



MALEE 40 YEARS

ANNUAL REPORT 2018 MALEE GROUP PLC

“ติดดินจนก่อน”

สอนเรามาแล้ว 40 ปี



Growing well together





CONTENTS

8	Message From Chairman
11	Financial Highlights
15	Group Structure and General Information
18	Shareholding Structure
20	Dividend Policy
21	Major Development In 2018
23	Company Policy and Business Overview
32	Nature of Business
43	Quality Assurance and Awards
45	Risk Factors
48	Board Of Directors
50	Organization Chart
52	Corporate Governance
66	Management Structure
80	The Profile of The Board of The Directors 2018
86	Report of Director's Responsibilities in Relation to Financial Statement
88	Audit Committee Report
90	Internal Control
92	Related Parties Transactions
96	Corporate Social Responsibilities (CSR)
104	Management Discussion and Analysis (MD&A)
112	Independent Audit's Report
117	Financial Statements



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.



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พันธุ์ 2	2
พันธุ์ 3	7
พันธุ์ 4	13
พันธุ์ 5	
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A tropical scene featuring a large palm tree trunk in the foreground, with its fronds reaching down. In the background, a pond is filled with many green coconuts floating in the water. The ground is covered with fallen palm fronds and other organic matter. The lighting is bright, suggesting a sunny day.

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.



MESSAGE FROM CHAIRMAN

THE YEAR OF 2018 WAS THE CHALLENGING YEAR FOR A OPERATIONS OF MALEE GROUP PUBLIC COMPANY LIMITED. THE COMPANY HAD TO FACE RISKS IN DEALING WITH EXTERNAL FACTORS THAT COULD NOT BE AVOIDED. SUCH FACTORS ARE THE OVERALL ECONOMIC CONDITION OF THE COUNTRY THAT CONTINUOUSLY GREW LESS THAN EXPECTED, THE DIMINISHING CONFIDENCE AND PURCHASING POWER OF THE PEOPLE, THE UNFAVORABLE ATMOSPHERE FOR PRIVATE CONSUMPTION AND EXPENDITURE, AND THE FLUCTUATION OF THAI BAHT RATE THAT HAS BEEN MUCH MORE APPRECIATED THAN THE PREVIOUS YEAR. MOREOVER, THE REVENUE OF SOME CONTRACT MANUFACTURING BUSINESSES DECREASED MORE AND FASTER THAN EXPECTED; WHILE NEW BUSINESSES OF SOME START-UP BRANDS, CREATED FOR INCREASING VARIETY OF BUSINESSES AND DISTRIBUTING RISKS IN THE FUTURE, WERE UNABLE TO COMPENSATE FOR THE EXISTING BUSINESSES THAT HAS DETERIORATED IN THE SHORT TERM. DUE TO THESE FACTORS, THE COMPANY'S OPERATING PERFORMANCE DID NOT MEET THE TARGET, BOTH IN TERMS OF REVENUE AND OPERATING RESULT, WHICH LED TO THE NEGATIVE OPERATING PERFORMANCE FOR THE FIRST TIME IN MORE THAN TEN YEARS.

The Company has been operating for forty years and has experienced many good and difficult times and thanks to the effort and dedication of the management and staff, the Company was able to overcome the crisis quickly and strongly every time. In this occasion, the Company is confident that this crisis can be resolved as quickly and strongly as before. Short-term supporting plans have been implemented to increase revenue and control costs for the Company to turn back to profit soon. But more importantly, we have been pursuing the long-term goal that will allow the Company to grow steadily and sustainably in the years to come.

The Company has focused on different changes for the long term. The changes have been carried out in many aspects, simultaneously and continuously in the past three years, to create readiness for changes and future competition. The result of these changes will be gradually seen in the future. These changes include the investment to reorganize the production infrastructure and the management structure. The Company has not only invested in tangible assets, but also in information technology system, research and development, creation of a new corporate culture, and personnel development both in training and potential development. Capable personnel have been recruited enough for the future growth plans, while business expansion has been proceeded with many domestic and international partners. All these changes will be an important part in laying a strong foundation for the Company to be able to drive sustainable future growth. Another important issue this year is the human resource management. The Company has appointed new senior executives: Mrs. Chintana Boonyarat as Chairman of the Board of Directors, and Ms. Roongchat Boonyarat as Chief Executive Officer, Both were directors and executives of the Company who have been closely involved in the formation of policies and management of the Company for a many

years

As for our rewards and pride in 2018, the Company was certified by "Collective Action Coalition Against Corruption" (CAC) for the first time. It is a collective action between the public and private sectors in Thailand, with the Thai Institute of Directors Association (IOD) serving as its secretariat. The Company also attained the CG score of "4 stars" (Very Good) from the Thai Institute of Directors Association (IOD) for the third consecutive year.

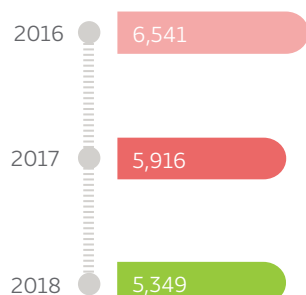
Finally, on behalf of the Board of Directors, management and all employees, the Company would like to thank all shareholders, trade alliances, trade partners, consumers and all other relating parties for your favorable contribution and support to our business. Please rest assured that the Company is committed to operating our business and driving forward to the greater step while adhering to the good corporate governance, transparency, corporate social and environmental responsibility activities in order to take care of our stakeholders sustainably in a long term.



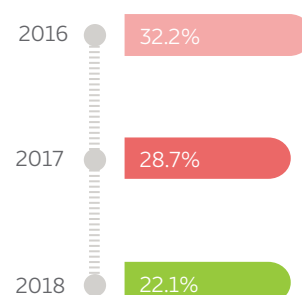
Mrs. Chintana Boonyarat
Chairman of the Board of Directors
Malee Group Public Company Limited

FINANCIAL HIGHLIGHTS

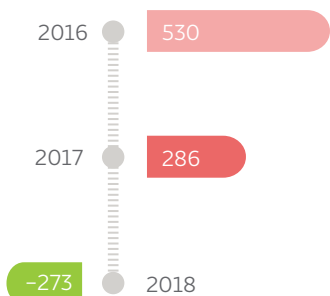
SALES REVENUE (THB MILLION)



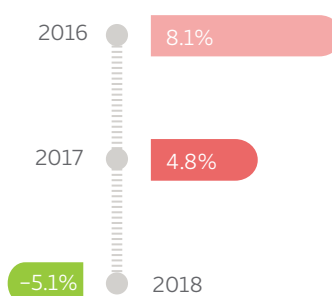
GROSS PROFIT MARGIN (%)



NET PROFIT (THB MILLION)



NET PROFIT MARGIN (%)



SALES BY GEOGRAPHY (unit : THB Million)

	2016	%	2017	%	2018	%
Domestic Sales	3,978	61%	3,781	64%	3,396	63%
Export Sales	2,563	39%	2,135	36%	1,953	37%
Total Sales	6,541	100%	5,916	100%	5,349	100%

FINANCIAL HIGHLIGHTS (MILLION BAHT)	2016	2017	2018
Net Sales	6,541	5,916	5,349
Cost of Sales	4,438	4,216	4,165
Gross Profit	2,104	1,700	1,184
SG&A	1,406	1,396	1,536
EBITDA	825	535	-87
Depreciation&Amortization	144	181	231
EBIT	681	347	-318
Net Profit (Loss)	530	286	-273
EPS (Baht)	1.89*	1.02	-0.99
Total Assets	3,640	4,390	4,523
Total Liabilities	2,061	2,778	3,332
Issued and Fully paid-up Capital	140	140	140
Equity Attributable to Owners of the Parent	1,575	1,612	1,145
Dividend per Share (Baht)	0.95*	0.55	0.00

*Based on adjusted par value of baht 0.50

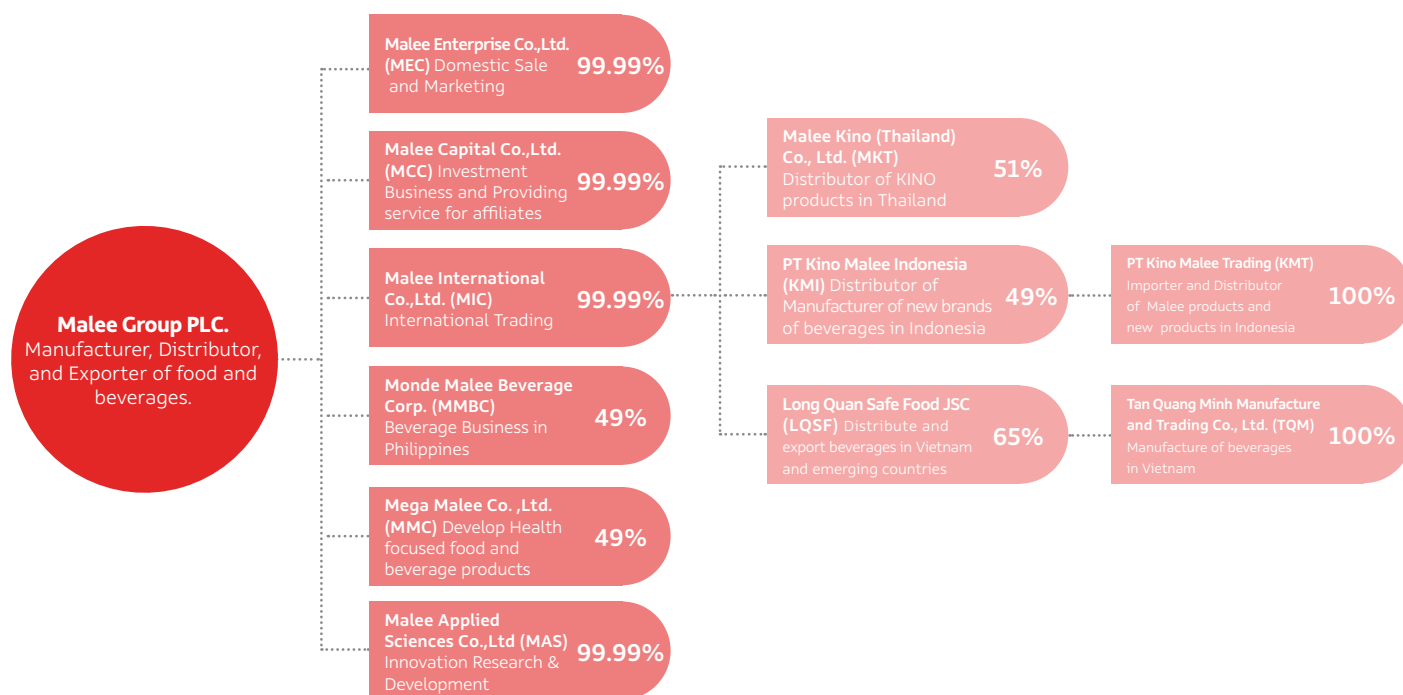
LIQUIDITY RATIOS	2016	2017	2018
Current Ratio (x)	0.9	0.9	0.8
Quick Ratio (x)	0.5	0.4	0.4

PROFITABILITY RATIOS	2016	2017	2018
Gross Profit Margin (%)	32.2%	28.7%	22.1
EBIT Margin (%)	10.4%	5.8%	-5.9
Net Profit Margin (%)	8.1%	4.8%	-5.1
ROA(%)	20.4%	8.8%	-7.1
ROE (%)	37.5%	17.9%	-19.8

LEVERAGE RATIOS	2016	2017	2018
D/E (x)	1.3	1.7	2.9
IBD/E (x)	0.8	1.1	2.1

CASH CYCLE	2016	2017	2018
A/R Days	45	47	51
Inventory Days	64	80	86
A/P Days	32	34	39
Cash Cycle Days	77	93	97

GENERAL INFORMATION AND OTHER KEY INFORMATION AS OF DECEMBER 31, 2018
STRUCTURE OF MALEE GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES



Malee Group Public Company Limited

Registration Number	0107535000079
Address	No. 401/1 Moo 8 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 Moo 5, Sampran Road, Yaicha, Sampran, Nakornphathom 73110
Business	Manufacturer, Distributor, and Exporter of food and beverages.
Number of Shares and Par Value	280,000,000 ordinary 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 COMPANIES

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	Domestic distributor of food and beverages
Number and Type of Issued Shares	10,000,000 ordinary shares,, Par Value of 10 Baht per share
Number 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	Investment Business and Service Provider for Affiliates
No. of ordinary shares and par value	50,000,000 shares which consist of: 4,000,000 ordinary shares with a par value of 10 Baht per share 46,000,000 ordinary shares with a par value of 7.50 Baht per share
No. of shares held by the Company	49,999,994 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%)

Monde Malee Beverage Corporation

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 Thailand
Telephone	+66(2)1178381-4
Fax	
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	Distributor of Kino products 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%)

PT Kino Malee Trading Company Limited

Registration Number	84.241.094.6-416.000
Address	Kino Office Tower 22nd Floor Jalan Sutera Boulevard No.1, Alam Sutera, Panunggangan Timur, Pinang, Kota Tangerang, Banten
Telephone	+62-21-808 21100
Fax	+62 21 80821123
Business	Importer and Distributor of Malee products and new products in Indonesia
No. of ordinary shares and par value	1,500 Shares 10,000,000 IDR per share
No. of shares held by the Company	held by the Company A subsidiary of PT Kino Malee Indonesia Company Limited

Long Quan Safe Food JSC

Address	Lot C21/I, Street 2F, Vinh Loc Industrial Park, Vinh Loc A Commune, Binh Chanh Dist., Ho Chi Minh City, Viet Nam
Telephone	(84) (28) 3765 2567
Fax	(84) (28) 3765 2979 – 3765 5169
Website	www.bidrico.com.vn
Business	Distributor in Vietnam and Exporter of beverages in emerging economies
No. of ordinary shares and par value	2,818,000 ordinary shares with a par value of 10,000 VND per share
No. of shares held by the Company	1,831,700 shares (accounted for 65%)

Tan Quang Minh Manufacture and Trading Co., Ltd.

Address	Lot C21/I, Street 2F, Vinh Loc Industrial Park, Vinh Loc A Commune, Binh Chanh Dist., Ho Chi Minh City, Viet Nam
Telephone	(84) (28) 3765 2567
Fax	(84) (28) 3765 2979 – 3765 5169
Website	www.bidrico.com.vn
Business	Manufacturer of beverages in Vietnam
No. of ordinary shares and par value	2,818,000 ordinary shares with a par value of 10,000 VND per share
No. of shares held by the Company	A subsidiary of Long Quan Safe Food JSC

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. Chaiguth Angsuwithaya
Certified Public Accountant No.3885

A.M.T. & Associates

Has been auditing the company
for 8 years from 2011 to 2018
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

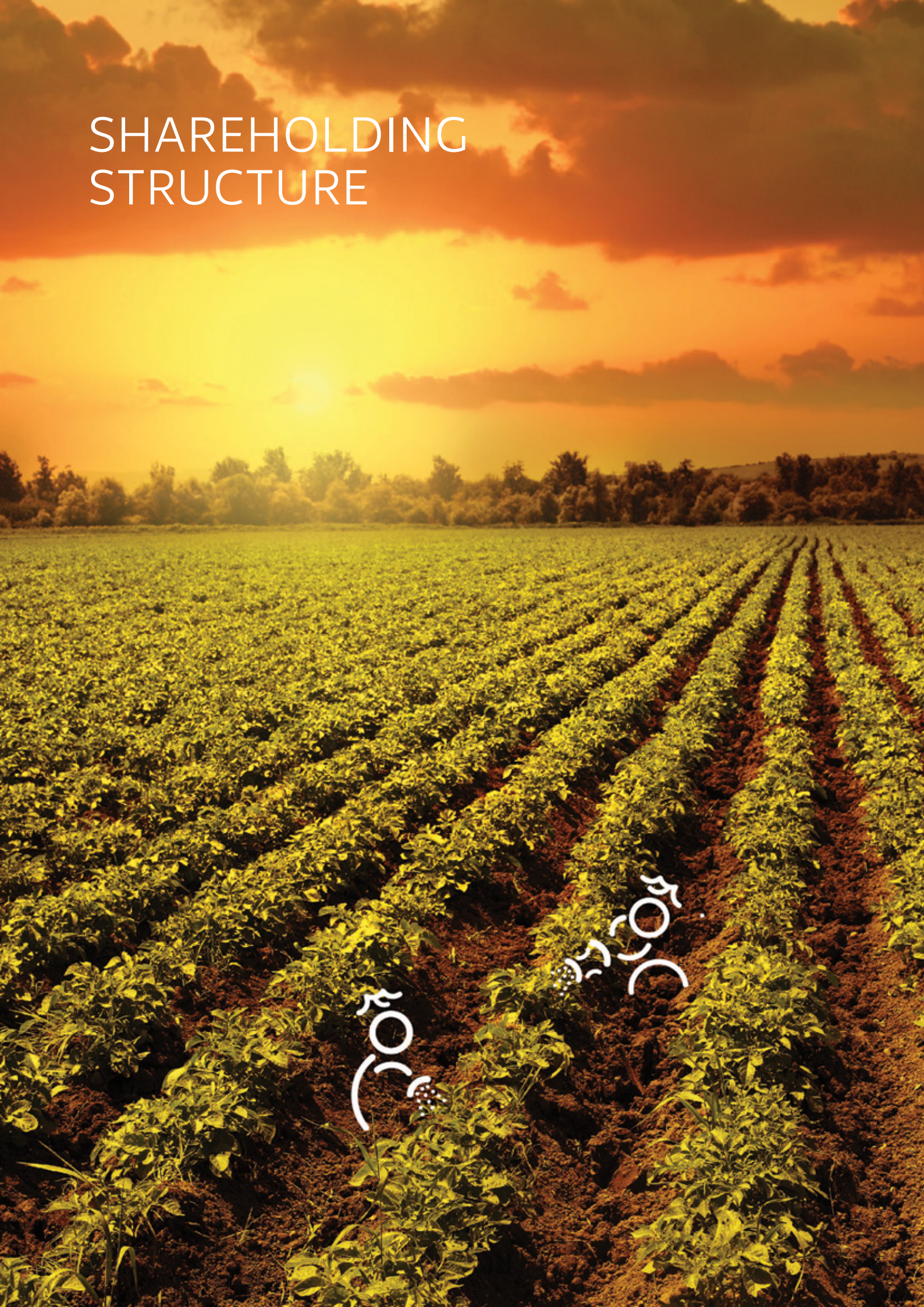
Telephone:	+66(2) 080 7899
E-mail:	ir@malee.co.th

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SHAREHOLDING STRUCTURE



TOP 10 MAJOR SHAREHOLDERS AS OF MAY 8, 2018

List of Shareholders	Number of Share	%
Abico Holdings Public Company Limited	75,100,000	26.82
Mrs. Kamolchat Juangroongruangkit	48,500,000	17.32
Thai NVDR Co.,Ltd	9,407,798	3.36
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 2018

Name	1 Dec 2018	Change	31 Dec 2018
Mrs. Chintana Boonyarat	2.80%	0.24%	3.04%
Mr. Pichai Chirathivat	2.36%	–	2.36%
Ms. Roongchat Boonyarat	0.40%	–	0.40%
Mr. Opas Lopansri	–	–	–
Mr. Kitti Vilaivarangkul	–	–	–
Ms. Nattharin Talthong	–	–	–
Ms. Nart Fongsmut	0.03%	0.01%	0.04%
Mr. Arin Jira	–	–	–

DIVIDEND POLICY

"The Company has the policy to pay dividend at the rate of not less than 50% of the net profit after tax and any reserve as specified by law and the Company from normal operations according to the consolidated financial statement. However, the actual dividend payment will depend on cash flows and investment plans of the Company and its Affiliates, as well as other necessities and appropriateness in the future."

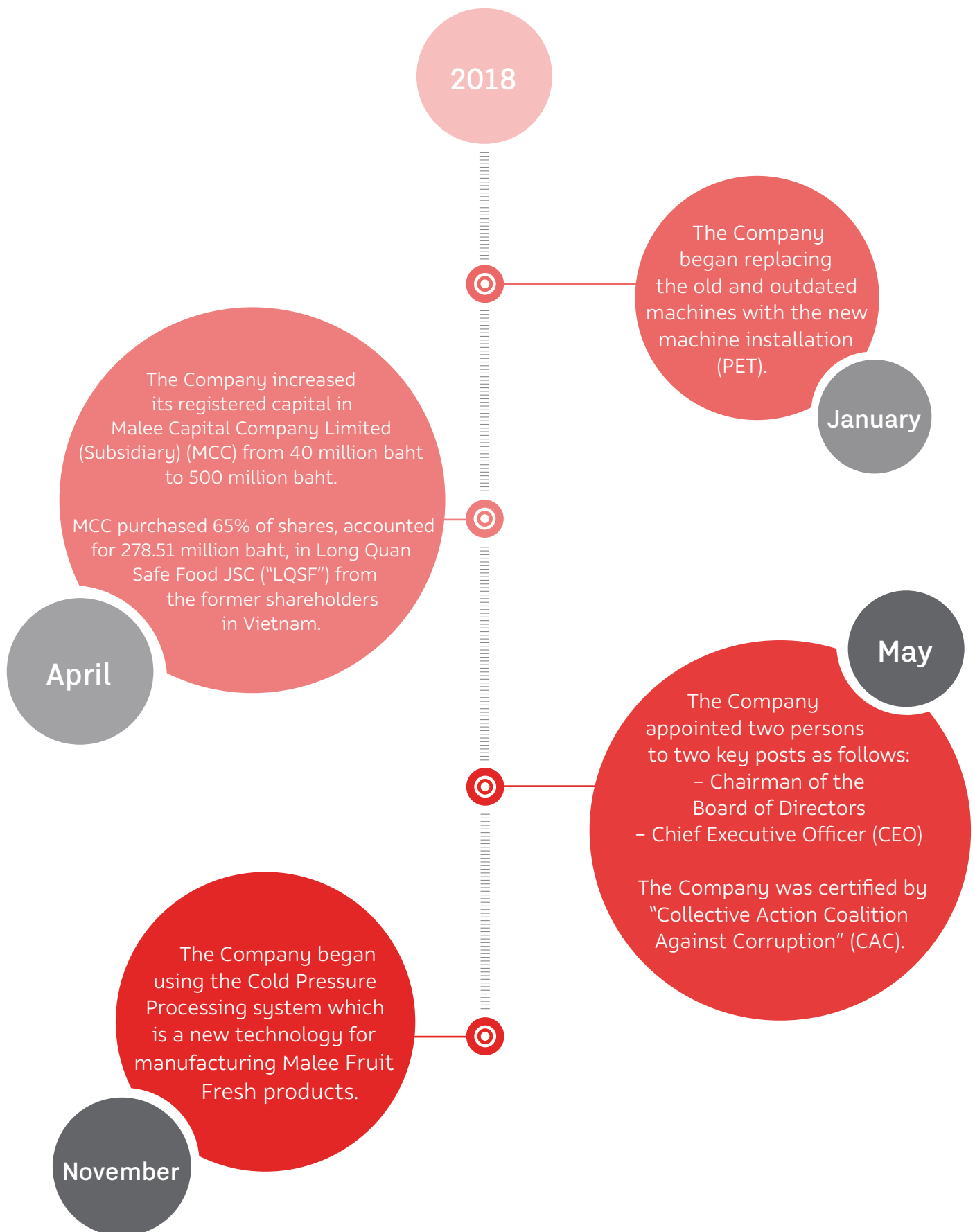
DIVIDEND PAYOUT DURING THE PAST THREE YEARS

Year	Earnings per share (Bath/share)	Dividend payout ratio (Bath/share)	Dividend payout ratio on earnings(%)
2016	1.89	0.95	50.2%
2017	1.02	0.55	53.9%
2018	(0.99)	-	0%

Note: No dividend payout in 2018



MAJOR DEVELOPMENT IN 2018



COMPANY POLICY AND BUSINESS OVERVIEW



BUSINESS OVERVIEW AND DEVELOPMENT

Malee Group Public Company Limited was originally established as Malee Sampran Factory Company Limited on February 2, 1978, with registered capital of Baht 10 million, as a manufacturer and distributor of canned food and canned fruits. After growing over time, the Company expanded its production capacity by building a factory on the area of 30 rais in Sam Phran District, Nakhon Pathom Province in 1981. Later, the Company was listed on the Stock Exchange of Thailand on March 13, 1992. In April 1995, the Company went through a change in its shareholding structure when Abico Holding Public Company Limited acquired 10,000,000 shares, accounted for 40% of the registered capital of Baht 250 million, from the existing shareholders. On May 15, 1998, the Company changed its name to Malee Sampran Public Company Limited. On December 9, 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 its continually growing business.

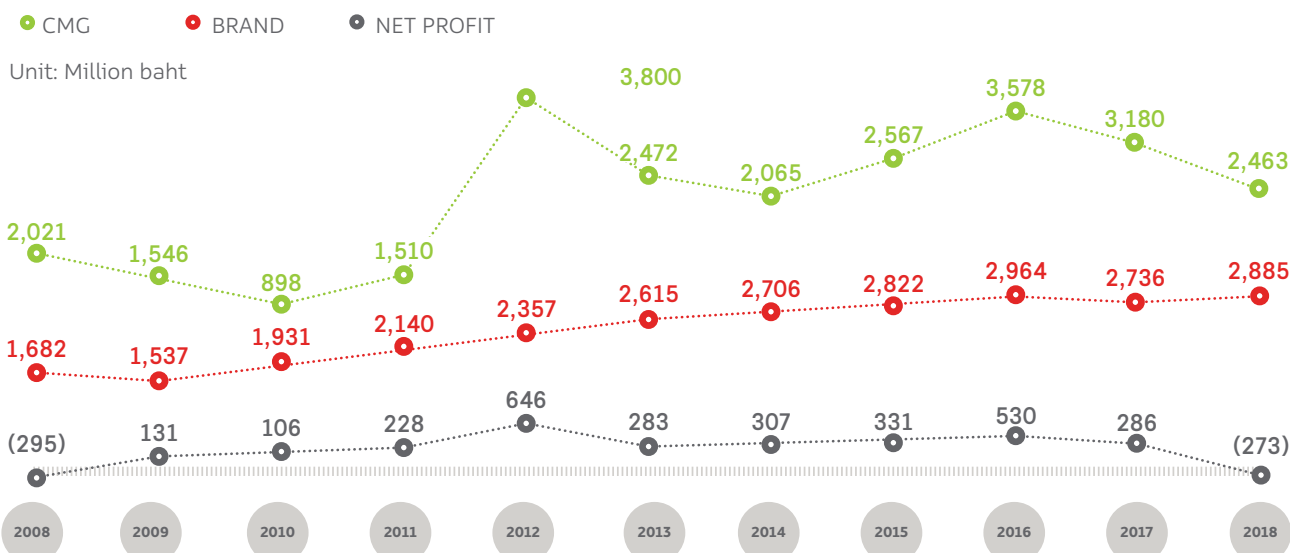
Later, on April 9, 2013, the Company decreased its registered capital to Baht 182,000,000 million, with paid-up capital of Baht 140,000,000 million. In 2014, the Company again decreased its registered capital to Baht 140,000,000 million, the amount that was fully paid up. On April 28, 2016, the Company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

As for the factory area, the Company has purchased additional lands around the current factory to support business expansions, with about 3 rais purchased in late 2011 and about 4 rais purchased in late 2014.

Over the past 40 years, the Company has been continually conducting the business based on canned fruits and UHT and pasteurized fruit juices. The Company is currently manufacturing and distributing canned fruits and UHT and pasteurized fruit juices under "Malee" brand; while also distributing and marketing UHT and pasteurized milk, and milk tablet 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 under contracts for domestic and international customers. The main businesses 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 implement the business plan in order to become the Top Beverage Brand of Choice for consumers, while considering the production standards, quality and safety, as well as consumers' hygiene. Our production process is widely accepted and recognized by both domestic and international institutes, 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.

Vision And Objectives In Operating Business

Malee is ready and determined to perform its duty in taking care of health and well-being of our consumers, because we believe that being healthy is a foundation in living the best and happiest lives. Malee grows along with our consumers, so that they stay healthy and happy. We grow along with our employees, so that we can succeed both in our careers and our lives. We grow along with farmers who produce our food, so that they are proud of their works and maintain great quality of lives. And we grow along with the environment, so that it can endlessly flourish and nourish us for generations to come.

