

Malee[®] BRAND

Loving Life

with

Nature's Secrets

Annual Report 2004
MALEE SAMPRAN
PUBLIC COMPANY LIMITED





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Malee's Vision

To be the processed food business leader in the region with internationally recognized brands.

Strategies

Gain Market share dramatically through :

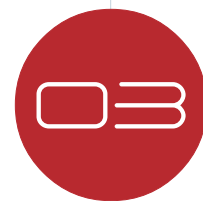
- Brand Expansion/ Acquisitions
- Strategic Alliances
- International Marketing
- Quality Products & Services
- Empowered Management System with Accountability



“Loving Life with Nature’s Secrets”

Malee learns through experience and research, we understand the benefits of nature’s fruits, and continue to rewarding you with nature’s best.

Financial Summary



| | 2004 | 2003 | 2002 |
|----------------------|-------|-------|-------|
| Total Revenue | 3,337 | 3,266 | 2,800 |
| Sales Revenue | 3,259 | 3,224 | 2,754 |
| Gross Profit | 629 | 583 | 489 |
| Net Earnings | 22 | (98) | (145) |
| Earnings Per Share | 0.4 | (2.0) | (2.9) |
| Book Value Per Share | 1.6 | 0.7 | 2.1 |
| Total Assets | 1,986 | 1,821 | 2,044 |
| Total Liabilities | 1,872 | 1,774 | 1,900 |
| Shareholders' Equity | 113 | 47 | 144 |

SIGNIFICANT FINANCIAL RATIO

| | | 2004 | 2003 | 2002 |
|-------------------------------|------|--------|---------|--------|
| LIQUIDITY RATIO | | | | |
| Current Ratio | Time | 0.6 | 0.5 | 0.6 |
| Quick Ratio | Time | 0.2 | 0.2 | 0.3 |
| Cashflow from Operation Ratio | Time | 0.04 | 0.06 | (0.02) |
| A/R Turnover Ratio | Time | 9.1 | 8.3 | 6.2 |
| Average Collection Period | Days | 39.6 | 43.5 | 58.0 |
| Inventory Turnover Ratio | Time | 4.6 | 5.1 | 4.7 |
| Average Age of Inventory | Days | 78.2 | 71.2 | 75.8 |
| A/P Turnover Ratio | Time | 2.8 | 3.0 | 2.7 |
| Average Payment Method | Days | 129.2 | 120.0 | 132.1 |
| Cash Cycle | Days | (11.4) | (5.2) | 1.7 |
| PROFITABILITY RATIO | | | | |
| Gross Profit Ratio | % | 19.3 | 18.1 | 17.8 |
| Net Profit Ratio | % | 0.7 | (3.0) | (5.2) |
| Return on Equity Ratio | % | 27.2 | (102.1) | (67.1) |
| EFFICIENCY RATIO | | | | |
| Return on Assets Ratio | % | 1.2 | (5.1) | (7.1) |
| Return on Fixed Assets Ratio | % | 17.0 | 4.4 | 0.2 |
| Assets Turnover Ratio | Time | 1.8 | 1.7 | 1.4 |
| FINANCIAL POLICY RATIO | | | | |
| Debt to Equity Ratio | Time | 16.5 | 37.6 | 13.2 |
| Debt Service Coverage Ratio | Time | 2.8 | 2.6 | 0.4 |
| Dividend Payout Ratio | % | 0.0 | 0.0 | 0.0 |

ABU

MBU

BBU

AGRO BUSINESS

The Agro Industry focuses on businesses relates to contract farming, corporate demonstration farm, GAP (Good Agriculture Practice) and food processing with GMP (Good Manufacturing Practices) with strict HACCP monitoring and control. With strong demand from overseas for safe and high quality products, most of the outputs are destined to major markets in Europe, USA, Canada, and Asia. Main export products are canned pineapple, pineapple juice concentrate, canned fruits, sweet corn kernel, fruit juices and nectar. Malee's agriculture and post harvest program help to ensure that the Company can maintain the best quality of raw materials from plow to shelf. It is our highest goal to provide 100% safe products to our customers.



MANUFACTURING BUSINESS

The Manufacturing Business unit is responsible for the manufacturing of beverage products under the company's own brand and those of its business alliances. With internationally recognized standard of production and adequate production capacity, Malee Sampran Public Company Limited is trusted by leading international business alliances to manufacture products on their behalf for distribution in Thailand and overseas.

BRAND BUSINESS

The Malee Brand business unit focuses on the marking and distribution of world class products under the brand name of Malee, whose product innovation has been know for the highest quality and vast product variety with several awards and recognition as guarantee of excellence.



AGRO BUSINESS



MANUFACTURING BUSINESS



BRAND BUSINESS



Message from the Honorary Chairman

I am pleased to express my sincere congratulations to the Company for the improving performance in 2004. Even though the profitable is not much, it shows that the Company has improved through management and productivity, and hopefully this will lead to a better future.

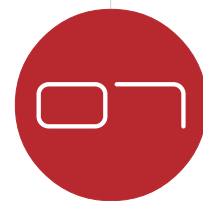
I would like to offer my best wishes to the Board of directors, management and staffs of Malee Sampran plc. and its subsidiaries for continuing success and prosperity of the Company in the years to come.

06



MR. VANCHAI CHIRATHIVAT
The Honorary Chairman

Message from the Chairman



2004 was a year of progress and changes for Malee Sampran Public Company Limited. The Company has implemented a e-business unit structure since June 2004; they are Manufacturing Business Unit, Agro-Business Unit and Branded Business Unit. The changes have led to a better company performance in the 3rd and 4th quarter 2004. As a result the Company becomes profitable in 2004, for the first time since 1997.

Going forward in the year 2005, I am confident that through tighter management and strategies being translated into actions, the Company will continue to improve both in revenue and profitability.

On behalf of Board of Directors, I would like to take this opportunity to thank the shareholders, customers, and business partners, for their invaluable loyalty and support. I would like also to acknowledge the immense individual and collective contribution of the management and staffs for the betterment of our company. We hope that Malee will continue to earn trust and loyalty from our consumers, business partners and the public in many years to come.

MR. CHATCHAI BOONYARAT
Chairman

General Information

MALEE SAMPRAN PUBLIC COMPANY LIMITED

Registration number Bor.Mor.Jor. 40

Abico Building, 2th Floor, 401/1 Phaholyothin Road, Lumlookka, Pathumthani 12130, Thailand
Tel. 662 992 5800 (16 lines), Fax. 662 992 5817 (central office), 662 992 5818-9 (export sales)
<http://www.malee.co.th>, E-mail: msc@malee.co.th

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

Share allotment 70,000,000 share, 50,000,000 ordinary share of Baht 10 par value and 20,000,000 preferred share of Baht 10 par value.



SUBSIDIARIES

MALEE ENTERPRISE COMPANY LIMITED

Abico Building, 3th Floor, 401/1 Phaholyothin Road, Lumlookka, Pathumthani 12130, Thailand.
Tel. 662 992 5821-32, Fax. 662 992 5833 (central office), 662 992 5834-5 (sales)
<http://www.malee.co.th>, E-mail: mec@malee.co.th

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

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

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

MALEE SUPPLY COMPANY LIMITED

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

Share allotment 175,000 ordinary shares of Baht 10 par value.

Number of shares held by the company 170,800 shares (97%)

ICON FOODS, LLC.

8070 La Jolla Shores Drive # 465, La Jolla, CA 92037. Tel. 1 858 456 3929, Fax. 1 858 777 3447
Dormant.

Importer of Canned pineapple

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

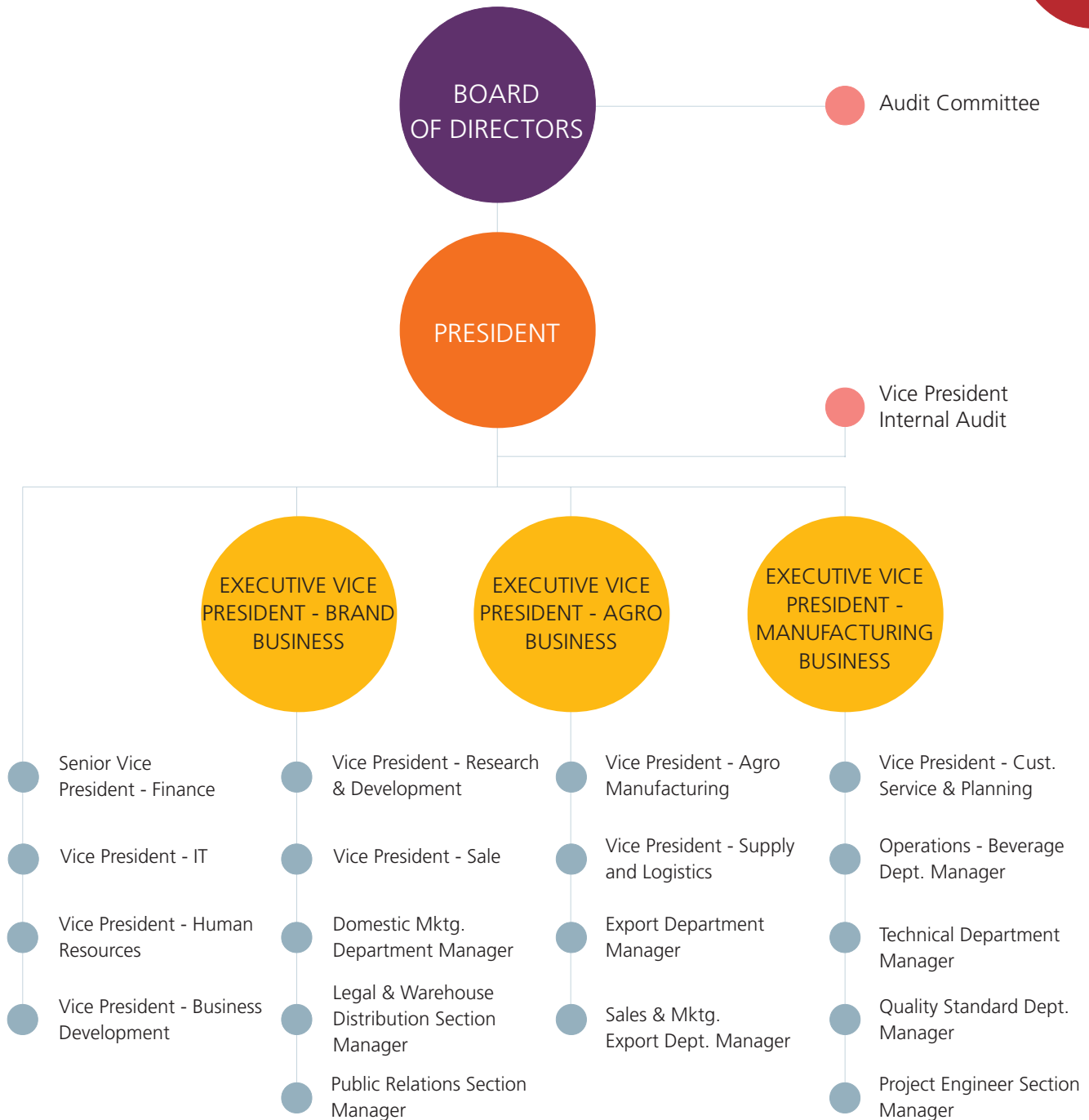
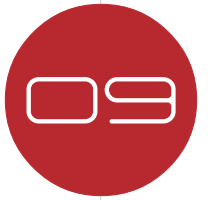
AFFILIATED COMPANY

ALLIANCE SALES (EUROPE) LIMITED

P.O. Box 146, Road Town, Tortola, British Virgin Islands. Tel./Fax. 32 10 62 01 72
Importer of pineapple juice concentrate.

