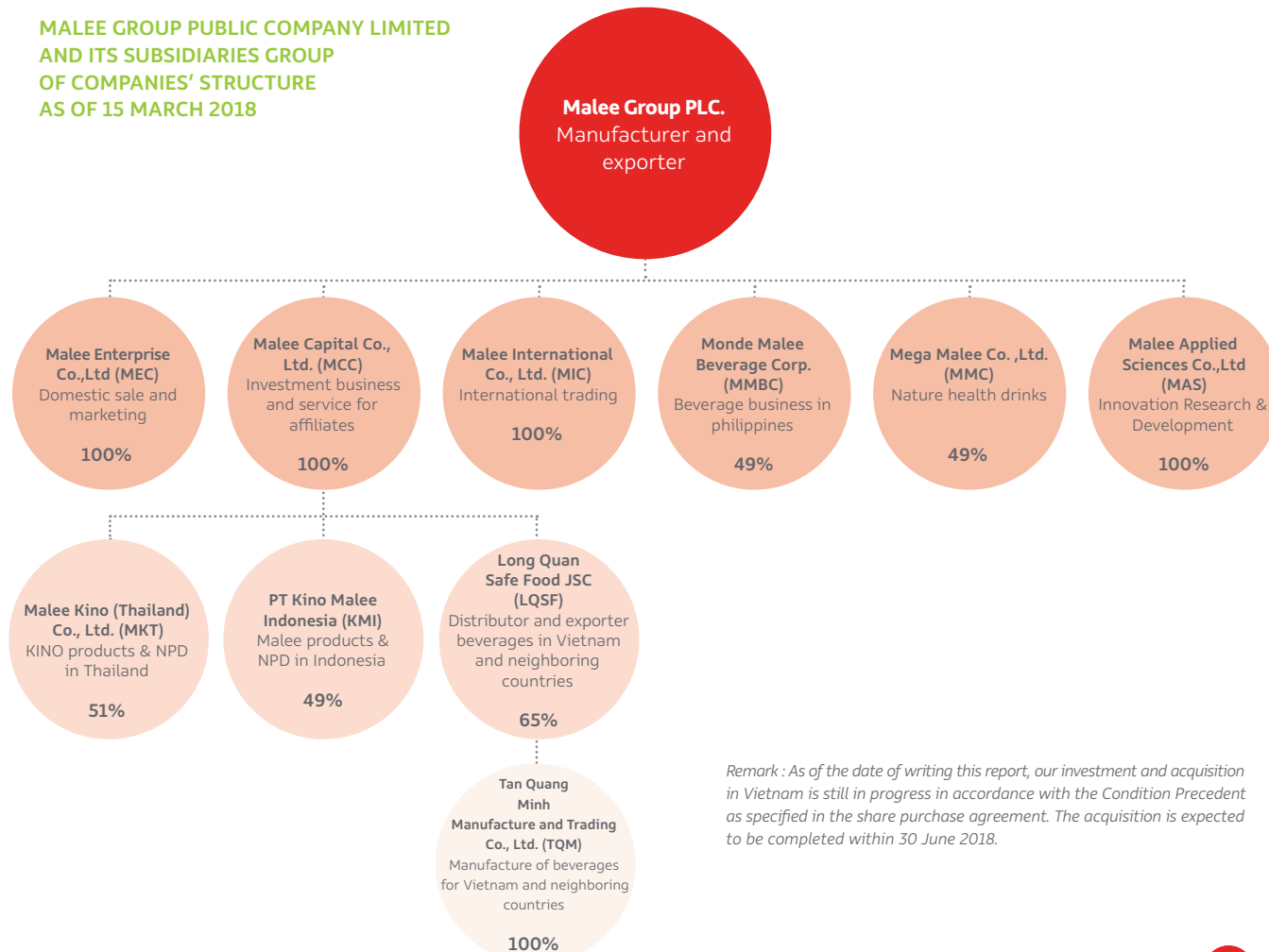
The relations between the Company and corporate major shareholders are as follows:

Abico Holdings PLC. holds 26.82% of shares.

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

Relation: The Company conducts trading among subsidiaries of Abico Holdings Public Company for dairy products and pasteurized juice.

MALEE GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES GROUP OF COMPANIES' STRUCTURE AS OF 15 MARCH 2018



Remark : As of the date of writing this report, our investment and acquisition in Vietnam is still in progress in accordance with the Condition Precedent as specified in the share purchase agreement. The acquisition is expected to be completed within 30 June 2018.

NATURE OF BUSINESS



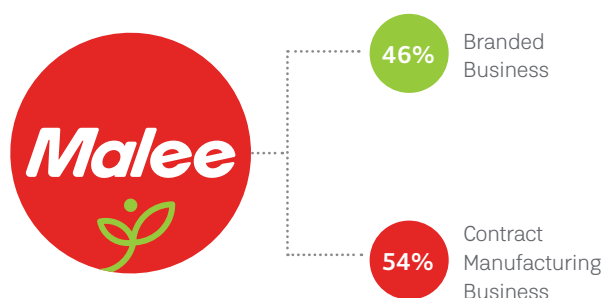


SALES STRUCTURE CLASSIFIED BY GEOGRAPHIC SEGMENTATION IS AS FOLLOWS.

	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Total from domestic sales	3,857	72%	3,978	61%	3,781	64%
Total from export sales	1,533	28%	2,563	39%	2,135	36%

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 Business includes vegetable juices, UHT and pasteurized fruit juices under "Malee", "Malee Healti Plus", "Malee Nutrient", "Malee Juice Mix", "Malee Juicy", "Malee Food Service", "Malee Tropical", and "Malee Coco", as well as drinking water packaged in can, UHT box and PET plastic bottles under "Malee" brand, fresh cow milk both pasteurized and UHT under "Chokchai Farm" brand, "Malee iCorn" corn milk and ready-to-drink canned coffee under "Turbusta Maxx" and "Malee Oriental Café"

Processed Fruit Business includes seasonal canned fruits (rambutan, rambutan stuffed with pineapple, lychee, longan, water chestnut, toddy palm, mango, etc), canned sweet corn, canned pineapple, mixed canned fruits under "Malee" brand, "First Choice" brand, "Farmer" brand, and "Malee Food Service" 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 both 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 the Company and distribute to not only Thailand but also international standard worldwide

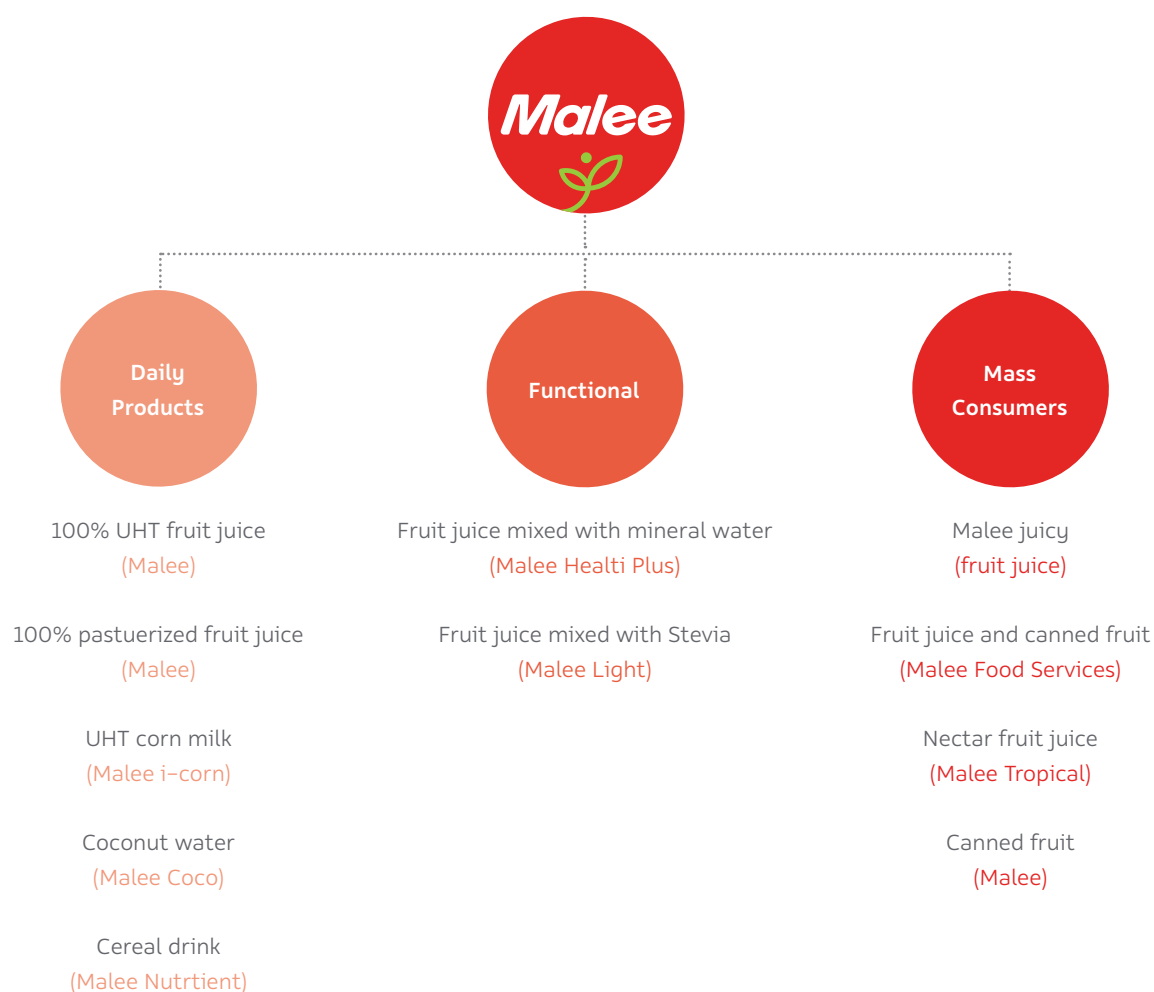
Malee Enterprise Company Limited is the Company's subsidiary operating domestic marketing and distribution. The distribution is performed by the Company's sales staff and Malee direct distributors throughout the country.

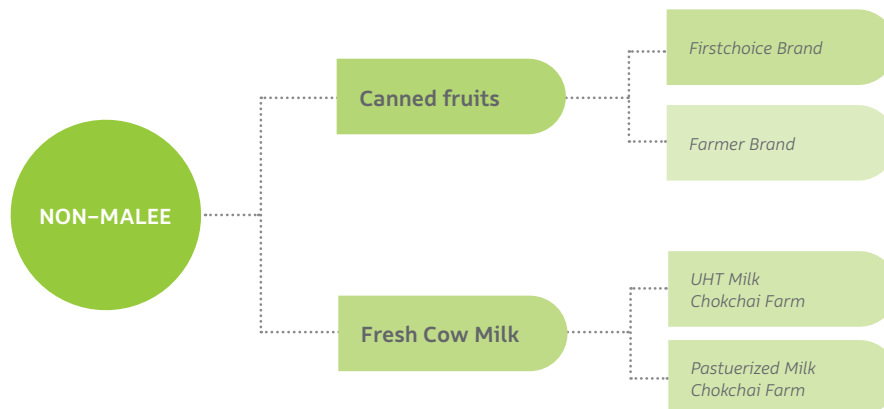
The Company is committed to providing products for consumers' good health. The Company has re-structured the product categories based on benefit of each product as follows:

- 1) Daily consumer product—the group of products without additional nutritional additives. The product itself contains consumers' nutrition needs for daily consumptions.
- 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.

In the past year, the Company has organized product categories aiming to maximize the use of all resources including raw materials, machinery manpower, and time, and manage it suitable for mainstream products by removing some product category and brand whose sales and sales growth were not significant.

PRODUCTS CLASSIFIED BY FUNCTIONS ARE AS FOLLOWS:





MARKET CONDITIONS AND COMPETITION

Industry Overview and Outlook for 2018

Branded Business

Domestic Business

Fruit Juice and Vegetable Juice Business

In 2017, although some economic figures were improving, especially Gross Domestic Product (GDP) and export targets, they still didn't reflect well on purchasing powers of consumers. The market for consumer products in the first half of the year grew at 1%, hitting its lowest in 11 years, due to sluggish economy, household debts, and low agricultural product prices. Those factors made customers reduce their purchasing costs and frequencies while cutting their spending on every product, especially food and drink. Reduction in purchasing included those on product volumes, product groups, and purchasing frequencies; while reduction in spending included selecting smaller packages, purchasing during promotional periods, and changing of purchasing channels.

Regressed consumer's spending was reflected in higher buying during promotion from 25% in 2012 to 36% in the first half of 2017, representing one third of consumer products (data from Kantar Worldpanel (Thailand) Company Limited, a research company of in-dept consumer behavior towards Fast Moving Consumer Good or FMCG)

However, Thai consumers still placed the importance on dietary, personal care and exercise. But due to many factors, especially social media and easy and fast way of communication through mobile phones, consumers gained varieties of information and chose to consume based on influential persons. Concepts of consuming healthy food has also been changed, with the soaring popularity of clean food, whey protein, and mixed fruit and vegetable juices. Fruit has been selected based on consumer's opportune demands with concerns of freshness as close to nature as possible. Consumers had more options and less loyal to one brand or another, while their race-against-time lifestyles maintained the demands on products that are convenient, worthy, time-saving, and oriented towards new technology and innovation.

In 2017, total market value of the ready-to-drink (RTD) fruit juice market was approximately Baht 13 billion or 313 million liters, a decrease of 8% in value and 9% in volume; which consists of six product groups as follows:

1. 100% Fruit Juice (Premium) market value was Baht 4.83 billion or approximately 70 million liters, a reduction of 7% in value and 5% in volume this segment contributes the biggest portion of 37% in the entire RTD fruit juice market, dividing into UHT market value of Baht 4.53 billion, a drop of 6%, and pasteurized market value of Baht 300 million, with a decrease growth of 22%. Malee held the market share of 20% and maintained one of the leaders in the market, thanks to the launch of 100% Coconut Water in cardboard cartons with the new 1000ml size in the first quarter after previously sold only the 330ml size into supermarkets and hypermarkets as well as the launch of 100% Namhom Coconut Water in PET packaging for the first time in April 2017 into convenient stores and later gradually expanded the distribution into other channels.
2. 40-99% Fruit Juice (Medium) market value was Baht 1.24 billion or approximately 26.5 million liters, with no growth compared to 2016.
3. 20-39% Fruit Juice (Economy) market value was Baht 2.6 billion or approximately 91 million liters, the most negative growth of -16% (value) in this category.
4. Less than 20% Fruit Juice (Super Economy) market value was Baht 2.37 billion or approximately 81 million liters, with no growth compared to 2016.
5. Other Juice market value such as herbal juice was Baht 1.66 billion or approximately 42 million liters, with negative growth as high as -13% (value).
6. Concentrate Fruit Juice market value was Baht 147 million or approximately 1.4 million liters, with no growth compared to 2016.

Sales contribution by channel of ready-to-drink fruit juice in 2017 was unchanged. The highest sales channel was modern trade with contribution of 60% followed by the traditional trade of 30%.



น้ำดื่ม
ได้ถูกใจ
100%



มาลี น้ำผลไม้ 100% ดี เพราะถูกใจมาดี

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



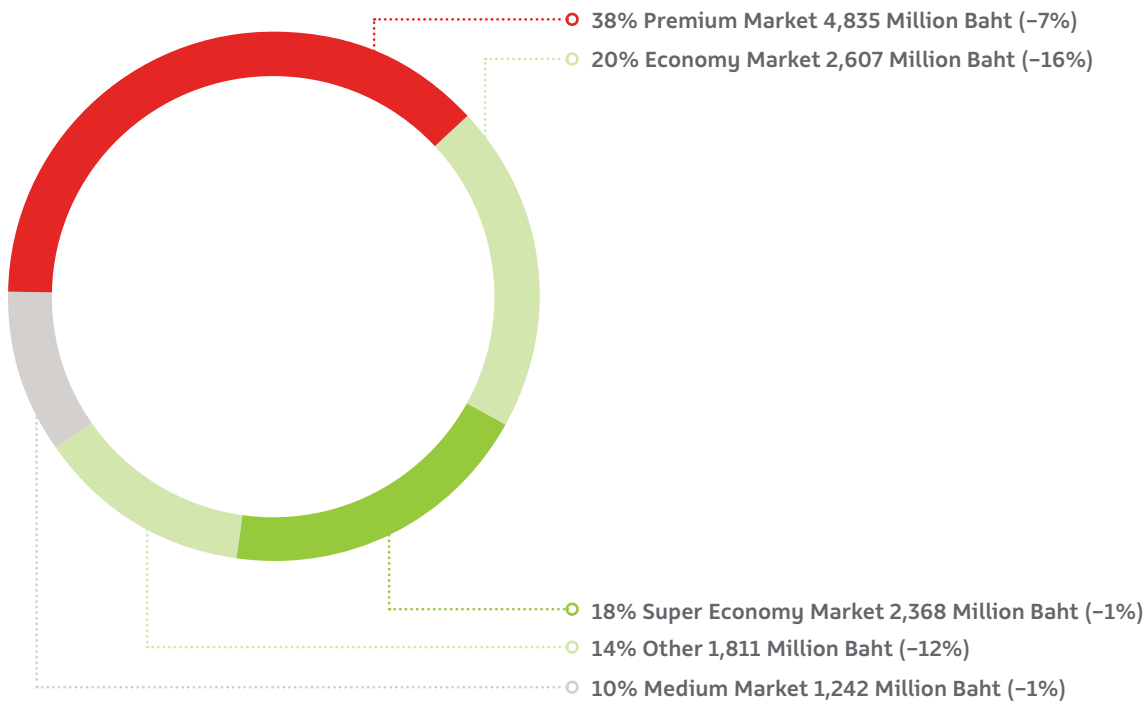
Nectar juice, Malee tropical



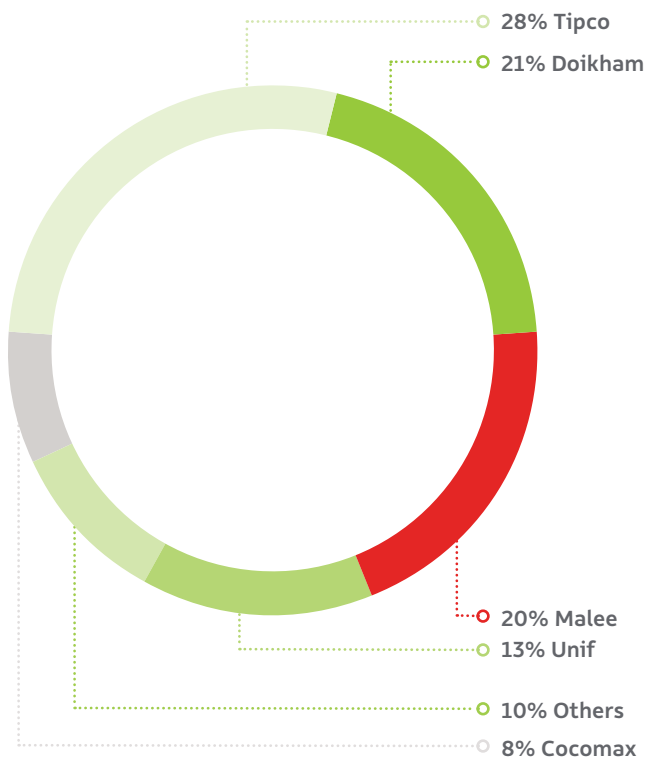
Cereal Milk Malee Nutrient



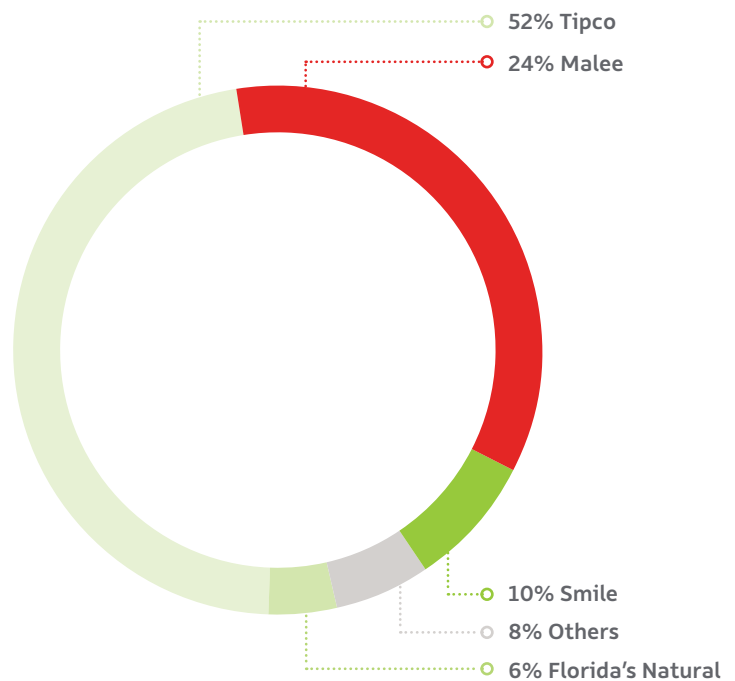
DOMESTIC READY-TO-DRINK FRUIT JUICE MARKET



PREMIUM JUICE UHT MARKET SHARE



MARKET SHARE (PREMIUM PASTEURIZED)





Our proportion of sales in different channels for RTD fruit juice is still the same in 2017, with the most proportion of 60% for modern trade, followed by 30% for Traditional Trade.