As a company, "Malee Group" will be moving forward so that we can be better at performing our duty in taking care of these people. Because the more we are growing each day, the more we will all prosper together.

Operative Strategy

The Company has a long-term goal of becoming the "Top Beverage Brand of Choice" in Thailand. To achieve this goal, the Company has come up with strategic plans for its operations in each phase as follows

Year	Strategic plan
2015-2017	Build foundation and strength to the organization in support of the future growth
2018-2019	Go through the transition period and integrate the value chain to support the business growth
2020-2022	Improve the operating performance to achieve a leap growth
2023-2025	Build business sustainability by becoming a world-class manufacturer of healthy food and beverages

Objectives in Operating Business

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

1 To increase sales and net profit, as well as to develop new products for customers

The company has planned to diversity the varieties of product groups, customers, distribution channels, as well as international markets in order to create sustainable business growth in the future. As for its products, the Company has focused on expanding the variety of products from its traditional 100% fruit juices to more premium and more mass products. Meanwhile, the Company has also employed new technologies to create new products that will help the Company expand its customer base and attract more new customers. As for its customers, The Company has focused increasing the varieties of product groups and customers in its Contract Manufacturing Business both from new products and new customers. As for its domestic distribution channels, the Company wants to expand more products for mass markets and traditional trade retail channels. As for its international markets, the Company has laid the foundation for expanding its overseas markets to ASEAN countries with a combined population of over 630 million people during the past 3 years. The Company has worked with its business partners abroad, established joint venture businesses in the Philippines and Indonesia, and acquired manufacturers and distributors in Vietnam. The aim is to bring the strengths of its partners in each country to fulfill each other in accordance with the Company's regional network strategy to build the competitiveness and the sustainable growth at the regional level in the future. However, the foundation takes time and does not lead to immediate results, but the Company has completely proceeded and invested in all projects that are necessary for business growth, and there will be no additional investment in the near future. Yet, the Company will focus on utilizing and creating from the resources that the Company has invested so far and turning them into profits as soon as possible.

2 To manufacture, research and develop, and focus on production process to build knowledge within the Company

The Company is well-aware that its products are consumer products. Therefore, the Company has emphasized on the quality of the products that goes through its production process to ensure that all products are manufacture in accordance and above food safety standards. The Company also aims to maintain the existing food safety standards and develop the production process to match with the changes in food safety standards going forward. In addition, the Company aims to improve production

efficiency to reduce production costs and maintain its competitiveness against other domestic and international manufacturers. This will drive the Company to achieve its operating performance as targeted.

3 To improve efficiency and operating performance within the organization

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

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 manufacturing of beverages in Indonesia.
- 9 PT Kino Malee Trading Company Limited is a subsidiary of the joint venture PT Kino Malee Indonesia Company Limited. It engages in importing and distributing Malee products and new products in Indonesia.
- 10 Long Quan Safe Food JSC is a joint venture where the Company holds 65 percent of shares. It engages in distributing and exporting beverages in Vietnam.
- 11 Tan Quang Minh Manufacture and Trading (TQM) is a subsidiary of the joint venture Long Quan Safe Food. It engages in manufacturing beverages in Vietnam.

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 follows.

- 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

RELATIONSHIP WITH BUSINESS GROUP OF MAJOR SHAREHOLDERS

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

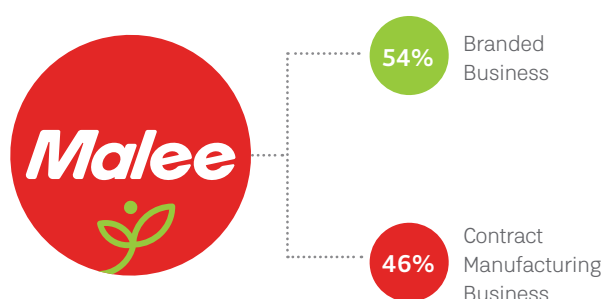
Abico Holdings PLC. holds 26.82% of shares.

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 fruit juice.

SALES STRUCTURE CLASSIFIED BY GEOGRAPHIC SEGMENTATION IS AS FOLLOWS.

	2016		2017		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Total from domestic sales	3,978	61%	3,781	64%	3,396	63%
Total from export sales	2,563	39%	2,135	36%	1,953	37%



NATURE OF BUSINESS AND PRODUCTS

Malee Group Public Company Limited is a manufacturer and distributor of products for domestic and overseas markets. Its main business can be categorized into two groups as follows:

1 Branded Business of Malee Group Public Company Limited can be categorized into two groups as follows :

Beverage Business As of now, Food and Beverage Business includes UHT and pasteurized vegetable and fruit juices under "Malee", "Malee Healti Plus", "Malee Light", "Malee Food Service", "Malee Tropical", and "Malee Coco"; Cold Pressure Processing fruit juice "Malee Fruit Fresh" brand; UHT and pasteurized boxed cow milk under "Chokchai Farm" brand; as well as cereal beverages under "Malee Nutrient" and corn milk under "Malee iCorn" brand"

In 2018, the Company has distributed a brand of soft drink manufactured by Tan Quang Minh Manufacture and Trading ("TQM") of Vietnam. The drink is made from genuine lemon juice under "Fizza" brand to expand beyond fruit juice category while maintaining a 'healthy alternative' option for consumers. This marked the first time that the Company has tapped into the soft drinks market.

As for food products, the Company has begun distributing the products that are expanded from the existing lines such as "Chokchai Farm" milk tablets as well as "Holy Fruit" gummy and jelly cup that come with assorted fruit flavors in 350-gram bags. The aim is to expand into traditional trade channels.

Processed Fruit Business includes seasonal canned fruits such as rambutan, rambutan stuffed with pineapple, lychee, longan, water chestnut, toddy palm, mango, sweet corn, pineapple, assorted fruits, etc. under "Malee" brand, "First Choice" brand, "Farmer" brand, and "Malee Food Service" brand. This product group are distributed both in domestic and overseas markets through different sales channels of the Company.

2 Contract Manufacturing Business:

The Company develops products in accordance with customers' demands and manufactured products under clients' brands for them to market and distribute both in domestic and overseas markets. The Company can manufacture products to meet the customers' demands and control its product qualities in accordance with the standards and criteria of GMP, HACCP, BRC, IFS, HALAL, US FDA, and Q-MARK of the Federation of Thai Industries and SR-MARK of the Ministry of Commerce; as well as meeting the certified food safety standards of ISO 22000 and FSSC22000. With once quality standards and qualification, the company can receive customers world wide

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.

In 2018, the Company has reorganized its product groups, invested in modern-technology manufacturing, and expanded its business by investing in companies in the same industry. Thus, there are some adjustments to the product portfolios with the same determination to offer products that meet consumers' demands and support ever-changing lifestyles by focusing on manufacturing and distributing high-quality and well-selected products with improved manufacturing process. The Company has divided its new product structure as follows:

- 1) Vegetable and fruit juices which is the main product group in the market:
 - 100% vegetable and fruit juices in assorted flavors such as orange, apple, grape, pomegranate, coconut, etc. by the process of UHT, pasteurization and Cold Pressure Processing

- Under 100% vegetable and fruit juices
- 2) Canned fruits
 - 3) Dairy products and cereal beverages such as corn milk and almond milk
 - 4) Carbonated beverages and food such as "Fizza Salty Lemon" soft drink which is made of genuine lemon juice and gummy and jelly cups

The Company has reorganized its product groups for more effective management, support the market changes, and manage its sales through appropriate channels.

THE COMPANY'S PRODUCTS ARE GROUPED AS FOLLOWS



MARKET CONDITIONS AND COMPETITION

Industry Overview and Outlook for 2019

Branded Business

Domestic Business

Vegetable Juice and Fruit Juice Business

In 2018, The economy remained sluggish and consumer spending had declined considerably, resulting in almost all of beverage product groups suffered negative growth. Ready-to-drink tea was the market with the most negative growth, followed by the fruit juice groups, which directly affected the sales of the main product group of the Company. This led the major competitors in the fruit juice market to have major promotion campaigns, and reduce their spending in brand management.

Since there has been fierce competition in pricing for a long time, consumers are accustomed to low prices. This led to the decrease of purchasing for household accumulation, reflecting the decline of sales share in the hypermarket channel. In addition, consumers delayed their purchases to wait for the promotional period and also reduced their spending per time.

However, Thai consumers still emphasized 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 2018, total market value of the ready-to-drink (RTD) fruit

juice market was approximately Baht 11 billion or 277 million liters, with negative growth of -11.3% in value and -11.4% in volume; which consists of six product groups as follow:

- 1 100% Fruit Juice (Premium) market value was Baht 4.03 billion or approximately 58 million liters, with growth of -17% in value and -17.5% in volume. Malee held the most market share of 35% in the entire RTD fruit juice market, dividing into UHT market value of Baht 3.73 billion with growth of -17.5%, and pasteurized market value of Baht 294 million with growth of -4.3%. Malee held the market share of 21% and maintained its second position in the pasteurized market. The repackaging of 100% Coconut Water in 330ml and 1,000ml cardboard cartons, combined with the expansion of distribution channels into convenient stores, online advertisements that targeted on teenagers and working people, and the increasing sales of "Malee Coco" coconut water, are main factors that help Malee 100% fruit juices retain its market share despite the ongoing regression since the previous year. The other factor is the launch of "Malee Fruit Fresh" 100% cold pressure processing fruit juice in clear and modern 750ml bottles, sold at 129 baht, in August 2018. The move helped increase sales and market share without cannibalization to the existing sales.
- 2 40%-99% Fruit Juice (Medium) market value was Baht 1.1 billion or approximately 22.2 million liters, with negative growth of -13% in value.
- 3 20%-39% Fruit Juice (Economy) market value was Baht 2.7 billion or approximately 97 million liters, with growth of 2.3%. The main factor of such growth is because some players in the under 19% fruit juices (Super Economy) adjusted their concentration of juices to reach 20% in order to avoid the excise tax that will be effective in the last quarter of 2019.
- 4 Under 19% Fruit Juice (Super Economy) market value was Baht 1.87 billion or approximately 60 million liters, with negative growth of 21% in value.
- 5 Other Juice (Others) market value such as herbal beverage was Baht 1.64 billion or approximately 39 million liters, with negative growth of -3% in value.
- 6 Concentrate Fruit Juice (Concentrate) market value was Baht 146 million or approximately 1.4 million liters, with no growth compared to 2017.



Our proportion of sales in different channels for RTD fruit juice is still the same in 2018, with the most proportion of 48% for convenience stores, followed by 30% for Traditional Trade and 22% for supermarkets and hypermarkets; with growth of -12%, -12%, and -9% respectively.

With the ever-changing consumer behavior, more competition in pricing and trends in personal care and health concerns remains strong; Malee, as a leading manufacturer of premium fruit juice, has developed products with new technology of sterilization by way of pressure (Cold Pressure Processing) that uses no heat. The key advantage of this method is to retain the important vitamins and minerals that are as close as fresh fruit juices as possible while also retain fresh aromas. These products are sold under "Malee Fruit Fresh" brand with three assorted flavors of orange, apple and grape. The distribution began in 2018 August by focusing on supermarket, and hypermarket channels which are in accordance with main target groups. There are marketing activities via digital media, point-of-purchase media, promotional events and give away free samples under the slogan "Stay Fresh" which has received positive feedbacks. The important achievement in Branded Business helped enhance Malee's image as the leader of innovation, enhance consumer base, while also avoid competitions in pricing.

Moreover, the company completed the installation of new PET machine which will be suitable for distribution in more various channels, especially the traditional trade channels, and also reduce costs will help increase competitiveness

In 2017, the Company has succeeded in the launch of Namhorm coconut water products in PET bottles, which made Malee the leader in the coconut water market. The Company continuously adjusted its marketing plans, increased its distribution channels, and continued its marketing activities in 2018. The company also repackaged to make "Malee Coco" coconut water the second top-selling brand in the market and the most fast-growing brand compared to other players.

100% UHT Vegetable and fruit juice

100% UHT vegetable and fruit juice Malee Brand



100% Pasteurize vegetable and fruit juice Malee Brand



100% 'Malee Coco'



100% Cold Pressure Processing Fruit Juice 'Malee fruit fresh'



Malee Healti Plus



Malee Life



Nectar juice 'Malee Tropical'



Fruit juice 'Malee Food Service Brand'



Canned Fruit

Malee Canned Fruit



First Choice Canned Fruit



Famer Canned Fruit



Dairy and Cereal beverages

Corn milk Malee iCorn



Almond milk Malee Nutrient



Cockchai Fram Pasteurize and UHT



Carbonated beverages and Food

Fizza Salty lemon



Gummy ,Holy Fruit



Jelly cup,Holy Fruit



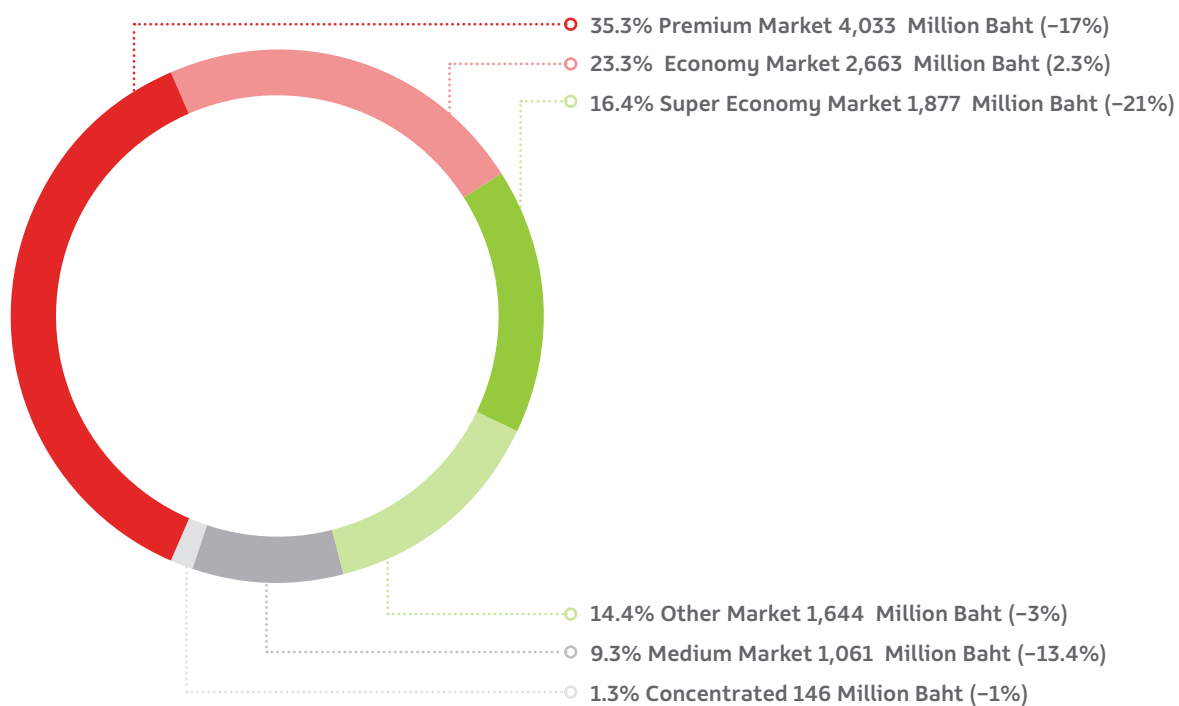
Milk tablet Chockchai Farm



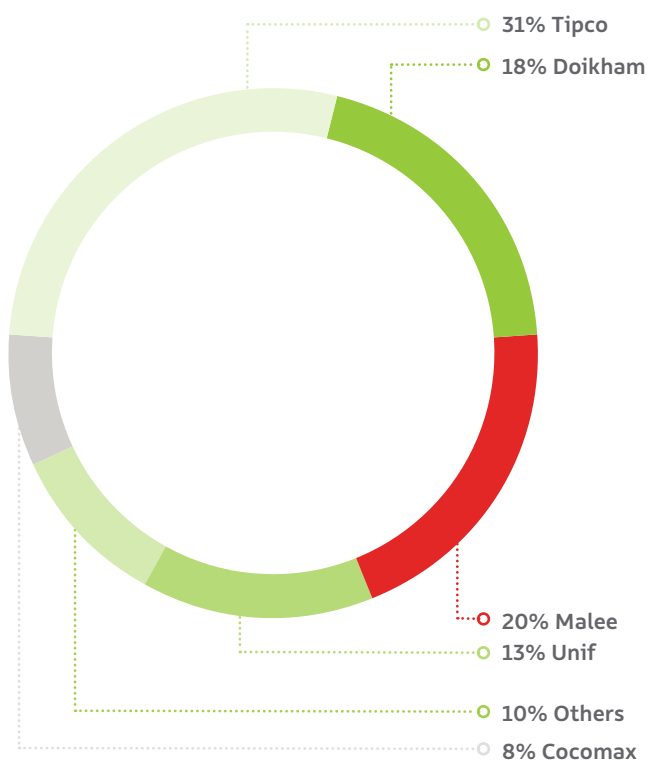
Jelly Carageenan with juice jelly



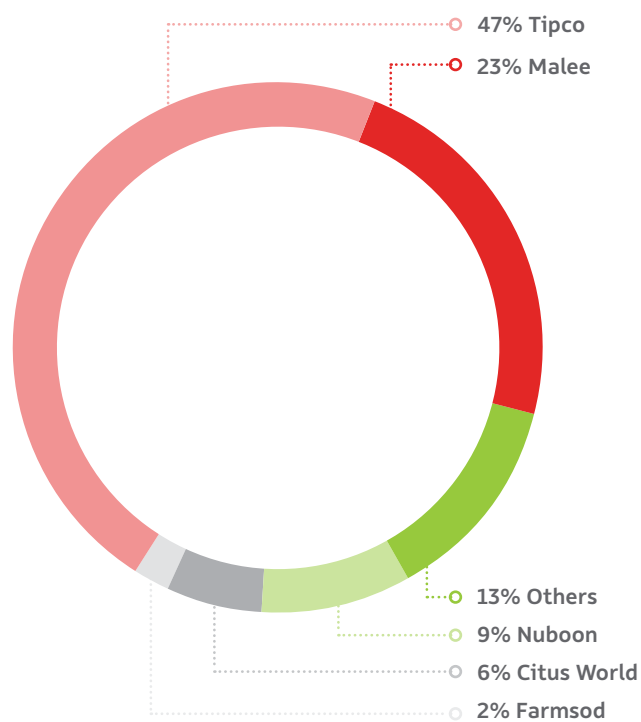
DOMESTIC READY-TO-DRINK FRUIT JUICE MARKET



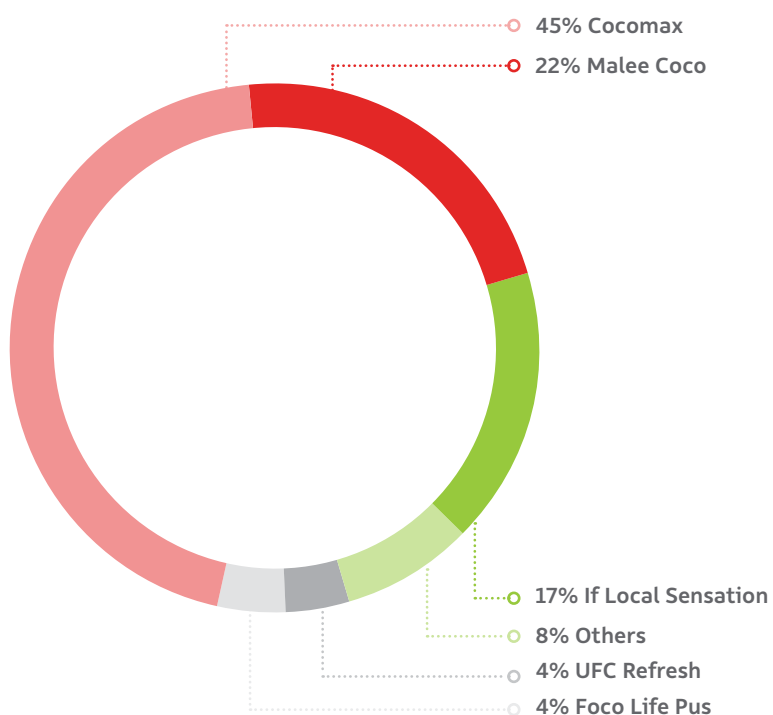
PREMIUM UHT FRUIT JUICE MARKET SHARE



PREMIUM PASTEURIZED FRUIT JUICE MARKET SHARE



PREMIUM PASTEURIZED RTD COCONUT WATER MARKET SHARE



Source: Nielsen, December 2018





Canned Fruit Business

Characteristic of the canned fruit industry

Since fruit crops are unpredictable as they depend on environment and climate of each particular year, sometimes there are not enough crops to meet the market's demands while other times there are excessive crops for the demands. Canned fruit business requires a lot of cash flow because they can be produced only once a year. It also requires a lot of skilled workers for peeling and carving fruit. These seasons cause quite high barrier of entry into the industry and prevent new competitor from entering.

Consumer Behavior

Canned fruit products have been around for decades. Since their formats have not changed much from the original ones, they lack interest among consumers. With many other products emerging and competitors in the canned fruit market not having much marketing activities, Gen Z consumers or younger and teenaged generations are less familiar with the products. However, Malee canned fruit is one of the top brands in Thai market with most consumers have consumed in their households since childhood, but sometimes fail to remember it. Meanwhile, changing consumer behavior according to hasty daily life, health concerns, and sugar consumed per day have resulted in less canned fruit consumption. The main market is still via the trading channel and food service for cooking other dishes.

According to the latest consumer behavior research, it found that Malee canned fruits enjoys the highest brand awareness of 97% because most people know the brand and consume upon their parents and families' choices, but with less consumption opportunities. Therefore, to make canned fruit products regain their popularity and sales volumes, the Company has to focus on marketing activities

to create brand awareness among younger generations by giving free samples, suggesting different ways to consume such as making desserts and ice cream to increase the frequency of consumption, creating interest, as well as promoting activities that create more experience with the brand.

Meanwhile, product development with modern styles and technologies such as keeping the flavor and freshness as close as fresh fruits, adjusting nutrients such as sugar reduction to meet consumers' demands in the modern ages, has contributed to prolonging the age of canned fruit products that are in the mature stage based on their product life cycles.

According to the aforementioned, besides from product development, marketing activities in advertising and public relations, and giving free samples, there are also some events during important festivals such as Vegetarian Festival and Chinese New Year Festival to stimulate canned fruit consumption. Malee canned fruit is still on high demand in overseas markets due to the ongoing trend of Thai fruits consumption, especially canned rambutan, canned lychee, and canned longan which are the local fruits of Thailand.

Dairy Product and Cereal Beverage Business





In 2018, the food and beverage market of Thailand suffered negative growth in many product groups, including the dairy market with negative growth of -1.7% compared to 2017 (source: Nielsen, Dec 2018). One of the main reasons is the sluggish domestic consumption. Although milk is the main product for both children and adult, there is an increasing growth in milk replacement products and plant based beverages that provide proteins such as ready-to-drink soy milk and various kinds of cereal drinks.

Since milk price is regulated by the government, the milk market has turned to more premium products in the past few years to increase its price per unit. Moreover, there are more space for there products in product shelves, marketing, and more distribution channels, resulting in high cereal of competition

As for Chokchai Farm products, the bestselling product is still the pasteurized group which consumers still trust and feel that it is a high-quality milk with unique aroma and delicious taste. This made consumers more loyal to the brand. The main market is the hypermarket channel, food service channels, and special channels such as selling to various school groups, especially international schools, hospital groups, etc.

UHT ready-to-drink dairy products under Farm Chokchai brand are available in the traditional trade channels and super-hypermarket channels, but there is still needs to adjust the distribution channels and develop more new products to expand the consumer base.

Carbonated Beverage and Food Business

The year 2018 was the first year that the company launched a carbonated beverage under "Fizza" brand, which is a healthier alternative for soft drink consumers. Fizza salty lemon juice natural ingredient of natural lemon juice – a homemade recipe. The target groups are children, teenagers, working people, and younger generations. There has been advertising by creating 30-second and 15-second advertising spots both on television and online medias, along with a 6-second VDO on YouTube, activities to engage the target groups such as Siam Street World Competition 2018, direct communication with target groups such as billboard advertising media, bus, tutorial school, giving free samples, and development of sales channels to create awareness, trial, and regular consumption.

In the last quarter of 2018, the Company also distributed gummy and jelly cups under Holy Fruit brand and milk tablets under Chokchai Farm brand to expand its consumer base. They are products that are specifically aimed for the traditional trade channels with target to create customer bases which consist of grocery stores and wholesale stores in upcountry, build good relationships with the stores, and pave the way for the distribution of other new products that will come later. Increasing the traditional trade channels will help the Company gain customer information without depending too much on the modern trade channels

International Business





The Company has continuously emphasized on international business in order to expand the market and diversify risks out of Thailand. By mid-2018, the Company transferred its international business operations to Malee International Company Limited, a subsidiary in which the Company holds 99.99% of shares. The aim was to take care of international business in both the branded products and joint venture businesses in the Philippines and Indonesia which are the countries with large populations and logistic and distribution competitor. The Company still focuses on growth in ASEAN countries and East Asian countries, including China, Korea, and Hong Kong. The Company has also developed customers base in new markets in European countries and the United States of America.

Major developments in 2018

- 1 In 2018, the Company organized a 40th anniversary celebration campaign with positive feedbacks from distributors and consumers abroad, causing sales to increase significantly during that period.
- 2 The Company launched 100% Malee fruit juice products with new packaging designs to the international market to raise 100% Malee fruit juice to international level and gain preferences among consumers in foreign countries. This was in partnerships with world-class designers in research and development of designs and new packages with the concept of "Grown with Love". The Company also introduced the 200ml UHT box packaging in "Leaf" shape that allows better grip and is environmentally friendly, with emphasis on Malee 100% fruit juice to be the main product for international business and the leader in the fruit juice market.
- 3 Since consumers turn more to online purchases, the Company has focused on e-commerce, resulting in substantial online sales growth. The Company has also directly collaborated with some major online traders to create closer cooperation and stable growth rate.
- 4 The Company released a new product, Fizza Salty Lemon

Drink, in 360 ml bottle in SIAL China exhibition in China and Thaifex during May to June 2018. The product was well received by foreign customers and the Company started exporting the product to China in the fourth quarter of 2018. The Company expects to launch Fizza to other countries starting in early 2019.

- 5 The Company has transferred the international business to Malee International Company Limited in July 2018. Malee International has the objective of taking care of international businesses both in terms of branded products and joint venture businesses in the Philippines and Indonesia. Malee Group Public Company Limited holds 99.99% of shares in this subsidiary.
- 6 Since the coconut water has been one of the main export products and remains very popular in foreign countries, the Company has seen such importance and therefore studied and surveyed coconut water packages around the world, resulting in the improvement the coconut water packages of Malee Coco to stand out from the competitor in the market. The Company started selling the product in the country in 2018 and will be released overseas in the beginning of 2019.

As for the year 2019, the ongoing volatile global economy and the prolongation of the trade war between the United States and China will still be important factors that affecting international business. The Company remains confident that it can expand its growth by relying on closer cooperation with main customers in continuously expanding distribution and promotion channels, as well as developing new markets to create continuous growth.

Joint Venture in the Philippines

The Company has created a joint venture called Monde Malee Beverage Corporation with Monde Nissin Corporation in the Philippines since 2015. There are important events in 2018 that affected the business as follows:

- 1 After the government enacted the sugar tax in January 2018, the overall consumption of sweetened beverages has slowed down as the retail price have risen by more than 13%. The beverages that continued to grow include bottled water, 100% fruit juice and ready-to-drink milk because they are product groups that are not affected by the sugar tax. Sweetened beverage distribution is affected by the sugar tax in both supermarket channels and sari-sari stores (general trade), while beverage powders (both tea and fruit juice) that are normally popular suffered the highest negative growth rate.



- 2 Sales channels for lower-end consumer group was affected by the sugar tax on a high level. The consumption volume of beverages has decreased considerably.
- 3 Consumers continued to adjust to the effects of the sugar tax and the inflation rate (5-6%) in 2018. Consumers will not quit drinking these sweetened beverages because they provide both pleasure and energy for children and adults.