Paid up capital USD 1,000,000. Number of shares held by the Company 20%

Organization Chart



Remark Effective on 29 December 2004

Nature of Business

Malee Sampran Public Company Limited is a manufacturer and distributor of canned fruits, fruit juices, and beverages. The Company manufactures several main product lines, namely canned pineapple, canned fruits, pineapple juice concentrate, canned sweet corn, fruit juices, UHT milk and other beverages. These products are marketed under the various trademarks. Products also are produced for both local and foreign customers under their trademarks.

Malee products are marketed internationally either through agents, or directly to customers. This has created world-wide acceptance of Malee brand products.

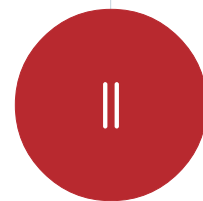
Malee Enterprise Co., Ltd. is a subsidiary responsible for the marketing of Malee brand products, and distribution of Malee products and Chokchai UHT milk.

Major events in 2004

- June 2004 For second consecutive year in the role, the Thai edition of Readers' Digest, one of the world's leading magazines, recognized "Malee" as one of the most trusted "Brandnames" in the consumers' minds. The survey was conducted with over 10,000 Readers' Digest readers/consumers in early 2004.
- July 2004 For the first time ever conducted in Thailand, SUPERBRANDS, the U.K. based independent consumer research company showed a survey which conducted in Thailand in early 2004 showing "Malee Brand" as the most favorite fruit juice brand in Thailand among many other big brandnames in other product categories.
- September 2004 The company launched second Canned Seasonal Fruits brand in Thailand called "First Choice". The product is positioned as a secondary/economy brand and is sold in the traditional trade market and HORECA (Hotel/Restaurant/Catering) outlets. This will enable the company to dwell down its canned seasonal fruits into the economy segment of the market whilst gaining overall market shares of canned seasonal fruits.
- November 2004 The company relaunched 100% Fruit and Vegetable Juices with the new "Twist Cap". The product is from SIG Combi Bloc and won 2003 awards for new product design and innovation in Germany. This was considered a major attempt for product improvement in packaging, showing continuous effort to satisfy consumers' needs.



Revenue Structure



| Consolidated | 2004 | | 2003 | | 2002 | |
|-------------------------------|--------------|------|--------------|------|--------------|------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| • Canned fruits | 1293 | 40% | 1,245 | 39% | 881 | 32% |
| • Beverages | 1738 | 54% | 1,724 | 54% | 1704 | 62% |
| • Pineapple juice concentrate | 206 | 6% | 233 | 7% | 159 | 6% |
| • Total Sales | 3,237 | 100% | 3,202 | 100% | 2,744 | 100% |

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



Industry Review and Trend in 2005



PINEAPPLE PRODUCTS

In 2004, the export of Thailand Pineapple Products was 0.4% increase. The export selling price was still stable due to the competitive selling prices from Indonesia. Cost of goods was increased from the rising price of pineapple because of raw material shortage and also from an increase in can price. In 2005, it is estimated that pineapple supply will be slightly increasing due to the effect of drought. An amount of pineapple supply will not meet demand because there are many new entrepreneurs in this business. Can prices will be increased and the Thai baht is getting stronger. Therefore, in order to keep making profit, entrepreneurs have to adjust their selling prices and control cost of goods sold.

CANNED SWEET CORN

In 2004, sweet corn export was 26% increase and the selling prices were slightly increased due to a competition from some countries, who are the manufacturers of sweet corn. Cost of goods was risen because of an increased in can price. In 2005, it is estimated/ believed that drought will affect raw material situation. Obviously, the result will be shown in the second quarter. Can price will be increased more and this will affect cost of goods in total. The strength of the Thai baht will cause an increase in selling price in 2005.

CANNED SEASONAL FRUIT

In the third quarter of 2004, the company launched the economy new brand of seasonal canned fruit called "First Choice" into domestic market. The product is sold in traditional trade and HORECA (Hotel/ Restaurant/Catering) outlets. The objective was to enable the company to maintain its premium product positioning for Malee Brand as well as gain the overall market share position from many cheaper brands in Thailand.

Sales values in 2004 were at parity with 2003; however, sales volume has grown 13% over 2003.



FRUIT AND VEGETABLE JUICES

For Malee 100% Fruit Juices, sales in 2004 have grown by 13% over 2003 in value and 22% by volume. The improvement of sales in 2004 were resulted from effective A&P spending and the fourth year campaign, "Miss Malee Confidence 2004" as well as the relaunch of 100% Fruit and Vegetable Juice in the new "Twist cap".

In 2004, Malee Veggies 100% and 40% Mixed Vegetable Juices, however, suffered drop in sales. This was because of the company was unable to maintain its premium pricing over 100% Fruit Juice and has later in the year repositioned to a parity pricing. In November 2004, the company launched the new improved version of Malee Veggies 100%, both Red and Green variants, by improving the quality, repackaged and added on "Twist cap". The company look forward to improvement in sales of 100% Malee Veggies in 2005.

CEREAL BEVERAGE

Malee I-Corn sales in 2004 in value dropped by 7% due to the fact that the company strategically repositioned its pricing from 12 Baht to 10 Baht per pack of 200 ml. of all 4 variants in March. However, with this strategy, it has paid back as sales in volume grew by 14% in 2004 compared to 2003. The success in volume gain in 2004 contributed also from the first TV advertising support for Malee I-Corn.

Shareholding Structure and Management

MAJOR SHAREHOLDERS AS OF DECEMBER 31, 2004

| NO. | NAME OF SHAREHOLDERS | NO. OF SHARE | PERCENTAGE |
|-----|---|--------------|------------|
| 1. | Thailand Securities Depository Co., Ltd., for Depositor | 21,588,549 | 30.84% |
| 2. | Abico Holdings Public Company Limited | 17,840,700 | 25.49% |
| 3. | Eastlake International Limited | 17,600,000 | 25.14% |
| 4. | Mr. Prayudh Auewattana | 8,000,000 | 11.43% |
| 5. | Wandsworth International Limited | 2,400,000 | 3.43% |
| 6. | CDI Co., Ltd. | 700,000 | 1.00% |
| 7. | Boon Malee Food Processing Company Limited | 600,346 | 0.86% |
| 8. | Other | 1,270,405 | 1.81% |
| | Total | 70,000,000 | 100.00% |

SHAREHOLDING BY THE DIRECTORS AS OF DECEMBER 31, 2004

| NAME | AS OF DEC 31, 2003 | AMOUNT CHANGE | AS OF DEC 31, 2004 |
|-------------------------------|--------------------|---------------|--------------------|
| 1. Mr.Chatchai Boonyarat | - | - | - |
| 2. Mr.Banchong Chittchang | - | - | - |
| 3. Mr.Peter Thomas | - | - | - |
| 4. Mrs.Chintana Boonyarat | - | - | - |
| 5. Mr.Prin Chirathivat | - | - | - |
| 6. Mr.Kitti Vilaivarangkul | - | - | - |
| 7. Professor Kesree Narongdej | - | - | - |
| 8. Mr.Narongchai Akrasanee | - | - | - |
| 9. Mr.Mati Tunpanich | - | - | - |



BOARD OF DIRECTORS

| | |
|----------------------------|----------------------|
| Mr.Chatchai Boonyarat | Chairman |
| Mr.Banchong Chittchang | Director |
| Mr.Peter Thomas | Director |
| Mrs.Chintana Boonyarat | Director |
| Mr.Prin Chirathivat | Director |
| Mr.Kitti Vilaivarangkul | Director |
| Professor Kesree Narongdej | Independent Director |
| Mr.Narongchai Akrasanee | Independent Director |
| Mr.Mati Tungpanich | Independent Director |

Remark : Mr. Jaru Wannawilas The Secretary to the Board of Directors

THE AUTHORITY AND DUTIES OF THE BOARD OF DIRECTOR

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

- Review and assess the company's strategy, major operational plan, risk assessment policy, annual budget and business plans. Follows up on the implementation of the plans, monitors the company performance. Monitors major investment expenditure, including joint venture agreements, and divestment of business.
- Nominate, determine the remuneration for, and evaluate management performance on a regular basis, (or if necessary, terminate the management). Review to ensure continuous management succession plan.
- Review the remuneration for Directors and management. Ensure that the Nomination process is done officially and transparency.

- Ensure the controlling system for finance and accounting is reliable. Including the assurance that the internal audit, risk assessment , financial control, and legal compliance process are adequate.
- Audit and resolve the issues of conflict of interest among management, the Board of Directors, and shareholders. This must also includes the issues of misuse of the company's assets and inappropriate related party's transaction.
- Appoint a suitable qualified person as a Director. Ensure that the structure and operational procedures comply with good governance and appropriate ethical standards.
- The Directors should make decision for the company's business with good judgment, being independent from the influence from management and other beneficiary group. They should allocate adequate time for the business and be attentive in performing their duties according to their responsibility.

THE AUTHORITY AND DUTIES OF THE AUDIT COMMITTEE

- Review the company's financial reports to ensure that they are correct and complete
- Ensure that the company operations are properly managed and controlled with greatest efficiency
- Ensure that the company operates in keeping with all relevant rules, regulations and laws
- Ensure that no conflict of interest arises
- Identify, research and propose an appropriate external auditor
- Prepare an annual report by the Audit Committee for inclusion in the Company Annual report
- Perform other duties as requested by the Board of Directors of the Company

NOMINATION OF DIRECTORS

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

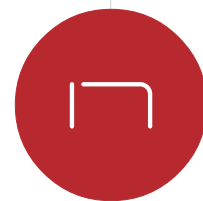
Each shareholder shall have a number of votes equal to the number of shares held.

The appointment of a director may be processed by voting to elect one or several persons as director or directors as deemed appropriate by the shareholder meeting. However, each shareholder must exercise all the votes he has under item 1 and cannot divide his votes to any person particularly.

The candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be elected as directors equivalent to be elected. If there is a tie in the last to be elected and this exceeds the said number of directors, the presiding Chairman shall have an additional casting vote.

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

In the case of a vacancy on the Board of Directors for reasons otherwise than by rotation, the Board of Directors shall elect any person who is qualified and not subject to the prohibited qualifications under law on public limited company as the substitute director at the subsequent Board of Directors meeting, unless the



remaining term of office of the said director is less than two (2) months. The aforesaid substitute director shall retain his office only for the remaining term of office of the director whom he replaces. The resolution of the Board of Directors under the first paragraph shall consist of votes of note less than three-fourths (3/4) of the remaining directors.