Data shows that the growth of RTD fruit juice market encountered the most reduction in the last five years, and the reduction occurred in every channel of distribution. Competitors in the market has continually conducted promotional campaigns to boost sales while the competitive pricing has been intense. However, changing customers' behaviors and changing population structure towards elderly society in Thailand are leading to the launch of new products that fulfill more of niche demands.

The implementation of new sugar tax on beverage in mid-September of 2017 has influenced customers to be aware of the disadvantage of excessive sugar consumption. For Malee 100% premium fruit juices, there is natural sugar from fruits, so sugar cannot be reduced in such products. However, as one of the leading manufacturers of premium fruit juice, Malee has planned to develop new fruit juice products that reduce sweetness while maintain high vitamins, minerals, quality and favorite tastes for customers.

Moreover, Malee concentrates on researching on innovations and variety of healthy products for niche consumers; as well as conducting continual marketing events, placing the importance on brand building to reach target consumers, adding the desirable value to build uniqueness against

competitors, and making consumers understand and demand more of Malee products. Instead of limited itself to the key product of 100% fruit juice, Malee sees its opportunity in reaching the other market with our readiness in technology and modern manufacturing machinery which can produce beverage in PET bottles. The process leads to more appropriate forms of products in more various distributing channels and the reduction of costs that increase our competitiveness.

In the third quarter, the launch of Namhom coconut water has led to the growth as high as 152% in Malee coconut water group. As for remarkable activities in 2017, Malee has renovated its 100% RTD UHT fruit juice for the first time in five years, both 200ml and 1000ml sizes. In the early third quarter, new designs are made by world-class designers to express natural feeling, raw material selection, and good quality, all of which are the core of Malee. The renovation came with marketing activities, advertisements, and all-in-one public relations in order to boost consumers' awareness to the change through a campaign called "New Malee 100% Heartful Value". The campaign used animation in the advertisements for the first time to show our attentiveness from meticulousness from plating, caring, manufacturing to your hands. The Value will not be 100% fulfilled without Malee's consumers. Moreover, the 200ml carton is in the shape of leaf that is easy to hold, and both sizes of cartons are made of paper from a plantation that is not harmful to environment. Malee also utilized social media to promote product trials and decorations at the purchasing sites to



raise visions, with remarkable proportions on shelves. The campaign helped Malee reach its market share of historical high of 25% for fruit juice market in July. According to a consumers' satisfaction survey after the campaign, Malee brand's popularity has been obvious soared in terms of brand image, quality, and trial purchase.

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. 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 seasonality 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 2017, Malee encountered a produce supply problem that has persisted since 2016, leading to inadequate supplies for market demands in the first half of the year. The mid-year agricultural produce has fulfilled the demands in the second half of the year, but it still affected on the





increasing costs. Thus, Malee responded with a plan to adjust product portfolio and image for all brands in canned fruit business, especially First Choice brand, to gain more good reputations that fulfill gaps between Premium and Medium market.

Since canned fruit consumption is acceptably inclined to become lower, Malee has planned to boost consumption by increasing opportunities and volumes of consumption, providing public relation media to promote canned fruit-related menu, building sensation, and conducting promotional activities during important festivals such as Chinese New Year, Sert Chin Day, making-merit ceremonies, and other festivals. Moreover, Malee has increased its selling channels by using small trial purchasing sites, adding distribution, and adding more varieties of products such as Buddhism offering sets in convenience stores and gift sets in supermarkets and hypermarkets.

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.

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 become 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.

In 2017, Malee launched Malee Nutrient almond drinks in two flavors; original and honey with vanilla, with selected almond from Australia. They are initially sold only in convenience stores with promotional channels through Facebooks; Advertisements in printed media, radio, and other media outlets; as well as promotional activities to boost trials, lucky draw activities to boost sales, and building the awareness of the sub-brand Nutrient in more modern ways.

Corn milk product under the brand of Malee I Corn is another key product in this group, with 100% corn milk as its uniqueness against competitors. Malee has planned to renovate its I Corn product by emphasizing on valuable nutrients that are healthy for eyes, a feature that is different from its competing brands. The plan includes advertising campaign through online media, radio, printed media, and point-of-purchasing material; as well as marketing activities to boost awareness and sales.

UHT and Pasteurized Dairy Business

The UHT and Pasteurized Milk Business stabilized its growth depending on ongoing health trend which has been running for years. The average domestic consumption of milk stands at 16 liters/person/year, which indicates 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 Europe, however, milk consumption is considered limited to certain groups of people, mainly on children and pregnant women; while adult consumers do not consume lots of milk and opt to consume alternative drinks. Competitors in dairy market have emphasized on launching new products to stimulate the market both in premium milk and new flavors in response to customers' demands, while focusing on market expansion through new product development; along with expansion and development of sales channels, direct sales, and developing new formats with the aim to reach more customers. Those moves include kiosks for selling simple sets 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 stimulating the consumption. In order to strengthen the brand, several organizations concentrate on encouraging Thai consumers to drink more milk for their good health by providing knowledge and stimulating milk drinking habits in all ages and all genders. As people have higher education, while trends in health and wellness are 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 billion, with growth of -1.1%, tends to decrease. 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.



In 2017, Malee has planned to expand products under Chokchai Farm brand in order to extend its consumer base towards various age groups. The plan was conducted by launching new products in formats that can be distributed deeper in various channels, especially Traditional Trade, and can be accessed by target consumers in appropriate prices.

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 accounted for approximately 25.9% of the whole market, with plain-flavored milk held the highest proportion. This section saw the growth of -3.9%.
- Pasteurized milk accounted for approximately 12.8% of the whole market, with growth of 3.6%.
- Ready-to-drink yoghurt milk accounted for approximately 23.4% of the whole market, with no growth changed.
- All kinds of soy milk; UHT, pasteurized, and sterilized, accounted for approximately 26% of the whole market, with growth of -5%.
- Cereal drink accounted for approximately 0.8% of the whole market, with the highest growth of more than 30%.
- Milk for adults accounted for approximately 2.4% of the whole market, with growth of 7.3%.

(Source: Nielsen, December 2017)





International Business

According to growth direction of Malee Group which concentrates on expanding the international markets and driving them to become significant portion in the future, the Company emphasizes on the growth of the markets in China and other emerging countries; as well as in ASEAN which includes Myanmar, Cambodia, Vietnam, The Philippines, and Indonesia. Those countries are homes of vast population with rising middle class, while maintaining high growth for many years. This was the result of our proper strategic plans for each of those countries which are our key markets.

Our major developments in 2017 were summarized as follows:

1. The Company looked for ways to expand our market in the emerging countries, in order to extend our consumer base and strengthen our operations in the future. The Company also placed the importance on maintaining old customer and new customer bases constantly for our sustainable growth.
2. The Company placed the importance on researching more on international markets' demands, especially in ASEAN as described above, because those markets have similar demands to Thailand's and have preferences and trust for Thai products. Also, most people in those countries become attentive to health and wellness. The Company saw the opportunity that fruit juice may fulfill their demands on health and wellness.
3. The Company has set up a strategic plan to strengthen Malee brand in foreign countries with the use of online and offline media, in order to reach target consumers in main countries. For example, using social media in China, Myanmar, and Cambodia; as well as point-of-purchase materials, outdoor advertising media, and Roadshow events in order to make target consumers engage in our products, try our products, and eventually be loyal to Malee brand.
4. The Company has set up a budget for promotional activities to boost sales and rejoice with people in foreign countries; as well as to offer promotional campaigns that connect online and offline content to engage consumers in being aware of Malee brand through online content, buying Malee products in supermarkets in an offline manner, and

participating in activities held by Malee such as scanning for Malee's WeChat QR code in order to win a trip to Thailand. The Company tried to draw on our products' distinctive points and benefits of fruit juice as our selling points that leads to repurchasing and becoming of Malee's long-term consumers.

5. The Company starts reviewing 40 countries to which we were exporting our products. To make our international business consistent with our Thailand model, the company focused on marketing in countries with high potential and growing demand on healthy drinks. Thus, the number of those countries to which we are exporting our products was reduced to 25 countries based on their status as the Company's main sources of income.

6. The Company has closely worked with our trade partners and alliances in setting up a proper marketing and distributing strategy for each country. The aim was to select various products that fulfill consumers' demands and distribute products that reach as many consumers as possible, especially for emerging economies in ASEAN and China which are our key markets.

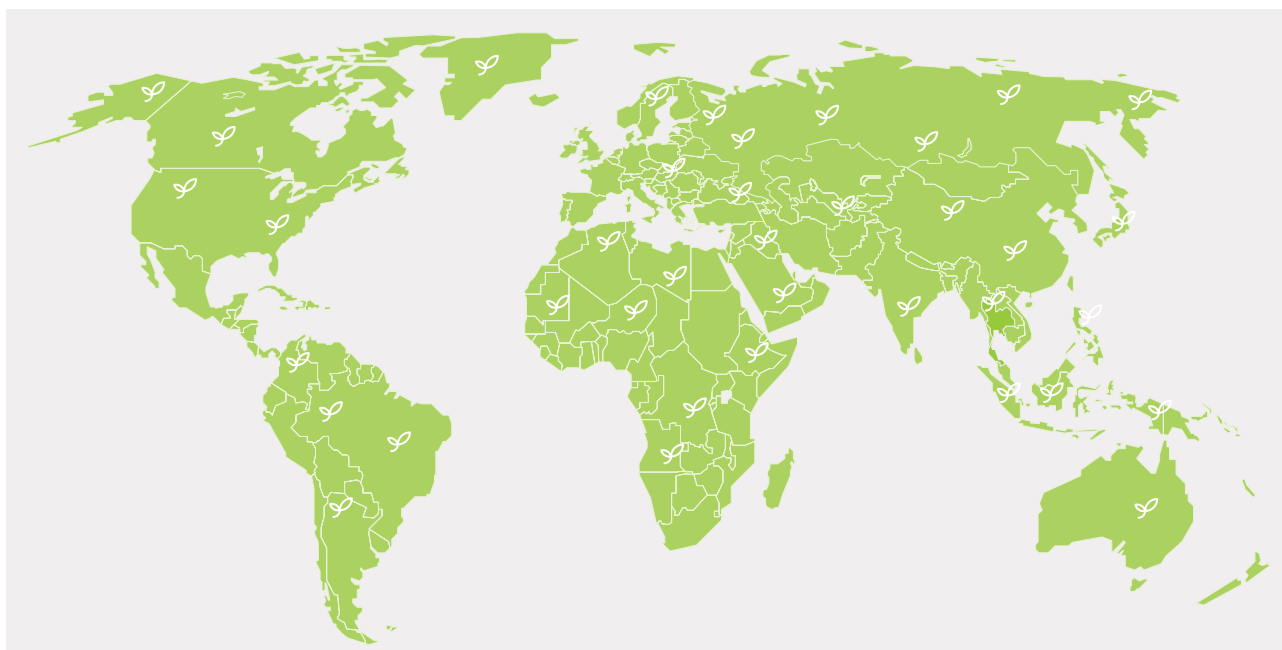
7. Worldwide demands on coconut water is constantly growing. The growth builds up the Company's capability to expand Malee Coco market to new countries and disperse our products more widely to countries like Myanmar, South Korea, Hong Kong, Middle East, and etc.

8. The Company offered new products to both current and new trade partners in order to expand Malee products in countries where we have already marketed and new countries. For example, the Company is distributing and marketing Malee Nutrient in United Arab Emirates, and marketing Malee Juicy fruit juice and Turbusta Maxx canned coffee in China.

9. The Company has renovated its 100% Malee fruit juice for the first time in 5-6 years in order to enhance 100% fruit juice towards international status and carry consumers' favors both inside and outside the country. This move is in collaboration with world-class designers to research and develop new packing designs with the concept "Grown with Love". Moreover, the new packaging design for 200ml carton of UHT fruit juice was introduced in the shape of leaf that is easier to hold and environmental-friendly. The Company relies on 100% Malee fruit juice as its main export product in 2017 and years to come.

10. The Company won the Prime Minister's Award (PM Award) 2017 for "Best Exporter" for a large company. The achievement reflects well on the Company's commitment to driving business towards a sustainable world-class manufacturer of healthy food and drink products.

Moreover, the Company's joint venture called Monde Malee Beverage Corporation (MMBC) is still one of the factors that drive Malee sales in international markets. In mid-March 2017, MMBC launched the second product which is ready-



to-drink fruit juice jelly under the brand of "Jellyvit" for beauty-oriented teenagers.

The Company signed the joint venture contract with PT Kino Indonesia Tbk, one of the leading consumer product companies in Indonesia, to establish two joint ventures in two countries as follows:

1. Malee Kino Thailand Company Limited was established in Thailand with objectives to market personal care products in Thailand. Personal care products are more profitable than beverage business. Thus, the Company expects that the new product will help improve the Company's overall profit.
2. PT Kino Malee Indonesia was established in Indonesia with objectives to develop, manufacture and distribute new products in the beverage business; while expand fruit juice market of Malee brand. The joint venture is expected to open business within mid-2018, in order to fulfill the needs of consumers in two countries with overall purchasing more than 330 million people, and strength oneself to enter international market. PT Kino Malee Indonesia's strength lies in distribution and dispersion of products by more than 30 of distribution centers, covering more than one million stores in Indonesia. Moreover, PT Kino Malee Indonesia is an expert on manufacturing and marketing one of the most favorite products in Indonesia.

The Company believes that partnering with leading business alliances who are experts on selling and distribution channels both inside and outside the country will help expanding business base in the new market and strengthen the business. This is an important force the drives the Company towards sustainable world-class manufacturer of healthy food and drink products.

The Company aims to increase the proportion of international sales to 60% of the overall income within 2020, and change the Company's vision into the world-class manufacture of food and drink products within 2021. The arranged plans, along with growing production capacity and partnership with foreign alliances, make the Company believe that it can surely fulfill the goal.

Contract Manufacturing Business (CMG)

CMG is another major business of the Company. 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 gains its trust from leading beverage brands both inside and outside the country. As of now, the Company has provided manufacturing service for more than 30 leading clients with a plan to expand its production capacity, potential for more various products, and flexibility in adjusting productions lines upon demands in 2018. Thus, more new

clients among the leading beverage brands are expected to join our services in developing and manufacturing products, which can be classified by types and packages of beverages as follows. The Company supports and places the importance on developing new products, as well as reducing costs by constantly working with our clients, in order to fulfill our clients, demand and in building up clients' competitiveness consistently as always.

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, 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.

Type	UHT -Tetra Paper					PET Bottle					Tin Can			Pouch Pack			
	1L	330ml	250ml 225ml	200ml 180ml	125ml 110ml	2L	1.37L	500ml	350ml	200ml	325ml	240ml slim	240ml Stubby	180ml	150ml	500ml	150ml
1 100% Fruit Juice	√	√	√	√	√		√	√	√								
2 Nectar Fruit Juice	√	√	√	√	√		√	√	√								
3 Flavor Fruit Juice	√	√	√	√	√		√	√	√								
4 Tea				√				√						√			
5 Coffee														√	√		
6 Cereal Drink	√	√	√	√	√												
7 Functional Drink								√									
8 Milk & Chocolate Drink	√	√	√	√	√				√			√					
9 Jelly Drink																	√

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

QUALITY ASSURANCE

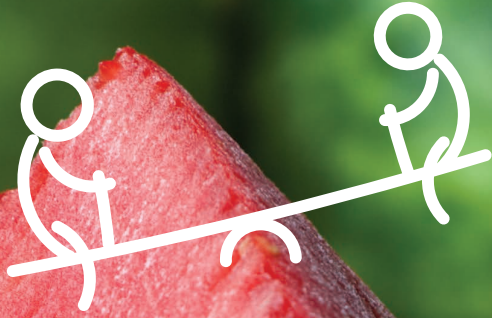


QUALITY ASSURANCE AND AWARDS

The Company focuses on the quality and standards of the products produced. The Company has invested in plant, renovations machinery, operational system and human resources. The company has been certified by several international standards from several institutions. Providing confidence to customers both for branded products and contract manufacturing products. All of standards and awards we have received will be our driving force that encourages our employees to maintain standards and be committed to improving their performance to achieve higher success in the future.

Standard/Award	Details
BRC British Retail Consortium (Global Standard for Food Safety) Product-Category: Beverages	The Company has been certified by Tuv Nord, Germany on November 1st, 2017
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 19th, 2017
Halal Certificate	The Company has been certified by The Central Islamic Committee of Thailand on June 26th, 2017
Kosher Certificate	The Company has been certified by Thai Kashrut Services Limited, The Jewish Community of Thailand on December 1st, 2017.
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 December 19th, 2017.
ISO 9001 : 2015	The Company has been certified by Tuv Nord, Germany on December 19th, 2017
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
Prime Minister's Award 2017 for Best Exporter	By Department of International Trade Promotion, Ministry of Commerce. The reward was granted by General Prayuth Chan-ocha, Prime Minister.
Best Company Performance Awards	With 2016 operating results for the company with market capitalization of Bt10,000 to Bt30,000 million in SET Awards 2017.

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 supplier and 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 Contract Manufacturing Business (CMG)

The Company has run the CMG 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.