In 2018, the marketing activities of products under Monde Malee Beverage Corporation are as follows:

Kratos Ready-to-Drink Coffee

Ready-to-drink coffee industry in the Philippines market has decreased in volume as high as 15%, with the market value falling from 1.2 billion pesos in 2017 to 1.1 billion pesos in 2018, because major players turned to focus on investing in the coffee powder business amid the ongoing price war. Although consumers have gradually changed their behavior to consume more ready-to-drink coffee, it will still take time and investment to create consumer awareness. Therefore, MMBC decided to stop Kratos production at the present time and will focus on the development of other types of beverages, in order to utilize working capital to maximize benefits.

Jelly Vit

After launching in March 2017, the product has received positive responses. However, maintaining its sales level is also challenging due to continuous product price adjustments in accordance with the sugar tax that was enacted in early 2018, as well as the continuous appreciation of Thai baht which resulted in the delay of new product plans. Since jelly vit is considered relatively expensive, MMBC enhance brand awareness and product trials, emphasize on the aesthetic aspect of the products gave away free cold

samples to optimize consumers' experiences, and provide mobile distribution points into various areas to explain the benefits of Jelly Vit to consumers. As for the year 2019, there will be ongoing digital marketing to increase awareness and product trials on Facebook, Instagram, SEO, KOL and E-commerce. Product placement in stores will be another important way to create product awareness, while the Company also encourages putting products in ice boxes in 7-Eleven convenience stores, selling products in stores, and communicating relevant information about products. Moreover, there will be promotional activities in convenient stores and general stores to increase sales as much as possible

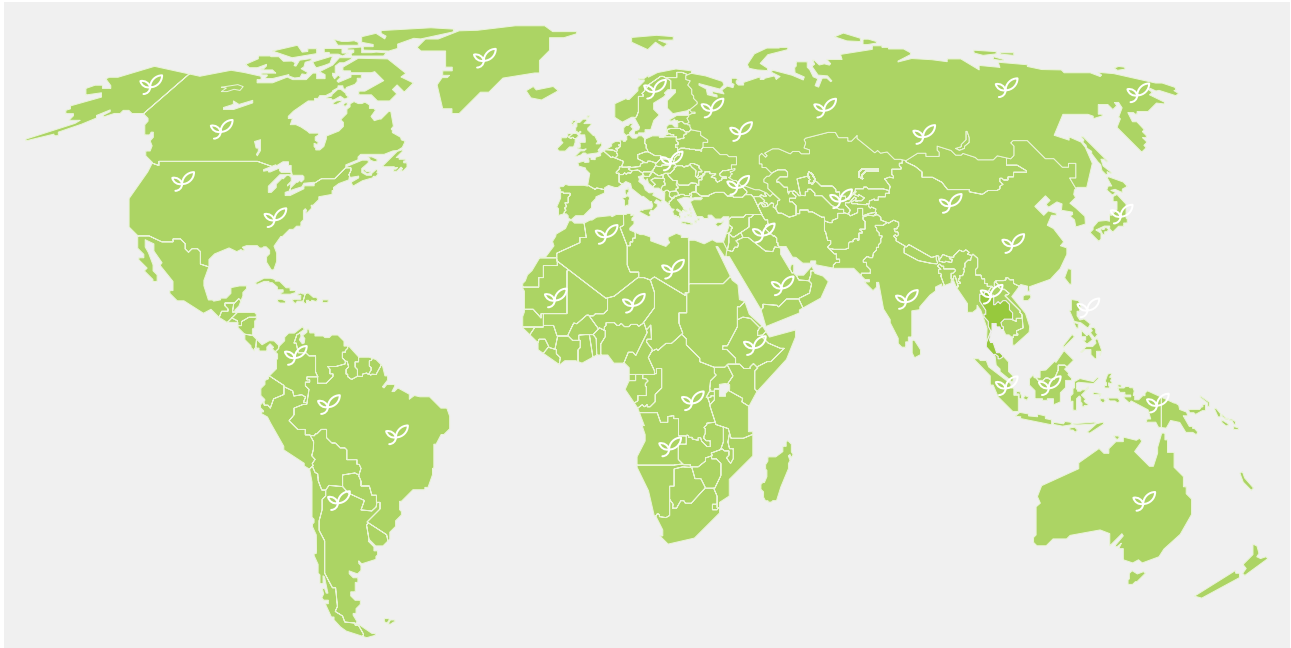
Joint Ventures in Indonesia

The Company has agreed to sign a cooperation agreement to establish joint ventures with PT Kino Indonesia Tbk (KINO) for business operations in Thailand and Indonesia. The newly established companies in these joint ventures are as follows:

- 1 **Malee Kino (Thailand) Company Limited:** operates in Thailand by importing and distributing personal care products from Indonesia

Major Developments in 2018:

- The Company appointed CP Consumer Products Company, specializes in distribution of personal care products in Thailand with a network covering both modern trade and traditional trade stores.
- Its products can be classified into three product groups; namely hair care products under Ellips brand, facial care products under Ovale brand, and oral and dental health care products under Sasha brand.
- There was a launching event for Ellips brand at Siam Square One. The Company started selling its products in the fourth quarter of 2018 in personal care and cosmetics stores such as Eveandboy, Beautrium, Hej Street, and Tsuruha, as well as in traditional stores such as Win Cosmetics, Chiangmai Direct, Gift Rayong, etc.
- The Company emphasized on online marketing and various social medias by focusing on advertising products and brands through various channels such as YouTube, Line@, and Facebook.



2 PT Kino Malee Indonesia and PT Kino Malee Trading: operate in Indonesia.

- PT Kino Malee Indonesia: a manufacturer of beverages for Indonesian market. Current status in the process of market study and product development in order to build competitiveness and generate long-term profits. In 2018, this joint venture has not started any transactions.
- PT Kino Malee Trading: an importer and distributor of Malee brand products to expand the market in Indonesia. In 2018, this joint venture proceeded with the importer registration of importers, application of importer license, and preparation on permission request of drink recipes and Malee brand label. It is expected to begin importing operations by mid-2019 in order to meet Indonesian consumers' demands.

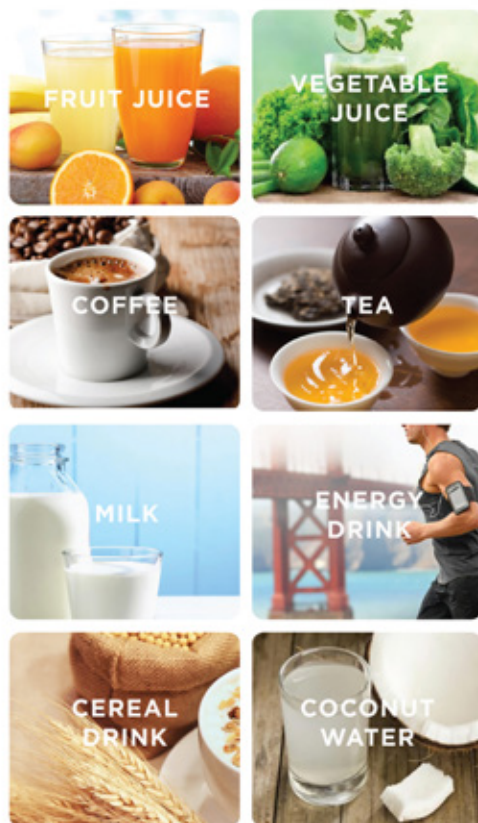
Subsidiaries in Vietnam

The Company has expanded its business outside of Thailand as an important strategy to create sustainable growth. That is the reason for the acquisition of Long Quan Safe Food JSC ("LQSF") with 65% of shares, accounted for 309 million baht. LQSF holds shares in Tan Quang Minh Manufacture and Trading ("TQM"), a manufacturer of beverages in Vietnam. The acquisition will help increase the capacity of beverage production to support growth in the mass market, both in the branded business and contract manufacturing business. The Company has set a goal of encouraging LQSF and TQM to be the production base of beverages for the emerging markets. This will help increase the Company's limit of marketing beverages in the mass level where it formally has no portfolio, as well as increase tapping into foreign markets due to LQSF's ability to compete in terms of cost and having a variety of products. After combining with the capacity of the LQSF, the conglomerate's capacity will almost double from 330 million liters to 630 million liters per year.

Malee
COCO

Malee





Contract Manufacturing Business (CMG)

Contract Manufacturing Business is another key business of the Company. The business services range from research and development for new product formulation, procurement of raw materials and packaging, to manufacturing products in accordance with clients' requirements. Services of CMG can be categorized into 2 types as follows:

- 1 Full Service: The Company develop product formulation, procure raw materials and packaging, manufacture products in accordance with clients' plans, and deliver the products at the agreed point.
- 2 Partial Service: Clients have their own formulation and partially or entirely provide raw materials and packaging to the Company. The Company manufacture products in accordance with clients' plans as well as delivering the products to clients at the agreed point.

The Company gains its trust from leading beverage brands both domestic and overseas levels. As of now, the Company has provided manufacturing service for more than 30 leading clients. In 2018, the Company has expanded its production capacity, potential for more various products and packages, and flexibility in adjusting productions lines upon demands. Therefore, more new clients among the leading beverage brands expect to join our services in developing and contract manufacturing, according to beverage type and packaging details as follows:

Type	UHT -Tetra Paper					PET Bottle					Tin Can				Pouch Pack
	1L	330ml	225 – 250ml	180 – 200ml	110 – 125ml	2L	1.37L	500ml	350ml 400ml	200– 300ml	325ml	240 – 250ml	180ml	150ml	150ml
1 100% Fruit Juice	√	√	√	√	√		√	√	√	√					
2 Nectar Fruit Juice				√			√		√	√					
3 Fruit Flavor Juice				√			√		√	√					
4 Functional Drink								√							
5 Tea				√				√					√		
6 Coffee				√									√	√	
6 Cereal Drink	√	√	√	√	√										
8 Milk & Flavor Milk	√	√	√	√	√				√			√			
9 Jelly Drink															√

Remark: √ means currently in production



The Company develops new products and reduces costs by constantly working with our clients, in order to fulfill our clients' demands and consistently build up clients' competitiveness as always.

Our Production

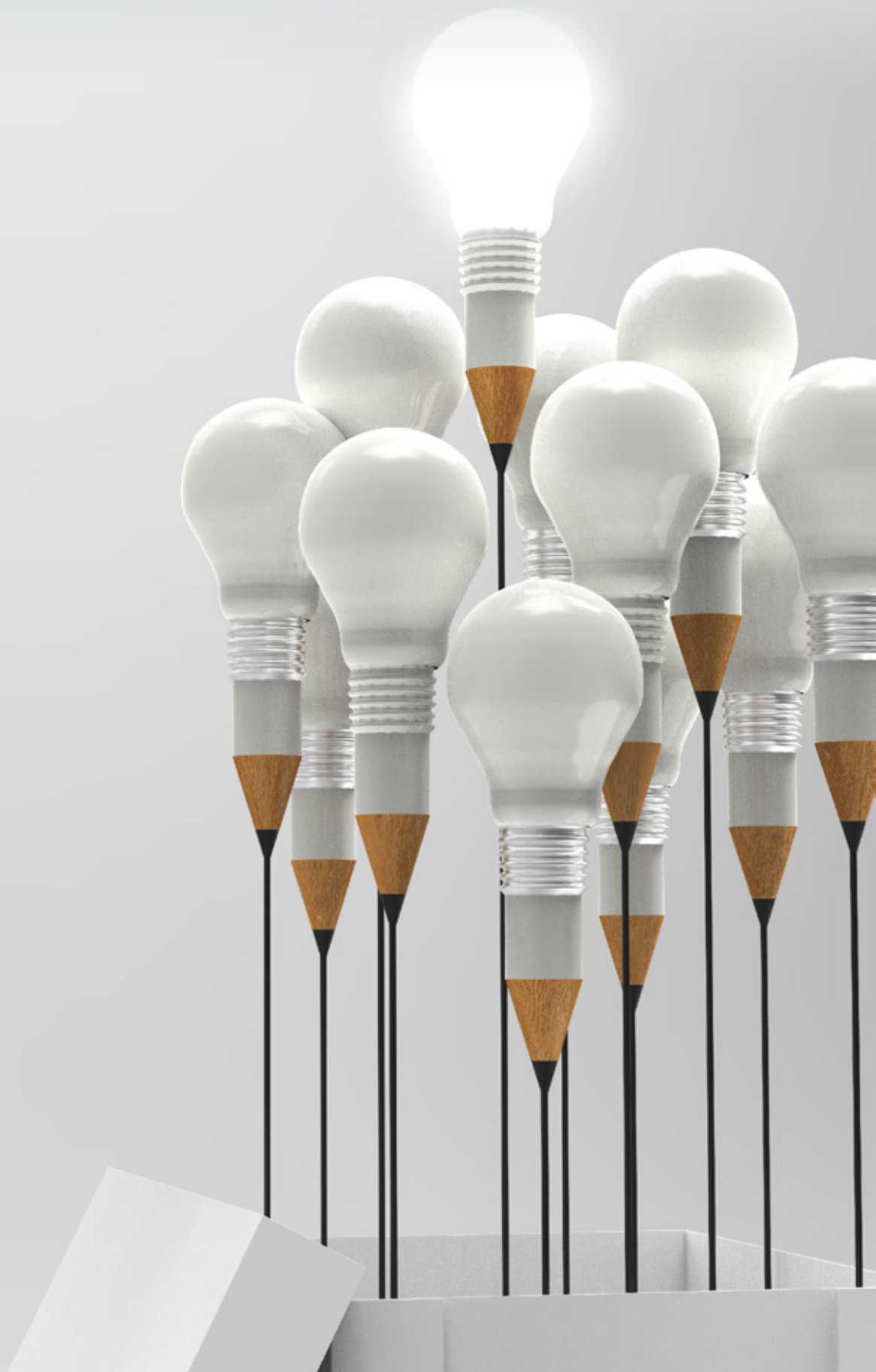
The Company has two production facilities in two countries as follows:

- 1 Our Thailand factory is located at 26/1, Sam Phran District Road, Yai Cha, Sam Phran, Nakhon Pathom, Thailand, on the total area of 36 rais. Its production lines include canned fruits and beverages such as canned beverages UHT beverages and PET bottled beverages, etc. Its production capacity is approximately 330 million liters per year.
- 2 Our Thailand factory is located at Lot C21/I, Street 2F, Vinh Loc Industrial Park, Vinh Loc A Commune, Binh Chanh District, Ho Chi Minh City, Viet Nam. Its production lines include canned fruit juices, PET bottled green tea, etc. Its production capacity is approximately 300 million liters per year.

Our Procurement of Products and Services

The Company procures raw materials from several sources all over the world such as concentrated fruit juices, sugar, and milk in can, paper carton, and pouch pack. The company does not depend significantly on singer source suppliers. The Company has a policy for the procurement department to search for qualified suppliers, so that it has multiple vendors providing raw materials to the Company. In addition, the Company's procurement is done with long-term trading partners. In some cases, there are also some joint investments between the Company and suppliers for specific production lines.

QUALITY ASSURANCE



QUALITY ASSURANCES AND AWARDS

All the standard and awards we have received are our driving force that encourages our employees to maintain high quality 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: 12) Beverages (for PET Bottle)	Certified by Tuv Nord of Germany
BRC British Retail Consortium (Global Standard for Food Safety) Product–Category: 7) Dairy, Liquid egg, 11) Low/high acid in cans/glass, 12) Beverages (for Agro, UHT)	Certified by Tuv Nord of Germany
HACCP (Hazard Analysis and Critical Control Points) (Management system as per Codex Alimentarius Commission Guideline Annex to CAC/RCP1–1969, rev.4/2003	Certified by Tuv Nord, of Germany on December 19th, 2017
Halal Certificate	Certified by The Central Islamic Committee of Thailand
Kosher Certificate	Certified by Thai Kashrut Services Limited, The Jewish Community of Thailand
GMP Codex Alimentarius Commission Recommended International Code of Practice General Principles of Food Hygiene, CAC/RCP 1–1969 rev. 4/2003	Certified by Tuv Nord of Germany
ISO 9001 : 2015	Certified by Tuv Nord of Germany
ORTHODOX UNION Union of orthodox jewish congregations of America for coconut water product	Certified by Kashrut Services Limited, The Jewish Community of America.
Good Laboratory Practice / Department of Industrial Works,	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	Awarded 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.
Approved to join “Collective Action Coalition Against Corruption” (CAC), a coalition initiated by the private sector in Thailand to fight against corruption	Awarded by the private sector in Thailand to join “Collective Action Coalition Against Corruption” (CAC) on May 17, 2018
Ms. Roongchat Boonyarat, Chief Executive Officer, has been granted an Honorary Award as Businesswoman of the Year by the Thai Chamber of Commerce in 2018	Granted by the Thai Chamber of Commerce on December 1, 2018

RISK FACTORS



1 Risk of fluctuation in volume and price of raw materials

Currently, Global climate and Thailand's climate have changed dramatically, resulting in volatile crops that have been used as raw materials and risk from price fluctuation of raw materials in each year. To manage the risk in advance, the Company pays attention to farmers and suppliers worldwide, in order to procure sufficient amount of raw materials at reasonable prices. The Company exerts several methods including finding new sources of raw materials with good quality, purchasing in advance from various suppliers in different areas and regions to diversify the risks.

Risk management on volume of raw materials is currently easier to be done than the past 2-3 years by building up raw materials base in the appropriate areas and spread the areas to diversify the risks from natural disasters and epidemics.

Risk management on price resulted from management on volume causes the price of raw materials to be in the more positive trend. External factors regarding price are not expected to be as fiercely competitive as the past two years.

2 Risks from competition, new distribution channels, and new business formats that allow minor players to seize market share

The beverage industry has become fiercely competitive with more manufacturers, both locally and overseas, are interested in entering the market. Under the Framework Agreement of the ASEAN Economic Community (AEC), the competition is 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. Those major manufacturers are using pricing strategy to discourage minor manufacturers from entering the market. The personal care product group has seen high growth compared to other product groups. Therefore, it is a market that many major manufacturers value and spend much of their marketing budgets, while there has been an intense competition in many segments. However, the Company has prepared some strategies and task forces 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 differently 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

regarding health and organizing activities to increase sales and distribute products extensively. Therefore, the Company has been launching products with innovation to support consumers' needs thoroughly and continuously.

3 Risks from changing behaviors and fast-moving trends of consumers

Quick access to information online media without borders allows consumers' trends and behaviors to change rapidly. The Company has close communication channels with consumers, while closely study and follow the trend in order to improve, change, and develop in many aspects to meet the consumers' demands and expectations as well as to keep up with the situation, which are important parts of business success.

4 Risk from relying on Contract Manufacturing Business (CMG)

The Company has run the CMG Business for more than two decades. It has been developing plans for operations and manage risks by diversifying both clients and products to build up revenue balance and stability. The Company has a variety of products including tea, coffee, juices, several types of beverages, and canned fruits. To meet 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. In doing so, the Company is lessening the possibility of contract termination or renewal rejection, whereas it can negotiate for suitable returns.

5 Risk from world economic and political uncertainty

The impact of global economic and political instability including constant change in oil prices, the Federal Reserve's interest rate hike, and the US trade barriers have affected all countries around the world, especially emerging markets in Asia. This shows that global trading is still weak. Although Thailand's exports have not recovered yet, the Company was still able to maintain a healthy growth in its export business because of its policy to drive the growth of Malee Brand in major countries. In addition, a variety of premium products has met the needs of high-level consumers, a target group with purchasing power, which encourage Malee Brand juices to grow continuously.

6 Risk from exchange rates

The exchange rates have been fluctuating due to the impact of the global economy. To manage and reduce risk of exchange rates, the Company has hedged the risk by controlling 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, the brand exports did not see growth as expected.

7 Risk from energy prices

Production costs and logistics costs have been affected by 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.

8 Risk from incidents and natural disasters

Due to unrest situations caused by terrorists and natural disasters that occurred unexpectedly, Therefore, it is important to estimate sales and to create a reserve inventory system to import sufficient products to meet market demand, prevent product shortages and emergency situations in case the products cannot be manufactured or imported. Moreover, there has been natural disasters (monsoon/flooding) which currently occurred more than the past years.

9 Risk from government policy and new laws that affect the cost of food and beverages

The government has a policy to promote and maintain public health by launching many different approaches. One of the measures announced is "The collection of sweetness taxes from beverage products" under the new

Excise Tax Act 2017, which came into effect on September 16, 2017, and greatly affected the beverage industry including the Company. Most entrepreneurs in the beverage industry have adapted to stimulate purchasing decisions and increase sales by issuing a strategy in the same direction, offering more new beverages by focusing on the selling point of low sugar in accordance with health-conscious trend, or choosing to adjust the existing beverages' formulas by reducing the amount of sugar. These solutions are different from the Company's because its main product is 100% fruit juice that is sweet from nature, thus the sweetness cannot be reduced. Therefore the Company has been directly affected by this measure. In addition to offering more new beverages, the Company still has to find different strategies to adapt.

In late 2018, there was an excise tax adjustment regarding the concentration of fruit juice products by increasing the concentration of fruit juice ingredients that would pay the excise taxes at zero tariff from exceeded 10% to exceeded 20%. This adjustment will be effective in 2019 and will likely increase again in the future. In addition, there are new laws that are strictly controlled statements on the labels, as well as printed media at the point of purchase from originally allowing statements that stimulate consumption without having to ask for permission. This will lead to the longer working process, affecting the cost of operations.

Malee



น้ำดื่ม
ได้ดั่งใจ
100%

มาลี น้ำผลไม้ 100% ดี เพราะดูแลมาดี



BOARD OF DIRECTORS 2018

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CHIRATHIVAT**

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Member of Executive
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TALTHONG**

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Chairman of Audit Committee/
Member of Risk Management
Committee / Member of
Nominating and
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Management Committee /
Member of Audit Committee /
Member of Nominating and
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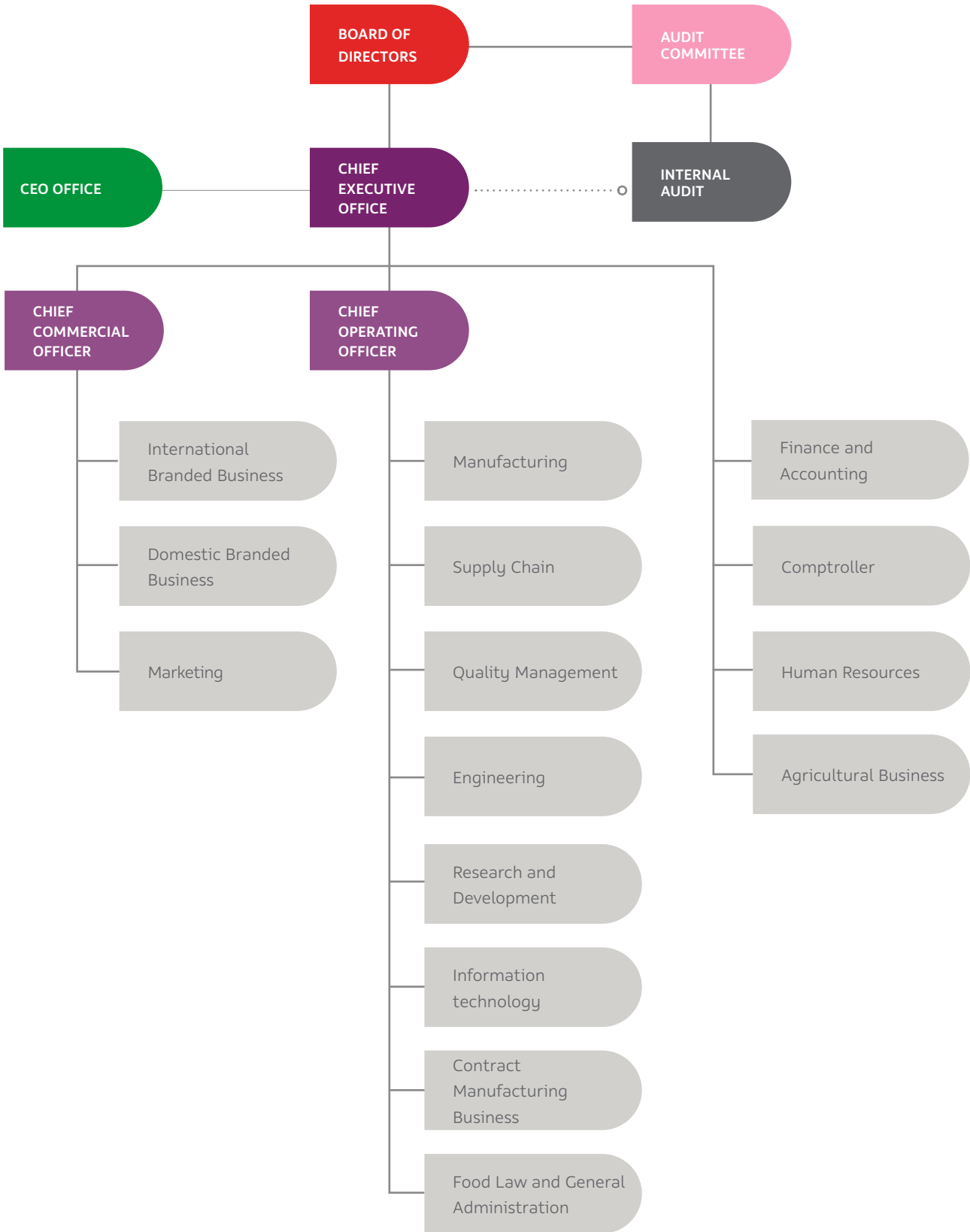
**MR. PAITON
EIAMSIKULMIT**

*Company Secretary and
Vice President CEO Office*



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 2018 on 27 April 2018 at 10:00 hrs. Cafeteria Room 1 st Floor, Rangsit office building No.401/1 Moo 8 Phaholyothin Road Kukot, Lamlukka, Pathumthani 12130 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 treats 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 provides 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 provides 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 advices 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 adheres 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 provides 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, 2018	1,474 employees
Employee Remuneration in 2018	523.91 Million Baht

The Number of Training for Employees

The Board of Directors and executives see the importance in development of human resource. In 2018, the Company has provided training courses as follows:

	Hour/Person/Year 2018
Executives Training Hours	51 hrs.
Employee Training Hours	14 hrs.

Injury Frequency Rate : IFR as of 31 December 2018 is 1.42 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) Safety officer at the executive level
- 3) Safety officer at the supervisor level
- 4) Training plan for developing professional continuity of energy auditors
- 5) Project to reduce production cost with technology and innovation, fiscal year 2018
- 6) Seminar for person responsible for energy personnel
- 7) The Increase of machinery efficiency and management of energy in the food and beverage industry to move towards Industrial 4.0
- 8) Inspection and certification of energy-saving building

- 9) Risk assessment and life evaluation of radiators and boilers that use liquid as a heat conductor
- 10) Personnel development to enhance the capability level and create a network of people responsible for energy
- 11) Energy conservation in food factories
- 12) Energy Innovation: Opportunities for Thai industry
- 13) Environment manager
- 14) EnMS: Energy Management System – DIW
- 15) Seminar to disseminate guidelines on energy efficiency for Energy Service Company (ESCO)
- 16) Correct and safety way to maintain and drive forklifts.
- 17) Consciousness and conservation of energy
- 18) Chemical spill response
- 19) Basic fire safety training
- 20) First aid

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.



แก้ 'คอร์รัปชัน' อย่างยั่งยืน
ปลูกจริยธรรม-ส่งเสริมการมีส่วนร่วม

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.

Process after receiving complaints

1. Collect the facts received through the complaint box or e-mail: companysecretary@malee.co.th to "Company Secretary". The complaint recipient (Company Secretary) will collect the facts about the complaint and presented them to the Chairman of the Audit Committee.

2. Process and screen the data. The Chairman of the Audit Committee will process and screen the data to consider appropriate steps and solutions for each issue, maybe by himself/herself or have the assigned agency process and screen the data or assign the investigation committee to proceed with the processing and screening data. The investigation committee will be appointed by the Chief Executive Officer in each occasion.

3. Report the results of the important case to the top management of the Company, subsidiaries or departments depending and/or the Audit Committee and/or the Board of Directors depending on each case, as well as report the results to employees in case the complainant discloses themselves.

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.