REMUNERATION FOR DIRECTORS AND MANAGEMENT

Directors' remuneration in 2004, for 8 persons, was Baht 3,130,000

Management's remuneration in 2004, for 14 persons, was Baht 26,587,850

(as of 31 December 2004 total managements are 14 persons)

THE BOARD OF DIRECTORS OF MALEE SAMPRAM PUBLIC COMPANY LIMITED.

| NAME OF BOARD OF DIRECTORS | DURATION OF TENURE IN 2004 | 2004 ATTENDANCE BOARD MEETINGS |
|-------------------------------|-------------------------------|-----------------------------------|
| 1. Mr.Chatchai Boonyarat | January - December | 4/4 |
| 2. Mr.Banchong Chittchang | January - August | 3/4 |
| 3. Mr.Peter Thomas | January - December | 1/4 |
| 4. Mrs.Chintana Boonyarat | January - December | 4/4 |
| 5. Mr.Prin Chirathivat | January - December | 3/4 |
| 6. Mr.Kitti Vilaivarangkul | May - December | 4/4 |
| 7. Professor Kesree Narongdej | January - December | 2/4 |
| 8. Mr.Narongchai Akrasanee | January - December | 3/4 |
| 9. Mr.Mati Tungpanich | January - December | 2/4 |

THE AUDIT COMMITTEE OF MALEE SAMPRAM PUBLIC COMPANY LIMITED.

| NAME OF AUDIT COMMITTEE | DURATION OF TENURE IN 2004 | 2004 ATTENDANCE AUDIT COMMITTEE MEETING |
|-------------------------------|-------------------------------|---|
| 1. Professor Kesree Narongdej | January - December | 4/4 |
| 2. Mr.Mati Tungpanich | January - December | 3/4 |
| 3. Mr.Narongchai Akrasanee | May - December | 3/4 |

GOOD GOVERNANCE

POLICY ON CORPORATE GOVERNANCE

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

1. Operates with consideration to the rights and equality of shareholders and other stakeholders, such as employees, trading partners, community, and creditors, by:

- 1.1 Protecting the shareholders' interest, and treating all shareholders equally. Refrain from limiting shareholders to have access to the company information, and to attend shareholders' meeting.
- 1.2 Ensuring that those rights of the stakeholders are protected and well practiced.
- 1.3 Providing written documents to show the company's responsibilities to stakeholders.
- 1.4 Presenting the timely information on important issues, which have significant impacts to stakeholders. The reports must be presented with simplicity and consistency.

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

2.1 The Board of Directors is comprised of Executive Director and Non-Executive Directors. A number of the Non-Executive Directors will be assigned by the Board of Directors to independently review and give comments against the conflicts of interest, which may occur. The tasks are such as reporting on the company financial matters by the Audit Committee, nomination of Board members by the Nomination Committee, remuneration for Directors and the management by the Remuneration Committee.

2.2 To practice in accordance to the law, and the objectives, rules and regulations of Malee Sampran Public Co., Ltd.

2.3 Accountable to manage important and specific issues as follows:

- Review and assess the company's strategy, major operational plans, risk assessment policy, annual budget and business plans. Follows up on the implementation of the plans, monitors the company performance. Monitors major investment expenditure, including joint venture agreements, and divestment of business.
- Nominate, determine the remuneration for, and evaluate management performance on a regular basis, (or if necessary, terminate the management). Review to ensure continuous management succession plan.
- Review the remuneration for Directors and management. Ensure that the nomination process is done officially and with transparency.
- Ensure the controlling system for finance and accounting is reliable. Including the assurance that the internal audit, risk assessment, financial control, and legal compliance processes are adequate.
- Audit and resolve the issues of conflict of interest among management, the Board of Directors, and shareholders. This must also includes the issues of misuse of the company's assets, and inappropriate related party's transaction.
- Appoint a suitable and qualified person as a Director. Ensure that the structure and operational procedures comply with good governance and appropriate ethical standards.

- The Directors should make decision for the company's business with good judgment, being independent from the influence from management and other beneficiary group. They should allocate adequate time for the business and be attentive in performing their duties according to their responsibility.

3. Information disclosure and transparency:

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

4. Controlling and risk management system.

The Board of Directors has the responsibility to identify risks in the business, and to ensure that the company has the process to manage the risks, by:

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

5. Business Ethics:

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

CODE OF ETHICS

MALEE GROUP

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

CONTROL OF INTERNAL INFORMATION

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

EMPLOYEES

| | |
|--|------------------|
| Number of Employees as at 31 December 2004 | 1,964 persons |
| Employee Costs for the year 2004 | Baht 269,082,732 |

Internal Control System

The Company's Board of Directors' opinion of the sufficiency of internal control system. The Company has its internal audit department, responsible for the internal audit of the Company, reporting directly to the Office of the President. Moreover, to promote the unit's independency in auditing operations of each department, the Board of Directors stipulates that the internal audit department reports its operations and activities to the internal audit committee.

In the board of directors meeting no.1/2004 on February 24, 2004, the board evaluated that the Company has the internal audit department, responsible for improving and developing and assessment of the internal control system. The Company has arranged for the evaluation in five areas. These are environment and organization management, risk management, empowerment and operation control of the management, information technology and communication, and monitoring of the results to ensure that the Company operation is in accordance with the Company objectives.



Related Transactions

Please see notes to consolidated financial statements as at 31 December 2004 for No. 4. Related Party Transactions and No. 5. Trade Accounts and Notes Receivable.

RELATED PARTY TRANSACTIONS

During the years, the Company had significant trading transactions with its subsidiaries and related companies (related by way of share holding or common shareholders or common directors). Such transactions, mainly in respect of sales of goods with the gross profit of approximately 5 - 15 percent, have been concluded on the basis as agreed upon by the Company and those companies. The significant related party transactions are under the ordinary course of business and are summarized below:-

(Unit : Million Baht)

| | PRICING POLICY | 2004 | 2003 |
|---|--------------------------------|------|------|
| Transactions with subsidiary | | | |
| (Eliminated in the consolidated financial statements) | | | |
| Sales of goods | Cost plus margin | 661 | 570 |
| Service income | Agreed upon basis | 0.5 | 2 |
| Transactions with related companies | | | |
| Sales of goods | With reference to market price | - | 2 |
| Building rental expenses | Contract price | 6 | 7 |

The outstanding balances of the above transactions have been separately shown in the balance sheets.

TRADE ACCOUNTS AND NOTES RECEIVABLE

Included in the allowance for doubtful accounts of Baht 35 million was debt receivables from a related company (trade account receivables totaling of approximately Baht 36 million as of 31 December 2004 is past due) which is in the process of negotiation for additional debt repayment. Most of the Company's and its subsidiaries' account receivables, which account for 76 % of net trade account receivables, are undue. The company's management believes that such allowance for doubtful accounts is adequate in the current circumstances.



Board of Directors

MR. CHATCHAI BOONYARAT

Chairman

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

Currently, apart from being the Chairman of the Company and group of companies, he is also Director of National Food Institute; Vice Chairman, Thai Chamber of Commerce; Chairman, SME Committee, Thai Chamber of Commerce; Chairman, Committee on Food and Agriculture, Thai Chamber of Commerce; Chairman, Committee on Enhancing Entrepreneurial Capability, Thai Chamber Of Commerce; Committee on the University of the Thai Chamber of Commerce; and Director of the Royal Craft International.

MR. BANCHONG CHITTCHANG

Director

Graduated with a Bachelor's Degree in Mechanical Engineering (2nd Class Honors) from Chulalongkorn University, and Master's Degree in Mechanical Engineering from University of Akron, Ohio, USA and also participated in the Directors Certification Program DPC 7/2001 from Thai Institute of Directors Association. Formerly, working for Goodyear (Thailand) Ltd.; Fedders (Thailand) Ltd.; Foremost Dairies (Bangkok) Co., Ltd.; and as Managing Director of Inchcape Manufacturing Ltd.

Currently, apart from holding the position of President of Malee Sampran plc; Director of Malee Enterprise Co., Ltd. and Malee Supply Co., Ltd.; also as Vice Chairman of Food Processing Industry Club, Federation of Thai Industries; and Councillor, Thailand Management Association.

Remark : Mr. Banchong Chittchang resigned as director 20 August 2004

MR. PETER THOMAS

Director

Graduated with a Bachelor's Degree of Commerce from the University of Auckland, New Zealand. Mr. Thomas joined CSFB in 1980 and has held various positions including being Chief Executive of CSFB Australia Limited; Chairman of CSFB New Zealand; and Chairman of CSFB Asia/Pacific; and Head of Private Equity in the Asia/Pacific region. In 2002, Mr Thomas retired from CSFB. He now works for a Company that consults to CSFB and serves as a Director on several Boards of Companies in some of which Credit Suisse First Boston is an investor, including Malee Sampran Plc.

MRS. CHINTANA BOONYARAT

Director

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

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

MR. PRIN CHIRATHIVAT

Director

Graduated with a Bachelor's Degree in Accounting from Skidmore College, USA and Master Degree in Business Administration from Sasin Graduate Institute of Business Administration and also participated in the Directors Certification Program DPC 2/ 2000 from Thai Institute of Directors Association.

Currently, Executive Director-Finance of Central Group of Companies; Executive Director of Central Pattana Public Company Limited; Executive Director of Fabrica Co., Ltd.; Director and Executive Director of Central Retail Corporation Co.,Ltd ; Director of General Card Services Limited; Director of Central Plaza Hotel Public Company Limited; Advisory Committee of Market for Alternative Investment (MAI); Chairman of Audit Committee of Bua Luang Security Public Company Limited; and Director of GE Capital Thailand Limited.

MR. KITTI VILAIVARANGKUL

Director

Graduated with a Bachelor's Degree in Accounting from Ramkhamhaeng University (2nd Class Honors) and Master Degree in Business Administration from Thammasat University. Formerly working for Siam Commercial Bank Public Co., Ltd. and Singburi Sugar Co., Ltd.

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

PROFESSOR KESREE NARONGDEJ

Independent Director

Graduated with a Bachelor's Degree in Accounting and Commerce from Thammasat University, and Master's Degree in Professional Accounting from the University of Texas at Austin, and also participated in the Directors Certification Program DCP 2/2000 from Thai Institute of Directors Association.

Currently, President of the Institute of Certified Accountants and Auditors of Thailand; Board Member of International Federation of Accountant (IFAC); Member of the Audit Supervision Board for CPA; Member of the State Enterprise Capital Policy Committee; Member of the Energy Fund Administration Institute Public Organization Committee; Member of the Public Accounting Standard and Policy Committee; Chairman of the Audit Committee Bank of Thailand; Advisor of the Audit Committee - The Government Savings Bank and Thai Airways International Public Company Limited etc.

MR. NARONGCHAI AKRASANEE

Independent Director

Graduated with a Bachelor's Degree in Economics University of Western Australia; Master's Degree and Ph.D in Economics from Johns Hopkins University, USA. Formerly the Minister of Commerce; Chairman of the Board and Chief Executive Officer of General Finance & Securities Plc; Member of APEC Business Advisory Council; Member of the Board of Directors, Securities and Exchange Commission (SEC); Vice Chairman of ASEAN Chambers of Commerce and Industry (ASEAN-CCI); Member of the Board of Directors of Office of the Board of Investment (BOI).