7 Risk of rapid change in consumer behavior and trend

The present situation is the age of information. Communication is boundless. Consumers' behavior and popularity are rapidly changing. The Company has learned behavior and tracked consumer trends to improve every aspect of development to respond to the needs of consumers to meet the expectations in a timely manner one of the key factors that make a business successful

BOARD OF DIRECTORS 2017

MS. NART FONGSMUT

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



MR. PICHAI CHIRATHIVAT

*Director /
Member of Executive
committee*



MR. CHATCHAI BOONYARAT

*Chairman of Board of
Director / Chairman of
Executive committee*



MRS. CHINTANA BOONYARAT

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



MR. PAITON EIAMSIKULMIT

*Company Secretary and
Vice President CEO Office*



**MR. KITTI
VILAIVARANGKUL**

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



**MR. OPAS
LOPANSRI**

*Director /
Member of Executive
committee*



**MS. ROONGCHAT
BOONYARAT**

*Director /
Member of Executive
committee*



**MS. NATTHARIN
TALTHONG**

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



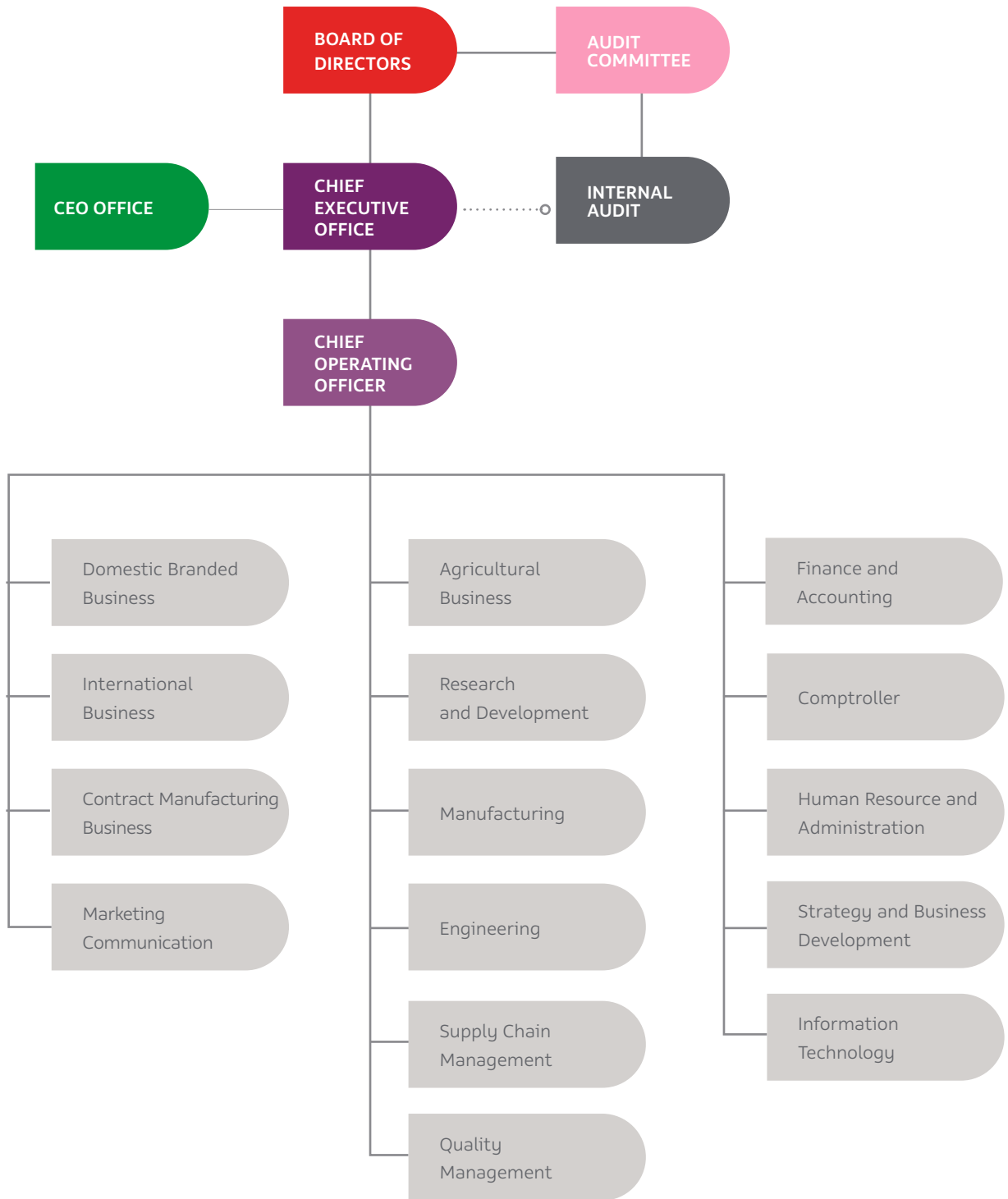
**MR. KRIZZ
CHANTJIRAPORN**

*Independent Director /
Chairman of Risk
Management Committee /
Member of Audit Committee /
Member of 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 2017 on 25 April 2017 at 10:00 hrs. at Cattaleya Room 5th floor, 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, 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 has set up our policies as follows

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) The Company performs its duty with integrity, and makes any decisions based on principles of the profession prudence and fairness to both major and minor shareholders for their best interests as a whole.
- 3) The Company presents reports on the status of the Company, operating results, financial statements, accounting and information which are up-to-date and significant in the format that is

easy to understand, consistent and accurate.

- 4) The Company has an internal control and internal audit system and a risk management system that are effective. We treat shareholders with equality.

3.2 Employees

- 1) The Company treats employees with politeness and respects their individuality.
- 2) The Company treats employees with fairness on opportunities, compensations, appointments, transfer and skills development. We also provide reward and punishment to employees with trustworthiness on the basis of their knowledge base, capabilities, and appropriateness.
- 3) The Company provides fair remuneration to employees based on their capabilities and performances, in order to ensure that our remuneration is consistent with the average of the industry. We also provide consistent welfare to employees among group companies.
- 4) The Company has an ongoing plan to improve our employees' potential and provides them with opportunities to reach their progress and stability. Also, the Company maintains good healthy environment and atmosphere at work that are comfortable and safe for their lives and health.

3.3 Customers

- 1) The Company provides service to customers with politeness, enthusiasm, readiness, and sincerity as if they are our own relatives. We are committed to fast, accurate, and reliable service.
- 2) The Company keeps customers' information confidential and does not illegally use such information for our own or our related person's interests.
- 3) The Company provides customers with accurate, adequate, updated information about our services without exaggerated advertising content which may mislead customers about quality or terms of services.
- 4) The Company provides customers with advice on how to use our services effectively for their best interests.

3.4 Trade partners and creditors

- 1) The Company treats trade partners and creditors with fairness and honesty, taking account of our relationships and good co-operation based on fair mutual benefit. The Company avoids any situations that may cause conflict of interests.
- 2) The Company sets up a clear and tangible policy on selecting trade partners based on the practices

as specified in the Work Instruction. This will create norm, standard, transparency, and fairness.

- 3) The Company does not demand, receive or pay for any illegal interests with trade partners and creditors.
- 4) In case it is found that there is a demand, acceptance or payment for any illegal interests, the incident must be disclosed to trade partners and creditors in order to search for fair and rapid solutions.
- 5) The Company strictly complies with the agreed terms and conditions. Failure to do so means the Company will have to notice the trade partners and creditors in order to search for solutions together.

3.5 Competitors

- 1) The Company does not violate the competitors' confidentiality and acquire their trading secrets by unfaithful methods.
- 2) The Company complies with the fair competitive rules.
- 3) The Company refrains from seeking confidential information of the competitors' through dishonest or inappropriate method.
- 4) The Company does not damage the competitors' images by accusing them in negative way.

3.6 Society and communities

The Company has a policy to operate in a beneficial way for economy and society, with our commitment to be a good citizen who abides by laws and applicable regulations strictly. We participate in a way that supports and improves quality of life in the society and communities. In addition to that, the Company has set out policies to return profits to society by allocating some budget to support activities that will generate advantages to society, community, and environment opportunely.

3.7 Taking Care of Employees' Safety and Health

The Company has a policy that places the importance on maintaining working environment to ensure safety to employees' lives and assets. We strictly adhere to labor law by providing proper arrangement of buildings, locations and working. All employees are required to wear protective equipment whenever they work on the manufacturing sites and machinery-related sites. Furthermore, we also provide employees with training on safety on a regular basis and encourages employees to care for their health. This is a part of corporate Core Values that consists of "Health and "Live Healthy". The Company provides employees with proper health care programs such as annual health check-up, medical reimbursement welfare, and group life insurance.

Personnel

Number of Personnel as of December 31, 2017	1,588 employees
Employee Remuneration in 2017	506.48 Million Baht

The Number of Training for Employees

The Board of Directors and executives see the importance in development of human resource. In 2017, the Company has provided training courses as follows:

	Hour/Person/Year 2017
Executives Training Hours	50 hrs.
Employee Training Hours	21 hrs.

Injury Frequency Rate : IFR as of 31 December 2017 is 0.64
IFR stands for Injury Frequency Rate = (Total number of injuries that cause absence from work x 1,000,000)

3.8 Environment

The Company has a policy to support different activities that improve occupational health quality and environment, while maintaining safe working condition to ensure health and asset safety of employees. The Company also places the importance on educating and training employees regarding environment and effective use of resources. Some of the measures are to reduce the volume of garbage by recycling paper and file holders, to campaign on turning off the lights during lunch break or turning off the lights which are not in use during the day, to use stairs instead of elevators, as well as to maintain and improve the equipment as available for work to ensure the safety and create good working conditions. All these contribute to the efficient development of employees as a whole. The courses that are already trained are as follow

- 1) Workplace Safety
- 2) Conservation of Energy
- 3) Energy Management Systems Audit and Certification: Expert Assistant Level
- 4) Correct and Safety Way to Maintain and Drive Forklifts
- 5) Basic Fire Safety Training
- 6) Safety Officer: Supervisor Level and Executive Level
- 7) Safety on Working with Hazardous Chemicals and Emergency Responses
- 8) Consciousness and Conservation of Energy and How to Conserve Energy of Appliances in Everyday

Life

- 9) First Aid
- 10) CPR Training: Malee Dee Tor Jai
- 11) Activities for Energy Conservation Team
- 12) Safety in Electronic Works
- 13) Good Health Starts with Ourselves

3.9 Intellectual Property

The Company has set up a clear policy not to undertake any actions that will violate the intellectual property whether copyrights, patents or trademarks, trading secrets and other intellectual properties as stipulated by law. Our example is to use licensed programs. Every software must be examined and installed by Information Technology Department to prevent using any illegal software.

3.10 Respect to law and human rights

- 1) The Company opposes any actions that violates human rights in any circumstances.
- 2) The Company respects and treats all stakeholders with fairness based on human dignity; and without discrimination of races, origins, gender, complexion, religion, physical condition, family background. We also support alertness on complying with human rights requirements within the Company.
- 3) The Company opposes any actions that is aimed to exploit from human trafficking and the use of child labor under the age as stipulated by law.
- 4) The Company supports, respects, and protects human rights by examining and ensuring that Company's business with external party is not conducted in a way that supports and encourages violation of human rights. We also refrain from any actions that violates employees' rights which is protected by the law.

3.11 Anti-Corruption and Corruption

The Company places the importance on operating with morality based on management with honesty, accountability, transparent, and responsible and cautious for stakeholders, society, and environment under good governance and corporate code of ethics. The Company has set up the Anti-Corruption Policy as a clear practice for operating and improving to be a sustainable organization. We have a policy that counters against any kinds of corruptions and are committed to making everybody in the organization and relevant persons understand and comply with the anti-corruption practices in any business activities of the Company as follows

1) Anti-Corruption Policy

Directors, executives, and employees shall not accept any kinds of corruption, directly or indirectly, such as receiving things or gifts, hospitalities, presents, collecting money, donations, and any other benefits for own selves from the persons who are dealing business with the Company. Those persons include employees, trade partners, customers, and any groups of stakeholders both inside and outside the country. The Company provides operational audit according to the Anti-Corruption Policy on a regular basis at least once a year.

- "Corruption" shall mean any kinds of bribes that were proposed, promised, bestowed, pledged, solicited, or received in forms of money/assets or any other benefits that is inappropriate to state officers, state authorities, private organizations, trade partners, customers, and any groups of stakeholders, directly or indirectly, as a motive for them to do or refrain from doing any act to acquire or keep benefits that are unsuitable to the business, except as allowed by laws, rules, notifications, local culture and tradition or commercial practice.

- "Giving assets or any other benefits" shall mean giving privileges in forms of money, assets, things, or any other benefits as guerdon, reward, or a way to build rapport.

- "Bribing" shall mean proposing to give or accept things, gifts, rewards, or any other benefits for own self or from a person with a motive to persuade on exercises that are wrongful, illegal, or against the Company's code of Ethics.

2) Anti-Corruption Policy Implementation Guidelines

Directors, management, and employees of all levels of the Company and its subsidiaries must strictly comply with the Anti-Corruption Policy and Business Ethical Code by refraining from doing any behavioral acts in a manner likely to be considered as a bribe acceptance or bribing to stakeholders in respect of the duty performance on the matter for which he/she is responsible, whether directly or indirectly, in order to illegally acquire interest for personal benefits or benefits of friends, or other related persons. In this respect, the practical implementations must be undertaken with due care on the matter with high risk to give rise to a corruption, as follows:

1.) The Company's directors, management, and employees shall comply with the Anti-Corruption Policy and Working Ethical Code by absolutely

refraining from getting involved with any corrupt practices, whether directly or indirectly.

2) The Company's employees and management shall not fail or neglect to respond when coming across any acts in a manner likely to be in line with a corrupt practice relating to the Company by notifying their respective supervisors or responsible persons accordingly and providing co-operations in checking the facts. Should there be any doubts or inquiries, consultations shall be made with the supervisor or a person designated to be responsible for performing duty in monitoring controls over the compliance with the Company's Business Ethical Code through the prescribed channel.

3) Shall not have benefits, whether directly or hidden, for own self, family and friends, against the Company, such as any act in a manner to sell goods and services to the Company or to compete with the Company.

4) Shall refrain from accepting any business-related hospitalities from people dealing business with the Company or from people who may be beneficial from the employees' performance.

5) Shall refrain from soliciting or accepting any illegal benefits, whether directly or indirectly, or any other benefits in order to acquire the business interests including refraining from making use of a benefit from a bribe or corrupt practice in carrying out business operations.

6) In a situation under which a stakeholder has an intention to solicit for or suggest to accept any property, an offer or a benefit, whether directly or indirectly, such offer must immediately be denied and such event must be properly noted down in accordance with the fact for reporting onto the respective supervisor immediately in order that such situation is appropriately and fairly handled.

7) Shall define clear and straightforward conditions in undertaking transactions and juristic acts with the stakeholders in order to prevent possible occurrence of corrupt practice on the actions and notify the stakeholders that "Malee Group" has a policy not to accept any reciprocation in order to prevent the conflict of interests which may contingently occur and request for co-operations from the stakeholders to strictly comply with such policy.

8) Shall co-operate in the work department responsible for internal control and audit in giving information, monitoring follow-ups and solve problems on corruption practices within the organization.

9) Shall provide reliable financial reports and the efficient and transparent working system by taking into account potential risks that can occur consequently as a result of the operations by monitoring and checks on a regular basis.

10) The Company has set up a channel for whistle blowing on the corruptions by giving the assurance that employees denying a corruption practice or giving information on a corruption relating to the Company will fairly be treated and protected by using the protective measure over the complainants or persons providing co-operations in giving report on the corruptions as prescribed under the Company's Whistle Blowing and Recommendation Policy.

11) Whoever committing an act of corruption the violates the Company's Business Ethical Code shall be subject to disciplinary action for punishment under the Company's prescribed Regulation and in accordance with the law if such act should be in violation of the law.

12) The Company places the importance on the disseminations and promotions on knowledge and understanding on the matter of anti-corruption to other persons who are compellingly required to perform duties in collaboration with the Company and the Company's stakeholders in order for them to build good consciousness. To ensure the clarity in carrying out actions on the matter of the risk involved in corruption, directors, the management, and employees of all levels of the Company must perform their duties with due care, as follows:

2.1 Gifts and Hospitalitys

The Company has no policy in giving away or accepting any kinds of gifts with persons dealing business with the Company and its subsidiaries except the traditional gifts and hospitalitys within parameter of reasonable criteria to maintain good relations with the business partners without expecting a result to receive any specific services or considerations in return which are not proper in line with the Business Ethical Code. As such, the followings shall be practiced:

2.1.1) Shall refrain from demanding things or any other benefits from other persons engaging in the Company-related duties or business no matter the action is undertaken for personal benefit or benefit of other persons.

2.1.2) Shall refrain from accepting or giving away things or any other benefits from other persons engaging in the Company-related duties or business except on a traditional occasion or

season generally practiced from one person to another provided, however, that the price or value of such things or any other benefits received from each person on each occasion must not be over 3,000 Baht except the souvenirs or fresh foods which cannot be durably kept, during the traditional season which is allowed by the Company to enable employees to receive such as calendars, key rings, notebooks, etc., carrying symbols of such particular organization in them within the price of not exceeding 500 Baht by assigning the management as the representative to receive such deliverables and has a power to make a consideration on disposing of such souvenirs to the employees. In the case where value of such things or any other benefits is in

excess of 3,000 Baht, they can be received only in the case of an extreme necessity in order to maintain the individual's good relations which, in this respect, the person receiving the deliverables shall make report accordingly to his/her respective supervisor and deliver things received to related organization for use in the Company's business within 7 days. Provided, however, that in receiving such things, there must not be any influence whatever over any decision making both on the aspect of duty performance and business which is unfair to the duty performance

2.1.3) Expenditures on the business hospitalitys are acceptable, provided that it must be reasonable.

2.2 Sponsorships

Sponsorships shall mean the money reasonably paid to or received from the customers, trade partners and business partners with the purpose for business dealings, helping tightening business relations and being appropriate to the occasion provided that it must be accurate, transparent and substantiated by evidences for accounting entries and that the action, in the name of the Company, must be specified. The disbursement must indicate clear objective and must be carried out through the steps according to the Company's Regulation.

2.3 Charitable Contributions

Charitable Contributions shall mean giving or a receipt of contributions which shall be in a manner of transparency and legally in accordance with the law by being assured that the contributions or sponsorships will not be used to be purportedly cited as a pretext in giving a bribe. The pertinent action must be made in the name of the Company

only which can be verified and undertaken according to the steps in accordance with the Company's Regulation. The disbursement of charitable contributions in own name is allowable provided that it must not be related to or create any ambiguous doubt as to such action is undertaken in bad faith with expectation for any benefits

2.4 Political Contributions

Political Contributions shall mean giving of money, assets or other benefit or a place in providing facilitations to political parties, politicians or politically-related persons. Notwithstanding to the foregoing, the Company is an organization strictly adhering to the political neutrality, encouraging the compliances with the laws and supporting the democratic governance and has no policy on providing any assistance to any political party, directly or indirectly. As such, the followings shall be practiced:

- Should exercise one's own right as a good citizen in accordance with the Constitution and other related laws.
- Shall refrain from participating in any activities which may give rise to understanding that the Company has been involved with.
- Shall refrain from using the Company's properties in providing supports to a political party.

2.5 Business Relations and Procurement

Giving or receipt of any bribes shall not be made, directly and/or indirectly, in carrying out all types of business which must be operated through the steps in accordance with the Company's Regulations, with transparency and verifiability. In the process selecting business partners, the worthiness must be taken into account; while quality, price and qualifications of business partners must also be fairly compared.

2.6 Personnel Administration Process

The Company provides a process on human resources that concentrates on anti-corruption by compellingly requiring it to initiate actions beginning from the nominations or selections of personnel, performance evaluations, trainings, promotions as well as rewards which all supervisory levels shall be the persons to communicate with the employees for understanding.

3) Dissemination of Anti-Corruption Policy

Anti-corruption is a part of the Company's business operations. It is the responsibility of directors, all levels of employees, and related parties to comply with this Anti-Corruption Policy. Hence, the Company provides

disseminations of knowledge and advice for understanding on the anti-corruption to directors, the management, personnel in the organization and related parties. In order to encourage the personnel and related parties to properly perform in compliance with this Anti-Corruption Policy, the Company shall undertake the following actions:

3.1 Shall post notifications in the organization at a highly visible place to raise the awareness of the Anti-Corruption Policy.

3.2. Shall disseminate the Anti-Corruption Policy through the Company's communication channels such as annual reports, Company's website, e-mail and the Annual Information Disclosure (Form 56-1).

3.3. Shall provide trainings on Anti-Corruption Policy for Company's newly appointed directors and new employees.

4) Practical Implementation Steps in Compatibility with the Anti-Corruption Policy

The Company establishes a measure for verifications to ensure the compliance with the Anti-Corruption Policy on a regular basis and reviews the guidelines to ensure the consistency with the Anti-Corruption Policy, standard operating procedures, and related laws.

5) Risk Assessment and Internal Control

The Company has implemented measures on risk assessment on activities that may result in corruption practice and verifications of internal control on a regular basis at least once a year.

6) Whistle Blowing Center

The Company encourages employees and related parties to participate in the whistle blowing on an act which may cause doubt that it could be a corruption by passing the pertinent information to "Chairman of the Audit Committee" for considerations through the complaint channels such as the Company's email:

companysecretary@malee.co.th

addressing to the "Company Secretary"; Telephone No. 02 080 7899, Ext. 1131 or Fax. No. 02 080 7800; or postal service directly to:

Company Secretary

MALEE GROUP PUBLIC COMPANY LIMITED

401/1, Moo 8, Abico Building, Phaholyothin road, Kukot, Lam Luk Ka, Pathumthani 12130

The Company will have the internal scrutiny and consideration process before the matter is further submitted onto the Audit Committee.

7) Confidentiality Protective Measure

The Company provides protective measures with fairness and impartiality over the complainants and informants providing information in good faith. In coping with this matter, the management will be appointed to check and verify as well as monitoring controls over all the incoming whistle blows and that the given information, complaints and evidences of the complainants and informants will be kept confidential.

8) Consequence on the Non-compliance with Anti-Corruption Policy

In the case where the Company's directors, management, and employees do not comply with this Anti-Corruption Policy, they will be subject to the disciplinary actions and shall be penalized in accordance with the prescribed Company's regulations which will be dependable on the facts and the surrounding situation. If the corruption practice should be an offence against the law, the offender shall be liable for punishment under the law as well. At the same time, the Company has no policy on demotion punishment or adverse punishment on employees denying corruption practice.