Basic guidelines for Investor Relations:

This Code of Conduct is established in case there is 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 Shall 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

Local Roadshows

Date	Events	Securities
Quarterly	Opportunity Day 2018	Stock Exchange of Thailand
25-Jan 2018	J.P. Morgan Thailand Conference 2018	J.P. Morgan Securities (Asia Pacific) Company Limited
06-Mar 2018	CGS-CIMB Thailand Corporate Day 2018	CGS-CIMB Securities (Thailand) Company Limited
04-Apr 2018	Meeting of executives of listed companies in the stock market	Asia Plus Securities Company Limited
04-Apr 2018	Meeting of executives of listed companies in the stock market	KT Zmico Securities Company Limited
17-Apr 2018	AECS Tea Talk	AEC Securities Public Company Limited
30-Aug 2018	Thailand Focus 2018	Stock Exchange of Thailand
27-Sep 2018	dbTISCO Thailand, Thailand Electronics, Food & Agriculture Corporate Day	Tisco Securities Public Company Limited
28-Nov 2018	MBKET Thailand Corporate Day	Maybank Kim Eng Securities (Thailand) Public Company Limited

Overseas Roadshows

Date	Events	Securities
28-Mar 2018	MBKET Invest ASEAN Singapore 2018	Maybank Kim Eng Securities (Thailand) Public Company Limited

abroad whereby, we received positive feedback from both overseas and domestic investors. Subsequently, Investor Relations has brought forward the feedback, questions received from investors, to the executives for acknowledgement.

Use of Internal Information

The Company stipulates that directors and executives must report their 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.

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 December 31, 2018, the Board of Directors was comprised of 9 members namely as follows.

- A. Two executive directors
- B. six non-executive directors with three of those are 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 executive positions and are not involved in the management of the company. May or may not be an independent director.

The Board of Directors is comprised of Executive Directors 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. Important management responsibilities own their specific characteristics.

According to the Company's regulations, at every annual general meeting, directors shall leave their positions at the rate of at least one third. In case the number of directors cannot be divided into three parts, then they shall leave by the number closest to one third. Directors who must retire in the first year and the second year after the registration of the Company will be decided by drawing lots. In subsequent years, the longest serving director shall leave their positions. However, the directors who left their positions may choose to be re-appointed.

In addition, the Board of Directors has appointed a sub-committee consisting of the Executive Committee, the Audit Committee, the Risk Management Committee, the Nomination and Remuneration Committee to perform specific duties and propose issues to the Board of Directors for consideration or acknowledgment. The sub-committee has the rights and duties as specified in the authority and duties of each sub-committee.

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.

Diversification of The Board Structure

The Board of Directors has the policy that emphasizes on the diversity of the Board structure, without limitation of education, gender, specific skills. Currently, the Board consists of four female directors out of eight directors, with skills and experiences relevant to the Company's business operation such as accounting, finance, engineering, sales and marketing, and agriculture.

Selection Process 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 the Public Company Act.

Meeting of The Board of Directors

Each year, the management prepares schedules of the Board of Directors and sub-committee's meetings in advance and sends them to the Board of Directors and sub-committees. The meeting agendas are sent to the boards 7 days prior to the meeting date so that board members shall have sufficient time to study all pertinent information.

Board of Directors

1	Mrs. Chintana Boonyarat	Director / Chairman of the Board of Director
2	Ms. Roongchat Boonyarat	Director / Chairman of the Executive Committee / Chief Executive Officer
3	Mr. Pichai Chirathivat	Director / Member of Executive Committee
4	Mr. Kittti Vilaivarangkul	Director / Member of Executive Committee / Member of Risk Management Committee
5	Mr. Opas Lopansri	Director / Member of Executive Committee / Chief Commercial Officer
6	Ms. Nattharin Talthong	Director / Independent Director / Chairman of the Audit Committee/ Member of Risk Management Committee / Member of Nomination and Remuneration Committee
7	Ms. Nart Fongsmut	Director / Independent Director / Member of Audit Committee / Chairman of Nomination and Remuneration Committee / Member of Risk Management Committee
8	Mr. Arin Jira	Director / Independent Director / Chairman of the Risk Management Committee / Member of the Nomination and Remuneration Committee / Member of Audit Committee

Directors with Authority to Sign in Binding of The Company

Directors with authority to sign on behalf of the company:

1. Mrs. Chintana Boonyarat
2. Mr. Kittti Vilaivarangkul
3. Mr. Pichai Chirathivat
4. Ms. Roongchat Boonyarat
5. Mr. Opas Lopansri

Two out of these five directors can sign with the Company's seal

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 two 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.

Moreover, 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.

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.

1.1 Review and provide guidelines on the Company's strategies, key action plans, risk policy, annual budget, and business plans. Set the performance goals and observe the implementation. Supervise important investment expenses including joint venture and selling of business

1.2 Determine the remuneration and evaluate the performance of the management regularly. (Or remove from positions if necessary) and review the succession plans for continuity.

1.3 Review the remuneration of directors and executives and ensure that the Board of Directors has a formal and transparent process of nomination of directors.

1.4 Ensure that the accounting system, financial reporting and auditing are reliable, including supervising the process for assessing the adequacy of internal control, risk management, financial control, and legal compliance

1.5 Monitor and manage the conflicts of interest of the management, the Board of Directors, and shareholders, including misuse of the Company's assets and incorrect actions in the transactions between connected persons.

1.6 Nominate the appropriate person to be a director and ensure that various structures and practices established by the current Board of Directors for corporate governance are proper and ethical.

1.7 Directors can use the discretion in the business of the Company independently from the management and other beneficial groups. Directors must devote sufficient time and pay attention to performing duties according to their responsibilities.

1.8 Follow the performance of the Company according to the Company's strategy.

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 two out of three 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.

Schedule Meeting 2018 @ Malee Group Company Limited

month time	Audit committee (10.00–12.00)	Board of Directors (10.00–12.00)	Risk Management (14.00–17.00)	Executive Management (14.00–17.00)	Management Meeting 13.00–open hrs
January				Thursday 18 11.00–12.00 hrs	Friday 19
February	Wednesday 14	Thursday 22		Thursday 22 9.00–10.00 hrs	Wednesday 14
March			Wednesday 21	Thursday 15 11.00–12.00 hrs	Friday 16
April				Thursday 19 11.00–12.00 hrs	Friday 20
May	Friday 4	Thursday 10		Thursday 10 9.00–10.00 hrs	Friday 11
June			Wednesday 20	Thursday 14 11.00–12.00 hrs	Friday 15
July				Thursday 12 11.00–12.00 hrs	Friday 13
August	Tuesday 14	Tuesday 14		Thursday 9 9.00–10.00 hrs	Friday 10
September			Wednesday 19	Friday 14 9.00–10.00 hrs	Friday 14
October				Friday 12 9.00–10.00 hrs	Friday 12
November	Wednesday 14	Wednesday 14		Friday 16 9.00–10.00 hrs	Friday 16
December			Wednesday 19	Friday 14 9.00–10.00 hrs	Friday 14

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.

6 A director encourages the Company to have measures and operations regarding anti-corruption in all forms for the progress and sustainable growth

Position of executive committee on more than two listed companies

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

Nomination of Directors and Management

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

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

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

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

Separation of Responsibilities Between the Board of Directors and the Management

Chairman of the Board of Directors is a non-executive director, not the same person as the Chief Executive Officer. He/she is a leader and has an important role in making decisions about policies, providing support and advice on business operations of the management without interfering with routine tasks that are the responsibility of the management. His/her duties and responsibilities have been clearly defined as follows:

Duties of Chairman of the Board of Directors

- 1 Be responsible as the leader of the Board of Directors in monitoring and supervising the administration of the Executive Committee and other sub-committees in order to achieve the objectives as planned.
- 2 Call a meeting of the Board of Directors and shareholders' meeting, as well as having a role in defining regulations and agendas with the Managing Director.
- 3 Be a chairman at the Board of Directors' meeting. In the case of equal votes for two parties, the Chairman of the Board of Directors shall have an additional vote as a deciding vote.

- 4 Be a chairman at the shareholders' meeting and play a role in controlling the meeting to be effective and in accordance with the Company's regulations. Support and provide opportunities for shareholders to freely express their opinions.
- 5 Have a role to supervise the implementation of policies and strategic operational guidelines of the management, as well as providing advice and supporting the business operations of the management but does not participate in the routine management of the company

Duties of the Management

- 1 Be responsible for managing the business in accordance with the policies, strategic goals, laws, and regulations set by the Board of Directors.
- 2 Report on the progress of the implementation of the strategic plans and the Company's performance, including important operating results of the subsidiaries, to the Board of Directors on a quarterly basis.
- 3 As for the business related to outsiders, the management who is the representative of the Company may assign any person to be the proxy in doing some business without contradicting to the regulations set by the Board of Directors.

The Board of Directors has authorized the management to manage the assigned business as follows:

- 1 Approval of investment in new businesses, joint ventures or any other projects with the purpose of sharing profit and loss or investment in other businesses, except for the case with expenditures more than 10 million baht which is needed to seek an approval from the Board of Directors.
- 2 Disposition and transfer of assets that are not the normal ways of business to third parties (based on the market price) such as land and/or buildings or other assets, except for the case with expenditures more than 10 million baht which is needed to seek an approval from the Board of Directors.
- 3 Procurement of fixed assets (Capital Expenditure) based on the budget, except for the case with expenditures more than 10 million baht which is needed to seek an approval from the Board of Directors.

The Audit Committee consists of three Independent Directors of the Company. The committee members have the required knowledge and experience. Ms. Natnarin Talthong serves as Chairman of the Audit Committee who has adequate expertise and experience on business management, accounting and finance and also qualified person from

Sub-Committee

The Audit Committee

Ms. Nattharin Talthong	Chairman of Audit Committee
Ms. Nart Fongsmut	Member of Audit Committee
Mr. Arin Jira	Member of Audit Committee

MAI. The Audit Committee is responsible for reviewing the Company's financial reporting process to ensure that it is accurate and adequate, and the suitability and effectiveness of the internal control and internal audit.

In 2018 the Audit Committee held four meetings in total.

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.
- 8 Review the process on prevention of corruption so that the Company has a strong internal control measure that is appropriate for a company in the Private Sector Collective Action Coalition Against Corruption Council (CAC).

Scope of Duties 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.

The Executive Committee

Ms. Roongchat Boonyarat	Chairman of the Executive committee
Mr. Pichai Chirathivat	Member of the Executive committee
Mr. Kitti Vilaivarangkul	Member of the Executive committee
Mr. Opas Lopansri	Member of the Executive committee

- 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.
- Chairman and members of the Nomination and Remuneration Committee all are Independent Directors of the Company (or 100%), according to the principles of good governance and ASEAN CG

Scope of duties of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee

Ms. Nart Fongsmut	Chairman of the Nomination and Renumeration Committee
Ms. Nattarin Talthong	Member of the Nomination and Remuneration Committee
Mr. Arin Jira	Member 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 2018, the meeting of the Nomination and Remuneration Committee was organized Nomination and Remuneration meeting once.
- 2 Consider the business expansion and the operating results of the Company and its subsidiaries.
- 3 Consider the duties and responsibilities of each committee.

Remuneration Structure of the Board of Directors

- 1 Meeting allowance (per time)
 - 2 Meeting Allowance (quarterly)
- (For remuneration of the Board of Directors in 2018, please see the table of overall remuneration of the Board of Directors for the year 2018.

Scope of duties and responsibilities of the Risk Management Committee

- 1 Assist the Board of Directors in management by

Remuneration Policy

- 1 Compare with and refer to other business in the same industry.

Risk Management Committee

Mr. Arin Jira	Chairman of Risk Management Committee
Mr. Kitti Vilaivarangkul	Member of Risk Management Committee
Ms. Nattharin Talthong	Member of Risk Management Committee
Ms. Nart Fongsmut	Member of Risk Management Committee

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 2018

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 2018, the Board of Directors attended the training course as follows:

Company Secretary

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, the Board of Directors therefore appointed Mr. Paitoon Eiamsirikulmit as the Company secretary on May 13, 2013. Qualifications and duties of the Company Secretary are as follows.

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 of Duties

1. Be a consultant and secretary of the Board of Directors and Sub-committees.

Directors	Course and Hours of Training	Venue
Mr. Arin Jira	Director Accreditation Program (DAP) Class 155/2018	Thailand Institute of Directors (IOD)
2. Liaise between the Board of Directors, executives, shareholders and controlling authorities.		Advisory Board.
3. Keep and maintain the following documents. <ul style="list-style-type: none"> – 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 	6. Supervise the disclosure of information and report to ensure the compliance to applicable law and regulations and the good corporate governance.	
4. Keep the report of stakeholders as provided by directors of executives.		
5. Conduct any other tasks as notified by the Capital Market		

Scope of Duties of Chief Executive Officer (CEO)

1. Responsible for determining the business strategy of the Company. Supervise business operations and routine management as specified in the Company's policy in order to effectively meet its objectives in accordance with the guidelines set by the Board of Directors and/or the Executive Committee.

- 2 Coordinate with the head of the internal audit department and the Risk Management Committee in order to conduct business and risk management of the Company in accordance with its objectives and regulations, as well as the resolution of the shareholders' meeting, the resolution of the Board of Directors, the Company's policy, and corporate governance.
- 3 Supervise and support the efficiency of human resource management consistently with the business direction of the Company in terms of authorities and responsibilities.
- 4 Consider the approval of payment for the Company's transactions within the amount as specified by the Board of Directors.
- 5 Assign one or many persons to act in any way as they deem fit within the scope of authorities granted. The said assignment must not be contrary to or inconsistent with the instruction set by the Board of Directors and/or the Executive Committee.
- 6 There are other authorities, as prescribed by the working regulations, which include the operating authority of the Company as assigned by the Board of Directors and/or the Executive Committee.

The approval of the above items must not have the characteristics of approving the transactions that allow the Chief Executive Officer or the person assigned by the Chief Executive Officer to approve the transactions that he or she may have conflicts, stakes, or conflicts of interest with other companies or subsidiaries. The approval of such transactions must be submitted to the Audit Committee's meeting and/or the Executive Committee's meeting and/or the Board of Directors' meeting and/or the shareholders' meeting (depending on each case) for them to consider approving such transactions in accordance with the regulations of the Company or subsidiaries or related laws.

The Board of Directors sets its performance objectives of the Chief Executive Officer and executives, then evaluates the performance of the Chief Executive Officer and executives on an annual basis. The Chief Executive Officer evaluates the performance of executives from the Managing Director to the lower levels by using goals and assessment criteria associated with the strategic plans and annual plans, thus consider determining appropriate remuneration and incentive measures by requesting approval from the Executive Committee and/or the Board of Directors depending on each case.

Remuneration of The Directors and Executives

- 1 Overall remuneration of eight directors for the year 2018 is 3,916,812 baht, which is shown in the table of overall remuneration of the Board of Directors for the year 2018.
- 2 Overall remuneration of 21 directors and executives for the year 2018 is 58,461,900.33 baht.

Remuneration of Chief Executive Officer (CEO)

The Nomination and Remuneration Committee has considered the rate of remuneration and other benefits in cooperation with senior management to request approval at the Board of Directors' meeting. The Company has paid the remuneration to the Chief Executive Officer (CEO), including salary, official car with driver, the Company's welfare, Provident Fund, and bonuses depending on the operating results of the Company.

Other Remuneration

Provident fund for 21 executives in 2018 is 1,278,530.50 baht. (As of December 31, 2018, there are 19 executive committee and 2 directors.)

Number of Training Hours for Executives and Employees

The Board of Directors and executives see the importance in development of human resource. In 2018, the Company has provided training courses as follows:

	Hour/Person/Year
Executive Training Hours	51 hours
Employee Training Hours	14 hours

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.

Currently, 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) which the supervisor must evaluate each employee. The annual salary increase and annual bonus payment will depend on the performance according to the KPI evaluation each year.

The long-term remuneration is a plan that will help increase the competitiveness of the group, maintain and motivate competent employees in the conglomerate, which will be useful in terms of rewarding such as promotion for previous works to create incentives for attaining future results at both the organization level and the employee level.

COMPANY'S COMMITTEE, NUMBER OF ATTENDANCE AND REMUNERATION FOR THE YEAR 2018

Name of Director		Duration of Tenure	Number Of Attendance Of Meeting (time)						Meeting Period				Total		
			BOD	AC	EXCOM	RM.	NR.	BOD	AC	EXCOM	RM.	NR.			
1	Mrs. Chintana Boonyarat	-	Chairman of the Board of Directors	2017	5/5	-	2/2	-	2/2	281,208	-	73,187	-	20,000	374,395
2	Mr. Kitti Vilaivarangkul	-	Director Member of Executive Committee Member of Risk Management Committee	2017	5/5	-	10/10	4/4	-	210,000	-	220,000	40,000	-	470,000
3	Mr. Pichai Chirathivat	-	Director Member of Executive Committee	2015	2/5	-	9/10	-	-	180,000	-	210,000	-	-	390,000
4	Ms. Roongchat Boonyarat**	-	Director Chairman of the Executive Committee	2016	5/5	-	10/10	-	-	210,000	-	366,813	-	-	576,813
5	Mr. Opas Lopansri	-	Director Member of the Executive Committee	2017	5/5	-	10/10	-	-	210,000	-	220,000	-	-	430,000
6	Ms. Nattharin Talthong	-	Chairman of Audit Committee Member of Risk Management Committee Member of Nominating and Remuneration Committee Independent Director	2016	4/5	4/4	-	4/4	2/2	200,000	260,000	-	40,000	20,000	520,000
7	Ms. Nart Fongsmut	-	Chairman of Nomination and Remuneration Committee Member of Audit Committee Member of Risk Management Committee Independent Director	2016	5/5	4/4	-	4/4	2/2	210,000	180,000	-	40,000	40,000	470,000
8	Mr. Arin Jira***	-	Chairman of the Risk Management Committee Member of Audit Committee Member of the Nominating and Remuneration Committee Independent Director	2018	3/3	3/3	-	3/3	-	138,132	124,615	-	60,000	-	322,747
9	Mr. Chatchai Boonyarat****	-	Chairman of the Board of Directors Chairman of the Executive Committee	1/1	1/1	-	-	-	-	97,802	-	97,802	-	-	195,604
10	Mr. Krizz Chantjiraporn*****	-	Chairman of Nomination and Remuneration Committee Member of Audit Committee Member of Risk Management Committee Independent Director	2015	2/2	1/1	-	1/1	2/2	71,868	55,385	-	20,000	20,000	167,253
Total										1,809,010	620,000	1,187,802	200,000	100,000	3,916,812

Note

* Mrs. Chintana Boonyarat has taken the position of Chairman of the Board of Directors after the former one completed his term, effective since May 10, 2018.

** Ms. Roongchat Boonyarat has taken the position of Chairman of the Executive Committee after the former one completed his term as a Director, effective since May 10, 2018.

*** Mr. Arin Jira has been appointed as an Independent Director since April 27, 2018 and as a member of the Audit Committee, the Risk Management Committee, and the Nominating and Remuneration Committee since May 10, 2018.

**** Mr. Chatchai Boonyarat completed his term on April 27, 2018 and ended his tenures as Chairman of the Board of Directors and Chairman of the Executive Committee since April 27, 2018.

***** Mr. Krizz Chantjiraporn completed his term as an Independent Director on April 27, 2018 and ended his tenure.

Self-assessment of the Board of Directors

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 Company Secretary shall deliver and coordinate with the committees to evaluate themselves according to the assessment form as well as collecting assessment data. The period of operation is January of each year

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 94.8%

- 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 95.0%
- 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 97.4%

- 3 **Self-Assessment of Individual** consisted of three categories: Board Composition and Qualification; Board Meetings; and Board Practices. The overall results of the three categories indicated excellent conformance by most directors, with an average score at 96.0%.

- 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 90.5%

Auditors' Remuneration

Remuneration of Auditor–year 2018 compared to the year 2017 are detailed below.

Remuneration of The Company's Auditor	2017	2018
Remuneration of the Company's audit	2,175,000	2,365,000
Other fees	–	–
Total	2,725,000	2,365,000

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

**Fee for annual report reading = None

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

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.

Malee



เงาะกระป๋อง ตรามาลี ใส่ใจมาแล้ว 40 ปี



ปลูกด้วยใจ



สู่โรงงานมาลี



ส่งไปยังร้านค้า



ถึงมือผู้บริโภค

THE PROFILE OF THE BOARD OF DIRECTORS 2018



MRS. CHINTANA BOONYARAT

Director / Chairman of the Board of Directors

Age 67 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

Training in the Past Year

- None

Experience

1999 – Present Director, Chairman of the Board of Directors – 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/ Chairman of Executive Committee and Chief Operating Officer

(%) Shareholding as at December 31st, 2018

Shareholding (%)
 (as of Dec 31, 2017) – 7,785,500 shares or 2.80%
 (as of Dec 31, 2018) – 8,515,500 shares or 3.04%

Stock Trading During the Year 2018

Buy/Sell 670,000 shares



MR. PICHAI CHIRATHIVAT

Director / Member of Executive Committee

Age 58 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

Training in the Past Year

- None

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/ Chairman of Executive Committee and Chief Operating Officer

(%) Shareholding as at December 31st, 2018

(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 2018

None

**MR. KITTI VILAIVARANGKUL**

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

Age 62 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)

Training in the Past Year

- None

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, 2018

None

Stock Trading During the Year 2018

None

**MS. NATTHARIN TALTHONG**

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

Age 50 years

Education

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

Director Accreditation Program

- The Capital Market Academy Leader program (CMA) Class 11
- Directors Accreditation Program (DAP), Class 69, Thai Institute of Directors Association (IOD)
- Rebuilding Private Bank after Crisis by VRL Institute, Singapore
- Private Banking Strategies & Techniques for Growth by Euromoney Training, London, United Kingdom
- Leadership Greatness – Great Leader, Great Team, Great Results
- Top Executive Program in Commerce and Trade (TEPCoT), Class 7/2014
- Advanced Audit Committee Program (AACP), Class 18/2015, Thai Institute of Directors Association (IOD)

Education

- Rebuilding Private Bank after Crisis by VRL Institute, Singapore
- Leadership Greatness – Great Leader, Great Team, Great Results
- Leadership Greatness
- Great leader, Great Team, Great Results
- Tourism Management program for Executives 2018, Tourism Authority of Thailand

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, 2018

None

Stock Trading During the Year 2018

None



MS. NART FONGSMUT

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

Age 56 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

Training in the Past Year

- None

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, 2018

Shareholding (%)
(as of Dec 31, 2017) – 107,300 shares or 0.03%
(as of Dec 31, 2018) – 120,500 shares 0.04%

Stock Trading During the Year 2018

Buy 13,200 shares



MR. ARIN JIRA

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

Age 69 years

Education

- Bachelor's Degree in Chemical Engineering, University of California, Berkeley, USA
- MBA, University of California, Berkeley, USA

Director Accreditation Program

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

Training in the Past Year

- None

Experience

- 2018–Present Independent Director / Member of the Audit Committee / Chairman of the Risk Management Committee / Member of the Nominating and Remuneration Committee
Malee Group Public Company Limited
- 2017–Present Chairman – Amata Industrial Gas Co., Ltd.
- 2017–Present Chairman – Yangon Industrial Gas Co., Ltd
- 2010–Present Chairman – Map Ta Phut Industrial Gas Co., Ltd.
- 2009–Present Vice Chairman – The Federation of Thai Industries
- 2008–Present Chairman – Thailand, ASEAN Business Advisory Council
- 2006–Present Senior Executive Advisor – Bangkok Industrial Gas Co., Ltd.

Position in Other Listed Companies

None

Date of First Director's Appointment

May 10th, 2018

**Relative between director and
management director**

None

(%) Shareholding as at December 31st, 2018

None

Stock Trading During the Year 2018

None



MS. ROONGCHAT BOONYARAT

*Director / Chairman of the Executive Committee /
Chief Executive Officer*

Age 34 years

Education

- Bachelor's Degree in Art in Economics, Bowdoin College, USA
- Master's Degree in Business Administration, Business Strategy and Marketing From Sasin 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)

Training in the Past Year

- None

Experience

- 2018–Present Director / Chairman of the Executive Committee / Chief Executive Officer – Malee Group Public Company Limited
- 2018–Present Director / Chairman of the Executive Committee / Chief Executive Officer – Malee Enterprise Company Limited
- 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 Mrs. Chintana Boonyarat – Chairman of the Board of Directors
- Spouse of Mr. Opas Lopansri – Director / Member of the Executive Committee / Chief Commercial Officer

(%) Shareholding as at December 31st, 2018

Shareholding (%)
(as of Dec 31, 2017) – 1,130,000 shares or 0.40%
(as of Dec 31, 2018) – 1,130,000 shares or 0.40%

Stock Trading During the Year 2018

None



MR. OPAS LOPANSRI

*Director / Member of Executive Committee/
Chief Commercial Officer*

Age 37 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

- 2018 – Present Director / Member of the Executive Committee / Chief Sales and Marketing Officer
- 2015 – 2018 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/ Chairman of the Executive Committee /
Chief Executive Officer

(%) Shareholding as at December 31st, 2018

None

Stock Trading During the Year 2018

None



MR. PAITHOON EIAMSIRIKULMIT

Company Secretary / Vice President of CEO Office

Age 54 years

Education

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

Director Accreditation Program

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

Training in the Past Year

- Outbound Investment: Legal & Tax Strategies, OMEGA WORLD CLASS Research Institute
- Preliminary to Corporate Sustainability – Stock Exchange of Thailand

Experience

2011 – 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 Appointment

May 13rd, 2013

Relative between director and management director

None

(%) Shareholding as at December 31st, 2018

None

Stock Trading During the Year 2018

None

VINTICO

Natural Coconut Vinegar

Elixir of Life



Extracted from the Best Coconut
Plantation in Thailand.

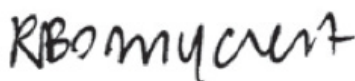
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS.



The Board of Directors is responsible for the financial statements of Malee Group Public Company Limited and its financial information as appeared in the Annual Report 2018. 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 while using the internal control system to ensure accurate and comprehensive financial records on a daily basis in accordance with the applicable laws and regulations.

In this regard, the Board of Directors has appointed the Audit Committee, which consists 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 its opinion regarding the aforementioned matters in the report of the Audit Committee included in the Annual Report 2018.

The Board of Directors has determined that internal control system of Malee Group Public Company Limited has been effective what allowed assurance that the financial statements as of December 31, 2018 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 and all relevant and applicable rules and regulations..



(Ms. Roongchat Boonyarat)
Director



(Mr. Kitti Vilaivarangkul)
Director

AUDIT COMMITTEE REPORT



The Audit Committee of Malee Group Public Company Limited consists of three independent directors who are independent and well-qualified as stated in the Stock Exchange of Thailand's requirements. Ms. Nattharin Talthong serves as Chairman of the Audit Committee, while Ms. Nart Fongsmut and Mr. Arin Jira serve as members of the Audit Committee.

In 2018, the Audit Committee held four meetings with the certified public accountants, internal auditors, and the Company's executives. In doing so, it has completed its duties and responsibilities in compliance with the regulations and requirements of the Stock Exchange of Thailand. The essence of the Audit Committee's performance can be summarized as follows:

- 1 The Audit Committee has reviewed the Company's quarterly and yearly financial statements for the year 2018, working with the certified public accountants and relevant executives. It found that the Company's financial statements were done in accordance with generally-accepted accounting principles, while the financial information disclosure was adequate, complete and trustworthy.
- 2 The Audit Committee has considered the internal audit plan for the year 2018, while encouraged and ensured that the internal auditing was done in accordance with the plan and international standards. It found that the Company's internal control was proper and efficient enough with no significant defects that could cause significant effects.
- 3 The Audit Committee had reviewed risk management system by appointing Mr. Arin Jira as Chairman of Risk Management; Ms. Nattharin Talthong, Mr. Kitti Vilaivarangkul and Ms. Nart Fongsmut as members of Risk management. It has also given some useful suggestions to reduce risks from managerial works.
- 4 The Audit Committee has reviewed the Company's compliance with the regulations of the Stock Exchange of Thailand, securities and exchange laws, as well as other relevant laws. It found that the Company has completely and accurately complied with such regulations and other relevant laws.
- 5 The Audit Committee has considered disclosing information about connected transactions or transactions that may lead to conflicts of interest, completely and accurately, in accordance with laws and the regulations of the Stock Exchange of Thailand.
- 6 The Audit Committee has considered recruiting the auditor and setting the audit fee for the year 2019, then proposed to the Board of Directors.
- 7 The Audit Committee has reviewed the Company's anti-corruption process that was reviewed and guaranteed by the internal audit as the discreet and proper measures for a company in the "Collective Action Coalition Against Corruption" (CAC).