Currently, the Chairman of Seranee Holdings Co., Ltd.; Advisor to the Deputy Prime Minister on Economic Affairs; Advisor to the Board of the Federation of Thai Industries (FTI); Board Member of Schiller-Stamford International University; Independent Director of Malee Sampran Plc.; Chairman of MFC Asset Management Plc.; and Independent Director and Audit Committee of KPN Automotive Co., Ltd.

MR. MATI TUNGPANICH

Independent Director

Graduated with a Bachelor's Degree in Architecture from Chulalongkorn University, pursued his Master Degree in Architecture from Massachusetts Institute of Technology (MIT), USA; and later on joined the National Defense College of Thailand. During 1996-1997 he served as Chairman of the Advisory Board to the Prime Ministry on Urban Development. He was the first President of Federation of Design and Construction Services of Thailand from 2000-2002.

He is currently as Independent Director of Malee Sampran Plc.; and serving as advisor to the Deputy Prime Minister (General Chaovalit Yongjaiyut); Advisor to the Thai City Planner Society; and President of Council of Architect of Thailand.

Management Discussion and Analysis



OPERATING PERFORMANCE ANALYSIS

Summary result of 2004, the total sales were Baht 3,259.3 million increasing in Baht 34.8 million or 1.1% comparing with year 2003. The gross profit of Baht 628.8 million or 19.3%, which were 1.2% higher than the last year due to the higher export selling price. The selling and administration expenses were Baht 640.4 million, lower by Baht 24.9 million or 3.7%, resulted from the decreasing of some expenses such as export, advertising and promotion expenses.

The company has a net profit of Baht 21.8 million, improving when compare with year 2003 which were loss of Baht 97.5 million.

FINANCIAL STATUS ANALYSIS

(unit: million Baht)

| BREAKDOWN OF ASSETS | 2004 | | 2003 | |
|----------------------------------|---------|-------|---------|-------|
| Account receivables | 364.7 | 18.4% | 352.4 | 19.4% |
| Inventories | 642.0 | 32.3% | 500.5 | 27.5% |
| Investments | 47.6 | 2.4% | 44.0 | 2.4% |
| Land awaiting future development | 115.6 | 5.8% | 96.3 | 5.3% |
| Assets awaiting sales | 11.5 | 0.6% | 31.4 | 1.7% |
| Property, plant and equipment | 714.0 | 36.0% | 717.1 | 39.4% |
| Others | 90.3 | 4.5% | 79.2 | 4.3% |
| Total Assets | 1,985.7 | 100% | 1,820.9 | 100% |

The account receivables and inventories were Baht 12.3 million and Baht 141.5 million higher than the previous year respectively. Most of the inventories were sweet corn and pineapple products as export sales increased. Most of the investments were fixed deposits to secure credit facilities granted by the banks. The land awaiting future development increased by Baht 19.3 million resulted from the re-valuation by the independent appraisal.

THE QUALITY OF ASSETS

ACCOUNT RECEIVABLES

The total net account receivables at the year end were Baht 364.7 million, of which Baht 153.6 million were overdue, compared with the overdue amount of Baht 133.9 million at the end of 2003. The overdue amount increased due to higher sales revenue and slightly late payment of some account receivables. Furthermore, the company still has debt owed by a related company at Baht 35 million. The Company is still pursuing the debt repayment. However, the Company has set aside allowance of Baht 35 million for doubtful debts which included such related company. The Company's management believes that such amount is adequate in the current circumstances.

ASSETS AWAITING SALES

The total net assets awaiting sales at year end were Baht 25.7 million. Most of them were idle equipment and machinery. For reasons of prudence, the Company has set aside an allowance for impairment loss of Baht 14.2 million for these assets. The Company's management believes that such amount is adequate in the current circumstances.

LIQUIDITY

The Company has cash flow from operating activities of Baht 72.8 million slightly lower than the previous year as a result of an increased in inventories and account receivables. The working capital ratio was 0.59 slightly higher than the previous year due to convert part of short-term debt to long-term debt to improve its liquidity.

CAPITAL EXPENDITURES

The investment was made in machineries and equipments at the Banpaeng plant, which would improve sweet corn production capacity and transportation. In addition, the investment was made in "Twist Cap", new product design and innovation. The rest of the expenditures were made to repair and maintain the plant and equipment to ensure the efficiency of the production facilities, and to achieve the good manufacturing practices (GMP) and international quality standards, e.g. ISO and HACCP.

THE SOURCE OF FUND

Cash generated from operating activities were used to repay Baht 7.5 million of short-term loans, and Baht 41.9 million of long-term loans, totaling Baht 49.4 million.

THE APPROPRIATENESS OF CAPITAL STRUCTURE

The debt to equity of the Company was 16.5 times lower than the previous year. The Company has managed to reduce inventory to the appropriate level, reduce expenses, and to improve EBITDA to reduce its debts with continuing effort to sell idle assets to raise cash.

LIABILITIES

The Company still has high leverage. However, the EBITDA has turned to be positive, resulting from the continuing efforts to improve the Company operation. The debts which are mainly short-term loans are used as a working capital for operating activities. The Company yet converts part of short-term debt to long-term one to improve the balance sheet. The Company has been trying to improve an operating performance and some part of profits will be deducted in order to pay debt.

Risk Factors

1. RAW MATERIALS

The main raw materials, i.e. fruits and sweet corn, are depend on weather condition. There are always some uncertainties of the raw material supply quantity and prices. The shortages could cause delays of the shipments. And since the farm output quality usually would deteriorate under adverse weather condition, the shortage could also cause reduced margin to food manufacturers. The Company has already set up contract farming programs in order to secure raw material supply, and has focused on production planning to match the raw material seasons.

2. FORWARD EXPORT SALES

Major export customers of canned fruits and canned sweet corn, especially the supermarket chains, always prefer to have purchase contracts for products to be delivered throughout their selling seasons, or some time for the whole year. This could adversely affect the Company profitability due to the uncertainty of raw material supply. It is necessary to manage the period of sales and the forward sales carefully. The Company has a policy to limit the forward export selling to be within 3-6 months.

3. LOSS OF CONTRACT MANUFACTURING CLIENTS

The contract manufacturing business will have a definite expiration date. Loss of contract manufacturing could affect the revenue. However, the Company has so far been able to satisfy the clients' needs both in terms of quality and quantity, at reasonable prices. The concept of sharing the fixed costs, and to manufacture with the economy of scale, is very synergistic among the Company and the clients. The company has maintained good relationship with the existing customers. We have also been working with potential customers for the canned and UHT beverage products, to further utilize the production capacity to the highest possible level.

4. EXCHANGE RATE

One-third of the Company revenue came from export sales, mainly in US dollar. The Company has managed to hedge its export revenue up to the limit of the credit facility, in order to reduce the exchange rate risk.

5. MODERN TRADE DOMINANCE

Due to the rapid growth of large supermarket chains in Thailand, sales through this channel has grown substantially. However, the profit margins have been reduced due to the higher A&P expenditure. The Company has to carefully manage the product costs to maintain the margins.



Audit Committee Report

SUBMITTED TO THE BOARD OF DIRECTORS OF MALEE SAMPRAN
PUBLIC COMPANY LIMITED
FEBRUARY 22, 2005

The Audit Committee performed its duties and had responsibilities as assigned by the Board of Directors. Its principal tasks are to ensure the accuracy, completeness, adequacy and reliability of the Company's financial statements, to ensure that the Company maintains a suitable and efficient internal control system, in compliance with relevant laws and regulations to prevent conflicts of interest, to select and appoint the Company's external auditor, and to perform any other duties as assigned by the Company's Board of Directors.

In 2004, the Company has reviewed an operating system for the management of warehouse, the management of fixed asset, the credit and account receivable system, the management for export, the raw material extension and development sweet corn and pineapple to be more efficiency. The Audit Committee held 4 meetings and reviewed the Company's quarterly and the fiscal year 2004 financial statements with the Company's external auditor to present to the Company's Board of Directors. The Audit Committee also acknowledged the resulted of the internal audit and comments from the internal auditors, and discussed with the Company's management regarding the compliance with relevant laws and regulations, including transactions which may cause conflicts of interest.

The Audit Committee has proposed to the Board of Directors to appoint Mr.Ruth Chaowanagawi, Mr.Narong Puntawong or Mr.Supachai Phanyawattano of Ernst & Young as the Company's auditor for the year 2005, upon further approval at an ordinary general meeting of shareholders.

On Behalf of the Audit Committee



PROFESSOR KESREE NARONGDEJ
Chairperson of the Audit Committee

Other References

OTHER REFERENCES

Securities Registrar
Thailand Securities Depository Co., Ltd.
4th Floor, The Stock Exchange of Thailand Bldg.
62 Rajadapisek Road, Klongteoy, Bangkok 10110
Tel. 0 2359 1200

AUDITOR

Mr.Supachai Phanyawattano
Certified Public Account (Thailand) No. 3930
Mr.Ruth Chaowanagawi
Certified Public Account (Thailand) No.3247
Ernst & Young Office Limited 33rd Floor,
Lake Rajada Road, Bangkok 10110
Tel. 0 2264 0777

LEGAL ADVISER

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



Events & PR Activities



Events & PR Activities

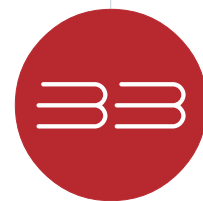




Financial Statements

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Report of Independent Auditor



TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF MALEE SAMPRAN PUBLIC COMPANY LIMITED

I have audited the accompanying consolidated balance sheets of Malee Sampran Public Company Limited and its subsidiaries as at 31 December 2004 and 2003, the related consolidated statements of earnings, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Malee Sampran Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Malee Sampran Public Company Limited and its subsidiaries and of Malee Sampran Public Company Limited as at 31 December 2004 and 2003, the results of their operations, and cash flows for the years then ended, in accordance with generally accepted accounting principles.

Without qualifying my opinion on the financial statements referred to above, I draw attention to the fact that, as discussed in Note 1, the Company and its subsidiaries have a significant deficit and their current liabilities significantly exceed their current assets. The management of the Company and its subsidiaries are considering how to restructure operations and believe that the problems faced can be resolved. However, there remain significant uncertainties which could rise to doubt with regard to the ability of the Company and its subsidiaries to continue as going concerns and whether the realization of assets and settlement of liabilities will occur in the ordinary course of business.