4 Disclosure and transparency

The Company places the importance on accurate, complete and transparent disclosure of financial information and general information in accordance with the criteria set up by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand; as well as important information which affects securities price of the Company and may influence the decision-making process of investors and stakeholders. The Company also places the importance on financial reports that indicate the financial status and actual operation results of the Company based on correct, complete, punctual and adequate accounting information under the generally accepted accounting standards. The Company will disclose the information about each director, roles and duties of the Board of Directors and subcommittee, in the Annual Report of the Company (Form 56-2) and the Annual Information Disclosure (Form 56-1); as well as the remuneration of directors and senior executives in the Annual Report of the Company (Form 56-2) and the Annual Information Disclosure (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.
- 7.4 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.

Local Roadshows

Date	Events	Securities
Quarterly	Opportunity Day	Stock Exchange of Thailand
16-Jan	SET Thai Corporate Day	CIMB Securities Thailand Co., Ltd.
03-Mar	KGI Corporate Day	KGI Securities (Thailand) Pcl.
29-May	TNS Beverage Day	Thanachart Securities Pcl.
29-Aug	Thailand Focus 2017	Phatra Securities Pcl.
08-Sep	dbTISCO Thailand Commerce, Food & Tourism Corporate Day	TISCO Securities Co., Ltd.
06-Oct	Thailand Major Forum@Anantara	Thanachart Securities Pcl.

Oversea Roadshows

Date	Events	Securities
21-Mar	MBKET Invest Asean (SG)	MBKET Invest Asean (SG)
10-Apr	NDR in HK with TNS	Thanachart Securities Pcl.
24-28-Jul	USA NDR with Decker&Co	Decker & Co.
18-Sep	Thailand Corp Day@KL	MayBank KimEng (Thailand) Pcl.

Analyst Meeting Day

Date	Venue
24-Mar	Swissotel Le Concorde
06-Jul	Malee Group – Head Office

Use of Internal Information

The Company stipulates that directors and executives must report their buying and selling of the Company's shares 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 insider trading among related persons which include the directors, senior executives and employees in units involving with the Company's information (including spouse and minor children of such person), to prohibit the related person to purchase, sell the Company's shares within 1 month prior to the disclosure of quarterly and annual financial statements. The Board of Directors and the Management have submitted the report of securities holding to the SEC in accordance with the regulation stipulated.



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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 2017 the Board of Directors was comprised of 9 members namely as follows.

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

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 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.

2017 Schedule Meeting

Meeting month Meeting time	Audit committee (10.00-12.00)	Board of Directors (10.00-12.00)	Risk Management (10.00-12.00)	Executive Management (10.00-12.00)	Management meeting (10.00-12.00)
January					19 Jan
February	17 Feb	23 Feb			16 Feb
March			22 Mar		16 Mar
April					20 Apr
May	5 May	11 May			18 May
June			21 June		15 June
July					20 July
August	4 Aug	10 Aug			17 Aug
September			20 Sep		14 Sep
October					19 Oct
November	3 Nov	5 Nov			16 Nov
December			20 Dec		14 Dec

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 qualified person from MAI. The Audit Committee

Sub-Committee

The Audit Committee

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

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 Executive committee
Mrs. Chintana Boonyarat	Member of Executive committee
Mr. Pichai Chirathivat	Member of Executive committee
Mr. Kitti Vilaivarangkul	Member of Executive committee
Ms. Roongchat Boonyarat	Member of Executive committee
Mr. Opas Lopansri	Member of Executive committee

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 Nomination and Remuneration Committee
Mrs. Chintana Boonyarat	Member of Nomination and Remuneration Committee
Ms. Nattarin Talthong	Member of Nomination and Remuneration Committee
Mr. Krizz Chantjiraporn	Member of 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 In 2017, the meeting of the Nomination and Remuneration Committee was organized Nomination and Remuneration meeting once.

- 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.

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.

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 Risk Management Committee
Mr. Kittti Vilaivarangkul	Member of Risk Management Committee
Ms. Nattharin Talthong	Member of Risk Management Committee
Ms. Nart Fongsmut	Member of 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 2017

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 2017 the Board of Directors attended the training course as following.

Directors	Programs and Hours of Attending	Location
Ms.Roongchat Boonyarat	Director Briefing 4/2017 "The Sleeping Giants of Succession : 3 Forces You Can Awaken to Accelerate Leadership Growth"	Thailand Institute of Directors (IOD)
Mr. Krizz Chantijiraporn	Director Certification Program (DCP) 2017	Thailand Institute of Directors (IOD)

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 in 2017 was Baht 4,280,000 . (see attachment)
- 2 Total remuneration attendance fee of 24 executive directors managment including executives committee for year 2017 was 62,106,485.99 baht

EMPLOYEE REMUNERATION

The Company's remuneration policy is to compensate our employees with appropriateness and fairness, taking account of knowledge, capability, and performance of each employee, while conforming to the average of the industry. We also consider appropriateness for the business expansion and the Company's growth. As of now, the Company pays different remunerations to employees in forms of salary, bonus, contribution to provident fund, group life insurance premium, overtime pay, and other compensations such as travel expense and work-related telephone charge. The remuneration will be linked with employee performance evaluation on every level in form of Key Performance Indicator (KPI).

Other Compensation

Other compensation Executive's provident fund for 24 executives in 2017 was 1,201,917.70 baht. (as of 31 December 2017 including 21 executive committee and 3 directors

A comparison of remuneration of directors and executives in 2016

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
- 4 Self Assessment of CEO

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 95.8%.
- 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 TH 98.2%.

- 4 **Self-Assessment of CEO** consists of 10 categories are :Leadership, Strategic Planning and Implementation, Financial Planning and Implementation, Board Relationships, External Relations, Management and Relation with Organization, Succession, Product and Service Knowledge and Personal Qualification.

The Overall results of self-assessment of CEO in 10 categories indicated excellent conformance with an average score at 94.5%

Auditors' Remuneration

Remuneration of Auditor–year 2017 compared to the year 2016 are detailed below.

Remuneration of The Company's Auditor	2016	2017
Remuneration of the Company's auditor	1,725,000	2,175,000
Remuneration of the subsidiaries' auditor	–	–
Total	1,725,000	2,175,000

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 THE YEAR 2017

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	4/4	-	10/10	-	-	320,000	-	440,000	-	760,000
2 Mrs. Chintana Boonyarat	2017	4/4	-	10/10	-	1/1	200,000	-	220,000	-	430,000
3 Mr. Kitti Vilaivarangkul	2017	4/4	-	10/10	4/4	-	200,000	-	220,000	40,000	460,000
4 Mr. Pichai Chirathivat	2015	4/4	-	10/10	-	-	200,000	-	220,000	-	420,000
5 Ms. Roongchat Boonyarat	2016	-	-	8/10	-	-	200,000	-	200,000	-	400,000
6 Ms. Nattharin Talthong	2016	4/4	4/4	-	4/4	1/1	200,000	260,000	-	40,000	510,000
7 Ms. Nart Fongsmut	2016	4/4	4/4	-	3/4	1/1	200,000	180,000	-	30,000	430,000
8 Mr. Krizz Chantjiraporn	2015	4/4	4/4	-	4/4	1/1	200,000	180,000	-	80,000	470,000
9 Mr. Opas Lopansri	2017	4/4	-	8/10	-	-	200,000	-	200,000	-	400,000
Total							1,920,000	620,000	1,500,000	190,000	4,280,000

Remark
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 Board of Director/
Chairman of Executive Committee*

Age 70 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 Board of Director,
Chairman of Executive Committee,
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 Member of Executive Committee
Parent of Ms. Roongchat Boonyarat –
Director/ Member of Executive Committee and
Chief Operating Officer

(%) Shareholding as at December 31st, 2017

None

Stock Trading During the Year 2017

None



MRS. CHINTANA BOONYARAT

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

Age 66 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, Member of Executive Committee,
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 Committee
Parent of Ms. Roongchat Boonyarat –
Director/ Member of Executive Committee and
Chief Operating Officer

(%) Shareholding as at December 31st, 2017

(01 Jan 2017) – 7,581,300 shares or 2.71%
(31 Dec 2017) – 7,785,500 shares or 2.78%

Stock Trading During the Year 2017

Purchased 204,200 shares

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

Age 57 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, Member of Executive Committee, 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 Member of Executive Committee

Uncle of Ms. Roongchat Boonyarat – Director/ Member of Executive Committee and Chief Operating Officer

(%) Shareholding as at December 31st, 2017

(01 Jan 2017) – 6,597,900 shares or 2.36%

(31 Dec 2017) – 6,597,900 shares or 2.36%

Stock Trading During the Year 2017

None

Age 61 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 Committee, Member of 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, 2017

None

Stock Trading During the Year 2017

None



MS. NATTHARIN TALTHONG

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

Age 49 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 (TEPCoT), Class 7/2014
- Advanced Audit Committee Program (AACP), Class18/2015, Thai Institute of Directors Association (IOD)

Experience

2017 – Present Director, Dusit Thani Properties Reit Company Limited
2014 – Present The Panel of Expert Market for Alternative Investment (MAI)
2013 – Present Independent Director, Chairman of the Audit Committee, Member of Risk Management Committee, Member of Nominating and Remuneration Committee, Malee Group PCL.
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.

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, 2017

None

Stock Trading During the Year 2017

None



MS. NART FONGSMUT

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

Age 55 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

2017 – Present Member of Executive Committee, Otium Living Pte., Ltd.
2014 – Present Independent Director, Member of Audit Committee, Chairman of Nomination and Remuneration Committee, Member of Risk Management Committee, Malee Group Public Company Limited
2012 – Present Director, Mater Dei Alumnae Association
2001 – Present Managing Director, Nap Nutriscience 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, 2017

(01 Jan 2017) – 57,000 shares or 0.02%
(31 Dec 2017) – 120,500 shares or 0.04%

Stock Trading During the Year 2017

Purchased 63,500 shares

**MR. KRIZZ CHANTJIRAPORN**

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

Age 67 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

- 2017 – Present Consul General ASEAN, International Commission of Diplomatic Relations Human Rights and Peace, An Inter Government Organization (IGO)
- 2014 – Present Independent Director, Chairman of the Risk Management Committee, Member of the Audit Committee, Member of the Nominating and Remuneration Committee, Malee Group PCL
- 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 PCL
- 2002– 2003 Director, Consulting Services, Operations Effectiveness Management (OES) of Price Waterhouse Coopers Thailand.

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, 2017

None

Stock Trading During the Year 2017

None

**MS. ROONGCHAT BOONYARAT**

Director / Member of Executive Committee Chief Operating Officer

Age 33 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)
- Director Briefing 4/2017 "The Sleeping Giants of Succession: 3 Forces You can Awaken to Accelerate Leadership Growth", Thai Institute of Directors Association (IOD)

Experience

- 2013 – Present Director, Member of Executive Committee, Chief Operating Officer, Malee Group Public Company Limited
- 2013 – Present Director, Member of Executive Committee, Chief Operating Officer, 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 and Chairman of Executive Committee and Mrs. Chintana Boonyarat – Director and Member of Executive Committee

Spouse of Mr. Opas Lopansri – Director/ Member of Executive Committee/ Executive Vice President International Business, Malee Group Public Company Limited

(%) Shareholding as at December 31st, 2017

- (01 Jan 2017) – 680,000 shares or 0.24%
- (31 Dec 2017) – 1,130,000 shares or 0.40%

Stock Trading During the Year 2017

Purchased 450,000 shares



MR. OPAS LOPANSRI

Director / Member of Executive Committee



MR. PAITON EIAMSIRIKULMIT

Company Secretary / Vice President of CEO Office

Age 36 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, Member of Executive Committee, 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

Spouse of Ms. Roongchat Boonyarat – Director/ Member of Executive Committee and Chief Operating Officer

(%) Shareholding as at December 31st, 2017

None

Stock Trading During the Year 2017

None

Age 53 years

Education

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

Director Accreditation Program

- Strategic 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, 2017

None

Stock Trading During the Year 2017

None



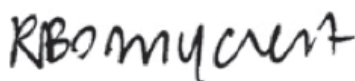
REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENT



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 2017 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 2017, 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 2017 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 2017 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
- 7 The self-evaluation process that consists of 71 core indicators and three issues of corporate corruption risks, reviewed by internal audit as discreet and proper measures, have been considered and approved to be submitted to Private Sector Collective Action Coalition Against Corruption (CAC) for certification..

Through contemplations of the aforementioned performance reports, The Audit Committee has concluded that for the year 2017, 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 14, 2018

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.
- 3 The Company's information system, important financial data, management and operation systems are trustworthy, complete accurate and timely.
- 4 System to safeguard assets, human resources and data in information system is appropriate.
- 5 There are proper anti-corruption measures and risk management system for activities that are prone to corruption.
- 6 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
PT Kino Malee Indonesia	Importing, manufacturing, selling, marketing and distribution of MALEE products	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
PT KINO INDONESIA TBK	Manufacture and distribution of consumer products in Indonesia	A venture

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

The Company's approach of Corporate Social Responsibilities (CSR) adheres to Michael E. Porter's concept of Creating Shared Value (CSV). His definition of CSV is a societal development by way of building economical value in form of business. Building common value must be combined with capabilities of making profit and promoting competitiveness for the organization, by using resources and core expertise to build societal and economical values. The organization will gain this value in form of sustainable operations and long-term profitability that meet stakeholders' demand in every section of the Company.

Adhered to this concept, the Company has establishes a subsidiary called "Malee Applied Science Company Limited" with main objectives to increase farmers' revenues and increase the Company's stability in raw material supply. It concentrates on developing products and innovation with high value added (High Value Added Products: HVA) with by-product and waste from manufacturing process. The approach addresses the demands of increasing revenue and reducing waste discharge from the Company's operations.

In the past several years, the Company has focused on procuring new machinery and equipment to replace the existing machinery as well as increasing production capacity. This new machinery and equipment is more efficient, energy saving, and able to reduce loss of raw materials during the production process. Products' standard and quality from the new machine are also higher, while waste from the production process will be reducing. In addition, costs will be decreasing from lowering resource usage as well as reducing environmental pollution.

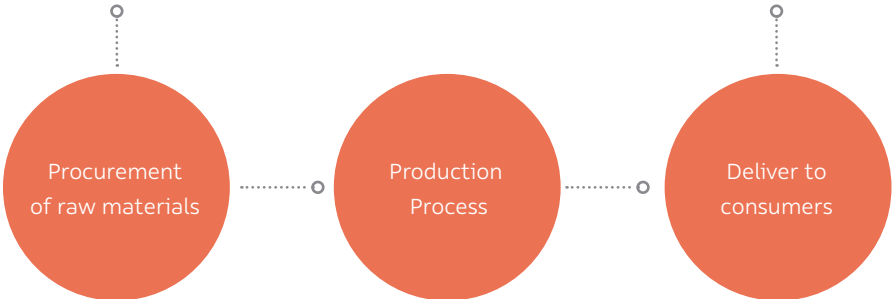
MALEE : CSR PROJECT UNDER VALUE CHAIN



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.

Since 2016, the Company has 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.

This project is a civil state project in collaboration between Office of Small and Medium Enterprises Promotion (OSMEP), Thai Chamber of Commerce, and fourteen leading private companies and financial institutions including Malee Group Public Company Limited. The Company has been honored to join the project in helping SMEs grow strongly and sustainably by sharing its knowledge and expertise in manufacturing, marketing, accounting, and management. Also, the Company has helped providing capital resource for business expansion to entrepreneurs in the project and helped SMEs build their sustainable business plans.

Thanks to its success in 2016–2017, the project has continued its ongoing works under the name of 'Big Brother 50 – Season 2', and the Company was honored to be a Big Brother company again in 2018. Thai Chamber of Commerce has also increase the number of SMEs from 67 companies in Season 1 to more than 350 companies in Season 2, and increase the number of Big Brother companies from 10 companies to around 20 companies..



2 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.

3 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.

4 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 2018, the Company has been selected by DYNAMIC DIAMOND as one of the TOP10 Thailand's Most Admired Company for Beverage. The honor reflects well on the Company's image that is considered by different indicators for reliability and strength. There are six important indicator: 1. Innovation Capability, 2. Corporate CSR Image, 3. Business Achievement and Practice Image, 4. Service Image, 5. Image of Brand Owned, and 6. Management Image.

5 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.

5.1 Funding Project for "Buadin Mahamitr-Bua Mahamitr Freelance Career Training" of Baanrean Chuanchuen Foundation (for Special Children), Mueang District, Pathum Thani Province

In accordance with Section 35 of Persons with Disabilities Empowerment Act, BE 2550 (2007), the project is intended to fund the "Buadin Mahamitr-Bua Mahamitr Freelance Career Training" which helps the disabled maintain their lifestyles, because these jobs can be done at home and create revenue for people with autism and intellectual disabilities.



Project Objectives

- 1) To promote skilled careers for people with autism and intellectual disabilities.
- 2) To promote revenue for people with autism and intellectual disabilities
- 3) To address unemployment issues for people with autism and intellectual disabilities. 4)

5.2 Project to promote and improve quality of life for the disabled

The project is intended to fund "other aids" that helps the disabled maintain their lifestyles, because it promotes

sustainable career and revenue for the disabled families, addresses unemployment issues for the disabled, and promotes collectiveness of the disabled.

- 1) To promote sustainable careers for people with disabilities
- 2) To promote revenue for family of people with disabilities
- 3) To address unemployment issues for the disabled.
- 4) To help the people with disabilities and their caregivers by bringing products from the project to cook as needed
- 5) To promote collectiveness of the people with disabilities



MALEE staff has united to plant "marigold shrubs" on the street in front of the Sampran factory in Nakhon Pathom Province to express loyalty to His Majesty King Bhumibol Adulyadej during the Royal Cremation.

6 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 has its operational policy to reduce the

waste from the manufacturing process as much as possible to 'Zero Waste' and also utilize the waste. As of now, the waste from the manufacturing process consists of fluent not less than 1,000 cubic meter per day and lots of fuel gas from the steam production.

Project to promote the conservation of energy in the factory 2017 and Project of Energy Day in the factory 2017 were held with objectives as follows:

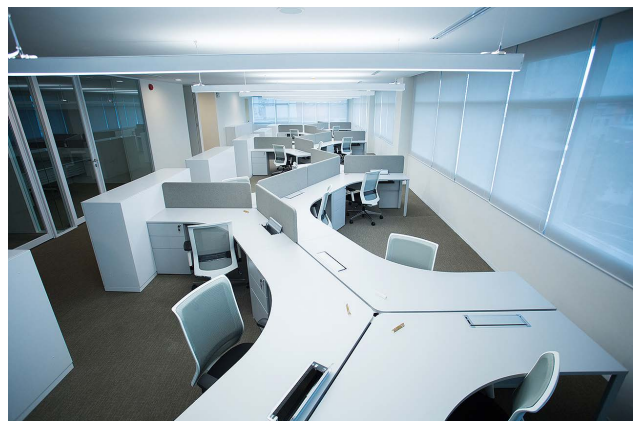
- 1) To promote the energy-related participation and activity for employees.
- 2) To prepare for the audit by the external auditors with License for Energy Management Systems Audit in the factory from Department of Alternative Energy Development and Efficiency, Ministry of Energy.

7 Sharing innovation from Corporate Social Responsibilities

The Company has developed the knowledge gained from the operational experience and brought it to employee and interested parties. There were well response and recurring requests from companies and group of people 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.



Project to promote the conservation of energy in the factory 2017



MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

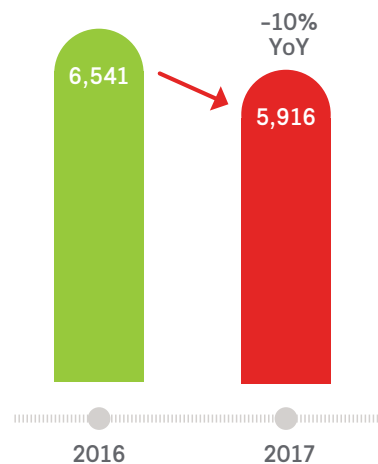


OVERVIEW OF DOMESTIC ECONOMY AND READY-TO-DRINK FRUIT JUICE MARKET

Moving Annual Total (MAT) December 2017 of domestic RTD fruit juice market was Baht 12,863 million, a decrease of 8% YoY. Meanwhile, the overall domestic beverage market slowed down by 3% YoY, following the slowdown in domestic consumption which reflected in sluggish spending in fast moving consumer goods (FMCG). Proportion of each market segment and growth of domestic RTD fruit juice market is as shown in figure (Source: Nielsen).