According to the performance above, The Audit Committee has determined that for the year 2018, the Company's financial reports were done correctly in accordance with the generally-accepted accounting principles, while the financial information disclosure was adequate, complete and trustworthy. The Company's internal control, internal audit, and risk management were proper and efficient. Its compliance with laws and other relevant regulations, as well as its operations under the good corporate governance, were proper, adequate, transparent, and corruption-free. regulations, as well as its operations under the good corporate governance, were proper, adequate, transparent, and corruption-free.

On behalf of the Audit Committee



(Ms. Nattharin Talthong)
Chairman of the Audit Committee
February 22, 2019

INTERNAL CONTROL SYSTEM

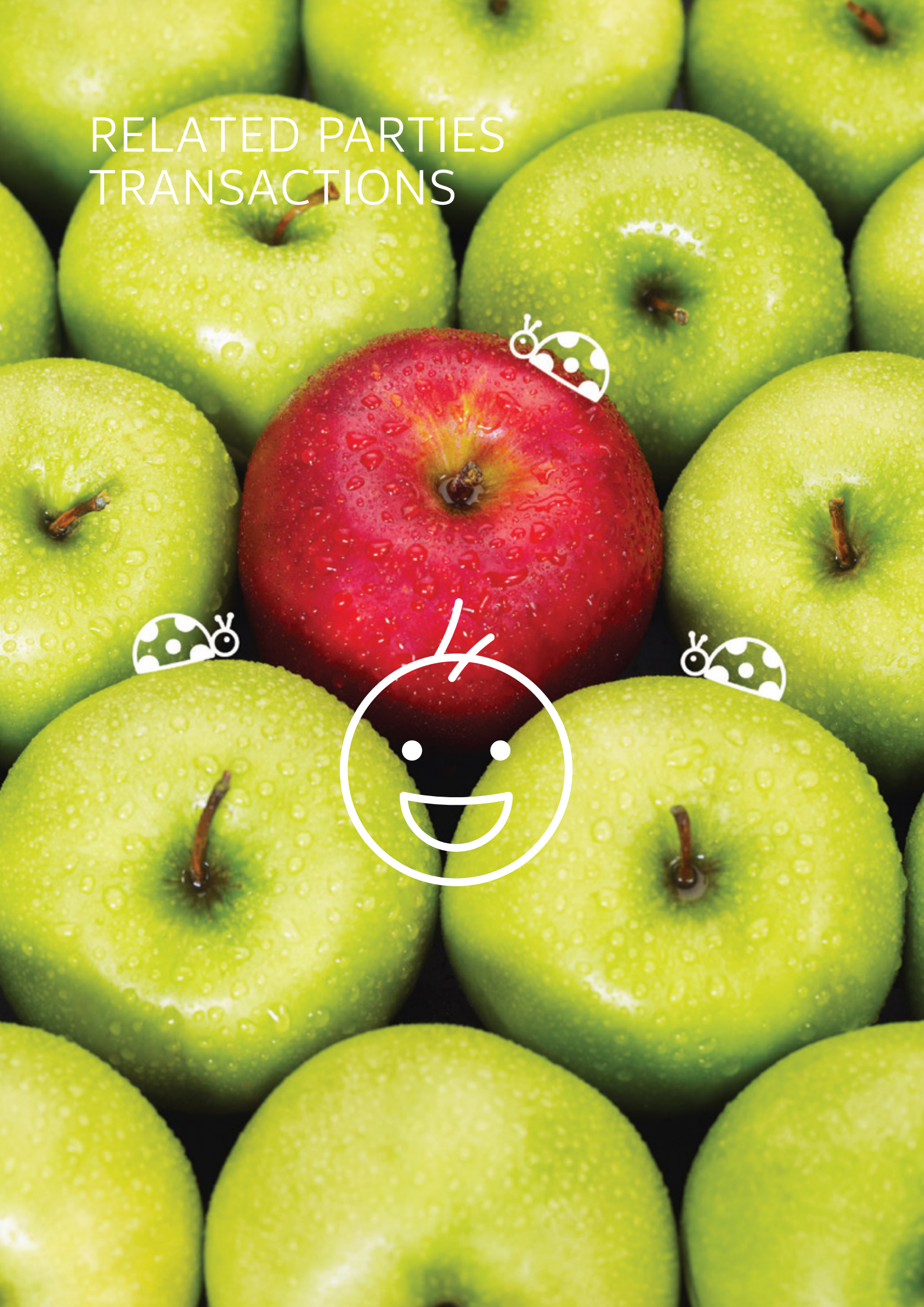


According to our principle of good corporate governance, the Company's Board of Directors has continually emphasized on the internal control system by assigning the Audit Committee, which consists of independent directors, to review the assessment of the Company's internal control system. The Company has established an internal audit department, which is independent from the management and directly reports to the Audit Committee, to review the operations and working systems of different departments in the Company and its subsidiaries. The review was done in accordance with the annual audit plan that was approved by the Audit Committee to ensure that the Company's operating objectives could be achieved.

The Board of Directors and the management have determined that the Company's internal control system is appropriate enough 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, importantly financial data, management, and operations have been trustworthy, complete, accurate and timely.
- 4 The Company has safely and properly safeguarded its assets, human resources, and data in the information system.
- 5 The Company has proper anti-corruption measures and risk management system for activities that are prone to corruption.
- 6 The Company's operations have been done in accordance with its policies, rules, regulations, and requirements under other laws and requirements related to the Company's operations.

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
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	Shareholders/Co – directors
Malee Kino (Thailand) Company Limited (held by Malee Capital Company Limited 51%)	Importing, selling, marketing and distribution of KINO products	Shareholders/Co – directors
Long Quan Safe Food JSC (held by Malee Capital Company Limited 65%)	Distributor consumer product for Vietnam and neighboring countries	Shareholders/Co – directors
Tan Quang Minh Manufacture and Trading Company Limited (held by Long Quan Safe Food JSC 100%)	Manufacturing and distributor consumer product for Vietnam and neighboring countries	Shareholders/Co – directors
Associate		
PT Kino Malee Indonesia (registered in Indonesia)	Importing, manufacturing, selling, marketing and distribution of MALEE products in Indonesia market	Shareholders/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/Co – directors
Mega Malee Company Limited	Research and development of food and beverage	Shareholders/Co – directors

Related Companies	Business Type	Relationship
Related parties		
Abico Holding Public Company Limited	Holding company (investment)	Company's shareholder/Co – directors
Abico Land Company Limited	Real estate developer	Group of companies/Co – directors
Abico Dairy Farm Company Limited	Produce service of ready to drink milk and fruit juices	Group of companies/Co – director
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	Partnership
Kino International Pte Ltd	Holding company (investment)	Partnership
Central Trading Company Limited	Department store	Co – directors
Mega Lifesciences Public Company Limited	Manufacture and distributor of health food supplements and branded prescription pharmaceutical products	Partnership

i-Corn ^{Malee}

Malee

น้ำนมข้าวโพดหวาน 100% จากนิวซีแลนด์



สารลูทีน และ ซีแซนทีน
ช่วยป้องกันจอประสาทตาเสื่อม



วิตามิน A และ E

ช่วยในการมองเห็น และ บำรุงผิวพรรณ



ไม่มีโคเลสเตอรอล

ไขมันต่ำ ไม่มีส่วนผสมของนมผง



ระยะน้ำนม 28 วัน

CORPORATE SOCIAL RESPONSIBILITIES (CSR)



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

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.

The Company's supply chains and CSV projects of Malee Group Public Company Limited

With full awareness of the "CSR in Process", the Company, in collaboration with Tiang Jirathiwat Foundation, supported pineapple plantation by purchasing fresh Nanglae pineapple to use as a feedstock in production of pineapple juice. The project was aimed to develop sustainable career to local agriculturists as well as conserve and support the "Nanglae" pineapple plantation which has been registered for geographical indication as a local plant originally grown in Thailand and considered as the country's heritage. The campaign contributed to sustainable development both to society and environment.

Moreover, the Company also help Thai agriculturists increase their stable revenue by purchasing tangerine from a group of farmers in Mae Sin District, Sukhothai Province; and mulberry from the Queen Sirikit Sericulture Center, Nan Province, and process them following the Company's production process. This also makes the agriculturists proud of their own career as well as helping to develop a sustainable career from generation to generation, while consumers also enjoy quality products.

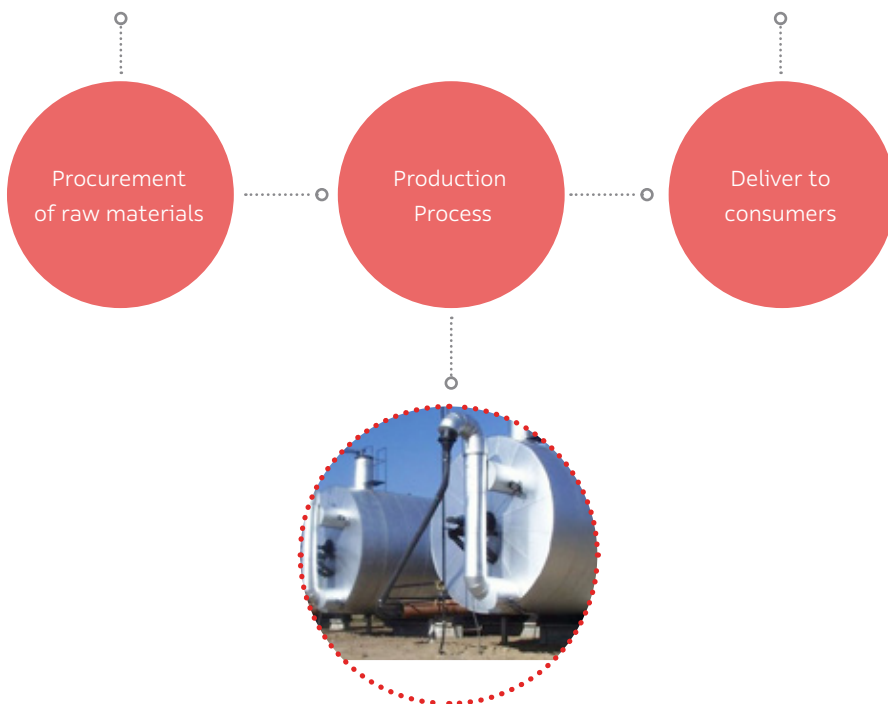
MALEE : CSR PROJECT UNDER VALUE CHAIN



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 Fair Business Conduct

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 first-year success in 2017, the project has continued its ongoing works under the name of 'Big Brother 50 – Season 2 in 2018'. There are eight companies, selected by the Thai Chamber of Commerce, which Malee Group has served as their Big Brother in 2018. The Company has transferred its the business knowledge and experience to match the problems of each company as well as provided advice and worked with them in setting their business plans, both in the short and the long term, to create sustainability in each of such younger 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.

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

This is a project with aim to help the disabled maintain their lifestyles, because these jobs can be done at home and create revenue for people with autism and intellectual disabilities.



Certificate Awarding Ceremony of Career Training Course 2018

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.

- 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.

Project Objectives

- 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 Since the production process of



1 Hen Cultivation Project
2 Construction of Smart Mushroom Greenhouse
3-4 The event on August 1, 2018

With courtesy of the Chief executive of Bunga Subdistrict Administrative Organization, Pathum Thani Province, the Company could use its area to carry out the construction of the mushroom greenhouse and hen house as part of the "Special Community Learning Center for Self-Reliance in Following to the Footsteps of Rotyl Father" at the Bungba Subdistrict Administration Organization, Pathum Thani Province, from January 2, 2018 to December 31, 2018.

The company encourages and participates in community activities in the project "Nakhon Pathom Safety with 100% Rate of Wearing Helmet" together with Muang Nakhon Pathom Police Station on August 1, 2018.

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. In addition, the Company received the award from the Department of Alternative Energy Development and Efficiency, Ministry of Energy, for participating

in the Boiler Efficiency Enhancement in Industrial Sector Program, which is a project to promote the implementation of energy conservation measures by motoring and approving of energy management measures required by law for the fiscal year 2018. It is also a project to support the improvement of energy management efficiency in the whole compressed air systems with automatic control system according to Thailand 4.0 policy for the fiscal year 2018.

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.



Honors Ceremony on
September 7, 2018



Big Cleaning Day 2018

The Company arranged cleaning activities along the entrance road to Sam Phran District together with Nakhon Pathom Municipality on July 26, 2018 with the following

- 1) To encourage employees to participate in environmental and community activities
- 2) To allow executives and employees to realize the importance of the conservation and care of natural resources and the environment
- 3) To enable the organization to participate in helping solve environmental problems

Annual Energy Conservation Promotion Project for 2018

The Company organized energy day activities within the factory which are held continuously every year with the following objectives:

- 1) To encourage employees to participate in energy activities
- 2) To prepare for the review of external certified auditors in energy management within the factory, controlled from the development of alternative energy and energy conservation of Ministry of Energy





ข่าวเด่น

ปริญญ์ชวนดื่ม

เล่มอน...ทำซ่อนเกลื่อน

ອຮ້ອຍ ແປກ ແຕ່ລະຕົວ

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)



2018 HIGHLIGHTS

- The Company and its subsidiaries recorded sales revenue of Baht 5,349 million, a decrease of 10% YoY
- The Company and its subsidiaries recorded net loss of Baht 273 million, a decrease from net profit of Baht 286 million last year, which included 3 major one-time expenses totaling Baht 73 million, comprising of 1) allowance for diminution in value of inventories of Baht 32 million resulted from the Company's new policy of setting allowance for diminution in value of inventories; 2) higher employee benefit obligations of Baht 20 million under severance pay according to the new labor protection law; and 3) financial advisory and legal consultant fees of Baht 22 million from acquiring Long Quan Safe Food JSC (LQSF). In addition, there were also more one-time expenses including cost from trial runs and start-up of a new production line for some products driving higher yield loss as well as cost from relocating some product from the old production line to the new one.
- The Company recorded net profit of Baht 0.8 million from its joint venture in the Philippines, Monde Malee Beverage Corporation (MMBC) in Q4/2018, the first profit making quarter of MMBC since its first operation in 2016.

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

The Moving Annual Total (MAT) December 2018 of domestic RTD fruit juice market was Baht 11,425 million, a decrease of 11% YoY. RTD fruit juice market value and growth is as shown in figure 1 (Source: Nielsen).

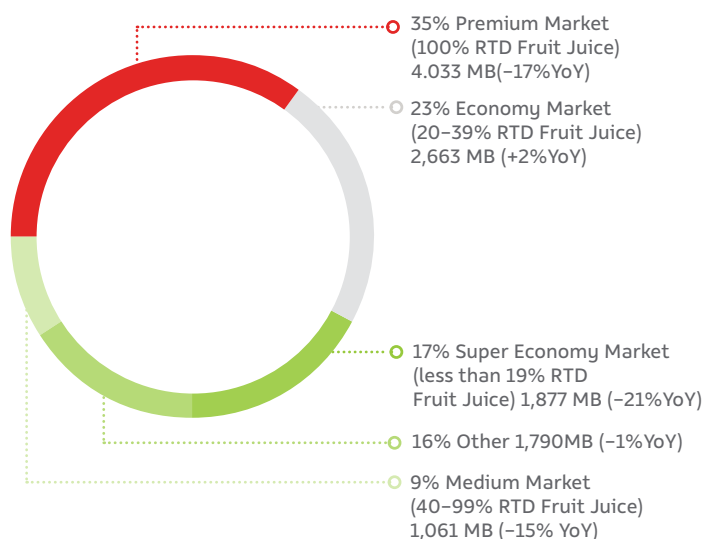


Figure 1: MAT Dec 2018 RTD Fruit Juice Market Value breakdown by Market Segment

RESULTS OF OPERATIONS AND PROFITABILITY

Consolidated

(Unit: Baht Million)

	2018	2017	%YoY
Sales	5,349	5,916	-10%
Cost of Goods Sold	4,165	4,216	-1%
Gross Profit*	1,184	1,700	-30%
%Gross Profit Margin	22.1%	28.7%	-
Selling Expenses	970	873	+11%
% Selling Expenses to Sales	18.1%	14.8%	-
Administrative Expenses**	566	523	+8%
% Administrative Expenses to Sales	10.6%	8.8%	-
Finance Costs	60	22	+171%
Share of profit (loss) from investments in JV	(15)	(22)	+34%
Tax expenses (income)	(106)	46	-328%
Profit (loss) attributable to equity holders of the parent	(273)	286	-195%
%Net Profit Margin	(5.1%)	4.8%	-
Depreciation and Amortization	231	181	+28%
EBITDA	(87)	535	-116%
%EBITDA	(1.6%)	8.9%	-

*Cost of goods sold in 2018 included allowance for diminution in value of inventories of Baht 32 million which was a non-cash one-time expense, resulted from the Company's new policy of setting allowance for diminution in value of inventories.

**Administrative expenses in 2018 included higher employee benefit obligations of Baht 20 million which was a non-cash one-time expense, according to the new labor protection law. In addition, there were also financial advisory and legal consultant fees of Baht 22 million from acquiring Long Quan Safe Food JSC (LQSF)

LQSF

(Unit: Baht Million)

	2018
Sales	369
Cost of Goods Sold	238
Gross Profit	131
%Gross Profit Margin	35.4%
Selling Expenses	111
% Selling Expenses to Sales	29.9%
Administrative Expenses	21
% Administrative Expenses to Sales	5.6%
Finance Costs	3.1
Profit (loss) (65% consolidated)	(0.9)
EBITDA (65% consolidated)	4.0

* Financial statements were from 27 April to 31 December 2018, as the Company completed its acquisition of 65% ownership in Long Quan Safe Food JSC (LQSF), a major beverage producer in Vietnam on 27 April 2018.

2018 Sales Revenue

The Company and its subsidiaries recorded sales revenue of Baht 5,349 million, a decrease of 10% YoY, with details as follows:

- Domestic branded sales decreased 6% YoY, mainly due to the drop in fruit juice sales following the slowdown in fruit juice market in Thailand as well as price competition from competitors in the market.
- Domestic CMG sales slightly dropped 2% YoY, mainly due to lower consumption as a result of price increase impacted by excise tax and sugar tax. Also, the products that were pipelined in 2017 could not maintain the volume by the end 2018.
- Export branded sales rose 45% YoY, mainly due to sales recognition from LQSF since 27 April 2018. If excluding LQSF, export branded sales would drop 14% YoY, since last year sales of coconut water with annual contract already expired; and reduced sales in the Company's major export counties, e.g. Cambodia where there's sub-distributor changeover affecting sales in Q2/2018 and flood causing transportation difficulty in Q3/2018, and China where some distributor had weak performance. In addition, Thai baht was stronger by c.5% against the US dollar compared with last year. However, export branded sales excluding LQSF recovered in Q4/2018 after dropping in the first three quarters.
- Export CMG sales decreased 45% YoY, since some customer ended its distribution contract with some retailer since late Q4/2017.

Sales breakdown by business and geography are as follows:

Sales Breakdown by Business:

- Brand: Baht 2,885 million, up 5% YoY
- CMG: Baht 2,463 million, down 23% YoY
- Sales ratio of Brand: CMG was 54:46, compared with 46:54 last year.

Sales Breakdown by Geography:

- Domestic: Baht 3,621 million, down 4% YoY
- Export: Baht 1,727 million, down 19% YoY
- Sales ratio of Domestic: Export was 68:32, compared with 64:36 last year.

2018 Cost of Goods Sold

The Company and its subsidiaries recorded cost of goods sold of Baht 4,165 million. Cost of goods sold to sales increased to 77.9% from 71.3% last year, mainly due to higher cost per unit as a result of lower utilization rate; higher depreciation; higher excise tax and sugar tax following the Excise Act, B.E. 2560 which was effective since 16 September 2017; cost from trial runs and start-up of a new production line, driving higher yield loss; and cost from relocating some product from the old production line to the new one in Q1/2018; as well as a non-cash one-time expense of allowance for diminution in value of inventories of Baht 32million resulted from the Company's new policy of setting diminution in value of

inventories, from recording expired product in full cost to net realizable value based on inventory aging. If excluding the above one-time expense, cost of goods sold to sales would decrease from 77.9% to 77.3%.

2018 Gross Profit

The Company and its subsidiaries recorded gross profit of Baht 1,184 million, a decrease of 30% YoY, representing gross profit margin of 22.1%, reduced from 28.7% last year due to higher cost of goods sold as earlier explained.

If excluding the above allowance for diminution in value of inventories which was a non-cash one-time expense, gross profit margin would increase from 22.1% to 22.7%.

2018 Selling Expenses

The Company and its subsidiaries recorded selling expenses of Baht 970 million, an increase of 11% YoY. Selling expenses to sales increased to 18.1% from 14.8% last year, mainly due to multiple new products launch, e.g., Carbonated Fizza Salty Lemon, HPP (High Pressure Processing) fruit juice, milk tablet, personal care products, and Malee Coco in new designed carton package, following the Company's new product launch plan, sales compensation for branded products, and selling expenses recognition from LQSF which recorded selling expenses to sales of 29.9%

2018 Administrative Expenses

The Company and its subsidiaries recorded administrative expenses of Baht 566 million, an increase of 8% YoY. Administrative expenses to sales increased to 10.6% from 8.8% last year, mainly due to lower sales; higher R&D expense; higher audit fees and consultant fees from new businesses establishment; financial advisory; legal consultant fees from LQSF acquisition in Q2/2018; as well as a non-cash one-time expense from higher employee benefit obligations under severance pay for employees serving 20 years or more, from 300 to 400 days, according to the new labor protection law.

If excluding the above higher employee benefit obligations, administrative expenses to sales would decrease from 10.6% to 10.2%.

2018 Finance Costs

The Company and its subsidiaries recorded finance costs of Baht 60 million, an increase of 171% YoY due to higher borrowings as a result of investments in machinery, subsidiaries, and joint ventures both in Thailand and overseas. Capitalization period for capitalized interest on investment in buildings, plants, and machinery ceases when the asset is ready for use (interest expense incurred during ongoing construction is eligible for capitalization).

2018 Net Profit

The Company and its subsidiaries recorded net loss of Baht 273 million, a decrease from net profit of Baht 286 million last year, mainly due to one-time expenses including 1) allowance for diminution in value of inventories Baht 32 million resulted from the Company's new policy of setting allowance for diminution in value of inventories; 2) higher employee benefit obligations under severance pay Baht 20 million; 3) financial advisory and legal consultant fees for LQSF acquisition Baht 22 million; 4) cost from trial runs and start-up of a new production line for some products, driving higher yield loss and cost from relocating some product from the old production line to the new one in Q1/2018; as well as higher expenses incurred from normal operation including 5) sales decrease; 6) higher cost per unit as a result of lower utilization rate; 7) higher depreciation; 8) higher excise tax and sugar tax following the Excise Act, B.E. 2560; 9) sales compensation for branded products; 10) higher selling expenses from multiple new products launch; 11) higher R&D expenses; 12) higher audit fees and consultant fees from new businesses establishment; and 13) higher finance costs due to higher borrowings as a result of previous investments in machinery, subsidiaries, and joint ventures.

Meanwhile, the Company recorded net profit of Baht 0.8 million from its joint venture in the Philippines, Monde Malee Beverage Corporation (MMBC) in Q4/2018, the first quarter profit making of MMBC since its first operation in 2016

FINANCIAL POSITION OF THE COMPANY AND ITS SUBSIDIARIES

(Unit: Baht Million)	31 December 2018	31 December 2017	% Change
Cash and cash equivalents	122	100	+22%
Trade receivables	705	781	-10%
Inventories	909	1,047	-13%
Other current assets	173	177	-2%
Total current assets	1,909	2,106	-9%
Property, plant and equipment	2,089	2,071	+1%
Goodwill	213	-	-
Investments in joint venture	45	53	-15%
Other non-current assets	267	160	+67%
Total non-current assets	2,614	2,284	+14%
Total Assets	4,523	4,390	+3%
Bank overdrafts and short-term loans from financial institutions	1,512	1,328	+14%
Trade payables	427	473	-10%
Current portion of long-term loans	190	128	+49%
Current portion of liabilities under financial lease agreements	33	40	-16%
Other non-current liabilities	338	342	-1%
Total Current Liabilities	2,500	2,309	+8%
Long-term loans, net of current portion	599	246	+143%
Liabilities under financial lease agreements	58	85	-32%
Other non-current liabilities	176	137	-28%
Non-current Liabilities	832	469	+77%
Total Liabilities	3,332	2,778	+20%
Authorized share capital	140	140	-
Issued and fully paid-up share capital	140	140	-
Share premium	6	6	-
Retained earnings	925	1,270	-27%
Other components of equity	189	196	-3%
Deduct: Treasury stock	(114)	0	-
Total equity of parent Company's shareholders	1,145	1,612	-29%
Non-controlling interests	46	0	-
Total Shareholders' Equity	1,191	1,612	-26%
Total Liabilities and Shareholders' Equity	4,523	4,390	+3%

Assets

As at 31 December 2018, the Company and its subsidiaries had total assets of Baht 4,523 million, an increase of 3% from Baht 4,390 million as at 31 December 2017. This was mainly due to LQSF's assets recognition of Baht 267 million whose major assets were Property, plant and equipment of Baht 167 million, and inventories of Baht 71 million. In addition, the Company recognized goodwill from acquiring LQSF of Baht 213 million.

Liabilities

As at 31 December 2018, the Company and its subsidiaries had total Liabilities of Baht 3,332 million, an increase of 20% from Baht 2,778 million as at 31 December 2017, mainly due to an increase in loans from financial institutions for the Company's investments and working capital as well as LQSF's total liabilities recognition of Baht 167 million, mainly due to loans from financial institutions of Baht 80 million and trade payables of Baht 64 million.

Shareholders' Equity

As at 31 December 2018, the Company and its subsidiaries had total equity of parent Company's shareholders of Baht 1,145 million, a decrease of 29% from Baht 1,612 million as at 31 December 2017, mainly due to 1) consolidated operating loss of Baht 273 million during the year; 2) the recorded transaction of treasury shares from shareholders' equity for financial management of 4 million shares during Q1/2018, with total buyback amount of Baht 114 million; and 3) dividend payment for the second half of 2017 operating results of Baht 69 million.

Consolidated	Q4/2018	2017
Current Ratio (Times)	0.76	0.91
Interest-bearing Debt to Equity (Times)	2.09	1.13

As at 31 December 2018, the Company and its subsidiaries recorded Interest-bearing Debt to Equity (IBD/E) of 2.09x, an increase from 1.13x as at the end of last year, due to an increase in loans from financial institutions for the Company's investments and working capital as well as LQSF's interest-bearing debt recognition of Baht 80 million. Meanwhile, shareholders' equity decreased from consolidated loss of Baht 273 million during the year, the recorded transaction of treasury shares of Baht 114 million, and dividend payment of Baht 69 million.

Cash Flow

LQSF	Q4/2018	2017
Current Ratio (Times)	0.63	N.A.
Interest-bearing Debt to Equity (Times)	0.80	n.a.

LIQUIDITY AND CAPITAL RESOURCES

Current Ratio

As at 31 December 2018, the Company and its subsidiaries recorded current ratio of 0.76x, reduced from 0.91x as at the end of last year, due to a decrease in trade receivables and inventories. Meanwhile, current liabilities were higher resulted from an increase in short-term loans from financial institutions as well as current portion of long-term loans from the Company's investments for the use of the Company's working capital.