SUPACHAI PHANYAWATTANO

Certified Public Account (Thailand) No. 3930

Ernst & Young Office Limited

Bangkok : 21 February 2005

Balance Sheets

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND SUBSIDIARIES

As at 31 December 2004 and 2003

| | NOTE | CONSOLIDATED | | THE COMPANY ONLY | |
|---|------|----------------------|----------------------|----------------------|----------------------|
| | | 2004 Baht | 2003 Baht | 2004 Baht | 2003 Baht |
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | | 6,223,034 | 17,589,724 | 665,048 | 9,203,373 |
| Trade accounts and notes receivable | | | | | |
| Subsidiaries | 4 | - | - | 244,615,138 | 199,324,721 |
| Related parties | 4 | 42,934,604 | 43,205,352 | 42,934,604 | 43,205,352 |
| Unrelated parties | | 386,359,324 | 370,382,431 | 116,341,158 | 107,728,013 |
| Less : Allowance for doubtful accounts | | (64,565,020) | (61,208,685) | (43,800,000) | (41,000,000) |
| Trade accounts and notes receivable, net | 5 | 364,728,908 | 352,379,098 | 360,090,900 | 309,258,086 |
| Inventories, net | 6 | 642,028,138 | 500,487,979 | 585,044,613 | 443,761,913 |
| Other current assets | | | | | |
| Export incentive receivable | | 13,570,761 | 11,653,848 | 13,570,761 | 11,653,848 |
| Other accounts receivable | | 25,543,996 | 5,047,406 | 19,955,645 | 4,861,456 |
| Input tax refundable | | 3,550,224 | 6,670,212 | 3,550,224 | 6,670,212 |
| Others | | 22,834,109 | 24,538,345 | 18,967,698 | 17,550,428 |
| TOTAL CURRENT ASSETS | | 1,078,479,170 | 918,366,612 | 1,001,844,889 | 802,959,316 |
| NON-CURRENT ASSETS | | | | | |
| Restricted bank deposits | 7 | 43,269,288 | 39,617,674 | 43,269,288 | 39,617,674 |
| Investments accounted for under equity method | 8 | | | | |
| Subsidiary | | - | - | - | 19,826,827 |
| Associated company | | 4,375,417 | 4,389,018 | 4,375,417 | 4,389,018 |
| Land awaiting future development, net | 9 | 115,569,860 | 96,284,969 | 115,569,860 | 96,284,969 |
| Assets awaiting sales, net | 10 | 11,544,954 | 31,419,187 | 11,544,954 | 31,419,187 |
| Property, plant and equipment, net | 11 | 714,019,567 | 717,126,239 | 709,873,309 | 712,224,496 |
| Other non-current assets | | | | | |
| Deposits | | 13,441,617 | 9,074,587 | 10,462,062 | 5,984,995 |
| Others | | 4,980,853 | 4,606,359 | 4,795,356 | 4,494,578 |
| TOTAL NON-CURRENT ASSETS | | 907,201,556 | 902,518,033 | 899,890,246 | 914,241,744 |
| TOTAL ASSETS | | 1,985,680,726 | 1,820,884,645 | 1,901,735,135 | 1,717,201,060 |

The accompanying notes are an integral part of the financial statements.

Balance Sheets (Continued)

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND SUBSIDIARIES

As at 31 December 2004 and 2003



| | NOTE | CONSOLIDATED | | THE COMPANY ONLY | |
|--|------|----------------------|----------------------|----------------------|----------------------|
| | | 2004 | 2003 | 2004 | 2003 |
| | | Baht | Baht | Baht | Baht |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| CURRENT LIABILITIES | | | | | |
| Bank overdrafts and short-term loans | | | | | |
| from financial institutions | | 555,783,684 | 656,093,771 | 492,109,184 | 584,837,883 |
| Trust receipts | | 58,699,548 | 50,457,000 | 58,699,548 | 50,457,000 |
| Trade accounts payable | | 1,007,735,504 | 879,643,178 | 1,005,900,882 | 878,326,677 |
| Current portion of hire-purchase creditors | | 2,333,678 | 673,518 | 2,203,778 | 507,918 |
| Current portion of long-term loans | 12 | 37,650,000 | 23,400,000 | 37,650,000 | 23,400,000 |
| Other current liabilities | | | | | |
| Accrued expenses and accrued interest | | 80,437,207 | 73,808,985 | 47,477,390 | 51,608,846 |
| Other accounts payable | | 63,395,998 | 48,645,159 | 40,561,648 | 30,053,581 |
| Reserve for liability from guarantee | 22.5 | 12,000,000 | 24,000,000 | 12,000,000 | 24,000,000 |
| Others | | 2,010,956 | 2,826,792 | 1,501,632 | 2,826,792 |
| TOTAL CURRENT LIABILITIES | | 1,820,046,575 | 1,759,548,403 | 1,698,104,062 | 1,646,018,697 |
| NON-CURRENT LIABILITIES | | | | | |
| Hire-purchase creditors, net of current portion | | 6,893,278 | 515,244 | 6,893,278 | 414,444 |
| Long-term loans, net of current portion | 12 | 45,434,830 | 13,650,000 | 45,434,830 | 13,650,000 |
| Provision for loss from investments in subsidiaries | 8 | - | - | 37,996,922 | 9,946,921 |
| TOTAL NON-CURRENT LIABILITIES | | 52,328,108 | 14,165,244 | 90,325,030 | 24,011,365 |
| TOTAL LIABILITIES | | 1,872,374,683 | 1,773,713,647 | 1,788,429,092 | 1,670,030,062 |

The accompanying notes are an integral part of the financial statements.

Balance Sheets (Continued)

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND SUBSIDIARIES

As at 31 December 2004 and 2003

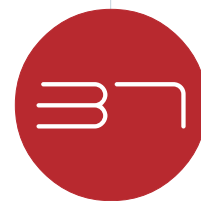
| | NOTE | CONSOLIDATED | | THE COMPANY ONLY | |
|--|------|----------------------|----------------------|----------------------|----------------------|
| | | 2004 Baht | 2003 Baht | 2004 Baht | 2003 Baht |
| SHAREHOLDERS' EQUITY | | | | | |
| Share capital | | | | | |
| Registered | | | | | |
| 79,999,000 ordinary shares of Baht 10 each | 13 | 799,990,000 | 799,990,000 | 799,990,000 | 799,990,000 |
| 20,000,000 non-cumulative, convertible preference shares of Baht 10 each | | 200,000,000 | 200,000,000 | 200,000,000 | 200,000,000 |
| | | 999,990,000 | 999,990,000 | 999,990,000 | 999,990,000 |
| Issued and fully paid | | | | | |
| 50,000,000 ordinary shares of Baht 10 each | | 500,000,000 | 500,000,000 | 500,000,000 | 500,000,000 |
| 20,000,000 non-cumulative, convertible preference shares of Baht 10 each | | 200,000,000 | 200,000,000 | 200,000,000 | 200,000,000 |
| Paid-in capital | | | | | |
| Share premium | | 347,500,000 | 347,500,000 | 347,500,000 | 347,500,000 |
| Revaluation surplus | 11 | 171,009,035 | 126,606,156 | 171,009,035 | 126,606,156 |
| Translation adjustment | | 593,273 | 703,334 | 593,273 | 703,334 |
| Retained earnings | | | | | |
| Appropriated - statutory reserve | | 8,180,000 | 8,180,000 | 8,180,000 | 8,180,000 |
| Deficit | | (1,113,976,265) | (1,135,818,492) | (1,113,976,265) | (1,135,818,492) |
| TOTAL SHAREHOLDERS' EQUITY | | 113,306,043 | 47,170,998 | 113,306,043 | 47,170,998 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 1,985,680,726 | 1,820,884,645 | 1,901,735,135 | 1,717,201,060 |

The accompanying notes are an integral part of the financial statements.

Earnings Statements

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND SUBSIDIARIES

For the Years Ended 31 December 2004 and 2003



| | CONSOLIDATED | | THE COMPANY ONLY | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2004 | 2003 | 2004 | 2003 |
| | Baht | Baht | Baht | Baht |
| REVENUES | | | | |
| Sales | 3,259,273,639 | 3,224,498,743 | 3,064,176,235 | 2,952,915,888 |
| Reversal of allowance for impairment loss | 20,964,175 | - | 20,964,175 | - |
| Share of profit from investments | | | | |
| accounted for under equity method | - | - | 7,983,426 | 23,042,161 |
| Other income | 56,963,640 | 41,642,432 | 47,410,662 | 35,308,138 |
| TOTAL REVENUES | 3,337,201,454 | 3,266,141,175 | 3,140,534,498 | 3,011,266,187 |
| EXPENSES | | | | |
| Cost of sales | 2,630,442,068 | 2,641,905,782 | 2,647,043,882 | 2,668,279,368 |
| Selling and administrative expenses | 640,370,020 | 665,309,208 | 374,459,353 | 387,668,907 |
| Directors' remuneration | 15 3,130,000 | 3,330,000 | 3,130,000 | 3,330,000 |
| Share of loss from investments | | | | |
| accounted for under equity method | 13,601 | 30,907 | 55,763,794 | 30,907 |
| TOTAL EXPENSES | 3,273,955,689 | 3,310,575,897 | 3,080,397,029 | 3,059,309,182 |
| EARNINGS (LOSS) BEFORE INTEREST EXPENSES | 63,245,765 | (44,434,722) | 60,137,469 | (48,042,995) |
| INTEREST EXPENSES | (41,403,538) | (53,069,921) | (38,295,242) | (49,461,648) |
| NET EARNINGS (LOSS) FOR THE YEAR | 16 21,842,227 | (97,504,643) | 21,842,227 | (97,504,643) |
| BASIC EARNINGS PER SHARE | | | | |
| Net earnings (loss) | 3.12 0.44 | (1.95) | 0.44 | (1.95) |
| DILUTED EARNINGS PER SHARE | | | | |
| Net earnings (loss) | 3.12 0.31 | (1.95) | 0.31 | (1.95) |

The accompanying notes are an integral part of the financial statements.



Statements of Changes in Shareholders' Equity

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND SUBSIDIARIES

For the Years Ended 31 December 2004 and 2003

(Unit : Baht)

CONSOLIDATED/THE COMPANY ONLY

| | Issued and paid-up share capital | | Share premium | Revaluation surplus | Translation adjustment | Retained earnings | | Total |
|---|----------------------------------|-------------------|---------------|---------------------|------------------------|-------------------|-----------------|--------------|
| | Ordinary shares | Preference shares | | | | Appropriated | Deficit | |
| Balance as at 31 December 2002 | 500,000,000 | 200,000,000 | 347,500,000 | 126,606,156 | (177,684) | 8,180,000 | (1,038,313,849) | 143,794,623 |
| Unrealised items in earnings statements | | | | | | | | |
| Translation adjustment | - | - | - | - | 881,018 | - | - | 881,018 |
| Net loss for the year | - | - | - | - | - | - | (97,504,643) | (97,504,643) |
| Balance as at 31 December 2003 | 500,000,000 | 200,000,000 | 347,500,000 | 126,606,156 | 703,334 | 8,180,000 | (1,135,818,492) | 47,170,998 |
| Revaluation surplus | - | - | - | 44,402,879 | - | - | - | 44,402,879 |
| Unrealised items in earnings statements | | | | | | | | |
| Translation adjustment | - | - | - | - | (110,061) | - | - | (110,061) |
| Net earnings for the year | - | - | - | - | - | - | 21,842,227 | 21,842,227 |
| Balance as at 31 December 2004 | 500,000,000 | 200,000,000 | 347,500,000 | 171,009,035 | 593,273 | 8,180,000 | (1,113,976,265) | 113,306,043 |

The accompanying notes are an integral part of the financial statements.