For 2018, the Company is planning to launch new products into new categories besides ready-to-drink fruit juice. The focus is mainly on health products but also able to reach the mass market, which will extend the Company's expansion into new segments in the future.

SALES REVENUE



RESULTS OF OPERATIONS AND PROFITABILITY

2017 Sales Revenue

The Company and its subsidiaries recorded sales revenue of Baht 5,916 million, a decrease of 10% YoY, with details as follows:

- Domestic branded sales declined by c.15% YoY mainly due to a sales decrease of 25% YoY in canned fruit resulted from the delay of the new crop during Q2/2017, while fruit juice sales dropped 10% YoY following the contraction of domestic fruit juice market
- Domestic CMG sales increased by c.10% YoY supported by new products launch
- Export branded sales continued to grow outstandingly by c.30% YoY, since the Company has been working closely with its distributors and partners in each country by cooperatively working on strategic plans to select the right products and marketing strategy for each focused country, such as emerging countries in ASEAN as well as China.
- Export CMG sales decreased by c.25% due to the implementation of the preventive measures since Q2/2017, which strictly control the quality of coconut water throughout the supply chain. The standardization process was completed at the end of 2017. In addition, in Q4/2017, there was some customer ending the distribution contract with some retailer, while there was some customer changing the sales format from overseas to domestic as earlier explained.

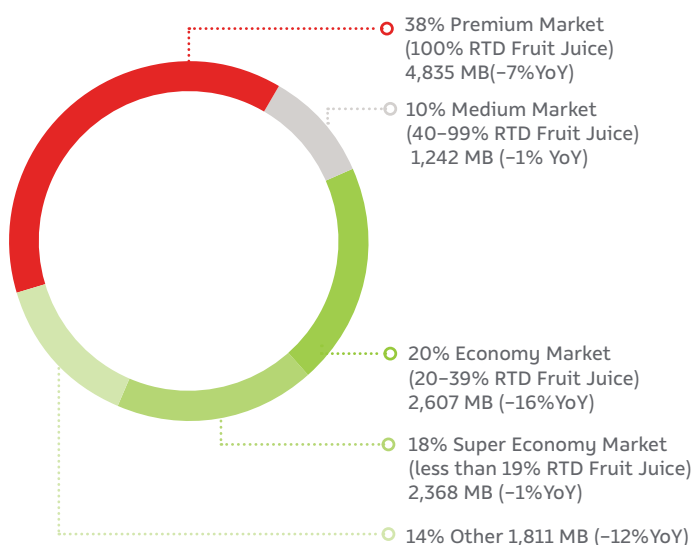
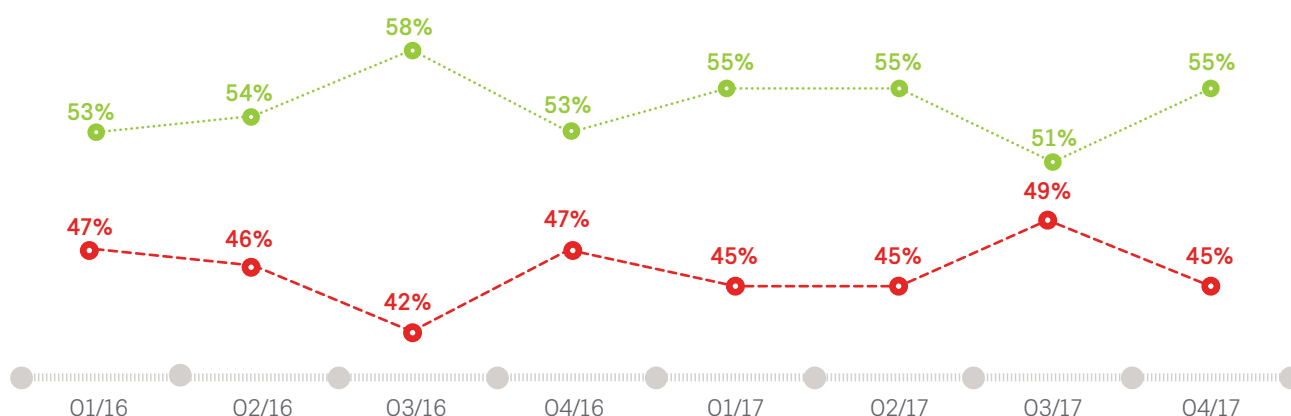
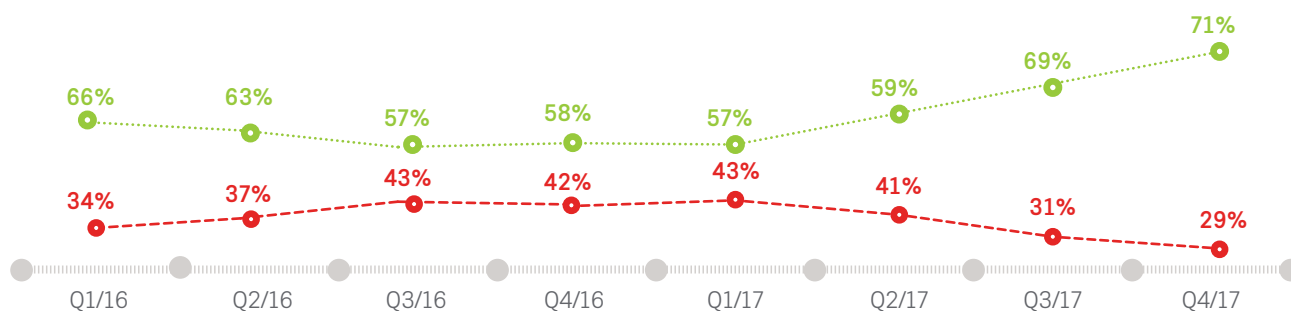


Figure 2: 2017 RTD Fruit Juice Market Value Breakdown by Market

BRAND : CMG



DOMESTIC : EXPORT



Sales Breakdown by Business:

- Brand: Baht 2,736 million, up 8% YoY
- CMG: Baht 3,180 million, up 11% YoY
- Sales ratio of Brand: CMG was 46:54, compared with 45:55 in the same period last year.

Sales Breakdown by Geography:

- Domestic: Baht 3,781 million, up 5% YoY
- Export: Baht 2,135 million, up 17% YoY
- Sales ratio of Domestic: Export was 64:36, compared with 61:39 in the same period last year.

2017 Cost of Goods Sold

The Company and its subsidiaries recorded cost of goods sold of Baht 4,216 million. Cost of goods sold to sales increased to 71.3% from 67.8% in the same period last year as a result of higher cost per unit due to lower capacity utilization; higher depreciation resulted from additional investments in machinery to improve production efficiency and reduce production cost, in order to prepare for an increased level of production from 2018 onwards; cost from trial runs and start-up of a new production line for some products driving higher yield loss; cost from relocating some product from the old production line to the new one; and higher excise tax as well as sugar tax

following the Excise Act, B.E. 2560 which was effective since 16 September 2017.

However, the increase in costs is mainly due to investments to build the foundation for future business growth, while some investments cannot generate revenue immediately, and some investments are not fully utilized or have not reached the optimal level yet. Therefore, cost per unit was higher at this point, which might continue to impact the Company's operating performance in the short term, or for the next 2 quarters.

2017 Gross Profit

The Company and its subsidiaries recorded gross profit of Baht 1,700 million, a decrease of 19% YoY. This represented gross profit margin of 28.7%, a decrease from 32.2% as a result of higher cost of goods sold, as earlier explained.

2017 Selling Expenses

The Company and its subsidiaries recorded selling expenses of Baht 873 million, a decrease of 8% YoY. Selling expenses to sales slightly increased to 14.8% from 14.4% in the same period last year, due to a higher sales contribution of branded business as well as expenses from new packaging launch for major branded products.

2017 Administrative Expenses

The Company and its subsidiaries recorded administrative expenses of Baht 523 million, an increase of 13% YoY. Administrative expenses to sales increased to 8.8%, an increase from 7.1% in the same period last year, due to higher personnel expenses including additional employment in a new subsidiary, gradual improvement of employee benefits as well as higher R&D expenses. All above activities have been prepared for the upcoming aggressive growth in the future, as earlier explained.

2017 Finance Costs

The Company and its subsidiaries recorded finance costs of Baht 22 million, down 5% YoY, as a result of better interest rate as well as improved management of revolving loan.

2017 Net Profit

The Company and its subsidiaries recorded net profit of Baht 286 million, a decrease of 46% YoY, representing a net profit margin of 4.8%, reducing from 8.1% in the same period last year due to 1) higher cost per unit resulted from lower capacity utilization; 2) lower sales contribution of export pressuring net profit margin; 3) higher depreciation resulted from additional investments in plant, machinery, and office renovations to improve production efficiency and reduce production cost, in order to prepare for an increased level of production and the Company's aggressive growth from 2018 onwards; 4) cost from trial runs and start-up of a new production line of some products, driving higher yield loss and cost from relocating some product from the old production line to the new one; 5) higher excise tax as well as sugar tax following the Excise Act, B.E. 2560 which was effective since 16 September 2017; 6) higher selling expenses

from new packaging launch for major branded products; 7) higher administrative expenses from higher personnel; 8) R&D expenses; and 9) loss recognition of Baht 20 million from MMBC. However, loss from MMBC loss decreased 49% YoY, while the loss was foreseen, going following the Company's plan, and considered as a normal level for the business at the beginning stage launching new products into the market which requires high spending.

However, the increase in costs is mainly due to investments to build the foundation for future business growth, while some investments cannot generate revenue immediately, and some investments are not fully utilized or have not reached the optimal level yet. Therefore, cost per unit was higher at this point, which might continue to impact the Company's operating performance in the short term, or for the next 2 quarters.

FINANCIAL POSITION OF THE COMPANY AND ITS SUBSIDIARIES

(Unit: Baht Million)	31 December 2017	31 December 2016	% Change
Cash and cash equivalents	100	92	+9%
Trade receivables	781	731	+7%
Inventories	1,044	812	+29%
Other current assets	179	96	+86%
Total current assets	2,105	1,731	+22%
Property, plant and equipment	2,071	1,781	+16%
Investments in joint venture	53	5	+979%
Other non-current assets	161	123	+31%
Total non-current assets	2,286	1,909	+20%
Total Assets	4,390	3,640	+21%
Short-term loans from financial institutions	1,328	1,047	+27%
Trade payables	473	323	+46%
Current portion of long-term liabilities	128	7	+1718%
Current portion of liabilities under financial lease agreements	40	33	+18%
Other non-current liabilities	342	416	-18%
Non-current Liabilities	2,309	1,826	+26%
Long-term loans, net of current portion	246	7	+3656%
Liabilities under financial lease agreements	85	91	-6%
Other non-current liabilities	137	138	-0.3%
Non-current Liabilities	469	235	+100%
Total Liabilities	2,778	2,061	+35%
Authorized share capital	140	140	-
Issued and fully paid-up share capital	140	140	-
Share premium	6	6	-
Retained earnings	1,270	1,229	+3%
Other components of equity	196	199	-2%
Total equity of parent Company's shareholders	1,612	1,575	+2%
Non-controlling interests	0	5	-
Total Shareholders' Equity	1,612	1,579	+2%
Total Liabilities and Shareholders' Equity	4,390	3,640	+21%

Assets

As at 31 December 2017, the Company and its subsidiaries had total assets of Baht 4,390 million, an increase of 21% from Baht 3,640 million as at 31 December 2016. This was mainly due to increased inventories from higher stock level of branded canned fruit than last year preparing for sale until the next crop season. CMG inventories from customers' stock also increased. Meanwhile, there was also higher trade receivables resulted from higher sales contribution of domestic whose collection period is longer than domestic. Plus, there were also additional investments in joint venture and machinery to improve production efficiency and reducing production cost, in order to prepare for an increased level of production and the Company's aggressive growth from 2018 onwards.

Liabilities

As at 31 December 2017, the Company and its subsidiaries had total Liabilities of Baht 2,778 million, an increase of 35% from Baht 2,061 million as at 31 December 2016, mainly due to higher trade payables under the group of packaging materials whose payment period is quite long, while there was also an increase in loans from financial institutions for the use of the Company's working capital and investments.

Shareholders' Equity

As at 31 December 2017, the Company and its subsidiaries had total equity of parent Company's shareholders of Baht 1,612 million, an increase of 2% from Baht 1,575 million as at 31 December 2016, as a result of operating profit during the year as well as interim dividend payment.

LIQUIDITY AND CAPITAL RESOURCES

Current Ratio

As at 31 December 2017, the Company and its subsidiaries recorded current ratio of 0.91x, a decrease from 0.95x as at 31 December 2016, resulted from increased trade payables, higher bank overdrafts and short-term loans from financial institutions for the use of the Company's working capital as well as an increase in current portion of long-term liabilities and current portion of liabilities under financial lease agreements.

CASH FLOW

(Unit: Baht Million)	31 December 2017	31 December 2016	% Change
Profit (loss) from operating activities before changes in operating assets and liabilities	559	935	-40%
Profit (loss) from changes in operating assets and liabilities	(403)	(191)	-111%
Net Cash flows from (used in) operating activities	156	743	-79%
Decrease (increase) in investments in joint venture	(67)	(44)	+53
Acquisition of property, plant and equipment	(425)	(664)	+36%
Net Cash flows from other investing activities	24	0	N.A.
Net Cash flows from (used in) investing activities	(468)	(708)	+34%
Increase (decrease) in short-term loans from financial institutions	290	300	-3%
Increase (decrease) in long-term loans	369	(6)	+6448%
Cash paid to liabilities under finance lease agreement	(74)	(83)	+11%
Finance costs paid	(22)	(26)	+16%
Dividend paid	(243)	(203)	-20%
Net Cash flows from (used in) financing activities	320	(18)	+1863%
Net increase (decrease) in cash and cash equivalents	8	19	-57%
Cash and cash equivalents at beginning of periods	92	75	+23%
Cash and cash equivalents at end of periods	100	92	+9%

At the end of 2017, the Company and its subsidiaries recorded ending cash of Baht 100 million, an increase from Baht 92 million at the end of 2016, with details as follows:

- Net cash received from operating activities of Baht 156 million, consisting of (1) cash inflows from operating activities before changes in operating assets and liabilities of Baht 559 million, mainly resulted from operating profit and (2) cash outflows from net change in working capital of Baht 403 million mainly due to higher inventories, trade receivables, and other receivables.
- Net cash used in investing activities of Baht 468 million, comprising of (1) cash outflows from investments in fixed assets of Baht 425 million; (2) cash outflows from investments in joint venture of Baht 67 million; (3) proceeds from sale of fixed assets of Baht 6 million; and (4) cash inflows from other investing activities of Baht 18 million.
- Net cash received in financing activities of Baht 320 million, consisting of (1) an increase in bank overdrafts and short-term loans from financial institutions of Baht 290 million; (2) an increase in long-term loans of Baht 369 million; (3) repayment to liabilities under financial lease agreement of Baht 74 million; (4) cash paid to finance costs of Baht 22 million; and (5) cash paid for dividend payment to the Company's shareholders of Baht 243 million.

FORWARD LOOKING

In 2017, the Company's sales declined, in line with the contraction of the beverage market and the domestic ready-to-drink fruit juice market, due to the slowdown in domestic consumption which reflected in sluggish spending in fast moving consumer goods (FMCG). Meanwhile, the Company's costs increased, mainly due to its investments to build the foundation for future business growth, while some investments cannot generate revenue immediately, and some investments are not fully utilized or have not reached the optimal level yet. Therefore, cost per unit was higher at this point, which might continue to impact the Company's operating performance in the short term, or for the next 2 quarters.

However, the Company expects to have aggressive growth in 2018, according to the Company's 9-year strategic business plan (2015 – 2023) which is divided into 3 periods of 3 years each. During the first phase of the strategic plan (2015 – 2017), the Company has been building foundation and strength of the organization to support future growth including 1) investments in plant, machinery, and office renovations, aiming at higher production efficiency, reduced production cost, quality systems improvement, environmental care as well as increasing variety of goods and packaging; 2) investments in research and development; 3) adding the competent personnel to support the future growth plan; 4) an establishment of a new subsidiary namely "Malee Applied Sciences Company Limited", whose objectives to encourage farmers' incomes as well as enhancing security of the Company's raw materials, aiming at developing innovation and high value added products (HVA); 5) continual building business partnerships and establishing joint ventures both domestically and internationally, in order to develop products and distribution channels to meet the needs of consumers across the region as follows: 5.1) "Mega Malee Company Limited" in Thailand, whose objective is to develop health-related food and beverage products, in order to fulfill the needs of consumers for health 5.2) "Monde Malee Beverage Corporation" in the Philippines, whose objective is to be the importer of food and beverage

products of the Company for distribution in the Philippines 5.3) "PT Kino Indonesia Tbk" in Indonesia, whose objective is to be a manufacturer and importer of food and beverage products of the Company as well as developing new products for distribution in Indonesia 5.4) "Malee Kino (Thailand) Company Limited" in Thailand, whose objective is to import and distribute KINO's products such as personal care and beverages products as well as developing new products for Thai market; and 6) the Company's entering into an agreement to acquire 65% ownership of Long Quan Safe Food JSC (LQSF) from the existing shareholders. LQSF is a major manufacturer and distributor of beverage and food products in Vietnam. LQSF's cost competitiveness will enhance the Company's production base for emerging markets in Southeast Asia, while LQSF's wide-coverage distribution that reaches almost all regions of Vietnam will help expand the Company's business in Vietnam.

The Company has continued to establish its partnerships internationally. This is in line with the Company's regional networking strategy, planning to utilize the strengths of its partners in each country to build a strong regional network, which will in turn enhance the Company to strengthen its competitiveness to sustainably accelerate growth in the region.

All investment projects undertaken by the Company will be a key part of building a strong foundation for the Company, which will help drive growth in the future. The year 2018 will be a year of the Company's 40th anniversary and the beginning of the new decade as well as the first year of the second phase of the long-term strategy where the Company expects the leap and sustainable growth. The Company will be able to start getting benefits from the past 3 year investment projects, especially from Q3/2018 onwards. Meanwhile, the Company will devote its resources to fully generate revenue as well as switching costs of investment projects to become gradually increasing revenue, according to the utilization rate of the Company's investment projects.

MALEE GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS

For the year ended December 31, 2017

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

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, 2017, 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, 2017, 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'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 9 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, 2016, presented herein as comparative information, were audited by another auditor in my office, whose report thereon dated February 23, 2017 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.