Interest-bearing Debt to Equity

(Unit: Baht Million)	2018	2017	% Change
Profit (loss) from operating activities before changes in operating assets and liabilities	(2)	559	-100%
Profit (loss) from changes in operating assets and liabilities	153	(403)	+138%
Net Cash flows from (used in) operating activities	151	156	-3%
Cash received from business combination	(276)	-	-
Cash paid for investment in joint ventures	0	(67)	+100%
Acquisition of property, plant and equipment	(92)	(425)	+78%
Net Cash flows from other investing activities	7	24	-71%
Net Cash flows from (used in) investing activities	(360)	(468)	+23%
Increase (decrease) in bank overdraft and short - term loans from financial institutions	186	290	-36%
Increase (decrease) in long-term loans	491	369	+33%
Repayment of long-term loans from financial institutions	(147)	0	-
Cash paid to liabilities under finance lease agreement	(53)	(74)	+28%
Treasury shares	(114)	-	-
Finance costs paid	(63)	(22)	-186%
Dividend paid	(69)	(243)	+72%
Net Cash flows from (used in) financing activities	231	320	-28%
Exchange differences on translating financial statements	0	0	-
Net increase (decrease) in cash and cash equivalents	22	8	+164%
Cash and cash equivalents at beginning of periods	100	92	+9%
Cash and cash equivalents at end of periods	122	100	+22%

At the end of 2018, the Company and its subsidiaries recorded ending cash of Baht 122 million, an increase from Baht 100 million at the end of 2017, with details as follows:

- Net cash received from operating activities of Baht 151 million, consisting of (1) cash outflows from operating activities before changes in operating assets and liabilities of Baht 2 million; and (2) cash inflows from net change in working capital of Baht 153 million, mainly due to lower trade receivables, inventories, and other receivables.
- Net cash used in investing activities of Baht 360 million, comprising of (1) cash outflows for investment in subsidiaries Baht 276 million; (2) cash outflows from investments in fixed assets of Baht 92 million; and (3) cash inflows from other investing activities of Baht 7 million.
- Net cash received in financing activities of Baht 231 million, consisting of (1) an increase in bank overdrafts and short-term loans from financial institutions of Baht 186 million; (2) an increase in long-term loans of Baht 491 million; (3) repayment to long-term loans from financial institutions of Baht 147 million; (4) repayment to liabilities under financial lease agreement of Baht 53 million; (5) cash paid for treasury shares of Baht 114 million; (6) cash paid to finance costs of Baht 63 million; and (7) cash paid for dividend of Baht 69 million.

FORWARD LOOKING

Year 2018 was a challenging year for the Company's business operation. The Company's operating performance did not meet the target due to impacts both from external and internal factors. The external factors were mainly from lower than expected domestic economic growth, consumer's cautiousness on sugar consumption as well as concerns over the global economic situation impacted by trade war, resulting in reduced supportive factors to overall purchasing power. Meanwhile, internal factors were mainly due to costs increased from investments in the past 3 years, following the Company's long-term plan to build foundation for future growth. However, some investments cannot generate revenue immediately, and some investments are not fully utilized or have not reached the optimal level yet. At the same time, the Company experienced faster and further than expected sales drop. Thus, costs per unit climbs up at this point and affects the Company's performance in the short term. In addition, RTD fruit juice market has been dropping since the beginning of 2017 until now, the situation of which the Company always has been aware of, thus the Company has been putting its efforts to manage risks by diversifying product groups and product portfolio, customer groups, and also markets. For CMG business, the Company plans to diversify the business both in term of new product and new customer, which has been negotiated and prepared for a certain period of time. For overseas market expansion plan, the Company plans to utilize strengths of a business in each country to reinforce one another's, while the Company has been building foundation in the past 3 years to expand into ASEAN market.

The Company sets its sales growth of 5-10% in 2019. The implementation plan for the year 2019 is aiming at recovery with no additional significant investments; increasing production volume in order to ramp up asset utilization and manage fixed costs; cost control and cost reduction management; cash flow management to enhance liquidity; implementing process improvement programs; as well as analyzing real-time data for timely management and quicker adaptability to changes. All above measures are planned to utilize what the Company has invested and contribute back to break-even point as soon as possible, both in term of investment in human structure, organization structure, and investment projects in the past 3 years.

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

Qualified 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, 2018, 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, except for the possible effects of the matter described in the 2nd paragraph to the consolidated financial statements for the year ended December 31, 2018, 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, 2018, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

Basis for Qualified Opinion

As described in Note 4 to the financial statements, a subsidiary acquired 65% of share capital of group of Long Quan Safe Food JSC (registered in Vietnam), which the acquisition transaction completion date is on April 27, 2018. Accordingly, the assets, liabilities and operating results of the group of subsidiaries have been included in the Group's consolidated financial statements for the years ended December 31, 2018 since acquisition date (April 27, 2018) as described in Note 4 to the financial statements.

Due to the group of subsidiaries in Vietnam recorded value – added tax as a part of cost of property, plant and equipment, leasehold right on land, raw material and revenues from sales, which is not in accordance with Thai Financial Reporting Standards ("TFRSs") and thus also impact to cost of finished goods, depreciation, amortization, cost of sales, corporate income tax expenses and payable. In addition, the group of subsidiaries did not properly calculate social, health and unemployment insurance included personal income tax in accordance with relevant Vietnamese current regulations and thus impact to related liabilities and expenses. These also impacted to recognised goodwill on the acquisition date. At present, the group of the subsidiaries is in process of taking appropriate actions to correct these matters. I was unable to perform alternative procedures to determine the impact to those accounts.

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 qualified 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 year. 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. In addition to the matter described in the 2nd paragraph "Basis for Qualified Opinion" section, I have determined the matters described below to be the key audit matters to be communicated in my report.

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 10 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 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.



A.M.T. & ASSOCIATES
Bangkok, Thailand
February 26, 2019

(CHAIYUTH ANG SUWITTHAYA)
Certified Public Accountant
Registration No.3885

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

ASSETS

ASSETS		Baht				
		Consolidated financial statements		Separate financial statements		
		NOTE	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
CURRENT ASSETS						
Cash and cash equivalents	6	122,101,008	100,467,765	29,752,948	60,934,208	
Trade receivables						
Subsidiary	5	-	-	402,422,943	402,006,928	
Related parties	5	43,113,397	30,661,709	34,050,901	30,661,709	
Unrelated parties		667,130,400	755,809,935	272,716,155	377,413,822	
Less : Allowance for doubtful accounts	7	(4,849,627)	(5,943,914)	(3,974,299)	(5,172,977)	
Trade receivables, net	7	705,394,170	780,527,730	705,215,700	804,909,482	
Other receivables	5 and 8	156,212,843	154,669,079	119,938,930	90,645,586	
Short-term loans to subsidiary	5 AND 9	-	-	14,000,000	40,000,000	
Current portion of long-term to subsidiary	5 AND 13	-	-	5,000,000	4,000,000	
Current portion of long-term to other	14	-	7,448,649	-	-	
Inventories, net	10	908,552,048	1,046,726,786	674,576,428	819,144,185	
Other current assets		17,074,893	15,674,659	13,827,531	12,759,129	
TOTAL CURRENT ASSETS		1,909,334,962	2,105,514,668	1,562,311,537	1,832,392,590	
NON - CURRENT ASSETS						
Investments in subsidiaries, net	11	-	-	519,478,488	174,478,488	
Investments in joint venture	12	44,965,562	53,142,852	60,224,870	60,224,870	
Long - term loans to subsidiary	5 and 13	-	-	-	4,000,000	
Long - term loans to other, net	14	31,656,758	24,208,109	-	-	
Restricted bank deposits	15 and 31	21,001,043	21,001,034	21,001,043	21,001,034	
Property, plant and equipment, net	16, 21 and 31	2,088,847,613	2,071,157,605	1,864,430,446	2,013,724,623	
Goodwill	4	212,734,473				
Intangible asset, net	17	55,474,919	36,527,962	44,166,830	31,909,563	
Deferred tax assets	27	134,891,827	40,459,165	94,901,094	23,079,320	
Other non - current assets						
Deposits	5	16,274,495	32,332,780	13,096,428	30,163,828	
Others		7,714,634	5,513,147	7,664,127	4,319,140	
TOTAL NON - CURRENT ASSETS		2,613,561,324	2,284,342,654	2,624,963,326	2,362,900,866	
TOTAL ASSETS		4,522,896,286	4,389,857,322	4,187,274,863	4,195,293,456	

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

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

LIABILITIES AND SHAREHOLDERS' EQUITY

		Baht			
		Consolidated financial statements		Separate financial statements	
	NOTE	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
CURRENT LIABILITIES					
Bank overdrafts and short – term loans					
from financial institutions	18 and 31	1,511,739,011	1,327,768,049	1,442,906,070	1,327,768,049
Trade payables					
Subsidiaries	5	–	–	130,064	419,162
Related party	5	11,765,411	9,600,370	9,738,765	9,600,370
Unrelated parties		415,288,239	463,129,627	341,525,566	451,512,208
Other payables	5 and 19	270,546,684	280,251,503	119,841,740	159,934,768
Current portion of long – term loans from					
financial institutions	21	190,127,426	127,660,000	181,818,070	127,660,000
Current portion of liabilities					
under financial lease agreements	20	33,308,341	39,536,293	33,308,341	39,536,293
Income tax payable		–	10,563,715	–	10,381,045
Other current liabilities					
Advances received for goods		30,199,328	28,833,328	28,463,249	28,833,328
Accrued dividends payment		5,330,089	5,307,055	5,330,089	5,307,055
Others		31,464,694	16,332,648	16,844,415	14,819,671
TOTAL CURRENT LIABILITIES		2,499,769,223	2,308,982,588	2,179,906,369	2,175,771,949
NON – CURRENT LIABILITIES					
Long – term loans, net of current portion	21	598,546,228	246,400,000	585,864,262	246,400,000
Liabilities under financial lease					
agreements,					
net of current portion	20	57,813,684	85,340,495	57,813,684	85,340,495
Deferred tax liabilities	27	55,465,087	59,554,335	52,453,390	56,450,474
Provisions for employee benefits	22	96,323,591	67,141,813	81,162,633	58,706,809
Liability from invesment in joint venture					
in portion under the Company's	12	23,869,910	10,706,223	–	–
responsibility					
TOTAL NON – CURRENT LIABILITIES		832,018,500	469,142,866	777,293,969	446,897,778
TOTAL LIABILITIES		3,331,787,723	2,778,125,454	2,957,200,338	2,622,669,727

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

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)		Baht			
		Consolidated financial statements		Separate financial statements	
		As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
	NOTE				
SHAREHOLDERS' EQUITY					
Share capital	23.1				
Authorized share capital					
280,000,000 ordinary shares of Baht 0.50 each		140,000,000	140,000,000	140,000,000	140,000,000
Issued and fully paid – up share capital					
280,000,000 ordinary shares of Baht 0.50 each		140,000,000	140,000,000	140,000,000	140,000,000
Share premium on issue of treasury shares		5,848,058	5,848,058	5,848,058	5,848,058
Retained earnings (deficit)					
Appropriated					
– Legal reserve	25	14,000,000	14,000,000	14,000,000	14,000,000
– Treasury shares reserve	23.2	114,335,425		114,335,425	
Unappropriated		796,470,469	1,256,063,103	873,657,216	1,216,206,420
Other components of equity		189,069,580	195,820,707	196,569,251	196,569,251
Less : Treasury shares	23.2	(114,335,425)		(114,335,425)	
Total equity of parent Company's shareholders		1,145,388,107	1,611,731,868	1,230,074,525	1,572,623,729
Non – controlling interests		45,720,456	–	–	–
TOTAL SHAREHOLDERS' EQUITY		1,191,108,563	1,611,731,868	1,230,074,525	1,572,623,729
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,522,896,286	4,389,857,322	4,187,274,863	4,195,293,456

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2018

Consolidated financial statements (Baht)

Equity of parent Company's shareholders																		
Retained earnings (deficit)																		
Other components of equity																		
Other comprehensive income (loss)																		
Actuarial gains (losses) on defined employee benefit plans																		
Revaluation surplus																		
Exchange differences on translating financial statement																		
Total equity of parent Company's shareholders																		
Non – controlling interests																		
Total shareholder's equity																		
Note	Issued and fully paid – up share capital	Share premium on issue of treasury shares	Treasury shares	Legal reserve	Legal reserve shares reserve	Unappropriated	Unappropriated	Unappropriated	Unappropriated	Unappropriated	Unappropriated	Unappropriated	Unappropriated	Unappropriated	Unappropriated	Unappropriated	Unappropriated	Unappropriated
	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	-	1,611,731,868	-	1,611,731,868	-
23.2	-	-	(114,335,425)	-	-	-	-	-	-	-	(114,335,425)	-	(114,335,425)	-	(114,335,425)	-	(114,335,425)	-
23.2	-	-	-	-	114,335,425	(114,335,425)	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	(3,646,552)	-	-	-	3,646,552	3,646,552	-	3,646,552	-	3,646,552	-	3,646,552	-
	-	-	-	-	-	(272,619,160)	(6,751,127)	-	(3,646,552)	(10,397,679)	282,200,642	(1,945,824)	(284,962,663)	-	(284,962,663)	-	(284,962,663)	-
	-	-	-	-	-	-	-	-	-	-	-	47,666,280	47,666,280	-	47,666,280	-	47,666,280	-
24	-	-	-	-	-	(68,991,497)	-	-	-	-	(68,991,497)	-	(68,991,497)	-	(68,991,497)	-	(68,991,497)	-
Ending balances as at December 31, 2018																		
	140,000,000	5,848,058	(114,335,425)	14,000,000	114,335,425	796,470,469	(12,269,200)	201,338,780	-	189,069,580	1,145,388,107	45,720,456	1,191,108,563	-	1,191,108,563	-	1,191,108,563	-
Balances as at January 1, 2017																		
	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	-	1,579,316,139	-	1,579,316,139	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	285,576,096	(3,375,454)	-	-	(3,375,454)	282,200,642	82,416	282,283,058	-	282,283,058	-	282,283,058	-
24	-	-	-	-	-	(244,998,920)	-	-	-	-	(244,998,920)	-	(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	-	1,611,731,868	-	1,611,731,868	-

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, 2018

Separate financial statements (Baht)										
Retained earnings (deficit)										Other components of equity
Appropriated										Other comprehensive income (loss)
										Actuarial gains (losses) on defined employee benefit plans
Note	Issued and fully paid – up share capital	Share premium on issue of treasury shares	Treasury shares	Legal reserve	Treasury shares reserve	Unappropriated	Revaluation surplus	Total	Total shareholder's equity	
Balances as at January 1, 2018										
	140,000,000	5,848,058	-	14,000,000	-	1,216,206,420	196,569,251	-	1,572,623,729	
23.2	-	-	(114,335,425)	-	-	-	-	-	(114,335,425)	
23.2	-	-	-	-	114,335,425	(114,335,425)	-	-	-	
	-	-	-	-	-	(2,093,969)	-	2,093,969	-	
	-	-	-	-	-	(157,128,314)	-	(2,093,969)	(159,222,283)	
24	-	-	-	-	-	(68,991,496)	-	-	(68,991,496)	
Ending balances as at December 31, 2018										
	140,000,000	5,848,058	(114,335,425)	14,000,000	114,335,425	873,657,216	196,569,251	-	1,230,074,525	
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	
	-	-	-	-	-	342,030,654	-	-	342,030,654	
24	-	-	-	-	-	(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	

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

STATEMENTS OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2018

		Baht			
		Consolidated financial statements		Separate financial statements	
		For the years ended December 31,		For the years ended December 31,	
	Note	2018	2017	2018	2017
REVENUES					
Revenues from sales	5	5,348,761,418	5,915,555,454	4,101,627,138	5,115,771,623
Other income					
– Gain on exchange rate		5,545,498	9,282,979	4,270,261	9,282,979
– Gain on sales of fixed assets		1,722,118	929,251	1,722,118	929,251
– Gain on sales of investment in subsidiary		–	7,453,515	–	–
– Others	5	39,947,850	54,717,764	65,210,100	65,370,580
TOTAL REVENUES		5,395,976,884	5,987,938,963	4,172,829,617	5,191,354,433
EXPENSES					
Cost of sales	10	4,164,981,049	4,215,918,530	3,748,418,819	4,168,238,068
Selling expenses		970,095,192	872,932,624	124,940,698	158,890,364
Administrative expenses		566,264,506	522,691,286	483,712,443	444,828,941
Finance costs		60,228,356	22,258,505	56,809,357	22,136,922
TOTAL EXPENSES		5,761,569,103	5,633,800,945	4,413,881,317	4,794,094,295
SHARE OF PROFIT (LOSS) FROM INVESTMENT IN JOINT VENTURES		(14,534,766)	(22,159,828))	–	–
PROFIT (LOSS) BEFORE INCOME TAX EXPENSES		(380,126,985)	331,978,190	(241,051,700)	397,260,138
TAX EXPENSES (INCOME)		(105,562,001)	46,319,678	(83,923,386)	55,229,484
PROFIT (LOSS) FOR THE YEARS		(274,564,984)	285,658,512	(157,128,314)	342,030,654
PROFIT (LOSS) FOR THE YEARS ATTRIBUTABLE TO :					
EQUITY HOLDERS OF THE PARENT		(272,619,160)	285,576,096	(157,128,314)	342,030,654
NON – CONTROLLING INTERESTS		(1,945,824)	82,416	–	–
		(274,564,984)	285,658,512	(157,128,314)	342,030,654
BASIC EARNINGS PER SHARE (BAHT)					
Profit attributable to equity holders of the parent		(0.99)	1.02	(0.57)	1.22
The weighted average number of					
ordinary shares (shares)		276,850,822	280,000,000	276,850,822	280,000,000

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2018

		Baht			
		Consolidated financial statements For the years ended December 31,		Separate financial statements For the years ended December 31,	
	NOTE	2018	2017	2018	2017
PROFIT (LOSS) FOR THE YEARS		(274,564,984)	285,658,512	(157,128,314)	342,030,654
OTHER COMPREHENSIVE INCOME (LOSS):					
Items that will be reclassified subsequently to profit or loss :					
Exchange differences on translating financial statement	12	(6,751,127)	(3,375,454)	-	-
Total item that will be reclassified subsequently to profit or loss		(6,751,127)	(3,375,454)	-	-
Items that will be reclassified subsequently to profit or loss :					
Actuarial gains (losses) on defined employee benefit plans	22	(4,532,138)	-	(2,617,461)	
Deferred tax relating to other components of equity	27	885,586	-	523,492	
Total item that will be reclassified subsequently to profit or loss		(3,646,552)	-	(2,093,969)	
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEARS		(10,397,679)	(3,375,454)	(2,093,969)	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEARS		(284,962,663)	282,283,058	(159,222,283)	342,030,654
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEARS					
ATTRIBUTABLE TO :					
EQUITY HOLDERS OF THE PARENT		(283,016,839)	282,200,642	(159,222,283)	342,030,654
NON – CONTROLLING INTERESTS		(1,945,824)	82,416	-	-
		(284,962,663)	282,283,058	(159,222,283)	342,030,654

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Baht			
	Consolidated financial statements For the years ended December 31,		Separate financial statements For the years ended December 31,	
	2018	2017	2018	2017
NOTE				
Cash flows from (used in) operating activities				
Profit (loss) for the years	(274,564,984)	285,658,512	(157,128,314)	342,030,654
Adjustments to reconcile profit (loss) to net cash provided by (paid from) operating activities:				
Bad debt and allowance for doubtful accounts (reversal)	(1,094,287)	(59,083)	(1,198,678)	(328,387)
Loss on destroy inventories	18,807,439	26,606,475	13,212,492	16,053,115
Allowance for obsolete inventories (reversal)	31,902,659	(11,921,470)	19,236,906	(11,184,708)
Depreciation	215,837,487	167,928,730	210,544,534	162,027,074
Amortization – other assets	15,051,875	12,623,779	12,888,194	12,168,184
Write – off assets	21,669	17,244	–	6,887
Loss (gain) on sales of property, plant and equipment	(1,722,118)	(929,251)	(1,722,118)	(929,251)
Unrealised loss (gain) on exchange rate	(1,621,390)	(9,282,979)	(1,621,390)	(9,282,979)
Loss (gain) on sales of investment in subsidiary	–	(7,453,515)	–	–
Shares of (profit) losses of investments in associate and joint ventures	14,534,766	22,159,828	–	–
Provisions for employee benefits	29,435,991	6,694,915	24,624,713	5,523,152
Interest income	(3,415,448)	(1,356,503)	(3,383,041)	(1,356,503)
Finance costs	60,228,356	22,258,505	56,809,357	22,136,922
Income tax expense	(105,562,001)	46,319,678	(83,923,386)	55,229,484
Profit (loss) from operating activities before changes in operating assets and liabilities	(2,159,986)	559,264,865	88,339,269	592,093,644
Operating assets decrease (increase)				
Trade receivables	77,368,353	(49,612,937)	100,892,460	(200,786,939)
Other receivables	35,169,757	(91,538,734)	(29,293,344)	(35,503,079)
	–	–		
Short – term loans to subsidiary		–	3,000,000	(40,000,000)
Inventories	133,782,198	(249,078,236)	112,118,359	(185,009,856)
Other current assets	30,167,600	17,138,452	5,790,444	(1,754,308)
Loan – term loans to subsidiary	1,754,326	1,965,358	26,000,000	17,055,572
Other non – current assets	10,415,026	(21,064,188)	10,499,585	(22,617,540)

STATEMENTS OF CASH FLOWS (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE	Baht			
	Consolidated financial statements For the years ended December 31,		Separate financial statements For the years ended December 31,	
	2018	2017	2018	2017
Operating liabilities increase (decrease)				
Trade payables	(107,459,772)	150,445,597	(110,137,346)	130,160,225
Other payables	(18,288,460)	(27,413,921)	(40,629,985)	2,162,832
Other current liabilities	5,792,402	(22,771,064)	1,654,668	(17,904,381)
Employee benefit obligation paid	(4,786,350)	(6,228,223)	(4,786,350)	(4,024,123)
Cash flows from (used in) operating activities	161,755,094	261,106,969	163,447,760	233,872,047
Net cash flows from (used in) paid to income tax	(10,598,635)	(105,296,787)	(8,611,871)	(101,637,357)
Net cash flows from (used in) operating activities	151,156,459	155,810,182	154,835,889	132,234,690
Cash flows from (used in) investing activities				
Decrease (increase) in restricted bank deposits	-	129,044	-	129,044
Proceeds from decrease in investments in subsidiary	-	17,180,077	-	-
Cash received from purchase of investments in subsidiary	12,250,000	-	-	-
Net cash and cash equivalents received from business combination	(275,558,928)	-	-	-
Proceed from purchase of non - controlling interest	1,587,727	-	-	-
Cash payment for increased investments in subsidiary	-	-	(345,000,000)	(10,000,000)
Cash payment for investments in joint ventures	-	(66,823,116)	-	(16,647,116)
Purchase of property, plant and equipment	(91,865,717)	(425,310,445)	(70,365,680)	(419,654,547)
Proceeds from sales of property, plant and equipment	11,876,114	6,322,246	10,837,440	2,103,142
Decrease (increase) in intangible assets	(22,017,812)	(654,596)	(21,922,644)	(911,850)
Interest received	3,415,448	1,356,503	3,383,041	1,356,503
Net cash flows from (used in) investing activities	(360,313,168)	(467,800,287)	(423,067,843)	(443,624,824)
Cash flows from (used in) financing activities				
Increase (decrease) in bank overdrafts and and short - term loans from financial institutions	185,592,352	290,103,502	116,759,411	290,103,502
Increase (decrease) in long - term loans from financial institutions	491,388,042	369,726,149	540,740,000	374,060,000
Increase (decrease) in long - term loans from others	-	(1,192,101)	-	-
Repayment of long - term loans from financial institutions	(147,117,668)	-	147,117,668	-
Repayment of liabilities under finance lease agreement	(53,308,519)	(73,939,750)	(33,754,762)	(73,875,174)
Treasury shares	(114,335,425)	-	(114,335,425)	-

		Baht			
		Consolidated financial statements For the years ended December 31,		Separate financial statements For the years ended December 31,	
	NOTE	2018	2017	2018	2017
Finance costs paid		(62,515,450)	(21,838,146)	(56,272,399)	(21,716,565)
DIVIDEND PAID		(68,968,463)	(242,675,171)	(68,968,463)	(242,675,172)
Net cash flows from (used in) financing activities		230,734,869	320,184,483	237,050,694	325,896,591
Exchange differences on translating financial statement		55,083	-		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		21,633,243	8,194,378	(31,181,260)	14,506,457
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEARS		100,467,765	92,273,387	60,934,208	46,427,751
CASH AND CASH EQUIVALENTS AT END OF YEARS	6	122,101,008	100,467,765	29,752,948	60,934,208

Supplemental disclosures of cash flows information :

Activities not effecting cash

- For the year ended December 31, 2018
 - Increase in other payable – purchase of assets of Baht 17.33 million.
 - 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 6.80 million.
- For the year ended December 31, 2017
 - Increase in other payable – purchase of assets of Baht 21.65 million and increased in finance lease liabilities of Baht 74.84 million.
 - 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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

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 of Agri Sol Company Limited held on October 20, 2017, the Shareholders have approve to change the Company's name from "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 of Malee Harvest Company Limited held on December 18, 2017, the Shareholders have approve to change the Company's name from "Malee Harvest Company Limited" to "Malee International Company Limited" and change the business type from "Investment" 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, 2018 and 2017 are as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Changes in inventories of finished goods				
decrease (increase)	104,080,719	(136,854,144)	68,519,597	83,238,152
Purchase finished goods	146,848,169	491,232,336	32,186,233	380,430,492
Raw materials and consumables used	3,340,547,860	3,551,701,505	3,177,901,053	3,545,373,655
Employee benefits expenses	611,075,450	535,463,149	436,618,452	420,621,718
Directors and management benefit expenses	68,889,149	62,401,740	63,653,746	56,109,152
Depreciation and amortization expenses	230,889,362	180,552,509	223,432,728	174,195,258
Write – off assets	21,669	17,244	–	6,887
Loss from defective and obsolete inventories	50,710,098	14,685,005	32,449,398	4,868,407

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, 2018. 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 2018)
TAS	2	Inventories (revised 2018)
TAS	7	Statement of Cash Flows (revised 2018)
TAS	8	Accounting Policies, Changes in Accounting Estimates and Errors (revised 2018)
TAS	10	Events After the Reporting Period (revised 2018)
TAS	12	Income Taxes (revised 2018)
TAS	16	Property, Plant and Equipment (revised 2018)
TAS	17	Leases (revised 2018)
TAS	19	Employee Benefits (revised 2018)
TAS	20	Accounting for Government Grants and Disclosure of Government Assistance (revised 2018)
TAS	21	The Effects of Changes in Foreign Exchange Rates (revised 2018)
TAS	23	Borrowing Costs (revised 2018)
TAS	24	Related Party Disclosures (revised 2018)
TAS	26	Accounting and Reporting by Retirement Benefit Plans (revised 2018)
TAS	27	Separate Financial Statements (revised 2018)
TAS	28	Investments in Associates and Joint Venture (revised 2018)
TAS	29	Financial Reporting in Hyperinflationary Economics (revised 2018)
TAS	32	Financial Instruments: Presentation

TAS	33	Earnings per Share (revised 2018)
TAS	34	Interim Financial Reporting (revised 2018)
TAS	36	Impairment of Assets (revised 2018)
TAS	37	Provisions, Contingent Liabilities and Contingent Assets (revised 2018)
TAS	38	Intangible Assets (revised 2018)
TAS	40	Investment Property (revised 2018)
TAS	41	Agriculture (revised 2018)

Financial Reporting Standards

TFRS	1	First – time Adoption of Thai Financial Reporting Standards
TFRS	2	Share – Based Payments (revised 2018)
TFRS	3	Business Combinations (revised 2018)
TFRS	5	Non – current Assets Held for Sale and Discontinued Operations (revised 2018)
TFRS	6	Exploration for and Evaluation of Mineral Resources (revised 2018)
TFRS	7	Financial Instruments : Disclosures
TFRS	8	Operating Segments (revised 2018)
TFRS	9	Financial Instruments
TFRS	10	Consolidated Financial Statement (revised 2018)
TFRS	11	Joint Arrangements (revised 2018)
TFRS	12	Disclosure of Interests in Other Entities (revised 2018)
TFRS	13	Fair Value Measurement (revised 2018)
TFRS	15	Revenue from Contracts with Customers

Accounting Standard Interpretations

TSIC	10	Government Assistance – No Specific Relation to Operating Activities (revised 2018)
TSIC	15	Operating Leases – Incentives (revised 2018)
TSIC	25	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders (revised 2018)

Accounting Standard Interpretations

TSIC	27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2018)
TSIC	29	Service Concession Arrangements : Disclosures (revised 2018)
TSIC	32	Intangible Assets – Web Site Costs (revised 2018)

Financial Reporting Standard Interpretations

TFRIC	1	Changes in Existing Decommissioning, Restoration and Similar Liabilities (revised 2018)
TFRIC	4	Determining whether an Arrangement contains a Lease (revised 2018)
TFRIC	5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2018)
TFRIC	7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies (revised 2018)
TFRIC	10	Interim Financial Reporting and Impairment (revised 2018)
TFRIC	12	Service Concession Arrangements (revised 2018)
TFRIC	14	TAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (revised 2018)

TFRIC	16	Hedges of a Net Investment in a Foreign Operation
TFRIC	17	Distributions of Non – cash Assets to Owners (revised 2018)
TFRIC	19	Extinguishing Financial Liabilities with Equity Instruments
TFRIC	20	Stripping Costs in the Production Phase of a Surface Mine (revised 2018)
TFRIC	21	Levies (revised 2018)

The management of the Group has assessed TAS, TFRS, TSIC and TFRIC which are effective for financial statement year beginning on or after January 1, 2019 as follows:

1) TAS 1, TAS 2, TAS 7, TAS 8, TAS 10, TAS 12, TAS 16, TAS 17, TAS 19, TAS 21, TAS 23, TAS 24, TAS 27, TAS 28, TAS 33, TAS 34, TAS 36, TAS 37, TAS 38 and TFRS 3, TFRS 8, TFRS 10, TFRS 11, TFRS 12 and TFRS 13 will not have material impact on the financial statements when they are applied.