Statements of Cash Flows

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND SUBSIDIARIES

For the Years Ended 31 December 2004 and 2003



| | CONSOLIDATED | | THE COMPANY ONLY | |
|---|---------------|--------------|------------------|--------------|
| | 2004 | 2003 | 2004 | 2003 |
| | Baht | Baht | Baht | Baht |
| Cash flows from (used in) operating activities | | | | |
| Net earnings (loss) | 21,842,227 | (97,504,643) | 21,842,227 | (97,504,643) |
| Adjustments to reconcile net earnings (loss) | | | | |
| to net cash provided by | | | | |
| (paid from) operating activities :- | | | | |
| Share of (profit) loss from investments | | | | |
| accounted for under equity method | 13,601 | 30,907 | 47,780,368 | (23,011,254) |
| Provision for obsolete inventories | 22,048,414 | 5,369,565 | 18,093,056 | 3,405,859 |
| Loss on obsolete inventories | 16,533,840 | 17,021,935 | 3,341,185 | 7,127,148 |
| Allowance for doubtful accounts | 3,356,335 | 412,536 | 2,800,000 | - |
| Other reserve | - | 2,000,000 | - | 2,000,000 |
| Depreciation | 114,907,547 | 123,308,722 | 113,152,290 | 120,288,828 |
| Amortisation | 6,377,684 | 11,999,056 | 6,061,010 | 11,808,634 |
| Gain on sales of fixed assets | (4,903,366) | (9,427,799) | (4,912,648) | (665,889) |
| Unrealised loss (gain) on exchange | (2,057,633) | 1,514,914 | (2,057,633) | 1,514,914 |
| Reversal of allowance for impairment loss | (20,964,175) | - | (20,964,175) | - |
| Allowance for impairment loss | 3,379,284 | - | 3,379,284 | - |
| Written-off fixed assets | 558,770 | - | 558,770 | - |
| | 161,092,528 | 54,725,193 | 189,073,734 | 24,963,597 |
| Operating assets (increase) decrease | | | | |
| Trade accounts and notes receivable | (16,406,143) | 46,409,106 | (54,332,812) | 43,377,529 |
| Inventories | (180,122,413) | 22,129,250 | (162,716,941) | 49,398,114 |
| Other current assets | (20,083,153) | 24,684,163 | (17,496,318) | 25,200,281 |
| Other assets | (7,161,868) | (1,437,198) | (7,187,453) | (2,022,250) |
| Operating liabilities increase (decrease) | | | | |
| Trade accounts payable | 128,092,326 | (1,529,759) | 127,574,205 | (2,501,324) |
| Other current liabilities | 7,431,942 | (44,957,985) | (7,813,431) | (32,911,530) |
| Net cash flows from operating activities | 72,843,219 | 100,022,770 | 67,100,984 | 105,504,417 |

The accompanying notes are an integral part of the financial statements.

Statements of Cash Flows (continued)

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND SUBSIDIARIES

For the Years Ended 31 December 2004 and 2003

| | CONSOLIDATED | | THE COMPANY ONLY | |
|---|--------------|--------------|------------------|--------------|
| | 2004 | 2003 | 2004 | 2003 |
| | Baht | Baht | Baht | Baht |
| Cash flows from (used in) investing activities | | | | |
| (Increase) decrease in restricted | | | | |
| bank deposits | (3,651,614) | 29,010,288 | (3,651,614) | 28,117,638 |
| Translation adjustment | (110,061) | 881,018 | - | - |
| Acquisition of property, plant | | | | |
| and equipment | 56,480,525) | (54,516,163) | (55,598,263) | (53,084,520) |
| Proceeds from sales of fixed assets | 20,828,315 | 12,766,839 | 20,825,205 | 3,776,203 |
| Net cash flows used in investing activities | (39,413,885) | (11,858,018) | (38,424,672) | (21,190,679) |
| Cash flows from (used in) financing activities | | | | |
| Increase (decrease) in bank overdrafts, | | | | |
| short-term loans from financial institutions | | | | |
| and trust receipts | 4,680,509 | (55,558,813) | 4,680,533 | (55,558,647) |
| Cash paid to factoring payable | (7,581,363) | (416,918) | - | - |
| Cash paid to long-term loans | (41,895,170) | (23,400,000) | (41,895,170) | (23,400,000) |
| Net cash flows used in financing activities | (44,796,024) | (79,375,731) | (37,214,637) | (78,958,647) |
| Net increase (decrease) in cash and | | | | |
| cash equivalents | (11,366,690) | 8,789,021 | (8,538,325) | 5,355,091 |
| Cash and cash equivalents at | | | | |
| beginning of year | 17,589,724 | 8,800,703 | 9,203,373 | 3,848,282 |
| Cash and cash equivalents at end of year | 6,223,034 | 17,589,724 | 665,048 | 9,203,373 |
| Supplemental cash flows information :- | | | | |
| Cash paid during the year for | | | | |
| Interest | 41,773,505 | 63,419,128 | 38,665,208 | 59,810,856 |
| Corporate income tax | 61,592 | 146,502 | 33,726 | 107,329 |
| Non-cash transaction | | | | |
| Revaluation surplus on land increase | | | | |
| as a revaluation during the year | 44,402,879 | - | 44,402,879 | - |
| Debt settlement by land | - | 26,424,969 | - | 26,424,969 |

The accompanying notes are an integral part of the financial statements.

Notes to Consolidated Financial Statements

MALEE SAMPRAN PUBLIC COMPANY LIMITED AND SUBSIDIARIES

41

1. GENERAL INFORMATION

The Company was incorporated as a limited company under the Thai Civil and Commercial Code on 2 February 1978, and changed its status to a public company under the Public Limited Company Act on 17 September 1992. The Company operates in Thailand, and its principal activity is the manufacture and distribution of canned fruit and fruit juices.

The financial statements show that the Company and its subsidiaries have a significant deficit and their current liabilities significantly exceed their current assets. The management of the Company and its subsidiaries are considering how to restructure operations and believe that the problems faced can be resolved and the accompanying financial statements have been prepared on the going concern basis.

2. BASIS OF CONSOLIDATION

2.1 The consolidated financial statements included the financial statements for the year ended 31 December 2004 of Malee Sampran Public Company Limited (hereinafter called "the Company") and all its subsidiaries as follows :-

| | COUNTRY OF INCORPORATION | PERCENTAGE OWNED BY THE COMPANY | NATURE OF BUSINESS | SUBSIDIARY'S TOTAL ASSETS AS A PERCENTAGE TO THE CONSOLIDATED TOTAL | SUBSIDIARY'S TOTAL REVENUES AS A PERCENTAGE TO THE CONSOLIDATED TOTAL |
|------------------------------------|--------------------------|---------------------------------|-----------------------|---|---|
| • Malee Enterprise Company Limited | Thailand | 99.99 | Distributor | 16 | 26 |
| • Malee Supply Company Limited | Thailand | 97.60 | Distributor (Dormant) | - | - |
| • Icon Foods, LLC. | USA | 99.00 | Distributor (Dormant) | 0.2 | - |

2.2 Outstanding balances between the Company and the subsidiary companies, significant intercompany transactions, and investment balances in the Company's records and share capital of the subsidiary companies are eliminated from the consolidated financial statements.

2.3 The financial statements of subsidiary and associated companies denominated in foreign currency have been translated into Thai Baht at the exchange rates ruling on the balance sheet date or at the average rates, as appropriate in each case. Differences arising from such translation have been shown separately under the caption of "Translation adjustment" in shareholders' equity.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting standards pronounced by the Institute of Certified Accountants and Auditors of Thailand which are effective under the Accounting Act B.E. 2543.

Significant accounting policies adopted by the Company and its subsidiaries are summarized below :-

3.1 Sales

Sales represent the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

3.2 Export incentive receivable

Export incentive, in the form of tax coupons, is recognized as revenue when the relevant export shipment is made.

3.3 Accounts receivable - trade and allowance for doubtful accounts

Accounts receivable - trade are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated collection losses that may be incurred in collection of receivables. The allowance is based on collection experience and the current status of receivables outstanding at the balance sheet date.

3.4 Inventories

Finished goods and work in process are valued at the lower of cost (average method) and net realisable value. Such cost includes all production costs and attributable factory overheads.

Raw materials, packing materials, spare parts and factory supplies are valued at the lower of cost (FIFO method) and net realisable value and constitute part of production cost whenever consumed.

3.5 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or revaluation less accumulated depreciation and impairment loss (if any).

Land is initially recorded at cost and subsequently revalued by an independent appraiser to its fair value. Revaluations are to be made with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value at the balance sheet date.

The differences arising from 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 the heading of "Revaluation surplus". However, a revaluation increase will be recognized as income to the extent that it reverses a revaluation decrease of land previously recognized as an expense.
- When carrying amount of land is decreased as a result of a revaluation, such decrease is recognized as an expense. However, a revaluation decrease will be charged directly against the related "Revaluation surplus" to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of land.

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

The Company recognizes impairment loss if events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation of plant and equipment is calculated by reference to their costs using the following methods and rates :-

| | Method | Percent per annum |
|------------------------------------|---------------|-------------------|
| Land and buildings improvement | Straight-line | 20 |
| Buildings acquired prior to 1990 | Declining | 5 |
| Buildings acquired since 1990 | Straight-line | 5 |
| Machinery, equipment and furniture | Straight-line | 10 and 20 |
| Motor vehicles | Straight-line | 20 |

No depreciation is provided for land and construction in progress.

3.6 Amortisation

Pallets and packages are stated at cost less accumulated amortisation. Amortisation of pallets and packages is calculated on the straight-line method over periods of 3 and 5 years.

3.7 Foreign currencies

Foreign currency transactions incurred during the year are translated into Baht at the exchange rates ruling on the transaction dates. Assets and liabilities dominated in foreign currencies outstanding at the balance sheet date are translated into Baht at the exchange rates ruling on the balance sheet date, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gains and losses on exchange are included in determining earnings.

3.8 Investments

Investments in subsidiaries (as reflected in the separate financial statements of the Company) and associated company are stated under the equity method.

Investments in other companies are stated at cost. A provision for impairment loss will be made when the fair value of an investment is lower than its cost.

3.9 Derivatives

The Company enters into forward exchange contracts to reduce its exposure to exchange risk. Premiums or discounts (the difference between the spot exchange rate and the forward exchange rate at inception of the contract) are deferred and amortised as revenues or expenses to the earnings statements over the term of the contract using the straight-line method.

3.10 Cash and cash equivalents

Cash and cash equivalents include cash, cash at banks and financial institutions with an original maturity of 3 months or less and not subject to restrictions.

3.11 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates for certain accounting transactions, affecting amounts reported in the accompanying financial statements and notes related thereto. Subsequent actual results may differ from these estimates.

3.12 Earnings per share

Basic earnings per share is determined by dividing net earnings (loss) for the year by the number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing net earnings for the year, after adjusting for the effect of transactions relating to dilutive potential ordinary shares, by the number of ordinary shares in issue during the year plus the weighted average number of ordinary shares to be issued for conversion of dilutive potential ordinary shares into ordinary shares (The dilutive potential ordinary shares do not include the Company's warrants since it expired on 15 December 2003, without having been exercised).

No disclosure of diluted loss per share for the year 2003 is made as its effect is antidilutive.