(CHAIYUTH ANGSUWITHAYA)
Certified Public Accountant
Registration No.3885

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

ASSETS		Baht			
		Consolidated financial statements		Separate financial statements	
		NOTE	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017
CURRENT ASSETS					
Cash and cash equivalents	5	100,467,765	92,273,387	60,934,208	46,427,751
Trade receivables					
Subsidiary	4	-	-	402,006,928	254,936,235
Related parties	4	30,661,709	-	30,661,709	-
Unrelated parties		756,145,598	737,448,530	377,749,485	354,694,947
Less : Allowance for doubtful accounts	6	(5,943,914)	(6,002,996)	(5,172,977)	(5,501,364)
Trade receivables, net	6	780,863,393	731,445,534	805,245,145	604,129,818
Other receivables	4 and 7	132,609,091	59,869,838	69,951,629	34,448,551
Short-term loans to subsidiary	4 and 8	-	-	40,000,000	-
Current portion of long-term to subsidiary	4 and 12	-	-	4,000,000	13,666,675
Current portion of long-term to other	13	7,861,431	-	-	-
Inventories, net	9	1,044,195,358	811,722,447	819,473,443	639,331,994
Other current assets		38,505,345	36,111,901	33,117,423	31,363,115
TOTAL CURRENT ASSETS		2,104,502,383	1,731,423,107	1,832,721,848	1,369,367,904
NON - CURRENT ASSETS					
Investments in subsidiaries, net	10	-	-	174,478,488	164,478,488
Investments in joint venture	11	53,142,852	4,927,441	60,224,870	43,577,755
Long - term loans to subsidiary	4 and 12	-	-	4,000,000	11,388,896
Long - term loans to other, net	13	25,549,652	-	-	-
Restricted bank deposits	14 and 30	21,001,034	21,130,078	21,001,034	21,130,078
Property, plant and equipment, net	15, 20.1 and 30	2,071,157,605	1,780,948,879	2,013,724,623	1,667,362,098
Intangible asset, net	16	36,527,962	45,569,727	31,909,563	40,322,424
Deferred tax assets	26	40,459,165	36,493,106	23,079,320	25,082,133
Other non - current assets					
Deposits	4	32,332,780	13,450,141	30,163,828	8,490,863
Others		5,513,147	6,298,237	4,319,140	6,218,036
TOTAL NON - CURRENT ASSETS		2,285,684,197	1,908,817,609	2,362,900,866	1,988,050,771
TOTAL ASSETS		4,390,186,580	3,640,240,716	4,195,622,714	3,357,418,675

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

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

LIABILITIES AND
SHAREHOLDERS' EQUITY

		Baht			
		Consolidated financial statements		Separate financial statements	
NOTE		As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
CURRENT LIABILITIES					
	Bank overdrafts and short – term loans				
	from financial institutions	17 and 28	1,327,768,049	1,046,947,526	1,327,768,049
	Trade payables				
	Subsidiaries	4	–	419,162	15,060,299
	Related party	4	9,600,370	18,571,124	9,600,370
	Unrelated parties		463,129,627	304,271,459	451,512,208
	Other payables	4 and 18	280,251,503	287,893,132	159,934,768
	Current portion of long – term loans from				
	– financial institutions	20.1	127,660,000	2,655,131	127,660,000
	– others	20.2	–	4,368,749	–
	Current portion of liabilities				
	– under financial lease agreements	19	39,536,293	33,434,438	39,536,293
	Income tax payable		10,563,715	56,526,471	10,381,045
	Other current liabilities				
	Advances received for goods		28,833,328	44,167,532	28,833,328
	Accrued dividends payment		5,307,055	2,983,307	5,307,055
	Others		16,661,906	24,180,728	15,148,929
	TOTAL CURRENT LIABILITIES		2,309,311,846	1,825,999,597	2,176,101,207
NON – CURRENT LIABILITIES					
	Long – term loans, net of current portion from				
	– financial institutions	20.1	246,400,000	1,678,720	246,400,000
	– others	20.2	–	4,881,340	–
	Liabilities under financial lease agreements,				
	net of current portion	19	85,340,495	90,561,917	85,340,495
	Deferred tax liabilities	26	59,554,335	66,606,620	56,450,474
	Employee benefit obligation	21	67,141,813	67,417,737	58,706,809
	Liability from investment in joint venture				
	in portion under the Company's responsibility	11	10,706,223	3,778,646	–
	TOTAL NON – CURRENT LIABILITIES		469,142,866	234,924,980	446,897,778
	TOTAL LIABILITIES		2,778,454,712	2,060,924,577	2,622,998,985

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

AS AT DECEMBER 31, 2017

Baht

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, 2017

Consolidated financial statements (Baht)

	Equity of parent Company's shareholders											
	Note	Retained earnings (deficit)			Other components of equity							
		Issued and fully paid – up share capital	Share premium on issue of treasury shares	Appropriated Legal reserve	Unappropriated	Other comprehensive income (loss)				Total equity of parent Company's shareholders	Non – controlling interests	Total shareholder's equity
						Exchange differences on translating financial statement	Revaluation surplus	Actuarial gains (losses) on defined employee benefit plans	Total			
Balances as at January 1, 2017 Transaction with owners, recorded directly in equity Changes in ownership interests in subsidiaries	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	
Sale of shares in subsidiary	-	-	-	-	-	-	-	-	-	(4,868,409)	(4,868,409)	
Total comprehensive income (loss) for the year	-	-	-	285,576,096	(3,375,454)	-	-	(3,375,454)	282,200,642	82,416	282,283,058	
Dividend paid	23	-	-	(244,998,920)	-	-	-	-	(244,998,920)	-	(244,998,920)	
Ending balances as at December 31, 2017	140,000,000	5,848,058	14,000,000	1,256,063,103	(5,518,073)	201,338,780	-	195,820,707	1,611,731,868	-	1,611,731,868	
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	
Total comprehensive income (loss) for the year	-	-	-	530,023,849	(2,142,619)	-	-	(2,142,619)	527,881,230	91,637	527,972,867	
Dividend paid	23	-	-	(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	

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, 2017

Separate financial statements (Baht)

	Note	Issued and fully paid - up share capital	Share premium on issue of treasury shares	Appropriated Legal reserve	Unappropriated	Other components of equity	
						Retained earnings (deficit)	Other comprehensive income (loss)
Balances as at January 1, 2017		140,000,000	5,848,058	14,000,000	1,119,174,686	196,569,251	1,475,591,995
Total comprehensive income (loss) for the year		-	-	-	342,030,654	-	342,030,654
Dividend paid	23	-	-	-	(244,998,920)	-	(244,998,920)
Ending balances as at December 31, 2017		140,000,000	5,848,058	14,000,000	1,216,206,420	196,569,251	1,572,623,729
Balances as at January 1, 2016		140,000,000	5,848,058	14,000,000	783,967,973	196,569,251	1,140,385,282
Total comprehensive income (loss) for the year		-	-	-	538,137,232	-	538,137,232
Dividend paid	23	-	-	-	(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	1,475,591,995

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

STATEMENTS OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017

		Baht			
		Consolidated financial statements		Separate financial statements	
		For the years ended December 31,		For the years ended December 31,	
	Note	2017	2016	2017	2016
REVENUES					
Revenues from sales	4	5,915,555,454	6,541,201,414	5,115,771,623	5,534,498,841
Other income					
– Gain on exchange rate		9,282,979	5,672,303	9,282,979	5,672,303
– Gain on sales of fixed assets		929,251	–	929,251	–
– Gain on sales of investment in subsidiary		7,453,515	–	–	–
– Others	4	54,717,764	31,896,908	65,370,580	45,976,380
TOTAL REVENUES		5,987,938,963	6,578,770,625	5,191,354,433	5,586,147,524
EXPENSES					
Cost of sales	9	4,215,918,530	4,437,603,077	4,168,238,068	4,349,519,228
Selling expenses		872,932,624	943,569,034	158,890,364	163,876,640
Administrative expenses		522,691,286	462,602,297	444,828,941	375,173,639
Other expenses					
– Loss on sales of fixed 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		22,258,505	23,471,268	22,136,922	22,642,377
TOTAL EXPENSES	12 and 4	5,633,800,945	5,880,853,203	4,794,094,295	4,924,304,131
SHARE OF PROFIT (LOSS) FROM INVESTMENT IN JOINT VENTURES	11	(22,159,828))	(40,286,341)	–	–
PROFIT (LOSS) BEFORE INCOME TAX EXPENSES		331,978,190	657,631,081	397,260,138	661,843,393
TAX EXPENSES (INCOME)	26	46,319,678	127,515,595	55,229,484	123,706,161
PROFIT (LOSS) FOR THE YEARS		285,658,512	530,115,486	342,030,654	538,137,232
PROFIT (LOSS) FOR THE YEARS ATTRIBUTABLE TO :					
EQUITY HOLDERS OF THE PARENT		285,576,096	530,023,849	342,030,654	538,137,232
NON – CONTROLLING INTERESTS		82,416	91,637	–	–
		285,658,512	530,115,486	342,030,654	538,137,232
BASIC EARNINGS PER SHARE (BAHT)					
Profit attributable to equity holders of the parent		1.02	1.89	1.22	1.92
The weighted average number of					
ordinary shares (shares)	28	280.000.000	280,000,000	280,000,000	280,000,000

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017

		Baht			
		Consolidated financial statements For the years ended December 31,		Separate financial statements For the years ended December 31,	
	NOTE	2017	2016	2017	2016
PROFIT (LOSS) FOR THE YEARS		285,658,512	530,115,486	342,030,654	538,137,232
OTHER COMPREHENSIVE INCOME (LOSS):					
Items that will be reclassified subsequently to profit or loss :					
Exchange differences on translating financial statement	11	(3,375,454)	(2,142,619)	-	-
Total item that will be reclassified subsequently to profit or loss :		(3,375,454)	(2,142,619)	-	-
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEARS		(3,375,454)	(2,142,619)	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEARS		282,283,058	527,972,867	342,030,654	538,137,232
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEARS					
ATTRIBUTABLE TO :					
EQUITY HOLDERS OF THE PARENT		282,200,642	527,881,230	342,030,654	538,137,232
NON – CONTROLLING INTERESTS		82,416	91,637	-	-
		282,283,058	527,972,867	342,030,654	538,137,232

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE	Baht			
	Consolidated financial statements For the years ended December 31,		Separate financial statements For the years ended December 31,	
	2017	2016	2017	2016
Cash flows from (used in) operating activities				
Profit (loss) for the years	285,658,512	530,115,486	342,030,654	538,137,232
Adjustments to reconcile profit (loss) to net cash provided by (paid from) operating activities:				
Bad debt and allowance for doubtful accounts (reversal)	(59,083)	466,022	(328,387)	239,263
Loss on destroy inventories	26,606,475	47,808,448	16,053,115	38,416,335
Allowance for obsolete inventories (reversal)	(11,921,470)	5,720,772	(11,184,708)	6,853,625
Depreciation	167,928,730	130,493,232	162,027,074	120,628,349
Allowances for impairment of assets (reversal)	-	(23,667)	-	-
Amortization – other assets	12,623,779	13,954,267	12,168,184	11,572,824
Write – off assets	17,244	4,547,416	6,887	2,920,648
Loss (gain) on sales of property, plant and equipment	(929,251)	224,688	(929,251)	445,200
Unrealised loss (gain) on exchange rate	(9,282,979)	(2,092,097)	(9,282,979)	(2,092,097)
Loss (gain) on sales of investment in subsidiary	(7,453,515)	-	-	-
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	22,159,828	40,286,341	-	-
Employee benefit obligation	6,694,915	6,525,351	5,523,152	5,302,523
Interest income	(1,356,503)	(7,770,887)	(1,356,503)	(2,364,051)
Finance costs	22,258,505	23,471,268	22,136,922	22,642,377
Income tax expense	46,319,678	127,515,595	55,229,484	123,706,161
Profit (loss) from operating activities before changes in operating assets and liabilities	559,264,865	934,625,074	592,093,644	879,055,436
Operating assets decrease (increase)				
Trade receivables	(49,612,937)	160,851,123	(200,786,939)	152,056,136
Other receivables	(91,538,734)	7,391,791	(35,503,079)	5,766,237
Short – term loans to subsidiary	-	-	(40,000,000)	-
Inventories	(249,078,236)	(124,910,894)	(185,009,856)	(115,667,646)
Other current assets	17,138,452	(28,810,846)	(1,754,308)	(23,585,337)
Loan – term loans to subsidiary	1,965,358	-	17,055,572	7,843,425
Other non – current assets	(21,064,188)	(7,550,857)	(22,617,540)	(8,950,445)

STATEMENTS OF CASH FLOWS (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE	Baht			
	Consolidated financial statements For the years ended December 31,		Separate financial statements For the years ended December 31,	
	2017	2016	2017	2016
–Operating liabilities increase (decrease)				
Trade payables	150,445,597	(142,232,690)	130,160,225	(194,866,215)
Other payables	(27,413,921)	46,486,163	2,162,832	62,270,380
Other current liabilities	(22,771,064)	17,520,998	(17,904,381)	16,136,878
Employee benefit obligation paid	(6,228,223)	(5,479,198)	(4,024,123)	(4,640,914)
Cash flows from (used in) operating activities	261,106,969	857,890,664	233,872,047	775,417,935
Net cash flows from (used in) paid to income tax	(105,296,787)	(114,706,147)	(101,637,357)	(113,140,857)
Net cash flows from (used in) operating activities	155,810,182	743,184,517	132,234,690	662,277,078
Cash flows from (used in) investing activities				
Decrease (increase) in restricted bank deposits	129,044	1,198,644	129,044	198,643
Proceeds from decrease in investments in subsidiary	–	–	–	105,000,000
Cash payment for investments in subsidiary	–	–	(10,000,000)	–
Cash payment for investments in joint ventures	(66,823,116)	(43,577,754)	(16,647,116)	(43,577,754)
Purchase of property, plant and equipment	(425,310,445)	(664,407,799)	(419,654,547)	(660,666,296)
Proceeds from disposal of investments in subsidiary, net	17,180,077	–	–	–
Proceeds from sales of property, plant and equipment	6,322,246	5,201,525	2,103,142	6,276,893
Decrease (increase) in intangible assets	(654,596)	(14,122,357)	(911,850)	(13,371,277)
Interest received	1,356,503	7,770,887	1,356,503	2,364,051
Net cash flows from (used in) investing activities	(467,800,287)	(707,936,854)	(443,624,824)	(603,775,740)
Cash flows from (used in) financing activities				
Increase (decrease) in bank overdrafts and short – term loans from financial institutions	290,103,502	299,827,902	290,103,502	299,827,902
Increase (decrease) in short – term loans from subsidiary	–	–	–	(42,000,000)
Increase (decrease) in long – term loans from financial institutions	369,726,149	(2,567,377)	374,060,000	–
Increase (decrease) in long – term loans from others	(1,192,101)	(3,238,482)	–	–
Repayment of liabilities under finance lease agreement	(73,939,750)	(83,332,561)	(73,875,174)	(83,089,960)
Finance costs paid	(21,838,146)	(25,922,574)	(21,716,565)	(24,334,439)
DIVIDEND PAID	(242,675,171)	(202,926,836)	(242,675,172)	(202,926,836)

		Baht			
		Consolidated financial statements For the years ended December 31,		Separate financial statements For the years ended December 31,	
	NOTE	2017	2016	2017	2016
Net cash flows from (used in) financing activities		320,184,483	(18,159,928)	325,896,591	(52,523,333)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		8,194,378	17,087,735	14,506,457	5,978,005
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEARS		92,273,387	75,185,652	46,427,751	40,449,746
CASH AND CASH EQUIVALENTS AT END OF YEARS	5	100,467,765	92,273,387	60,934,208	46,427,751

Supplemental disclosures of cash flows information :

Activities not effecting cash

- For the year ended December 31, 2017
 - Increase in other payable of Baht 21.65 million and increased in finance lease liabilities of Baht 74.84 million due to purchase assets.
 - Increase in liability from investments in joint ventures in portion under the Company's responsibility from currency translation differences of foreign entities amount of Baht 3.38 million.
- 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.
 - Increase in liability from investments in joint ventures in portion under the Company's responsibility from currency translation differences of foreign entities amount of Baht 2.14 million.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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.

Extraordinary General Meeting of Shareholders held on October 20, 2017, the Shareholders have approve to change the "Agri Sol Company Limited" to "Malee Capital Company Limited" and change the business type from "Manufacture and distributor" to "The operation of International Headquarters to companies in the group and investment business". The company has registered with the Ministry of Commerce on October 24, 2017.

Extraordinary General Meeting of Shareholders held on December 18, 2017, the Shareholders have approve to change the "Malee Harvest Company Limited" to "Malee International Company Limited" and change the business type from "Manufacture and distributor for agricultural crops" to "Importer, exporter, distribution of canned agriculture products, fruit juices and non – alcohol beverage". The company has registered with the Ministry of Commerce on December 19, 2017.

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	
	2017	2016	2017	2016
Changes in inventories of finished goods				
decrease (increase)	(136,397,526)	1,235,686	(83,238,153)	(629,180)
Purchase finished goods	873,941,267	596,415,427	763,532,780	498,119,431
Raw materials and consumables used	3,554,105,608	3,546,891,256	3,545,373,655	3,539,663,194
Employee benefits expenses	535,463,149	529,654,421	420,621,718	413,031,899
Directors and management benefit expenses	61,646,676	61,455,835	55,487,971	55,228,591
Depreciation and amortization expenses	180,552,509	144,447,499	174,195,258	132,201,173
Loss on sales of property, plant and equipment	-	224,688	-	445,200
Write - off assets	17,244	4,547,416	6,887	2,920,648
Loss from defective and obsolete inventories	14,685,005	53,529,220	4,868,407	45,269,960
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

2.2.1 Financial reporting standards which are effective for the current year During the year, the Company adopted a number of revised and new accounting standards and financial reporting standards including their interpretations, issued by the Federation of Accounting Professions, which are effective for financial statements year beginning on or after January 1, 2017. Adoption of the above financial reporting standards in the current year do not have material effect on the financial statements.

2.2.2 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 2018 as follows.

Accounting Standards

TAS	1	Presentation of Financial Statements (revised 2017)
TAS	2	Inventories (revised 2017)
TAS	7	Statement of Cash Flows (revised 2017)
TAS	8	Accounting Policies, Changes in Accounting Estimates and Errors (revised 2017)
TAS	10	Events After the Reporting Period (revised 2017)
TAS	11	Construction Contracts (revised 2017)
TAS	12	Income Taxes (revised 2017)
TAS	16	Property, Plant and Equipment (revised 2017)
TAS	17	Leases (revised 2017)
TAS	18	Revenue (revised 2017)
TAS	19	Employee Benefits (revised 2017)
TAS	20	Accounting for Government Grants and Disclosure of Government Assistance (revised 2017)
TAS	21	The Effects of Changes in Foreign Exchange Rates (revised 2017)
TAS	23	Borrowing Costs (revised 2017)
TAS	24	Related Party Disclosures (revised 2017)
TAS	26	Accounting and Reporting by Retirement Benefit Plans (revised 2017)
TAS	27	Separate Financial Statements (revised 2017)
TAS	28	Investments in Associates and Joint Venture (revised 2017)
TAS	29	Financial Reporting in Hyperinflationary Economies (revised 2017)
TAS	33	Earnings per Share (revised 2017)
TAS	34	Interim Financial Reporting (revised 2017)
TAS	36	Impairment of Assets (revised 2017)
TAS	37	Provisions, Contingent Liabilities and Contingent Assets (revised 2017)
TAS	38	Intangible Assets (revised 2017)
TAS	40	Investment Property (revised 2017)
TAS	41	Agriculture (revised 2017)

Financial Reporting Standards

TFRS	2	Share – Based Payments (revised 2017)
TFRS	3	Business Combinations (revised 2017)
TFRS	4	Insurance Contracts (revised 2017)
TFRS	5	Non – current Assets Held for Sale and Discontinued Operations (revised 2017)
TFRS	6	Exploration for and Evaluation of Mineral Resources (revised 2017)
TFRS	8	Operating Segments (revised 2017)
TFRS	10	Consolidated Financial Statement (revised 2017)
TFRS	11	Joint Arrangements (revised 2017)
TFRS	12	Disclosure of Interests in Other Entities (revised 2017)
TFRS	13	Fair Value Measurement (revised 2017)

Accounting Standard Interpretations

TSIC	10	Government Assistance – No Specific Relation to Operating Activities (revised 2017)
TSIC	15	Operating Leases – Incentives (revised 2017)
TSIC	25	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders (revised 2017)

TSIC	27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2017)
TSIC	29	Service Concession Arrangements : Disclosures (revised 2017)
TSIC	31	Revenue – Barter Transactions Involving Advertising Services (revised 2017)
TSIC	32	Intangible Assets – Web Site Costs (revised 2017)

Financial Reporting Standard Interpretations

TFRIC	1	Changes in Existing Decommissioning, Restoration and Similar Liabilities (revised 2017)
TFRIC	4	Determining whether an Arrangement contains a Lease (revised 2017)
TFRIC	5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2017)
TFRIC	7	Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economies (revised 2017)
TFRIC	10	Interim Financial Reporting and Impairment (revised 2017)
TFRIC	12	Service Concession Arrangements (revised 2017)
TFRIC	13	Customer Loyalty Programmes (revised 2017)
TFRIC	14	TAS 19 (revised 2017) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (revised 2017)
TFRIC	15	Agreements for the Construction of Real Estate (revised 2017)
TFRIC	17	Distributions of Non – cash Assets to Owners (revised 2017)
TFRIC	18	Transfers of Assets from Customers (revised 2017)
TFRIC	20	Stripping Costs in the Production Phase of a Surface Mine (revised 2017)
TFRIC	21	Levies (revised 2017)

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, 2016 as follow:

		Percentage of shareholding			Assets as a percentage to the consolidated total assets		Revenues as a percentage to the consolidated total	
Company's name	Nature of business	2017	2016	Country of incorporation	2017	2016	2017	2016
Held by the Company								
Malee Enterprise Company Limited	Distributor	99.99	99.99	Thailand	16.49	17.53	35.30	37.69
Icon Foods, LLC.	Distributor (Dormant)	99.00	99.00	USA	-	-	-	-
Malee Capital Company Limited (formerly the name of Agri Sol Company Limited)	Investment (formerly "Manufacture and distributor")	99.99	99.99	Thailand	2.36	1.41	-	0.02
Malee International Comapny Limited (formerly the name of Malee Harvest Company Limited) (Its subsidiary is Lanchang Farm Company Limited (70% owned))(A)	Importer, exporter distribution of canned agriculture products fruit juices and non – alcohol beverage (formerly "Investment")	100.00	100.00	Thailand	0.48	1.77	0.07	0.13
Malee Applied Sciences Company Limited	Research and development of scientifically, tranformation,	100.00	-	Thailand	0.88			
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	49.00	Philippine	-	-	-	-
Mega Malee Company Limited	Research and development of food and beverage	49.00	49.00	Thailand	-	-	-	-
Held by the Company								
Joint ventures								
PT Kino Malee Indonesia	Importing, manufacturing, selling, marketing and distribution of MALEE product			Indonesia				

(A) On February 22, 2017, Malee International Company Limited ("MIC") 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 "MIC" amount Baht 12.65 million in the separate financial statement and on all of Goodwill of this investment in the consolidated financial statement.