2) For TFRS 15, the management assessed the impact of adoption of this accounting standard effecting to adjustments as follows:

2.1 Sales transactions of the Company and its subsidiary related to "Contract Manufacturing (CMG)", the management assessed that the transactions are transferred control of a good to a customer according to performance completed to date. Thus these transactions shall be recognized as revenue by reference to the stage of completion. Previously, these transactions are recognized as revenue when goods are delivered and the risk and reward of goods ownership are transferred to customers.

2.2 The transactions related to promotion expenses of subsidiaries, the management assessed that the promotion expenses shall be recorded net of revenue from sales. Previously, these transactions are recognized as selling expenses.

3) The other TAS, TFRS, TSIC and TFRIC which have not been stated in No. 1) and No. 2) are not relevant to the Group business, therefore they do not have impact on the financial statement when they are applied.

And the management is currently evaluating the impact of TAS, TFRS and TFRIC which are effective for financial statements year beginning on or after January 1, 2020 to the financial statements when they are adopted.

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 have been prepared on the same basis as that applied for the consolidated financial statements for the year ended December 31, 2017 as follow:

2.3.2 The financial statements of an overseas subsidiaries, associate and joint venture are translated into Thai

		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	2018	2017	Country of incorporation	2018	2017	2018	2017
Held by the Company Subsidiaries								
Malee Enterprise Company Limited	Distributor	99.99	99.99	Thailand	13.51	16.49	37.10	35.30
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	8.92	2.36	-	-
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	2.60	0.48	5.35	0.07
Malee Applied Sciences Company Limited	Research and development of scientifically, tranformation,	100.00	100.00	Thailand	0.50	0.88	0.44	-
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 a subsidiary Subsidiaries								
Malee Kino (Thailand) Company Limited (B)	Importing, selling, marketing and distribution of KINO products	51.0	-	Thailand	0.57	-	0.09	-
Long Quan Safe Food JSC (Its subsidiary is TAN QUANG MINH MANUFACTURE AND TRADING Company Limited (100%owned)) (C)	Distributor consumer product for Vietnam and neighboring countries and neighboring countries	65.0	-	Vietnam	5.90	-	6.90	-
Associate								
PT Kino Malee Indonesia	Importing, manufacturing, selling, marketing and distribution of MALEE product	49.0	49.0	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.

(B) On October 30, 2017, Malee Capital Company Limited ("MCC") and KINO INTERNATIONAL PTE LTD. had entered into a joint venture agreement to setting up joint venture Company namely Malee Kino (Thailand) Company Limited which has been registered on January 18, 2018. "MCC" shareholding is 51.00% of share capital amounting Baht 200.00 million, with paid - up capital amounting to Baht 100.00 million.

(C) On April 27, 2018 (The acquisition transaction completion date), Malee Capital Company Limited had acquired Long Quan Safe Food JSC ("LQSF") (registered in Vietnam) at 65% of share capital as described in Note 4 to the financial statement.

Resulting from the acquisition of the above company, the Group have increased in 2 subsidiaries (registered in Vietnam) as follows:

1) Long Quan Safe Food JSC ("LQSF") 2) Tan Quang Minh Manufacture and Trading Co., Ltd. (subsidiary of "LQSF")

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.

2.3.5 Investments in joint ventures and associate 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.

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 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

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 Intangible assets

Intangible assets are stated at cost net of accumulated amortization. Amortization is calculated on the straight – line method over a period as follow:

	Years
Computer software	10
Leasehold right on land	46

3.10 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.

3.11 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.

3.12 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.

3.13 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.

3.14 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.

3.15 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.

3.16 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.

3.17 Impairment of assets

The Group 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.

3.18 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 Group recognized the actuarial gains or losses arising from defined benefit plan in the period incurred in other comprehensive income.

The Group recognized termination benefits when it is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Past service costs are recognized in the income statement when the Group' plan amendment or curtailment occurs, or recognition in related restructuring costs or termination benefits.

3.19 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.

3.20 Foreign currencies

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

3.21 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.

3.22 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.

3.23 Financial instruments

The Group have no policy to speculate in or engage in the trading of any statement of financial position derivative instruments.

3.24 Basic Earnings per share

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

4 BUSINESS ACQUISITIONS

On January 18, 2018, Malee Capital 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 consumer product for Vietnam and neighboring countries. After that, Malee Capital Company Limited and contract party has reviewed the contract in accordance with the condition precedent and April 19, 2018, Malee Capital Company Limited and contract party has revised the Share Purchase Agreement and it appears that the actual payable in regard to share acquisition would be VND 221,715 million (approximately Baht 309 million). The acquisition transaction completion date is on April 27, 2018.

The subsidiary paid the purchase price of the common shares to the former major shareholder of the Long Quan Safe Food JSC amounting to VND 199,545 million. And transferred the amount of VND 22,170 million to the Escrow Account as per the conditions set forth in the Share Purchase Agreement (Retained Consideration), where such an amount will be transferred to the existing shareholders and once the

abovesaid conditions are satisfied. The closing obligation is expected to be completed within November 27, 2018.

On November 27, 2018, it appears that the former major shareholder did not deliver the closing obligations, therefore, the subsidiary is eligible to obtain the whole amount of fund in the Escrow Account (VND 22,170 million), which results in the total amount of the share acquisition remains at VND 199,545 million.

Resulting from the acquisition of the above company, the Group have increased in 2 subsidiaries (registered in Vietnam) as follows:

- 1) Long Quan Safe Food JSC ("LQSF")
- 2) Tan Quang Minh Manufacture and Trading Co., Ltd. (subsidiary of "LQSF")

The acquisition qualifies for treatment as a business combination in accordance with TFRS 3 (revised 2017) Business Combinations, which requires that the assets acquired and liabilities assumed be recorded at their fair values, together with goodwill, if any. The Company has engaged an independent appraisers to determine the fair values of the assets acquired and liabilities assumed. At the present, the fair value exercise has not been completed. Accordingly, the Company recognized the provisional amount of the net assets acquired based on cash book values at the acquisition date which approximated to fair values. However, the Company is continuing their review of the identifiable assets and liabilities, as permitted under TFRS 3 (revised 2017) during a measurement period of not exceed 1 year from the acquisition date. If new information is obtained about facts and circumstances that existed at the acquisition date which would require further adjustment to the values initially recognised, then such adjustments would be recorded when this information becomes available.

At the acquisition date, the non - controlling interest in the acquiree was measured at the non - controlling interest's proportionate share of the acquiree's identifiable net assets.

At the acquisition date, the consideration transferred and the recognition of amounts of assets acquired and liabilities assumed, non - controlling interest in the acquiree and the Company's previously - held equity interest in the acquiree are as follows :

Factor which triggers Goodwill Recognition, the

	Million Baht Recognized value
Consideration transferred (after adjustment with receiving bank deposit from Escrow Account on November 27, 2018)	278.51
Add The Company's previously – held equity interest in the acquiree	–
Add Non – controlling interest in the acquiree	35.42
Total	313.93
Less Net amounts of assets acquired and liabilities assumed	
<u>Identifiable assets</u>	
– Cash and cash equivalents	4.54
– Trade receivables	0.80
– Other receivables	51.88
– Advances payment for goods	6.89
– Inventories	48.85
– Other current assets	0.78
– Plant and equipment, net	152.08
– Leasehold right on land, net	8.29
<u>Identifiable liabilities</u>	
– Bank overdrafts and short – term loans from financial institutions	(70.34)
– Trade payables	(61.78)
– Other payables	(10.87)
– Long – term loans	(19.55)
– Advances received for goods	(10.38)
Net Identifiable Assets And Liabilities – Acquired	101.19
Goodwill	212.74

Company has expanded the international market in Vietnam based on the existing customers including brand of Long Quan Safe Food JSC and its subsidiary company, Tan Quang Minh Manufacture and Trading Co., Ltd. which produces and distributes beverage includes consumer products in Vietnam which operated more than 25 years and increases its group capacity in term of export to near – by countries including new booming economy countries (Emerging Market).

Net cash payment for the business acquisition as follows:

Total acquisition – related costs of Baht 25.63 million included in administrative expenses in the statement of income when the costs are incurred and the services are received.

The Group's assets, liabilities and operating results since acquisition date of the above subsidiaries have been included

	Million Baht
Consideration transferred (after adjustment with receiving bank deposit from Escrow Account on November 27, 2018)	278.51
Less Cash and cash equivalents in proportionate to the share holding	(2.95)
Business acquisition cost net of cash and cash equivalents received	275.56

in the Group's consolidated financial statements for the periods from legally established (April 27, 2018) to December 31, 2018 as follows :

(A) Total assets and liabilities as at December 31, 2018

(B) Total operating results for the period from April 27, 2018 to December 31, 2018

	Million Baht
Cash and cash equivalents	17.86
Trade receivables, net	1.61
Other receivables	0.71
Inventories, net	71.35
Plant and equipment, net	167.29
Leasehold right on land, net	8.11
Total assets	266.93
Bank overdrafts and short – term loans from financial institutions	59.16
Trade payables	64.03
Other payables	7.45
Advances received for goods	1.25
Other current liabilities	14.14
Long – term loans	20.99
Total liabilities	167.02

5 RELATED PARTY TRANSACTIONS

	Million Baht For the period from April 27, 2018 to December 31, 2018
Revenues from sales	369.28
Other income	
Gain on sales of assets	0.14
Others	1.96
Cost of sales	(238.47)
Selling expenses	(110.57)
Administrative expenses	(20.61)
Finance costs	(3.07)
Profit (loss)	(1.34)

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:

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

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
Malee Kino (Thailand) Company Limited (held by Malee Capital Company Limited 51%) (B)	Importing, selling, marketing and distribution of KINO products	Shareholders/Co – directors
Long Quan Safe Food JSC (held by Malee Capital Company Limited 65%) (C)	Distributor consumer product for Vietnam and neighboring countries	Shareholders/Co – directors
Tan Quang Minh Manufacture and Trading Company Limited (held by Long Quan Safe Food JSC 100%) (C)	Manufacturing and distributor consumer product for Vietnam and neighboring countries	Shareholders/Co – directors
Associate		
PT Kino Malee Indonesia (registered in Indonesia)	Importing, manufacturing, selling, marketing and distribution of MALEE products in Indonesia market	Shareholders/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/Co – directors
Mega Malee Company Limited	Research and development of food and beverage	Shareholders/Co – directors

Related parties		
Abico Holding Public Company Limited	Holding company (investment)	Company's shareholder/Co – directors
Abico Land Company Limited	Real estate developer	Group of companies/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	Partnership
Kino International Pte Ltd	Holding company (investment)	Partnership
Central Trading Company Limited	Department store	Co – directors
Central World Company Limited	Department store	Co – directors
Mega Lifesciences Public Company Limited	Manufacture and distributor of health food supplements and branded prescription pharmaceutical products	Partnership

(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.

(B) On October 30, 2017, Malee Capital Company Limited ("MCC") and KINO INTERNATIONAL PTE LTD. had entered into a joint venture agreement to setting up joint venture Company namely Malee Kino (Thailand) Company Limited which has been registered on January 18, 2018. "MCC" shareholding is 51.00% of share capital amounting Baht 200.00 million, with paid – up capital amounting to Baht 100.00 million.

(C) On April 27, 2018 (The acquisition transaction completion date), Malee Capital Company Limited had entered Share Purchase Agreement of Long Quan Safe Food JSC ("LQSF") in order to acquire 65% of share capital, as described in Note 4 to the financial statement.

Resulting from the acquisition of the above company, the Group have increased in 2 subsidiaries (registered in Vietnam) as follows :

1) Long Quan Safe Food JSC ("LQSF")

2) Tan Quang Minh Manufacture and Trading Co., Ltd. (subsidiary of "LQSF")

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	2018	2017	2018	2017
Transactions with subsidiaries					
(Eliminated in the consolidated financial statements)					
Sales of goods	Cost plus margin	-	-	1,389,197,274	1,311,925,483
Sale of raw material and others	At the rate agreed upon	-	-	195,147	80,729
Revenues from management	Contract price	-	-	18,965,000	12,120,000
Revenues from service	At the rate agreed upon	-	-	1,312,500	653,300
Guarantee fee	1.75 percent of the guarantee amount	-	-	1,312,500	2,582,089
Interest income	Contract price	-	-	2,954,476	967,385
Purchase of goods	At the rate agreed upon	-	-	2,323,984	2,113,062
Marketing support expenses	Contract price	-	-	12,500,000	10,000,000
Research and development service	Contract price	-	-	22,157,663	21,931,620
Warehouse rental expenses	Contract price	-	-	7,200,000	7,200,000
Consultant fee	Contract price	-	-	12,883,090	-
Transactions with indirect subsidiary					
Purchase of goods	Cost plus margin	-	-	6,514,165	-
Transactions with joint venture					
Sales of goods	Cost plus margin	27,786,532	53,391,074	18,691,458	53,391,074
Transactions with related parties					
Sales of goods	Cost plus margin	25,088,751	15,530,424	24,973,788	15,530,424
Sales of raw material and others	At the rate agreed upon	2,290,071	4,544,849	2,290,071	4,544,849
Revenues from service	At the rate agreed upon	1,200,000	400,000	1,200,000	400,000
Purchase of raw material and others	At the rate agreed upon	27,419,771	49,335,095	27,419,771	49,335,095
Produce service	Cost plus margin	98,195,298	96,243,945	98,195,298	96,243,945
Building rental expenses	At the rate agreed upon	16,538,801	12,022,384	16,502,801	9,596,784
Other fee	Cost plus margin	481,448	5,370,500	360,000	5,370,500
Other expenses	At the rate agreed upon	2,236,407	1,010,531	2,236,407	883,509

The balances of the accounts as at December 31, 2018 and 2017 between the Company and its subsidiaries and those related companies are as follows:

Directors and management benefit expenses

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade receivables				
Subsidiary				
Malee Enterprise Co., Ltd.	-	-	348,754,494	402,006,928
Malee International Co., Ltd.	-	-	53,668,449	-
Total	-	-	402,422,943	402,006,928
Joint Venture				
Monde Malee Beverage Corporation	42,791,719	28,152,725	33,828,147	28,152,725
Maga Malee Co., Ltd.	227,799	-	222,754	-
Total	43,019,518	28,152,725	34,050,901	28,152,725
Related party				
Monde Nissin Corporation	-	2,508,984	-	2,508,984
Abico Daily Farm Co., Ltd.	93,879	-	-	-
Total	93,879	2,508,984	-	2,508,984
Other receivables				
Subsidiary				
Malee Enterprise Co., Ltd.	-	-	5,034,139	6,400,669
Malee Capital Co., Ltd.	-	-	-	82,521
Malee International Co., Ltd.	-	-	5,808,228	-
Malee Applied Sciences Co., Ltd.	-	-	673,845	156,314
Malee Kino (Thailand) Co., Ltd.	-	-	1,133,704	-
Total	-	-	12,649,916	6,639,504
Related party				
Abico Daily Farm Co., Ltd.	3,929,568	2,341,685	3,927,233	2,341,685
Short – term loans				
Subsidiary				
Malee Capital Co., Ltd.	-	-	-	40,000,000
Malee Applied Science Co., Ltd.	-	-	14,000,000	-
Total			14,000,000	40,000,000
Long – term loans				
Subsidiary				
Malee Internstional Co., Ltd.	-	-	5,000,000	8,000,000
Deposits				
Related party				
Abico Land Co., Ltd.	8,124,800	8,124,800	8,124,800	8,124,800

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade payables				
Subsidiary				
Malee Enterprise Co., Ltd.	-	-	130,064	419,162
Joint venture				
Mega Melee Co., Ltd.	265,089	-	-	-
Related party				
Abico Daily Farm Co., Ltd.	9,761,224	9,600,370	9,734,367	9,600,370
PT KINO INDONESIA TBK	1,734,700	-	-	-
Malee Lifesciences PCL.	4,398	-	4,398	-
Total	11,500,322	9,600,370	9,738,765	9,600,370
Other payables				
Subsidiary				
Malee Enterprise Co., Ltd.	-	-	642,000	11,093,050
Malee Capital Co., Ltd.	-	-	12,316,428	-
Malee International Co., Ltd.	-	-	834	-
Malee Applied Sciences Co., Ltd.	-	-	-	8,705,946
Total	-	-	12,959,262	19,798,996
Related party				
Abico Land Co., Ltd.	3,000	163,936	-	163,936
Abico Daily Farm Co., Ltd	-	27,606	-	-
Central World Co., Ltd.	48,150	-	-	-
Total	51,150	191,542	-	163,936

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, 2018 and 2017 are as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short - term employee benefits	66,498,428	61,646,676	61,550,447	55,487,971
Post - employment benefits	2,390,721	755,064	2,103,299	621,181
Total	68,889,149	62,401,740	63,653,746	56,109,152

Guarantee obligations with related party

The Company has outstanding guarantee obligations with a subsidiary, as described in note 32.3 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.

The Company entered into a service agreement with two subsidiaries to manage in each function specified in the agreement by receiving fees amount of Baht 1.14 million per month for a period of 1 year including a renewal option commencing from July 1, 2018. The Company has to comply with certain conditions contained in the agreements.

6 Cash and cash equivalents

Cash and cash equivalents, as follows:

		Baht			
		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
PETTY CASH		38,925	44,677	38,167	23,506
Cash on hand		13,518,476	-	-	-
Cash at banks	- current accounts	19,112,989	44,544,578	8,450,518	26,718,690
	- saving accounts	88,693,232	54,724,129	21,264,263	34,192,012
Cheque in hand		737,386	1,154,381	-	-
Total		122,101,008	100,467,765	29,752,948	60,934,208

7 TRADE RECEIVABLES, NET

The outstanding balances of trade receivables as at December 31, 2018 and 2017 are aged, based on due date, as follows:

		Baht			
		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Age of receivables					
Not yet due		515,038,355	599,117,729	343,943,506	430,587,216
Past due					
Up to 3 months		166,473,127	177,358,792	336,728,574	369,500,120
3 – 6 months		6,058,992	3,353,330	6,058,992	3,353,330
6 – 9 months		17,870,690	-	17,870,689	-
Longer than 9 months		4,802,633	6,641,793	4,588,238	6,641,793
Total		710,243,797	786,471,644	709,189,999	810,082,459
Less: Allowance for doubtful accounts		(4,849,627)	(5,943,914)	(3,974,299)	(5,172,977)
Trade receivables, net		705,394,170	780,527,730	705,215,700	804,909,482

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

		Baht			
		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Beginning balance		(5,943,914)	(6,002,996)	(5,172,977)	(5,501,364)
Increased during the years		(600,932)	(946,761)	-	(453,220)
Received during the years		877,057	575,785	380,516	542,344
Decreased due to write – off		818,162	364,319	818,162	239,263
Decrease from disposal of investment in subsidiary		-	65,739	-	-
Ending balance		(4,849,627)	(5,943,914)	(3,974,299)	(5,172,977)

8 OTHER RECEIVABLES

Other receivables, as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Accrued other income	80,561,714	46,141,910	89,027,547	39,551,592
Advance payment	1,773,735	14,280,997	530,424	12,659,072
Prepaid expense	19,858,844	26,643,589	5,605,005	7,039,478
Advance payment for goods	24,806,306	41,436,994	12,739,163	7,702,246
Excise tax	3,334,904	3,403,465	3,334,904	3,403,465
Revenue department receivable	25,877,340	22,762,124	8,701,887	20,289,733
Total	156,212,843	154,669,079	119,938,930	90,645,586

9 SHORT - TERM LOANS TO SUBSIDIARIES

	Baht			
	Separate financial statements			
	2017	Increase	Decrease	2018
Loans to subsidiaries	40,000,000	14,000,000	40,000,000	14,000,000

On December 2017, the Company had entered into a loan agreement with a subsidiary no. 1 is short - term loan amounting to Baht 40 million with interest at the rate MLR p.a.. The principal and interest are repayable with in year 2018 and interest are repayable in quarterly commencing from March 31, 2018. On December 2018, the subsidiary has already paid the principal.

On the 2nd quarter of year 2018, the Company had entered into a loan agreement with a subsidiary no. 2 is short - term loans amounting to Baht 10 million with interest at the rate MLR p.a.. The principal and interest are repayable with in year 2019 and interest are repayable in quarterly commencing from June 30, 2018.

Later, on the 3rd quarter of year 2018, the Company had entered into a loan agreement with a subsidiary no. 2 such additional in the amount Baht 2 million with interest at the rate MLR p.a.. The principal and interest are repayable with in year 2019 and interest are repayable in quarterly.

Later, on the 4rd quarter of year 2018, the Company had entered into a loan agreement with a subsidiary no. 2 such additional in the amount Baht 2 million with interest at the rate MLR p.a.. The principal and interest are repayable with in year 2020 and interest are repayable in quarterly

Loans to two subsidiaries which is unsecured.

10 INVENTORIES, NET

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Finished goods	531,047,509	635,128,228	341,025,605	409,545,202
Raw materials	194,584,455	226,380,145	177,395,053	225,537,384
Packing materials	168,972,221	145,280,783	139,282,309	142,759,355
Spare parts and factory supplies	57,383,014	40,271,621	46,278,245	40,271,621
Goods in transit	4,325,650	15,524,151	4,325,650	15,524,151

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Total	956,312,849	1,062,584,928	708,306,862	833,637,713
Less: Allowance for stock obsolescence	(47,760,801)	(15,858,142)	(33,730,434)	(14,493,528)
Inventories, net	908,552,048	1,046,726,786	674,576,428	819,144,185

Inventories recognized as an expense in cost of sales.

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cost of goods sold	4,114,270,951	4,201,233,525	3,715,969,421	4,163,369,661
Loss on dectroy inventories	18,807,439	26,606,475	13,212,492	16,053,115
Increase (decrease) in provision for obsolete inventories	31,902,659	(11,921,470)	19,236,906	(11,184,708)
	4,164,981,049	4,215,918,530	3,748,418,819	4,168,238,068

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

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Beginning balance	(15,858,142)	(27,779,612)	(14,493,528)	(25,678,236)
Decreased (increased) during the years	(31,902,659)	11,921,470	(19,236,906)	11,184,708
Ending balance	(47,760,801)	(15,858,142)	(33,730,434)	(14,493,528)

11 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)			
	2018	2017	2018	2017	2018	2017	2018	2017
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 (C)	Baht 385 million	Baht 40 million	99.99	99.99	385,000,000	40,000,000	–	–
Malee International Company Limited (B)	Baht 40 million	Baht 40 million	100.00	100.00	37,137,535	37,137,535	–	–
Malee Applied Sciences Company Limited (A)	Baht 10 million	Baht 10 million	99.99	99.99	10,000,000	10,000,000	–	–
					533,416,535	188,416,535		
Less: Impairment loss on investment					(13,938,047)	(13,938,047)		
Investments in subsidiaries, net					519,478,488	174,478,488		

(A) 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.

(B) 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.

(C) At the Extraordinary General Meeting of Shareholders of Malee Capital Company Limited ("MCC") No. 1/2018 held on March 27, 2018 approved the registered capital increase in "MCC" of total Baht 40 million to Baht 500 million at par value of Baht 10 per share. As of March 31, 2018, the Company has paid for capital increase in "MCC" of Baht 345 million. The subsidiary has thus, completed the registration of new capital amount with the Ministry of Commerce on April 24, 2018 are as follows :

	Share capital	Paid – up capital
Existing ordinary shares	Baht 40 million	Baht 40 million
New ordinary shares	Baht 500 million	Baht 385 million

12 INVESTMENTS IN ASSOCIATE AND JOINT VENTURES

						Consolidated financial statement	
		Paid – up capital		Shareholding percentage		Equity method (Baht)	
Company's name	Nature of business	2018	2017	2018	2017	2018	2017
Associate							
PT KINO Malee Indonesia (registered in Indonesia) (B)	Importation,manufacturing, marketing and distribution of MALEE products in Indonesia market	Rupiah 40,000 million	Rupiah 40,000 million	49.00	49.00	44,965,562	50,176,000
Joint ventures							
Monde Malee Beverage Corporation (registered in Philippine) (A)	Importing, marketing promotion and sale of the Company's food and beverage in Philippine market	150 million Philippine Peso	150 million Philippine Peso	49.00	49.00	(23,556,038)	(10,706,223)
Mega Malee Co., Ltd.	Research and development of food and beverage	Baht 10 million	Baht 10 million	49.00	49.00	(313,872)	2,966,852

						Separate financial statement	
		Paid – up capital		Shareholding percentage		Cost method (Baht)	
Company's name	Nature of business	2018	2017	2018	2017	2018	2017
Joint ventures							
Monde Malee Beverage Corporation (registered in Philippine) (A)	Importing, marketing promotion and sale of the Company's food and beverage in Philippine market	150 million Philippine Peso	150 million Philippine Peso	49.00	49.00	55,122,631	55,122,631
Mega Malee Co., Ltd.	Research and development of food and beverage	Baht 10 million	Baht 10 million	49.00	49.00	5,102,239	5,102,239
Investments in Joint Ventures						60,224,870	60,224,870

(A) 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 on share capital and paid – up capital of Monde Malee Beverage Corporation amounting to PHP 150 million.

(B) On October 30, 2017, Malee Capital Company Limited and PT KINO INDONESIA TBK in Indonesia had entered into a joint venture agreement to setting 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 40,000 million. The Company's shareholding is 49%.

Movements of investments in joint ventures as follows:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Investment in joint ventures beginning of the years	42,437	1,149	60,225	43,578
Acquisitions	-	66,823	-	16,647
Share of profits (losses) under equity method	(14,535)	(22,160)	-	-
Share of other comprehensive income (loss)	-	-	-	-
Exchange differences on translating financial statement	(6,806)	(3,375)	-	-
Investment in joint ventures ending of the years	21,096	42,437	60,225	60,225

Balance as at December 31, 2018 and 2017, the investments in associate and joint ventures in the consolidated financial statements are accounted for using the equity method as follows:

	Thousand Baht	
	2018	2017
Investment in associate and joint ventures	44,966	53,143
Liability from investment in joint venture in portion under the Company's responsibility	(23,870)	(10,706)
	21,096	42,437

Summarized financial information of associate and joint ventures as follows:

Name	Million Baht									
	Paid-up capital As at December 31,		Total assets As at December 31,		Total liabilities As at December 31,		Total revenues for the years ended As at December 31,		Profit (loss) for the years ended As at December 31,	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Associate										
PT Kino Malee Indonesia	Rupiah 40,000	Rupiah 40,000	91.80	-	0.43	-	3.03	-	2.78	-
Joint ventures										
MONDE MALEE BEVERAGE CORPORATION	100 million Philippine Peso	100 million Philippine Peso	27.29	45.72	67.18	60.50	29.03	58.76	(25.75)	(40.13)
Mega Malee Company Limited	Baht 10 million	Baht 10 million	1.63	6.54	2.68	0.90	0.08	-	(6.70)	(4.00)

13 LONG - TERM LOANS TO SUBSIDIARY, NET

	Baht			
	Separate financial statements			
	2017	Increase	Decrease	2018
Loans to subsidiary	8,000,000	-	3,000,000	5,000,000
Less Current portion	(4,000,000)			(5,000,000)
Loan to subsidiary, net	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 October 2019.