Reconciliation of diluted earnings per share

| | NET EARNINGS (LOSS) | | WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES | | EARNINGS (LOSS) PER SHARE | |
|--|---------------------|---------------|--|-----------------|---------------------------|------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| | THOUSAND BAHT | THOUSAND BAHT | THOUSAND SHARES | THOUSAND SHARES | BAHT | BAHT |

For the years ended 31 December 2004 and 2003

Basic earnings per share

| | | | | | | |
|---------------------|--------|----------|--------|--------|------|--------|
| Net earnings (loss) | 21,842 | (97,505) | 50,000 | 50,000 | 0.44 | (1.95) |
|---------------------|--------|----------|--------|--------|------|--------|

Effect of dilutive ordinary shares

| | | | | | | |
|--|---|---|--------|--------|--|--|
| 20,000,000 non-cumulative, convertible preference shares | - | - | 20,000 | 20,000 | | |
|--|---|---|--------|--------|--|--|

Diluted earnings per share

| | | | | | | |
|--|--------|----------|--------|--------|------|--------|
| Net earnings (loss) of ordinary shareholders assuming the conversion of dilutive potential ordinary shares | 21,842 | (97,505) | 70,000 | 70,000 | 0.31 | (1.95) |
|--|--------|----------|--------|--------|------|--------|

4. RELATED PARTY TRANSACTIONS

During the years, the Company had significant trading transactions with its subsidiaries and related companies (related by way of share holding or common shareholders or common directors). Such transactions, mainly in respect of sales of goods with the gross profit of approximately 5 - 15 percent, have been concluded on the basis as agreed upon by the Company and those companies. The significant related party transactions are under the ordinary course of business and are summarized below :-

(Unit : Million Baht)

| | PRICING POLICY | 2004 | 2003 |
|---|--------------------------------|------|------|
| Transactions with subsidiary | | | |
| (Eliminated in the consolidated financial statements) | | | |
| Sales of goods | Cost plus margin | 661 | 570 |
| Service income | Agreed upon basis | 0.5 | 2 |
| Transactions with related companies | | | |
| Sales of goods | With reference to market price | - | 2 |
| Building rental expenses | Contract price | 6 | 7 |

The outstanding balances of the above transactions have been separately shown in the balance sheets and are as follows :-

(Unit : Baht)

| | CONSOLIDATED | | THE COMPANY ONLY | |
|--|--------------|------------|------------------|-------------|
| | 2004 | 2003 | 2004 | 2003 |
| Trade accounts and notes receivable | | | | |
| Subsidiaries | | | | |
| Malee Enterprise Co., Ltd. | - | - | 239,256,280 | 193,893,755 |
| Icon Foods, LLC. | - | - | 5,358,858 | 5,430,966 |
| | - | - | 244,615,138 | 199,324,721 |
| Related companies | | | | |
| Chokchai Milk Limited | 35,075,691 | 35,240,691 | 35,075,691 | 35,240,691 |
| Pina Sales Corporation | 7,858,913 | 7,964,661 | 7,858,913 | 7,964,661 |
| | 42,934,604 | 43,205,352 | 42,934,604 | 43,205,352 |
| Total | 42,934,604 | 43,205,352 | 287,549,742 | 242,530,073 |

Chokchai Milk Limited is not now related to the Company, either through having common shareholders or common directors.

5. TRADE ACCOUNTS AND NOTES RECEIVABLE

As at 31 December 2004 and 2003, the aging of outstanding balances was as follows :-

(Unit : Baht)

| | CONSOLIDATED | | THE COMPANY ONLY | |
|--|--------------|--------------|------------------|--------------|
| | 2004 | 2003 | 2004 | 2003 |
| Age of receivables | | | | |
| Not yet due | 275,712,291 | 279,637,096 | 296,867,250 | 273,486,116 |
| Past due | | | | |
| Up to 3 months | 76,922,555 | 67,878,517 | 51,254,589 | 27,117,265 |
| 3 - 6 months | 9,859,623 | 1,385,601 | 6,104,771 | 521,049 |
| 6 - 9 months | 1,390,909 | 232,454 | - | - |
| Longer than 9 months | 65,408,550 | 64,454,115 | 49,664,290 | 49,133,656 |
| Total | 429,293,928 | 413,587,783 | 403,890,900 | 350,258,086 |
| Less : Allowance for doubtful accounts | (64,565,020) | (61,208,685) | (43,800,000) | (41,000,000) |
| Trade accounts and notes receivable, net | 364,728,908 | 352,379,098 | 360,090,900 | 309,258,086 |

The management of the Company and its subsidiaries believe that such allowance for doubtful accounts is adequate in the current circumstances.

Included in the trade accounts receivable of a subsidiary as at 31 December 2004 was approximately Baht 72 million (2003: Baht 80 million) receivable from customers, which was sold at a discount to financial institutions.



6. INVENTORIES

(Unit : Baht)

| | CONSOLIDATED | | THE COMPANY ONLY | |
|---|--------------|-------------|------------------|-------------|
| | 2004 | 2003 | 2004 | 2003 |
| Finished goods | 569,522,756 | 408,349,680 | 508,583,874 | 349,659,909 |
| Raw materials | 18,611,353 | 18,134,759 | 18,611,353 | 18,134,759 |
| Packing materials | 53,044,155 | 58,496,613 | 53,044,155 | 58,496,613 |
| Spare parts and factory supplies | 22,908,919 | 20,876,491 | 22,908,919 | 20,876,491 |
| Total | 664,087,183 | 505,857,543 | 603,148,301 | 447,167,772 |
| Less : Provision for obsolete inventories | (21,059,045) | (5,369,564) | (17,103,688) | (3,405,859) |
| Provision for diminution in value of inventories | (1,000,000) | - | (1,000,000) | - |
| Inventories, net | 642,028,138 | 500,487,979 | 585,044,613 | 443,761,913 |

As at 31 December 2004 the Company pledged inventories of approximately Baht 67 million (2003 : Baht 75 million) to secure short-term loans from financial institutions.

7. RESTRICTED BANK DEPOSITS

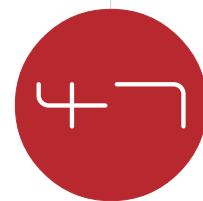
As at 31 December 2004, the Company pledged its fixed deposits totaling approximately Baht 43 million (2003 : Baht 40 million) to secure credit facilities granted by banks.

8. INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD / PROVISION FOR LOSS FROM INVESTMENTS IN SUBSIDIARIES

These represent investments in the ordinary shares of the following companies :-

(Unit : Baht)

| COMPANY'S NAME | ISSUE AND PAID-UP SHARE CAPITAL | INVESTMENTS | | | |
|---|---------------------------------|-------------|-------------|---------------|-------------|
| | | COST METHOD | | EQUITY METHOD | |
| | | 2004 | 2003 | 2004 | 2003 |
| Subsidiaries | | | | | |
| Malee Enterprise Company Limited | 100,000,000 | 99,988,000 | 99,988,000 | (35,923,366) | 19,826,827 |
| Malee Supply Company Limited | 1,750,000 | 1,708,000 | 1,708,000 | (436,123) | (436,842) |
| Icon Foods, LLC. | USD 50,500 | 1,291,000 | 1,291,000 | (1,637,433) | (9,510,079) |
| | | 102,987,000 | 102,987,000 | (37,996,922) | 9,879,906 |
| Associated company | | | | | |
| Alliance Sales Europe Limited (20 percent share holding) | USD 200,000 | 8,984,325 | 8,984,325 | 4,375,417 | 4,389,018 |
| | | 8,984,325 | 8,984,325 | 4,375,417 | 4,389,018 |



The investments in an overseas subsidiary and overseas associated company were accounted for under the equity method based on financial statements which were prepared by those companies' management and were not audited by their auditors. The Company believes that there the value of the investments would not have differed significantly if the financial statements had been audited by auditors since the subsidiary has ceased its operations while the associated company has not yet commenced operations.

9. LAND AWAITING FUTURE DEVELOPMENT

(Unit : Baht)

| | 2004 | 2003 |
|--|--------------------|-------------------|
| Acquisition cost | 185,786,744 | 185,786,744 |
| Less : Allowance for impairment loss on land awaiting future development | (70,216,884) | (89,501,775) |
| Land awaiting future development, net | <u>115,569,860</u> | <u>96,284,969</u> |

During the current year, the Company hired an independent appraiser to appraise the fair value of land awaiting future development, for which the Company previously recorded allowance for impairment loss of approximately Baht 89.5 million in the earnings statement. The fair market value of the aforementioned land awaiting future development per the report of this appraiser was approximately Baht 21 million higher than its book value. The Company therefore reversed the above allowance for impairment loss as a separate item in the earnings statement.

10. ASSETS AWAITING SALES

(Unit : Baht)

| | 2004 | 2003 |
|--------------------------------------|-------------------|-------------------|
| Net book value | 25,744,954 | 44,919,187 |
| Less : Allowance for impairment loss | (14,200,000) | (13,500,000) |
| Assets awaiting sales, net | <u>11,544,954</u> | <u>31,419,187</u> |

The outstanding balance consists of idle equipment and a machinery. The Company's management believes that such allowance for impairment loss is adequate in the current circumstances.

11. PROPERTY, PLANT AND EQUIPMENT

Consolidated

(Unit : Baht)

| | LAND | BUILDINGS | LAND AND BUILDINGS IMPROVE- MENT | MACHINERY AND EQUIPMENT | VEHICLE | FURNITURE AND FIXTURES | CONS- TRUCTION IN PROGRESS | ELIMI- NATION | TOTAL |
|--------------------------------------|-------------|-------------|---|-------------------------------|--------------|------------------------------|-------------------------------------|------------------|---------------|
| At cost / revaluation cost : | | | | | | | | | |
| As at 31 December 2003 | 168,225,871 | 240,024,872 | 68,087,366 | 1,022,854,650 | 28,625,803 | 111,930,774 | 44,316,582 | (301,913) | 1,683,764,005 |
| Increase as a result of | | | | | | | | | |
| revaluation during the year | 44,402,879 | - | - | - | - | - | - | - | 44,402,879 |
| Acquisition | 186,465 | - | 610,677 | 18,770,363 | 14,154,277 | 3,182,343 | 28,803,355 | - | 65,707,480 |
| Disposals | - | - | - | (169,006) | (14,084,369) | (4,572,379) | (2,808,770) | - | (21,634,524) |
| Transfer in (out) | - | 373,832 | 11,026,687 | 17,968,105 | - | 636,426 | (32,068,780) | - | (2,063,730) |
| As at 31 December 2004 | 212,815,215 | 240,398,704 | 79,724,730 | 1,059,424,112 | 28,695,711 | 111,177,164 | 38,242,387 | (301,913) | 1,770,176,110 |
| Accumulated depreciation : | | | | | | | | | |
| As at 31 December 2003 | - | 82,736,463 | 52,044,918 | 690,760,801 | 26,338,846 | 90,386,928 | - | (153,083) | 942,114,873 |
| Depreciation charge for the year | - | 11,024,152 | 5,760,547 | 77,443,158 | 2,325,827 | 11,139,787 | - | - | 107,693,471 |
| Depreciation for disposals | - | - | - | (154,682) | (13,871,778) | (4,440,513) | - | - | (18,466,973) |
| Transfer out | - | - | - | (707,721) | - | - | - | - | (707,721) |
| As at 31 December 2004 | - | 93,760,615 | 57,805,465 | 767,341,556 | 14,792,895 | 97,086,202 | - | (153,083) | 1,030,633,650 |
| Allowance for impairment loss | | | | | | | | | |
| As at 31 December 2003 | - | - | 672,584 | 1,576,838 | - | 7,444 | 22,266,027 | - | 24,522,893 |
| As at 31 December 2004 | - | - | 672,584 | 1,576,838 | - | 7,444 | 23,266,027 | - | 25,522,893 |
| Net book value : | | | | | | | | | |
| As at 31 December 2003 | 168,225,871 | 157,288,409 | 15,369,864 | 330,517,011 | 2,286,957 | 21,536,402 | 22,050,555 | (148,830) | 717,126,239 |
| As at 31 December 2004 | 212,815,215 | 146,638,089 | 21,246,681 | 290,505,718 | 13,902,816 | 14,083,518 | 14,976,360 | (148,830) | 714,019,567 |
| Depreciation for the year : | | | | | | | | | |
| Year 2003 | | | | | | | | | 114,029,010 |
| Year 2004 | | | | | | | | | 107,693,471 |
| Cost of land : | | | | | | | | | |
| As at 31 December 2003 | 41,619,715 | | | | | | | | |
| As at 31 December 2004 | 41,806,180 | | | | | | | | |