However, on March 30, 2017, "MIC" received the rest of the contract price from sale of all investment on Lanchang Farm Company Limited in according to the contract refers to the notes to financial statements no. 10 and "MIC" transferred the control to the unrelated buyer on such date. Thus, the presentation of the consolidated financial statements for the year ended December 31, 2017 included the operation results of Lanchang Farm Company Limited from January 1, 2017 to March 30, 2017 in the consolidated statements of income, comprehensive income 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.

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.

Revenues from services are recognized by reference to the stage of completion.

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 as follows:

3.8 Goodwill

	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.

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.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the lower of its recoverable amount (if determinable) and the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried

at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

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.

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 statement of financial position derivative instruments.

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.

The Company has restated the weighted average number of ordinary shares used in computation of the basic earnings per share for the year ended December 31, 2016 to reflect the change in par value of the ordinary shares as mentioned in notes 22 and 28 to the financial statements which is adjusted for the proportionate change in number of ordinary shares outstanding as if the event had occurred at the beginning of the earliest period presented. As a result, the basic earnings per share for the year ended December 31, 2016 has been changed

from Baht 3.79 per share to Baht 1.89 per share respectively in the consolidated financial statements (restated) and from Baht 3.84 per share to Baht 1.92 per share, respectively in the separate financial statements (restated).

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 the Group as follow:

Related Companies	Business Type	Relationship
Direct subsidiaries		
Malee Enterprise Company Limited	Distributor	Shareholders/Co – directors
Icon Foods LLC	Distributor (Dormant)	Shareholders/Co – directors
Malee Capital Company Limited (formerly the name of Agri Sol Company Limited)	Investment (formerly "Manufacture and distributor")	Shareholders/Co – directors
Malee International Company Limited (formerly the name of Malee Havest Company Limited)	Importer, exporter, distribution of canned agriculture products, fruit juices and non – alcohol beverage (formerly "Investment")	Shareholders/Co – directors
Malee Applied Sciences Company Limited	Research and development of scientifically, tranformation, agriculture	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
PT Kino Malee Indonesia	Importing, manufacturing, selling, marketing and distribution of MALEE products	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
PT KINO INDONESIA TBK	Manufacture and distribution of consumer products in Indonesia	A venture

(A) On March 30, 2017, Malee International Company Limited sold all investment on Lanchang Farm Company Limited to an unrelated investor, which is that date on which control is transferred to purchaser.

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

		Baht			
		Consolidated financial statements		Separate financial statements	
	Transfer Pricing policy	2017	2016	2017	2016
Transactions with subsidiaries					
(Eliminated in the consolidated financial statements)					
Sales of goods	Cost plus margin	-	-	1,311,925,483	1,469,523,740
Sale of raw material and others	Cost plus margin	-	-	80,729	175,245
Revenues from service	Contract price	-	-	12,653,300	12,120,000
Guarantee fee	1.75 percent of the guarantee amount	-	-	2,582,089	2,958,265
Interest income	Contract price	-	-	967,385	1,770,614
Purchase of goods	Cost plus margin	-	-	2,113,062	1,613,172
Purchase of raw material and others	Cost plus margin	-	-	-	55,982,700
Marketing support expenses	Contract price	-	-	10,000,000	-
Research and development service	Contract price	-	-	21,931,620	-
Warehouse rental expenses	Contract price	-	-	7,200,000	7,200,000
Interest paid	Contract price	-	-	-	184,311
Transactions with related parties					
Sales of goods	Cost plus margin	49,817,052	-	49,817,052	-
Transactions with related parties					
Sales of goods	Cost plus margin	15,530,424	64,538,963	15,530,424	64,538,963
Sales of raw material and others	At the rate agreed upon	4,544,849	4,147,697	4,544,849	4,147,697
Revenues from service	Contract price	400,000	-	400,000	-
Purchase of raw material and others	At the rate agreed upon	49,335,095	-	49,335,095	-
Produce service	Cost plus margin	96,243,945	96,908,799	96,243,945	96,908,799
Building rental expenses	Contract price	12,022,384	10,898,400	9,596,784	7,334,400
Other fee	Cost plus margin	5,370,500	-	5,370,500	-
Sales of raw material and others	At the rate agreed upon	10,898,400	12,098,400	7,334,400	7,334,400

The balances of the accounts as at December 31, 2017 and 2016 between the Company and its subsidiaries and those related companies are as follows:

		Baht			
		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Trade receivables					
Subsidiary					
	Malee Enterprise Co., Ltd.	-	-	402,006,928	254,936,235
Joint Venture					
	Monde Malee Beverage Corporation	28,152,725	-	28,152,725	-

		Baht			
		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Related party					
	Monde Nissin Corporation	2,508,984	-	2,508,984	-
Other receivables					
Subsidiary					
	Malee Enterprise Co., Ltd.	-	-	6,400,669	6,703,042
	Malee Capital Co., Ltd. (formerly the name of Agri Sol Co., Ltd.)	-	-	82,521	-
	Malee Applied Sciences Co., Ltd.	-	-	156,314	-
	Total	-	-	6,639,504	6,703,042
Joint Venture					
	Mega Melee Co., Ltd.	-	56,730	-	56,730
Related party					
	Abico Daily Farm Co., Ltd.	2,341,685	855,103	2,341,685	855,103
Short – term loans					
Subsidiary					
	Malee Capital Co., Ltd. (formerly the name of Agri Sol Co., Ltd.)	-	-	40,000,000	-
Long – term loans					
Subsidiary					
	Malee Internstional Co., Ltd. (formerly the name of Malee Harvest Co., Ltd.)	-	-	8,000,000	26,329,926
Deposits					
Related party					
	Abico Daily Farm Co., Ltd	8,124,800	8,124,800	8,124,800	5,451,800
Trade payables					
Subsidiary					
	Malee Enterprise Co., Ltd.	-	-	419,162	815,432
	Malee Capital Co., Ltd. (formerly the name of Agri Sol Co., Ltd.)	-	-	-	14,244,867
	Total	-	-	419,162	15,060,299
Related party					
	Abico Daily Farm Co., Ltd.	9,600,370	18,571,124	9,600,370	18,571,124
Other payables					
Subsidiary					
	Malee Enterprise Co., Ltd.	-	-	11,093,050	426,076
	Malee Capital Co., Ltd. (formerly the name of Agri Sol Co., Ltd.)	-	-	-	1,400,568
	Malee Applied Sciences Co., Ltd.	-	-	8,705,946	-
	Total	-	-	19,798,996	1,826,644
Related party					
	Abico Land Co., Ltd.	163,936	3,000	163,936	-
	Abico Daily Farm Co., Ltd	27,606	53,318	-	53,318
	Spicy Disc Co., Ltd	-	4,116,023	-	4,116,023
	Total	191,542	4,172,341	163,936	4,169,341

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, 2017 and 2016 are as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short - term employee benefits	61,646,676	61,455,835	55,487,971	55,228,591
Post - employment benefits	755,064	729,858	621,181	599,777
Total	62,401,740	62,185,693	56,109,152	55,828,368

Guarantee obligations with related party

The Company has outstanding guarantee obligations with a subsidiary, as described in note 31.3 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	
	2017	2016	2017	2016
PETTY CASH	44,677	115,905	23,506	48,102
Cash at banks				
- current accounts	44,544,578	37,357,551	26,718,690	8,048,920
- saving accounts	54,724,129	42,649,253	34,192,012	27,584,194
Cheque in hand	1,154,381	12,150,678	-	10,746,535
Total	100,467,765	92,273,387	60,934,208	46,427,751

6 TRADE RECEIVABLES, NET

The outstanding balances of trade receivables as at December 31, 2017 and 2016 are aged, based on due date, as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Age of receivables				
Not yet due	599,117,729	579,005,859	430,587,216	380,240,377
Past due				
Up to 3 months	177,358,792	147,088,672	369,500,120	218,929,043
3 - 6 months	3,353,330	717,203	3,353,330	300,742

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
6 – 9 months	–	–	–	–
Longer than 9 months	6,977,456	10,636,796	6,977,456	10,161,020
Total	786,807,307	737,448,530	810,418,122	609,631,182
Less: Allowance for doubtful accounts	(5,943,914)	(6,002,996)	(5,172,977)	(5,501,364)
Trade receivables, net	780,863,393	731,445,534	805,245,145	604,129,818

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

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Beginning balance	(6,002,996)	(5,536,974)	(5,501,364)	(5,262,101)
Increased during the years	(946,761)	(606,034)	(453,220)	(239,263)
Received during the years	575,785	124,148	542,344	–
Decreased due to write – off	364,319	15,864	239,263	–
Decrease from disposal of investment in subsidiary	65,739	–	–	–
Ending balance	(5,943,914)	(6,002,996)	(5,172,977)	(5,501,364)

7 OTHER RECEIVABLES

Other receivables, as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Accrued other income	44,051,921	18,154,094	39,215,929	22,678,044
Advance payment	14,280,997	1,235,587	12,659,072	321,046
Prepaid expense	29,504,275	20,730,725	7,039,478	9,761,791
Advance payment for goods	41,436,994	18,566,362	7,702,246	504,600
Excise tax	3,334,904	1,183,070	3,334,904	1,183,070
Total	132,609,091	59,869,838	69,951,629	34,448,551

8 8. LONG – TERM LOANS TO SUBSIDIARY

	Baht			
	Separate financial statements			
	2016	Increase	Decrease	2017
Accrued other income	–	40,000,000	–	40,000,000

On December 2017, The Company had entered into a loan agreement with a subsidiary. The interest is at the rate 6.275% p.a. The principal and interest are repayable with in year 2018 and interest are repayable in quarterly commencing from March 31, 2018.

Loans to a subsidiary which is unsecured.

9 INVENTORIES, NET

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Finished goods	634,671,610	498,274,084	409,545,202	326,307,050
Raw materials	226,663,208	182,424,920	225,820,447	180,461,143
Packing materials	142,922,911	112,662,800	142,805,551	112,199,659
Spare parts and factory supplies	40,271,620	42,656,001	40,271,620	42,558,124
Goods in transit	15,524,151	3,484,254	15,524,151	3,484,254
Total	1,060,053,500	839,502,059	833,966,971	665,010,230
Less: Allowance for stock	(15,858,142)	(27,779,612)	(14,493,528)	(25,678,236)
Inventories, net	1,044,195,358	811,722,447	819,473,443	639,331,994

Inventories recognized as an expense in cost of sales.

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cost of goods sold	4,201,233,525	4,384,073,857	4,163,369,661	4,304,249,268
Loss on dectroy inventories	26,606,475	47,808,448	16,053,115	38,416,335
Increase (decrease) in provision for obsolete inventories	(11,921,470)	5,720,772	(11,184,708)	6,853,625
	4,215,918,530	4,437,603,077	4,168,238,068	4,349,519,228

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

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Beginning balance	(27,779,612)	(22,058,840)	(25,678,236)	(18,824,611)
Decreased (increased) during the years	11,921,470	(5,720,772)	(25,678,236)	(6,853,625)
Ending balance	(15,858,142)	(27,779,612)	(14,493,528)	(25,678,236)

10 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)		2017	2016
	2017	2016	2017	2016	2017	2016		
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	–	–
Malee Capital Company Limited (formerly the name of Agri Sol Company Limited)	Baht 40 million	Baht 145 million	99.99	99.99	40,000,000	40,000,000	–	–
Malee International Company Limited (formerly the name of Malee Harvest Company Limited) (A)	Baht 40 million	Baht 40 million	100.00	100.00	37,137,535	37,137,535	–	–
Malee Applied Sciences Company Limited (B)	Baht 10 million	–	99.99	–	10,000,000	–	–	–
					188,416,535	178,416,535		
Less: Impairment loss on investment					(13,938,047)	(13,938,047)		
Investments in subsidiaries, net					174,478,488	164,478,488		

(A) On February 22, 2017, Malee International Company Limited ("MIC") 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 "MIC" amount Baht 12.65 million in the separate financial statement and on all of Goodwill of this investment in the consolidated financial statement. Later, on March 30, 2017,

"MIC" received the rest of the contract price in which the control is transferred to the buyer on such date. Therefore, gain on sale of investment in subsidiary was recognized in the consolidated statements of income for the three – month period ended March 31, 2017.

(B) 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.

11 INVESTMENTS IN JOINT VENTURE

Company's name	Nature of business	Paid – up capital		Shareholding percentage		Cost method (Baht)		Equity method (Baht)		Dividend paid (Baht) For the years ended December 31,	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Monde Malee Beverage Corporation (registered in Philippine)(B)	Importation, marketing promotion and sale of the Company's food and beverage in Philippine market.	150 million Philippine Peso	100 million Philippine Peso	49.00	49.00	55,122,631	38,475,516	(10,706,223)	(3,778,646)	–	–
Mega Malee Co., Ltd. (A)	Research and development of food and beverage	Baht 10 million	Baht 10 million	49.00	49.00	5,102,239	5,102,239	2,966,852	4,927,441	–	–

								Dividend paid (Baht)			
		Paid – up capital		Shareholding percentage		Cost method (Baht)		Equity method (Baht)		For the years ended December 31,	
Company's name	Nature of business	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Subsidiary											
PT KINO Malee Indonesia (C)	Importing, manufacturing, selling, marketing	Rupiah 40 million	-	49.00	-	50,176,000	-	50,176,000	-	-	
Investments in Joint Venture						50,176,000	-				
						110,400,870	43,577,755				

(A) On August 22, 2016, the Company and Mega Lifesciences Public 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.

(B) In May, 2017, Monde Malee Beverage Corporation approved to call for additional paid – up capital amount of PHP 50

million with the same portion, effecting as at September 30, 2017 share capital and paid – up capital of Monde Malee Beverage Corporation amounting to PHP 150 million.

(C) On October 30, 2017, Malee Capital Company Limited and PT KINO INDONESIA TBK in Indonesia had entered into a joint venture agreement to retting up a Indonesia joint venture Company namely PT Kino Malee Indonesia which has been registered in the 4th quarter of year 2017, paid – up capital of PT Kino Malee Indonesia amounting to Rupiah 40 million. The Company's shareholding is 49%

Movements of investments in joint ventures as follows:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Investment in joint ventures beginning of the years	1,149	-	43,578	-
Acquisitions	66,823	43,578	16,647	43,578
Share of profits (losses) under equity method	(22,160)	(40,286)	-	-
Share of other comprehensive income	-	-	-	-
Unrealised gain (losses) on dilution from investment	(3,375)	(2,143)	-	-
Investment in joint ventures ending of the years	42,437	1,149	60,225	43,578

Balance as at December 31, 2017, the investments in joint ventures in the consolidated financial statements are accounted for using the equity method as follows:

	Thousand Baht	
	2017	2016
Investment in joint ventures	53,143	4,927
Liability from investment in joint venture in portion under the Company's responsibility	(10,706)	(3,778)
	42,437	1,149

Summarized financial information of joint ventures as follows:

Name	Million Baht									
	Paid-up capital		Total assets		Total liabilities		Total revenues for		Profit (loss) for the	
	As at December 31,		As at December 31,		As at December 31,		the years ended		years ended	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
MONDE MALEE BEVERAGE CORPORATION	100 million Philippine Peso	100 million Philippine Peso	46	82	61	90	60	2	(41)	(82)
Mega Malee Company Limited	Baht 10 million	Baht 10 million	7	10	-	-	-	-	(4)	-
Subsidiary										
PT Kino Malee Indonesia	Rupiah 40 million	-	-	-	-	-	-	-	-	-

12 LONG – TERM LOANS TO SUBSIDIARY, NET

	Baht			
	Separate financial statements			
	2016	Increase	Decrease	2017
Loans to subsidiary	25,055,571	-	17,055,571	8,000,000
Less Current portion	(13,666,675)			(4,000,000)
Loan to subsidiary, net	11,388,896			4,000,000

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 quarterly commencing from January 2016 and paid within December 2018.

13 LONG – TERM LOANS TO OTHER, NET

	Baht			
	Consolidated financial statements			
	2016	Increase	Decrease	2017
Loans to other	-	33,411,083	-	33,411,083
Less Current portion	-			(7,861,431)
Loan to other, net	-			25,549,652

During the year 2014 – 2016, Malee International Company Limited ("MIC") had entered into various loan agreements with Lanchang Farm Company Limited ("LCF") (formerly is subsidiary of "MIC" and commencing on March 31, 2017, "LCF" has not been a subsidiary of "MIC"). As of December 31, 2016, the loan balance was Baht 33.52 million with interest at the rate MLR% p.a. and payment conditions on principal and interest as identify in each agreement.

On February 1, 2017, "LCF" has executed a letter of acknowledgement of debt as of January 31, 2017 with "MIC" 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 2017, the loan will be subject to interest rate of 6.275% p.a. monthly payable.