14 LONG – TERM LOANS TO OTHER, NET

	Baht			
	Separate financial statements			
	2017	Increase	Decrease	2018
Loans to subsidiary	31,656,758	–	–	31,656,758
Less Current portion	(7,448,649)			–
Loan to subsidiary, net	24,208,109			31,656,758

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.

Since Lanchang Farm Company Limited has some liquidity concerns where it cannot meet the obligation to repay its debt and interest for certain period during the past and on December 12, 2018, Lanchang Farm Company Limited has issued the letter requesting to delay debt payments and suggest the approach to comply such obligation. On January 8, 2019, Board of Directors of Malee International Company Limited agreed and approved reduction of the unpaid interest from July 2018 to December 2018 at the amount of Baht 0.82 to Lanchang Farm Company Limited and stopping charging interest expenses commencing from January 1, 2019 onward. Directors of Malee International Company Limited also allow Lanchang Farm Company Limited to sell its land and property under the mortgage, then repay the debt to Malee International Company Limited within December 30, 2020.

Loans to other is secured by the mortgage of land and construction. The fair value are reference by an independent appraiser, as of February 1, 2017, amount of Baht 59.57 million.

15 RESTRICTED BANK DEPOSITS

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

16 PROPERTY, PLANT AND EQUIPMENT, NET

Consolidated financial statements

	Baht							
	Land	Buildings and buildings improvement	Land improvement	Machineries and equipment	Motor vehicles	Furniture, fixtures and office equipment	Construction in progress	Total
Cost amount:								
As at December 31, 2017	111,262,629	549,883,272	25,041,695	2,543,842,488	37,892,753	83,757,550	247,982,453	3,599,662,840
Acquisition	–	–	–	25,088,911	–	3,883,752	47,436,761	76,409,424
Increase from acquisition		51,911,910	–	209,179,990	54,362,573	4,783,818	51,779,537	372,017,828
Disposals	–	(9,655,312)	–	(75,347,767)	–	(683,011)	(1,020,257)	(86,706,347)
Write – off	–	–	–	(26,900)	–	(2,500)	–	(29,400)
Transfer in (out)	–	6,379,666	290,000	71,907,232	–	10,164,386	(88,741,284)	–
As at December 31, 2018	111,262,629	598,519,536	25,331,695	2,774,643,954	92,255,326	101,903,995	257,437,210	3,961,354,345

	Baht							
Accumulated depreciation:								
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)
Depreciation for the year	-	(24,576,621)	(2,738,525)	(169,421,356)	(4,101,692)	(14,999,293)	-	(215,837,487)
Increase from acquisition	-	(18,968,980)	-	(145,630,509)	(35,875,490)	(4,249,100)	-	(204,724,079)
Depreciation on disposals	-	8,900,981	-	66,968,611	-	634,349	-	76,503,941
Write – off	-	-	-	6,219	-	1,512	-	7,731
Transfer in (out)	-	-	-	-	-	-	-	-
As at December 31, 2018	-	(310,897,546)	(15,883,695)	(1,646,211,837)	(59,867,809)	(57,231,133)	-	(2,090,092,020)
Allowance for impairment loss:								
As at December 31, 2017	-	(13,334,662)	-	(1,652,904)	-	-	(17,612,914)	(32,600,480)
Increasing	-	-	-	-	-	-	-	-
Disposals	-	17,322	-	31,075	-	-	-	48,397
Write – off	-	-	-	-	-	-	-	-
As at December 31, 2018	-	(13,317,340)	-	(1,621,829)	-	-	(17,612,914)	(32,552,083)
Net book value:								
As at December 31, 2017	111,262,629	260,295,684	11,896,525	1,144,054,782	18,002,126	45,138,949	230,369,539	1,821,020,234
As at December 31, 2018	111,262,629	274,304,650	9,448,000	1,126,810,288	32,387,517	44,672,862	239,824,296	1,838,710,242
Incremental amount:								
As at December 31, 2017	250,137,371	-	-	-	-	-	-	250,137,371
Increasing (decreasing)	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Decrease from sale of investment	-	-	-	-	-	-	-	-
Write – off	-	-	-	-	-	-	-	-
As at December 31, 2018	250,137,371	-	-	-	-	-	-	250,137,371
Revaluation basis assets, net:								
As at December 31, 2017	361,400,000	260,295,684	11,896,525	1,144,054,782	18,002,126	45,138,949	230,369,539	2,071,157,605
As at December 31, 2018	361,400,000	274,304,650	9,448,000	1,126,810,288	32,387,517	44,672,862	239,824,296	2,088,847,613
Depreciation for the years ended December 31,								
As at December 31, 2017								167,928,730
As at December 31, 2018								215,837,487

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, 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
Acquisition	-	-	-	19,807,270	-	3,135,899	47,422,511	70,365,680
Disposals	-	(9,655,312)	-	(73,333,961)	-	(683,011)	-	(83,672,284)
Write – off	-	-	-	-	-	-	-	-

	Baht							
Transfer in (out)	-	6,379,667	290,000	71,907,232	-	10,164,386	(88,741,285)	-
As at December 31, 2018	99,288,436	454,073,339	24,595,352	2,388,418,024	34,565,746	94,541,181	199,222,269	3,294,704,347
Accumulated depreciation:								
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)
Depreciation for the year	-	(22,337,460)	(2,738,525)	(166,644,489)	(4,096,601)	(14,727,459)	-	(210,544,534)
Depreciation on disposals	-	8,900,981	-	64,973,234	-	634,349	-	74,508,564
Write - off	-	-	-	-	-	-	-	-
Transfer in (out)	-	-	-	-	-	-	-	-
As at December 31, 2018	-	(232,163,654)	(15,147,352)	(1,333,747,143)	(20,678,160)	(51,212,316)	-	(1,652,948,625)
Allowance for impairment loss:								
As at December 31, 2017	-	(4,118,147)	-	(1,354,176)	-	-	(17,612,914)	(23,085,237)
Increasing	-	-	-	-	-	-	-	-
Disposals	-	17,322	-	31,075	-	-	-	48,397
Write - off	-	-	-	-	-	-	-	-
As at December 31, 2018	-	(4,100,825)	-	(1,323,101)	-	-	(17,612,914)	(23,036,840)
Net book value:								
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
As at December 31, 2018	99,288,436	217,808,860	9,448,000	1,053,347,780	13,887,586	43,328,865	181,609,355	1,618,718,882
Incremental amount:								
As at December 31, 2017	245,711,564	-	-	-	-	-	-	245,711,564
Increasing (decreasing)	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Write - off	-	-	-	-	-	-	-	-
As at December 31, 2018	245,711,564	-	-	-	-	-	-	245,711,564
Revaluation basis assets, net:								
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
As at December 31, 2018	345,000,000	217,808,860	9,448,000	1,053,347,780	13,887,586	43,328,865	181,609,355	1,864,430,446
Depreciation for the years ended December 31,								
As at December 31, 2017								162,027,074
As at December 31, 2018								210,544,534

As at December 31, 2018, 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, delivatives, letter of credit and letter of guarantees.

As at December 31, 2018 and 2017, the Company and its subsidiaries have vehicles and machineries acquired under finance lease agreements, with net book value amounting to approximately Baht 132.69 million and Baht 160.59 million, respectively (the Company only: amounted to approximately Baht 132.69 million and Baht 160.59 million, respectively).

As at December 31, 2018 and 2017 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 837.14 million and Baht 717.83 million, respectively (the Company only : amounted to approximately Baht 736.06 million and Baht 701.22 million, respectively).

For the year ended December 31, 2018 and 2017, capitalized borrowing costs relating to the acquisition of construction of building improvement and machineries amounted to Baht 6.74 million and Baht 16.70 million, respectively with a capitalization rate of 3.07% to 4.25 % and 2.95% to 3.42%, respectively.

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, Nakornpratom Province, the land space is in total of 118 rai 3 ngarn 79 square wah, at the total cost amounting to Baht 41.62 million (the Company only: amounted to Baht 31.42 million). The Company and its subsidiary appraised the lands for the second time in the year 2004 at appraisal price of the lands in the amount of Baht 212.63 million, and the third time in the year 2009 at appraisal price in the amount of Baht 198.68 million (the Company only: amounted to Baht 185.19 million).

Increment per assets appraisal for the second and the third appraisal were amounted to Baht 171.01 million and Baht 156.83 million, respectively (the Company only: amounted to Baht 171.01 million and Baht 153.77 million, respectively), which were presented in the revaluation surplus under the caption of the other components of equity.

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

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

17 INTANGIBLE ASSETS, NET

	Baht			
	Consolidated financial statements			
	Leasehold right on land	Computer software	Computer software under development	Total
Cost				
As at December 31, 2017	-	52,220,532	10,684,027	62,904,559
Increase	-	21,933,813	84,000	22,017,813
Increase from acquisition	8,713,714	-	-	8,713,714
Decrease	-	-	-	-
Transfer in (out)	-	-	-	-
As at December 31, 2018	8,713,714	74,154,345	10,768,027	93,636,086
Accumulated amortization				
As at December 31, 2017	-	(26,376,597)	-	(26,376,597)
Increase	-	(11,180,553)	-	(11,180,553)
Increase from acquisition	(604,017)	-	-	(604,017)
Decrease	-	-	-	-
As at December 31, 2018	(604,017)	(37,557,150)	-	(38,161,167)
Net book value				
As at December 31, 2017		25,843,935	10,684,027	36,527,962
As at December 31, 2018	8,109,697	36,597,195	10,768,027	55,474,919

Baht			
Separate financial statements			
	Computer software	Computer software under development	Total
Cost			
As at December 31, 2017	47,004,781	10,375,027	57,379,808
Increase	21,922,644	-	21,922,644
Decrease	-	-	-
Transfer in (out)	-	-	-
As at December 31, 2018	68,927,425	10,375,027	79,302,452
Accumulated amortization			
As at December 31, 2017	(25,470,245)	-	(25,470,245)
Increase	(9,665,377)	-	(9,665,377)
Decrease	-	-	-
As at December 31, 2018	(35,135,622)	-	(35,135,622)
Net book value			
As at December 31, 2017	21,534,536	10,375,027	31,909,563
As at December 31, 2018	33,791,803	10,375,027	44,166,830

18 BANK OVERDRAFTS AND SHORT – TERM LOANS FROM FINANCIAL INSTITUTIONS

As at December 31, 2018 and 2017, bank overdrafts and short – term loans from financial institutions were as follows:

Baht			
Consolidated financial statements		Separate financial statements	
	2018	2017	
Bank overdrafts	-	329,773	-
Promissory notes			
(interest rate of MMR p.a.)	1,510,105,099	1,040,414,962	1,441,272,158
Discounted bill of exchange			
(interest rate of MMR p.a.)	-	250,000,000	-
Trust receipts	1,633,912	37,023,314	1,633,912
Total	1,511,739,011	1,327,768,049	1,442,906,070

19 OTHER PAYABLES

Other payables, as follows

Baht			
Consolidated financial statements		Separate financial statements	
	2018	2017	
Accrued expenses	266,229,741	258,602,527	115,524,797
Payable on purchase of assets	4,316,943	21,648,976	4,316,943
Total	270,546,684	280,251,503	119,841,740

20 LIABILITIES UNDER FINANCE LEASE AGREEMENTS

	Baht	
	Consolidated and Separate financial statements	
	2018	2017
Liabilities under finance lease agreements	99,370,931	139,706,414
Less : deferred interest	(8,248,906)	(14,829,626)
	91,122,025	124,876,788
Less : current portion due within one year	33,308,341	(39,536,293)
Liabilities under finance lease agreements, net of current portion	57,813,684	85,340,495

	Consolidated and separate financial statements (Baht)					
	2018			2017		
	Principal	Deferred	Total	Principal	Deferred interest	Total
1 – 5 years	57,813,684	3,671,745	61,485,429	85,340,495	1,908,332	87,248,827
Over 5 years	–	–	–	–	–	–
Total	57,813,684	3,671,745	61,485,429	85,340,495	1,908,332	87,248,827

21 LONG – TERM LOANS FROM FINANCIAL INSTITUTIONS

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Loan of the Company				
Loan from a local bank no. 1	442,400,000	374,060,000	442,400,000	374,060,000
Loan from a local bank no. 2	25,282,332	–	25,282,332	–
Loan from a local bank no. 3	300,000,000	–	300,000,000	–
Loan of the Subsidiary in Vietnam				
Loan from a foreign bank	20,991,322	–	–	–
	788,673,654	374,060,000	767,682,332	374,060,000
Less Current portion	(190,127,426)	(127,660,000)	(181,818,070)	(127,660,000)
Long – term loans, net	598,546,228	246,400,000	585,864,262	246,400,000

The Company :

Loan from a local bank no.1

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.

Loan from a local bank is secured by the mortgage of land, building and machineries.

Loan from a local bank no.2

On June 4, 2018, the Company had entered into a loan agreement with a local bank in the amount of Baht 30 million being used to funding for the Company, the interest at the rate 4.25 p.a..

The principals and interest are repayable amount minimum Baht 0.89 million in monthly commencing from the date of the first installment on June 2018.

Loan from a local bank is unsecured.

Loan from a local bank no.3

On August 1, 2018, the Company had entered into a loan agreement with a local bank in the amount of Baht 300.00 million being used to funding for the Company and its subsidiaries. The Company is able to drawdown the loan in installment when necessary with interest at the rate of SPRL – 4.55% p.a.. The principal is repayable on each drawdown date (on August 2018) as follow :

- 1rd – 12th installment grace period for all principle, which interest is repayable in monthly.
- 13th – 60th installment, the principal and interest are repayable amount Baht 6.70 million in monthly.

Loan from a local bank is secured by a subsidiary in Thailand.

Subsidiary in Vietnam :

On November 7, 2013 (the date before the acquisition date), Long Quan Safe Food JSC ("LQSF") had entered into a loan agreement with a local bank in Vietnam such additional in the amount VND 4,500.00 million. The interest is on the market rate. The principal and interest are repayable in quarterly and paid within 5 years commencing from the date of the first installment (at the end of November, 2013).

Later, on August 19, 2015 (the date before the acquisition date), Long Quan Safe Food JSC ("LQSF") had entered into a loan agreement with a local bank in Vietnam such additional in the amount VND 2,400.00 million. The interest is on the market rate. The principal and interest are repayable in quarterly and paid within 5 years commencing from the date of the first installment (at the end of August, 2015).

Later, on October 16, 2015 (the date before the acquisition date), Long Quan Safe Food JSC ("LQSF") had entered into a loan agreement with a local bank in Vietnam such additional in the amount VND 4,100.00 million. The interest is on the market rate. The principal and interest are repayable in quarterly and paid within 5 years commencing from the date of the first installment (at the end of October, 2015).

Later, on October 25, 2017 (the date before the acquisition date), Long Quan Safe Food JSC ("LQSF") had entered into a loan agreement with a local bank in Vietnam such additional in the amount VND 20,700.00 million. The interest is on the market rate. The principal and interest are repayable in quarterly and paid within 5 years commencing from the date of the first installment (at the end of October, 2015).

These loan are secured by the mortgage for construction.

22 PROVISIONS FOR EMPLOYEE BENEFITS

Movement in the present value of the provisions for employee benefits for the years ended December 31, 2018 and 2017 as follows:

	Million Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Provisions for employee benefits at beginning of the years	67.14	67.42	58.71	57.21
Benefits paid	(4.79)	(6.23)	(4.79)	(4.02)
Current service cost and interest	9.93	6.69	8.01	5.52
Past service cost	19.51	-	16.61	-
Decrease from disposal of investment in subsidiary	-	(0.74)	-	-
Actuarial losses (gains) on defined employee benefits plans	4.53	-	2.62	-
Provisions for employee benefits at end of years	96.32	67.14	81.16	58.71

Expenses recognised in the income statement for the years ended December 31, 2018 and 2017 are as follows:

	Million Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Current service costs	7.62	4.66	6.24	3.78
Interest cost	2.31	2.03	1.77	1.74
Total	9.93	6.69	8.01	5.52

- Principal actuarial assumptions as at December 31, 2018 and 2017 as follows:

	Million Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate	2.36 - 3.14	3.00	2.36	3.00
Salary increase rate	2.50 - 4.00	2.50 - 4.00	2.50 - 4.00	2.50 - 4.00
Employee turnover rate	0 - 50.00*	0 - 24.00*	0 - 19.00*	0 - 24.00*
Mortality rate	TMO2017***	TMO2008**	TMO2017***	TMO2008**

* Based on the weighted average by age group of employees

** Reference from TMO2008 : Thai Mortality Ordinary Table 2008

*** Reference from TMO2017 : Thai Mortality Ordinary Table 2017

- Sensitivity analysis of significant actuarial assumptions
Significant actuarial assumptions for sensitivity analysis are discount rate, salary increase rate, employee turnover 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, 2018 as follows:

- If the discount rate increases (decreases) by 0.5%, the

provisions for employee benefits in Consolidated financial statements would increase Baht 4.30 million (decrease Baht 4.61 million) and Separate financial statements would increase Baht 3.52 million (decrease Baht 3.77 million).

- If the salary increase rate increases (decreases) by 0.5%, the provisions for employee benefits in Consolidated financial statements would increase Baht 4.56 million (decrease Baht 4.29 million) and Separate financial statements would increase Baht 3.80 million (decrease Baht 3.58 million).

- If the employee turnover rate increases (decreases) by 10%, the provisions for employee benefits in Consolidated financial statements would increase Baht 3.20 million (decrease Baht 3.47 million) and Separate financial statements would increase Baht 2.66 million (decrease Baht 2.88 million).

- If the life expectancy increases (decreases) by one year for all employees, the provisions for employee benefits in Consolidated financial statements would increase Baht 0.02 million (decrease Baht 0.02 million) and Separate financial statements would increase Baht 0.02 million (decrease Baht 0.02 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.

On December 13, 2018, the National Legislative Assembly approved draft of Labour Protection Act. The main point is increasing the rate of benefit of an employee who has past service 20 years or more from 300 days to 400 days. At the present, the draft is in the process of announcement in the Government Gazette. However, the Company has amended its post – employment benefits plan to conform with the draft, effecting to increasing of the provisions for employee benefits of the Company as of December 31, 2018. The Company have recorded the effect of the change by recognizing post service cost as expenses immediately in the income statement.

23 SHARE CAPITAL

23.1 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.

23.2 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.

During the 1st quarter of year 2018, the Company had purchased back 4.00 million ordinary shares (par value of Baht 0.50 each), or 1.43% of the total number of issued and fully shares, for a total of Baht 114.34 million (excluded cost of repurchase treasury shares).

According to letter No. Gor Lor Tor. Chor Sor. (Vor) 2/2548 of the Office of the Securities and Exchange Commission, dated 14 February 2005, concerning the acquisition of treasury shares, a public limited company may purchase back treasury shares in an amount not exceeding the amount of its retained earnings and is to appropriate an equal amount of retained earnings to a reserve for treasury shares, which must be maintained until the Company either sells the treasury shares or reduced its paid – up share capital by an amount equal to the value of the treasury shares which it could not sell. As at 31 March 2018, the Company appropriated the full required amount of retained earnings to a reserve for the treasury shares amounting to Baht 114.34 million.

24 DIVIDEND PAID

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.

At the Annual General Meeting of Shareholders held on April 27, 2018, the shareholders had approved to pay the dividend amounted to Baht 70.00 million (280 million ordinary shares at Baht 0.25 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 68.99 million.

25 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.

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.

26 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

The Group contributed to the fund for the years ended December 31, 2018 and 2017 as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Provident fund contribution	7,226,965	6,851,437	5,802,636	5,758,185

27 TAX EXPENSE

Tax expense for the years ended December 31, 2018 and 2017, consisted of:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Current tax expense	702	57,684	-	57,205
Deferred tax expenses (income)				
of temporary differences	(97,636)	(11,707)	(75,295)	(2,091)
Adjustments recognized in the years				
for current tax of prior year	(8,628)	343	(8,628)	115
Deferred tax expenses (income)	(105,562)	46,320	(83,923)	55,229

Income tax relating to each component of other comprehensive income for the years ended December 31, 2018 and 2017, consisted of :

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax expenses (income) relating to:				
Actuarial gains losses on defined employee benefit plans	(886)	-	(524)	-
Deferred tax expenses (income)				
reported in other comprehensive income	(886)	-	(524)	-

Reconciliation between income tax expense and the product of accounting profit multiplied by the applicable tax rates for the years ended December 31, 2018 and 2017 as follows:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Accounting profit before tax	(352,712)	349,891	(241,052)	397,260
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by applicable tax rate	(70,542)	69,978	(48,210)	79,452
Tax effect of :				
– Tax exempted revenue	–	–	–	–
– Adjustments recognized in the years for current tax of prior year	(8,628)	343	(8,628)	115
– Non – deductible expenses	1,837	2,837	1,070	2,338
– Added deductible expenses	(28,229)	(26,838)	(28,155)	(26,676)
Tax expense reported in comprehensive income statement	(105,562)	46,320	(83,923)	55,229

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

	Thousand Baht	
	Consolidated financial statements	
	As at December 31, 2018	As at December 31, 2017
Deferred tax assets		
Allowance for doubtful accounts	970	1,189
Allowance for diminution in value of inventories	9,552	3,333
Allowance for impairment of investments	2,788	2,788
Loss on accumulated impairment	6,451	6,460
Provisions for employee benefits	19,194	13,428
Unused tax benefits on loss carry forward	95,937	13,262
Total	134,892	40,459
Deferred tax liabilities		
Revaluation in land plant	50,335	50,335
Accumulated depreciation resulting from change in the estimated useful lives of assets	5,130	9,219
Total	55,465	59,554

	Thousand Baht	
	Separate financial statements	
	As at December 31, 2018	As at December 31, 2017
Deferred tax assets		
Allowance for doubtful accounts	795	1,034
Allowance for diminution in value of inventories	6,746	2,899
Allowance for impairment of investments	2,788	2,788
Loss on accumulated impairment	4,607	4,617
Provisions for employee benefits	16,232	11,741
Unused tax benefits on loss carry forward	63,733	-
Total	94,901	23,079
Deferred tax liabilities		
Revaluation in land plant	49,141	49,141
Accumulated depreciation resulting from change in the estimated useful lives of assets	3,312	7,309
Total	52,453	56,450

As of December 31, 2018, its subsidiary's unused tax losses amount Baht 5.78 million for which no deferred tax assets are recognized due to the managements considered that it is not probable its subsidiary's future taxable profit will be available against which the unused tax losses can be utilized.

28 PROMOTIONAL PRIVILEGES

Malee Applied Sciences Company Limited ("subsidiary") 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 8 years starting from November 16, 2017.

No promotional privileged revenue occurred in the year 2017. For the year 2018, the subsidiary had loss before income tax amounted Baht 5.78 million.

29 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 23.1 to the financial statements is calculated as follows:

	Consolidated and separate financial statements (Shares)	
	2018	2019
Number of ordinary shares – as previously reported	280,000,000	140,000,000
Add adjusted number of ordinary shares from the change in par value	-	140,000,000
Number of ordinary shares – as restated	280,000,000	280,000,000
Less Treasury shares	3,419,178	-
Number of ordinary shares	276,580,822	280,000,000

30 FINANCIAL INFORMATION BY SEGMENT

The Group's 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 group for the years ended December 31, 2018 and 2017 and as at December 31, 2018 and 2017, broken down by geographic segment, are as follows:

Business segment information

Thousand Baht				
Consolidated financial statements				
For the year ended December 31, 2018				
	Segment			Total
	Agriculture products	Others	Eliminated	
Revenues from sales	5,557,294	1,189,448	(1,397,981)	5,348,761
Gross profit	993,773	195,082	(5,075)	1,183,780
Other incomes				47,215
Selling expenses				970,095
Administrative expenses				566,264
Finance costs				60,228
Shares of profit (loss) of from investment in associate and joint ventures				(14,535)
Tax expenses (income)				(105,562)
Profit (loss) for the year				(274,565)

Geographic segment information

Thousand Baht				
Consolidated financial statements				
For the year ended December 31, 2018				
	Sales – domestic	Sales – export	Eliminated	Total
Revenues from sale	4,794,012	1,952,730	(1,397,981)	5,348,761
Segment operating profit	821,264	367,591	(5,075)	1,183,780

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
Shares of profit (loss) from investment in associate and joint ventures				(22,160)
Tax expenses (income)				46,320
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

Information about major customers

For the year ended December 31, 2018, the Group' revenues from a customer. from domestic sales amounted Baht 551.49 million and revenues from export sales amounted Baht 593.47 million, from a customer.

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

	Million Baht					
	Consolidated financial statements					
	Domestic		Foreign		Total	
	2018	2017	2018	2017	2018	2017
Trade receivables, net	619.36	689.97	86.03	90.56	705.39	780.53
Property, plant and equipment, net					2,088.85	2,071.16
Other assets					1,728.66	1,538.17
Total assets					4,522.90	4,389.86

31 CREDIT FACILITIES

Credit facilities granted to the Group 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 Group.

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

32 COMMITMENTS AND CONTINGENT LIABILITIES

32.1 Commitments

a) As at December 31, 2018, the Group 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 2018 – 2035. Future minimum payments under the leases are as follows:

	Periods (Million Baht)					
	Consolidated financial statements			Separate financial statements		
	Not later than one year	Later than one year and not later than five years	More than five year	Not later than one year	Later than one year and not later than five years	More than five year
Lease agreements						
Head office buildings	19.49	62.07	205.56	15.00	61.50	205.56
Warehouses	25.95	35.58	–	16.80	24.00	–
Machineries	10.22	19.31	–	10.22	19.31	–

	Periods (Million Baht)					
	Consolidated financial statements			Separate financial statements		
	Not later than one year	Later than one year and not later than five years	More than five year	Not later than one year	Later than one year and not later than five years	More than five year
Lease agreements						
Office equipment	0.95	0.92	–	0.63	0.87	–
Vehicles	4.68	2.55	–	2.87	2.16	–
Service fees	7.43	–	–	6.82	–	–

Rental expenses and service fees under the above leases for the year ended December 31, 2018 amounted to Baht 72.66 million (the Company only : amounted to Baht 55.95 million).

b) As at December 31, 2018, the Group has the commitment from purchase of machineries amounted to Baht 25.29 million (the Company only : amounted to Baht 19.28 million).

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

32.2 Bank guarantees

As at December 31, 2018 and 2017, there were outstanding bank guarantees of approximately Baht 11.37 million and Baht 11.06 million, respectively issued by banks on behalf of the Company and its subsidiaries (the Company only : amounted to Baht 9.43 million and Baht 9.66 million, respectively) in respect of certain performance obligations as required in the ordinary course of its business.

32.3 Guarantee

As at December 31, 2018 and 2017, the Company had guaranteed Baht 75 million of loans obtained by a subsidiary from financial institutions. 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 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 Group's exposure to foreign currency risk arises mainly from trading transactions and loans that are denominated in foreign currencies.

As at December 31, 2018 and 2017, the Group is exposed to foreign currency risk primarily to foreign currency denominated financial assets and liabilities as follows:

33 FINANCIAL INSTRUMENTS

33.1 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 financial statements			
Foreign currency	Financial assets	Financial liabilities	Asset / liability exchange rate
			as at December 31, 2018 (Baht per foreign currency unit)
US dollar	887,617	1,255,670	32.28/32.61
Euro	-	141,359	36.76/37.49
			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

Separate financial statements			
Foreign currency	Financial assets	Financial liabilities	Asset / liability exchange rate
			as at December 31, 2018 (Baht per foreign currency unit)
US dollar	354,413	1,222,188	32.28/32.61
Euro	-	141,359	36.76/37.49
			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, 2018 and 2017, the Group have not the outstanding foreign currency sales and purchase agreement.

In addition to foreign currency transactional exposures, the Group is also exposed to foreign exchange movements on its net investment in foreign subsidiaries. As at December 31, 2018 and 2017, the Group does not hedge such exposures to foreign movement risk as it is minimal.

33.2 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.

34 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, 2018, the Group's debt to equity ratio was 2.80 : 1 (as at December 31, 2017 : 1.72 : 1) and the Company's was 2.40 : 1 (as at December 31, 2017 : 1.67 : 1).

35 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of Directors on February 26, 2019.







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