14 RESTRICTED BANK DEPOSITS

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

15 PROPERTY, PLANT AND EQUIPMENT, NET

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

	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, 2016	125,290,595	432,231,916	15,649,549	2,066,042,027	43,445,509	52,357,453	443,702,074	3,178,719,123
Acquisition	-	-	-	13,041,512	4,186,908	8,092,441	496,475,717	521,796,578
Disposals	-	(8,090,779)	-	(4,077,224)	(7,276,264)	(1,068,842)	-	(20,513,109)
Decrease from sale of investment	(14,027,966)	(53,938,464)	-	(8,050,215)	(2,479,400)	(1,639,813)	-	(80,135,858)
Write – off	-	(50,000)	-	-	-	(115,820)	-	(165,820)
Transfer in (out)	-	179,730,599	9,392,146	478,010,670	16,000	26,132,131	(693,319,620)	(38,074)
As at December 31, 2017	111,262,629	549,883,272	25,041,695	2,544,966,770	37,892,753	83,757,550	246,858,171	3,599,662,840
Accumulated depreciation:								
As at December 31, 2016	-	(278,865,131)	(11,729,728)	(1,269,343,714)	(24,406,073)	(32,498,580)	-	(1,616,843,226)
Depreciation for the year	-	(17,899,732)	(1,415,442)	(135,590,038)	(4,423,518)	(8,600,000)	-	(167,928,730)
Depreciation on disposals	-	5,393,267	-	2,347,762	6,660,032	719,054	-	15,120,115
Decrease from sale of investment	-	15,079,027	-	4,451,188	2,278,932	1,651,992	-	23,461,139
Write – off	-	39,643	-	-	-	108,933	-	148,576
Transfer in (out)	-	-	-	-	-	-	-	-
As at December 31, 2017	-	(276,252,926)	(13,145,170)	(1,398,134,802)	(19,890,627)	(38,618,601)	-	(1,746,042,126)
Allowance for impairment loss:								
As at December 31, 2016	-	(13,334,662)	-	(1,652,904)	-	-	(17,612,914)	(32,600,480)
Increasing	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Decrease from sale of investment	-	-	-	-	-	-	-	-
Write – off	-	-	-	-	-	-	-	-
As at December 31, 2017	-	(13,334,662)	-	(1,652,904)	-	-	(17,612,914)	(32,600,480)
Net book value:								
As at December 31, 2016	125,290,595	140,032,123	3,919,821	795,045,409	19,039,436	19,858,873	426,089,160	1,529,275,417
As at December 31, 2017	111,262,629	260,295,684	11,896,525	1,145,179,064	18,002,126	45,138,949	229,245,257	1,821,020,234
Incremental amount:								
As at December 31, 2016	251,673,462	-	-	-	-	-	-	251,673,462
Increasing (decreasing)	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Decrease from sale of investment	(1,536,091)	-	-	-	-	-	-	(1,536,091)

	Baht							
Write – off	-	-	-	-	-	-	-	-
As at December 31, 2017	250,137,371	-	-	-	-	-	-	250,137,371
Revaluation basis assets, net:								
As at December 31, 2016	376,964,057	140,032,123	3,919,821	795,045,409	19,039,436	19,858,873	426,089,160	1,780,948,879
As at December 31, 2017	361,400,000	260,295,684	11,896,525	1,145,179,064	18,002,126	45,138,949	229,245,257	2,071,157,605
Depreciation for the years ended December 31,								
As at December 31, 2016								130,493,232
As at December 31, 2017								167,928,730

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, 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
Acquisition	-	-	-	8,760,830	4,186,908	7,925,280	489,034,306	509,907,324
Disposals	-	(150,000)	-	(3,211,959)	(6,705,132)	(724,004)	-	(10,791,095)
Write – off	-	-	-	-	-	(115,820)	-	(115,820)
Transfer in (out)	-	179,730,598	9,392,146	476,886,388	-	25,849,255	(692,195,337)	(336,950)
As at December 31, 2017	99,288,436	457,348,984	24,305,352	2,370,037,483	34,565,746	81,923,907	240,541,043	3,308,010,951
Accumulated depreciation:								
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)
Depreciation for the year	-	(14,782,072)	(1,252,830)	(133,208,656)	(4,356,518)	(8,426,998)	-	(162,027,074)
Depreciation on disposals	-	59,390	-	3,036,957	6,088,912	431,947	-	9,617,206
Write – off	-	-	-	-	-	108,934	-	108,934
Transfer in (out)	-	-	-	-	-	-	-	-
As at December 31, 2017	-	(218,727,175)	(12,408,827)	(1,232,075,888)	(16,581,559)	(37,119,206)	-	(1,516,912,655)
Allowance for impairment loss:								
As at December 31, 2016	-	(4,118,147)	-	(1,354,176)	-	-	(17,612,914)	(23,085,237)
Increasing	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Write – off	-	-	-	-	-	-	-	-
As at December 31, 2017	-	(4,118,147)	-	(1,354,176)	-	-	(17,612,914)	(23,085,237)
Net book value:								
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
As at December 31, 2017	99,288,436	234,503,662	11,896,525	1,136,607,419	17,984,187	44,804,701	222,928,129	1,768,013,059
Incremental amount:								
As at December 31, 2016	245,711,564	-	-	-	-	-	-	245,711,564
Increasing (decreasing)	-	-	-	-	-	-	-	-

	Baht							
Disposals	-	-	-	-	-	-	-	-
Write – off	-	-	-	-	-	-	-	-
As at December 31, 2017	245,711,564	-	-	-	-	-	-	245,711,564
Revaluation basis assets, net:								
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
As at December 31, 2017	345,000,000	234,503,662	11,896,525	1,136,607,419	17,984,187	44,804,701	222,928,129	2,013,724,623
Depreciation for the years ended December 31,								
As at December 31, 2016								120,628,349
As at December 31, 2017								162,027,074

As at December 31, 2017, the Company's land including building and construction and certain machineries are mortgaged to a local bank as security against credit facilities in long – term loan of Baht 1,000.00 million, derivatives, letter of credit and letter of guarantees.

As at December 31, 2017 and 2016, the Company and its subsidiaries have vehicles and machineries acquired under finance lease agreements, with net book value amounting to approximately Baht 160.59 million and Baht 158.20 million, respectively (the Company only: amounted to approximately Baht 160.59 million and Baht 157.97 million, respectively).

As at December 31, 2017 and 2016 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 717.83 million and Baht 687.69 million, respectively (the Company only : amounted to approximately Baht 701.22 million and Baht 672.87 million, respectively).

For the year ended December 31, 2017 and 2016, capitalized borrowing costs relating to the acquisition of construction of building improvement and machineries amounted to Baht 16.70 million and Baht 2.53 million, respectively (the Company only : amounted to Baht 16.70 million and Baht 2.53 million, respectively), in year 2017 and 2016 with a capitalization rate of 2.53% to 2.61% and 2.44% to 2.81%, respectively.

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.

16 INTANGIBLE ASSETS, NET

Baht

Consolidated financial statements

	Computer software	Computer software under development	Total
Cost			
As at December 31, 2016	48,143,285	14,455,903	62,599,188
Increase	148,900	480,000	628,900
Decrease from sale of investment	(305,000)	–	(305,000)
Decrease	(56,603)	–	(56,603)
Transfer in (out)	4,289,950	(4,251,876)	38,074
As at December 31, 2017	52,220,532	10,684,027	62,904,559
Accumulated amortization			
As at December 31, 2016	(17,029,461)	–	(17,029,461)
Increase	(9,683,043)	–	(9,683,043)
Decrease from sale of investment	305,000	–	305,000
Decrease	30,907	–	30,907
As at December 31, 2017	(26,376,597)	–	(26,376,597)
Net book value			
As at December 31, 2016	31,113,824	14,455,903	45,569,727
As at December 31, 2017	25,843,935	10,684,027	36,527,962

Baht

Separate financial statements

	Computer software	Computer software under development	Total
Cost			
As at December 31, 2016	46,572,931	9,895,027	56,467,958
Increase	94,900	480,000	574,900
Decrease	–	–	–
Transfer in (out)	336,950	–	336,950
As at December 31, 2017	47,004,781	10,375,027	57,379,808
Accumulated amortization			
As at December 31, 2016	(16,145,534)	–	(16,145,534)
Increase	(9,324,711)	–	(9,324,711)
Decrease	–	–	–
As at December 31, 2017	(25,470,245)	–	(25,470,245)
Net book value			
As at December 31, 2016	30,427,397	9,895,027	40,322,424
As at December 31, 2017	21,534,536	10,375,027	31,909,563

17 BANK OVERDRAFTS AND SHORT – TERM LOANS FROM FINANCIAL INSTITUTIONS

As at December 31, 2017 and 2016, bank overdrafts and short – term loans from financial institutions were as follows:

	Baht	
	Consolidated and separate financial statements	
	2017	2016
Bank overdrafts	329,773	13,943,261
Promissory notes		
(interest rate of MMR p.a.)	1,040,414,962	753,358,400
Discounted bill of exchange		
(interest rate of MMR p.a.)	250,000,000	200,000,000
Trust receipts	37,023,314	79,645,865
Total	1,327,768,049	1,046,947,526

18 OTHER PAYABLES

Other payables, as follows

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Accrued expenses	258,602,527	287,893,132	144,856,120	142,272,930
Other – payable	21,648,976	–	15,078,648	–
Total	280,251,503	287,893,132	159,934,768	142,272,930

19 LIABILITIES UNDER FINANCE LEASE AGREEMENTS

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Liabilities under finance lease agreements	139,706,414	141,281,051	139,706,414	141,196,063
Less : deferred interest	(14,829,626)	(17,281,938)	(14,829,626)	(17,281,284)
deferred VAT	–	(2,758)	–	–
	124,876,788	123,996,355	124,876,788	123,914,779
Less : current portion due within one year	(39,536,293)	(33,434,438)	(39,536,293)	(33,352,862)
Liabilities under finance lease agreements, net of current portion	85,340,495	90,561,917	85,340,495	90,561,917

Consolidated financial statements (Baht)

	2017				2016			
	Principal	Deferred interest	Deferred VAT	Total	Principal	Deferred interest	Deferred VAT	Total
1 – 5 years	85,340,495	1,908,332	–	87,248,827	90,561,917	9,517,437	–	100,079,354
Over 5 years	–	–	–	–	–	–	–	–
Total	85,340,495	1,908,332	–	87,248,827	90,561,917	9,517,437	–	100,079,354

20 LONG – TERM LOANS**20.1 Loans from financial institutions**

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Loan	374,060,000	4,333,851	374,060,000	–
Less Current portion	(127,660,000)	(2,655,131)	(127,660,000)	–
Long – term loans, net	246,400,000	1,678,720	246,400,000	–

The Company : Loan from a local bank

On May 8, 2017, the Company had entered into a loan agreement with a local bank in the amount of Baht 1,000.00 million being used to renovate factory, office, production area and machines. The Company is able to drawdown the loan in installment when necessary with interest at the rate of THBFX6M+2% p.a. The loan withdrawal 24 periods on each drawdown date. The principal is repayable in 3 tranche according to the type of payment required by the bank. The principals are repayable equally in 10 six – month installments according to the drawdown principal on September 2017 and the interest are payable in every month.

This loan is secured by the mortgage of land, building and machineries.

Subsidiary :

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.

On February 15, 2017, Lanchang Farm Co., Ltd. had already repaid the loans from financial institutions.

20.2 Loans from other

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Loan				
- US DOLLAR				
(USD 0.08 and 0.28 million)	-	876,966	-	-
- THAI BAHT	-	8,373,123	-	-
Total	-	9,250,089	-	-
Less Current portion	-	(4,368,749)	-	-
Loans from other - net	-	4,881,340	-	-

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, 2017, the principal balance in the amount of Baht 0.87 million (December 31, 2016 : Baht 0.87 million)

On February 28, 2017, Lanchang Farm Co., Ltd. had already repaid the remaining loans and interest.

THAI BAHT

The above loans are the unsecured loans which Lanchang Farm Co., Ltd. had entered into loan agreements with a former director and a company.

Later, on March 30, 2017, Malee International Co, Ltd. (a subsidiary of the Company) sold all investment on Lanchang Farm Co., Ltd. to an unrelated investor. Thus, the presentation of the consolidated financial statement as of December 31, 2017 shall not include the above loans.

21 EMPLOYEE BENEFIT OBLIGATION

Movement in the present value of the employee benefit obligation for the years ended December 31, 2017 and 2016 as follows:

	Million Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Employee benefit obligation at beginning of years	67.42	66.37	57.21	56.55
Benefits paid	(6.23)	(5.48)	(4.02)	(4.64)
Current service cost and interest	6.69	6.53	5.52	5.30
Decrease from disposal of investment in subsidiary	(0.74)	-	-	-
Employee benefit obligation at end of years	67.14	67.42	58.71	57.21

Expenses recognised in the income statement for the years ended December 31, 2017 and 2016 are as follows:

	Million Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Current service costs	4.66	4.43	3.78	3.67
Interest cost	2.03	2.10	1.74	1.63
Total	6.69	6.53	5.52	5.30

Principal actuarial assumptions as at December 31, 2017 and 2016 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, 2017 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.

22 SHARE CAPITAL

22.1 Share capital and issued and fully paid – up share capital

At the 2017 Annual General Meeting of Shareholders held on April 25, 2017, the shareholders have approved to decrease the par value of the ordinary share from Baht 1 per share to Baht 0.50 per share resulting increase 140,000,000 ordinary shares, from 140,000,000 ordinary share at Baht 1 each to 280,000,000 ordinary shares at Baht 0.50 each. This had been registered with the Ministry of Commerce on May 9, 2017.

22.2 Treasury stock

On August 10, 2017, the Board of Directors has approved to undertake a treasury stock program for financial management purposes with the maximum amount of not exceeding Baht 500 million for the repurchase of not exceeding 15,000,000 shares at the par value of Baht 0.50 per share or equal to not exceeding 5.36% 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 25, 2017 to February 23, 2018.

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.

At the present, the Company has not repurchased of shares as mentioned in above.

23 DIVIDEND PAID

At the Annual General Meeting of Shareholders held on April 22, 2016, the shareholders had approved to pay the dividend amounted to Baht 98.00 million (140 million ordinary shares at Baht 0.70 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.

At the Annual General Meeting of Shareholders held on April 25, 2017, the shareholders had approved to pay the dividend amounted to Baht 161.00 million (140 million ordinary shares at Baht 1.15 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 160.99 million.

At the Board of Directors Meetings held on August 10, 2017 the Board of Directors had approved to pay the interim dividend amounted to Baht 84.00 million (280 million ordinary shares Baht 0.30 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 83.99 million.

24 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.

25 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 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, 2017 and 2016 as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Provident fund contribution	6,851,437	5,416,271	5,758,185	4,356,621

26 TAX EXPENSE

Tax expense for the years ended December 31, 2017 and 2016, consisted of:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Current tax expense	57,684	130,088	57,205	126,693
Deferred tax expenses (income)				
of temporary differences	(11,707)	(2,572)	(2,091)	(2,987)
Adjustments recognized in the years				
for current tax of perior year	343	-	115	-)
Deferred tax expenses (income)	46,320	127,516	55,229	123,706

The Company has not income tax relating to each component of other comprehensive income for the years ended December 31, 2017 and 2016.

Reconciliation between income tax expense and the product of accounting profit multiplied by the applicable tax rates for the years ended December 31, 2017 and 2016 as follows:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Accounting profit before tax	349,891	677,447	397,260	661,843
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	69,978	135,489	79,452	132,369
Tax effect of :				
- Tax exempted revenue	-	-	-	-
- Adjustments recognized in the years for current tax of perior year	343	-	115	-
- Non - deductible expenses	2,837	2,796	2,338	2,043
- Added deductible expenses	(26,838)	(10,769)	(26,676)	(10,706)
Tax expense reported in				
comprehensive income statement	46,320	127,516	55,229	123,706

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

	Thousand Baht	
	Consolidated financial statements	
	As at December 31, 2017	As at December 31, 2016
Deferred tax assets		
Allowance for doubtful accounts	1,189	1,201
Allowance for diminution in value of inventories	3,333	5,705
Allowance for impairment of investments	2,788	5,317
Allowance for impairment loss	6,460	6,460
Employee benefit obligation	13,428	13,483
Unused tax benefits on loss carry forward	13,262	4,327
Total	40,460	36,493
Deferred tax liabilities		
Increase in value land and building from acquisition	–	3,050
Revaluation in land plant	50,335	50,335
Accumulated depreciation resulting from change in the estimated useful lives of assets	9,219	13,222
Total	59,554	66,607

	Thousand Baht	
	Separate financial statements	
	As at December 31, 2017	As at December 31, 2016
Deferred tax assets		
Allowance for doubtful accounts	1,034	1,100
Allowance for diminution in value of inventories	2,899	5,136
Allowance for impairment of investments	2,788	2,788
Loss on accumulated impairment	4,617	4,617
Employee benefit obligation	11,741	11,441
Total	23,079	25,082
Deferred tax liabilities		
Revaluation in land plant	49,141	49,141
Accumulated depreciation resulting from change in the estimated useful lives of assets	7,309	11,404
Total	56,450	60,545

27 PROMOTIONAL PRIVILEGES

The Company has received promotional privileges from the Board of Investment for research and development of food industry and energy, pursuant to the promotion certificate No. 60-1384-1-00-2-0 at 50 percent deduction of corporate income tax on income derived from the promoted operations for a period of 5 years starting from November 16, 2017 ; and in year 2017, the Company has not had the promotional privileged revenue.

28 WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

The weighted average number of ordinary shares after the change in par value of the ordinary shares on May 9, 2017 as mentioned in note 22.1 to the financial statements is calculated as follows:

	Consolidated and separate financial statements (Shares)	
	2017	2016
		(Restated)
Number of ordinary shares – as previously reported	140,000,000	140,000,000
Add adjusted number of ordinary shares from the change in par value	140,000,000	140,000,000
Number of ordinary shares – as restated	280,000,000	280,000,000

29 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, 2017 and 2016 and as at December 31, 2017 and 2016, broken down by geographic segment, are as follows:

Business segment information

	Thousand Baht			
	Consolidated financial statements			
	For the year ended December 31, 2017			
	Segment			Total
	Agriculture products	Others	Eliminated	
Revenues from sales	6,324,360	905,234	(1,314,039)	5,915,555
Gross profit	1,564,833	139,188	(4,385)	1,699,636
Other incomes				72,384
Selling expenses				872,933
Administrative expenses				522,691
Finance costs				22,258
Tax expenses (income)				46,320
Shares of profit (loss) of from investment in joint ventures				(22,160)
Profit (loss) for the year				285,658

Geographic segment information

	Thousand Baht			
	Consolidated financial statements			
	For the year ended December 31, 2017			
	Sales – domestic	Sales – export	Eliminated	Total
Revenues from sale	5,094,578	2,135,016	(1,314,039)	5,915,555
Segment operating profit	1,135,484	568,537	(4,385)	1,699,636

Business segment information

	Thousand Baht			
	Consolidated financial statements			
	For the year ended December 31, 2016			
	Segment			
	Agriculture products	Others	Eliminated	Total
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				127,516
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

Information about major customers

For the year ended December 31, 2017, the Company and its subsidiaries' revenues from two customer. from domestic sales amounted Baht 874.18 million. and revenues from export sales amounted Baht 1,127.48 million, from a customer.

For the year ended December 31, 2016, the Company and its subsidiaries' revenues from three customer. from domestic sales amounted Baht 701.45 million. and revenues from export sales amounted Baht 1,717.56 million, from a customer.

	Million Baht					
	Consolidated financial statements As at December 31,					
	Domestic		Foreign		Total	
	2017	2016	2017	2016	2017	2016
Trade receivables, net	689.97	656.37	90.89	75.08	780.86	731.45
Property, plant and equipment, net					2,071.16	1,780.95
Other assets					1,538.17	1,127.84
Total assets					4,390.19	3,640.24

30 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.

31 COMMITMENTS AND CONTINGENT LIABILITIES

31.1 Commitments

a) As at December 31, 2017, 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 2017 – 2022. Future minimum payments under the leases are as follows:

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	18.87	65.85	14.35	60.79
Warehouses	32.61	66.98	16.80	40.80
Machineries	10.24	29.53	10.24	29.53
Office equipment	1.64	0.47	1.21	0.21
Vehicles	8.08	4.06	6.15	2.76
Service fees	7.60	–	6.77	–

Rental expenses and service fees under the above leases for the year ended December 31, 2017 amounted to Baht 76.67 million (the Company only : amounted to Baht 51.06 million).

b) As at December 31, 2017, the Company has the commitment from purchase of machineries amounted to Baht 29.31 million.

c) The Company has commitment under the various business advisory agreements, it must pay fees at the rate and condition stipulated in the agreements.

31.2 Bank guarantees

As at December 31, 2017 and 2016 there were outstanding bank guarantees of approximately Baht 11.06 million and Baht 9.20 million, respectively issued by banks on behalf of the Company and its subsidiaries (the Company only : amounted to Baht 9.66 million and Baht 8.78 million, respectively) in respect of certain performance obligations as required in the ordinary course of its business.

31.3 Guarantee

As at December 31, 2017 and 2016, the Company had guaranteed Baht 75 million and Baht 155 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.

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, 2017, and 2016, the Company and its subsidiaries are exposed to foreign currency risk primarily to foreign currency denominated financial assets and liabilities as follows:

32 FINANCIAL INSTRUMENTS

32.1 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.

Consolidated and Separate financial statements			
Foreign currency	Financial assets	Financial liabilities	Asset / liability exchange rate
			as at December 31, 2017 (Baht per foreign currency unit)
US dollar	435,263	2,478,081	32.43/32.85
Euro	-	133,058	38.56/39.39
			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, 2017, and 2016, the Company has not the outstanding foreign currency sales and purchase agreement.

32.2 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.

33 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, 2017, the Group's debt to equity ratio was 1.72: 1 (as at December 31, 2016 : 1.30 : 1) and the Company's was 1.67 : 1 (as at December 31, 2016: 1.28 : 1).

34 EVENTS AFTER THE REPORTING PERIOD

On January 18, 2018, Malee Capital Company Limited (formerly the name of Agri Sol Company Limited) and one of its current shareholders of Long Quan Safe Food JSC ("LQSF") (registered in Vietnam) had entered Share Purchase Agreement and Shareholders Agreement in order to acquire 65% of share capital amounting VND 28.18 million (approximately Baht 40 million) in "LQSF" with the shareholders at VND 234,000 million (approximately Baht 332 million). "LQSF" is principally engaged in the manufacture and distribute consumer products such as ready – to – drink beverages and jelly cup for Vietnam and neighboring countries.

35 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of Directors on February 22, 2018.







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