The Company Only

(Unit : Baht)

| | LAND | BUILDINGS | LAND AND BUILDINGS IMPROVEMENT | MACHINERY AND EQUIPMENT | VEHICLE | FURNITURE AND FIXTURES | CONSTRUCTION IN PROGRESS | TOTAL |
|---|-------------|-------------|--------------------------------|-------------------------|--------------|------------------------|--------------------------|---------------|
| At cost / revaluation cost : | | | | | | | | |
| As at 31 December 2003 | 168,225,871 | 240,024,872 | 57,063,013 | 1,022,854,650 | 24,242,277 | 85,078,673 | 44,316,582 | 1,641,805,938 |
| Increase as a result of revaluation during the year | 44,402,879 | - | - | - | - | - | - | 44,402,879 |
| Acquisition | 186,465 | - | 610,677 | 18,770,363 | 14,154,277 | 2,170,180 | 28,803,355 | 64,695,317 |
| Disposals | - | - | - | (169,006) | (14,084,369) | (3,269,149) | (2,808,770) | (20,331,294) |
| Transfer in (out) | - | 373,832 | 11,026,687 | 17,968,105 | - | 636,426 | (32,068,780) | (2,063,730) |
| As at 31 December 2004 | 212,815,215 | 240,398,704 | 68,700,377 | 1,059,424,112 | 24,312,185 | 84,616,130 | 38,242,387 | 1,728,509,110 |
| Accumulated depreciation : | | | | | | | | |
| As at 31 December 2003 | - | 82,736,463 | 42,942,388 | 690,760,801 | 22,053,069 | 66,565,828 | - | 905,058,549 |
| Depreciation charge for the year | - | 11,024,152 | 5,374,510 | 77,443,158 | 2,228,755 | 9,867,639 | - | 105,938,214 |
| Depreciation for disposals | - | - | - | (154,682) | (13,871,778) | (3,149,674) | - | (17,176,134) |
| Transfer out | - | - | - | (707,721) | - | - | - | (707,721) |
| As at 31 December 2004 | - | 93,760,615 | 48,316,898 | 767,341,556 | 10,410,046 | 73,283,793 | - | 993,112,908 |
| Allowance for impairment loss | | | | | | | | |
| As at 31 December 2003 | - | - | 672,584 | 1,576,838 | - | 7,444 | 22,266,027 | 24,522,893 |
| As at 31 December 2004 | - | - | 672,584 | 1,576,838 | - | 7,444 | 23,266,027 | 25,522,893 |
| Net book value : | | | | | | | | |
| As at 31 December 2003 | 168,225,871 | 157,288,409 | 13,448,041 | 330,517,011 | 2,189,208 | 18,505,401 | 22,050,555 | 712,224,496 |
| As at 31 December 2004 | 212,815,215 | 146,638,089 | 19,710,895 | 290,505,718 | 13,902,139 | 11,324,893 | 14,976,360 | 709,873,309 |
| Depreciation for the year : | | | | | | | | |
| Year 2003 | | | | | | | | 111,009,116 |
| Year 2004 | | | | | | | | 105,938,214 |
| Cost of land : | | | | | | | | |
| As at 31 December 2003 | 41,619,715 | | | | | | | |
| As at 31 December 2004 | 41,806,180 | | | | | | | |

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During the year, the Company hired an independent appraiser to reappraise the fair value of land used in its operations, which had previously been appraised in 1999. The fair market value of the aforementioned land per the report of the appraiser was approximately Baht 44 million higher than its book value, and the Company reflected such fair market value in the accounts, under the caption of "Revaluation surplus" in shareholders' equity.

As at 31 December 2004, the Company has certain machine and equipment items which have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of these fully depreciated assets amounted to Baht 409 million (2003 : Baht 367 million).

12. LONG-TERM LOANS

As of 31 December 2004 and 2003, outstanding long-term loans from financial institutions consisted of the following :-

| | (Unit: Baht) | |
|--|-----------------------------------|--------------|
| | CONSOLIDATED/ THE COMPANY ONLY | |
| | 2004 | 2003 |
| a) A Baht loan, carrying interest at MLR per annum, repayable in installments of Baht 1.95 million per month up to August 2005 | 13,650,000 | 37,050,000 |
| b) A Baht loan, carrying interest at MLR per annum, repayable in installments of not less than Baht 1 million per month and matures in December 2007 | 69,434,830 | - |
| Total | 83,084,830 | 37,050,000 |
| Less : Current portion | (37,650,000) | (23,400,000) |
| Long-term loans, net of current portion | 45,434,830 | 13,650,000 |

During the current year, the Company reclassified short-term loans amounting to Baht 81.9 million as long-term loans from financial institutions as described in b), in accordance with the additional memorandum of understanding attached to the agreement to provide compensation for losses under promissory notes made with a local bank.





13. WARRANTS

On 8 December 1998, an extraordinary general meeting of the Company's shareholders approved the issue of 29.999 million subscription warrants (life not exceeding 5 years) to be allotted free of charge to investors through private placement to no more than 35 individual investors and/or the 17 categories of qualified investor per the notification of the Securities and Exchange Commission. Each warrant would entitle the holder to purchase one ordinary share at a price of Baht 22 per share.

However, all of the above warrants expired on 15 December 2003, without having been exercised.

14. EMPLOYEE AND RELATED COSTS

| | CONSOLIDATED | | THE COMPANY ONLY | |
|--|--------------|---------|------------------|---------|
| | 2004 | 2003 | 2004 | 2003 |
| Number of employees at end of year (persons) | 2,208 | 2,206 | 1,964 | 1,974 |
| Employee costs for the year (Thousand Baht) | 333,332 | 324,801 | 269,083 | 259,634 |

15. DIRECTORS' REMUNERATION

Directors' remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to executive directors.

16. CORPORATE INCOME TAX

No corporate income tax is payable on the earnings from the non-promoted activity, after excluding those transactions which are not classed as income/expenses for tax computation purposes and deducting tax loss brought forward from previous years.

17. PROMOTIONAL PRIVILEGES

The Company has been granted promotional privileges for the manufacturing of canned vegetables pursuant to investment promotion certificate No. 1089/2542. Subject to certain imposed conditions, the tax privileges include an exemption from corporate income tax on profit from the promoted activity for a period of eight years as from the date of first earning operating income and an exemption from income tax on dividends paid to the shareholders from the profit of the promoted activities during the corporate income tax exemption period.

The Company's operating revenues are divided according to promoted and non-promoted activities, as shown below :-

(Unit : Baht)

| | PROMOTED | | NON-PROMOTED | | TOTAL | |
|-------|-------------|-------------|---------------|---------------|---------------|---------------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Sales | 222,781,645 | 225,609,699 | 2,841,394,590 | 2,727,306,189 | 3,064,176,235 | 2,952,915,888 |

18. FINANCIAL INFORMATION BY SEGMENT

The Company and its subsidiaries operate in a single industry segment, the manufacture and distribution of canned fruits, fruit juices and drinks and in a single geographical area, Thailand. As a result, all of the revenues, operating profit (loss) and assets as reflected in these financial statements pertain to the aforementioned industry segment and geographical area.

19. CREDIT FACILITIES

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

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

20. PROVIDENT FUND

The Company, a subsidiary and their employees jointly registered a provident fund scheme in the name of "The Registered Provident Fund of Welfare Development" under the Provident Fund Act B.E. 2530. The fund is contributed to by employees, the Company and the subsidiary and is managed by Kasikorn Asset Management Company Limited. The fund will be paid to the employees upon termination in accordance with the rules of the fund. During the year, approximately of Baht 2.7 million (2003 : Baht 2.7 million) has been contributed to the fund by the Company and its subsidiary.

21. FINANCIAL INSTRUMENTS

Financial risk management and policies

The Company and its subsidiaries are exposed to risks from changes in market interest rates and in currency exchange rates, and from nonperformance of contractual obligations by counterparties. The Company and its subsidiaries use derivative instruments, as and when they consider appropriate, to manage such risks. They do not hold or issue derivative instruments for speculative or trading purposes.

Interest rate risk

The interest rate risk is the risk that future movements in market interest rates will affect the results of the operations of the Company and its subsidiaries and their cash flows. The Company and its subsidiaries' exposure to interest rate risk relates primarily to cash at banks, bank overdrafts and loans from financial institutions (the details of long-term loans are set out in Note 12). Since the majority of these financial assets and liabilities are short-term, the Company and its subsidiaries do not use derivative financial instruments to hedge such risk.





Foreign currency risk

The Company's exposure to foreign currency risk relates primarily to its receivables, and payables which are denominated in foreign currencies. The Company primarily utilize forward exchange contracts with maturities of less than one year to hedge such risks. In addition to those transactional exposures, the Company is also exposed to the effect of foreign exchange movements on its investment in an overseas subsidiary and associated companies, which is currently not hedged by any derivative financial instrument.

As at 31 December 2004, the Company has unhedged foreign currency assets of approximately USD 1.7 million (2003 : USD 1 million) and unhedged foreign currency liabilities of approximately USD 1.6 million (2003 : USD 1.7 million).

The Company has entered into forward contract to sell USD currency of USD 2.1 million at a strike prices ranging from Baht 39.17 to Baht 41.33 per USD 1, in order to reduce foreign exchange risk derived from cash payment made by customers.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts and notes receivable. However, due to the large number of entities comprising the customer base of the Company and its subsidiaries and their prudent credit policy, the Company and its subsidiaries do not anticipate material losses from their debt collection.

With respect to off-balance sheet derivative financial instruments, it is the policy of the Company and its subsidiaries to enter into financial instruments only with creditworthy counterparties. Therefore, the Company and its subsidiaries do not expect any material losses to arise from the counterparties' failure to perform their obligations under the financial instruments.

Fair value

Since the majority of financial assets are short-term and the loans carry interest at rates close to current market rates, the management believes that fair value of their financial assets and liabilities does not materially differ from their carrying value.

22. COMMITMENTS AND CONTINGENT LIABILITIES

22.1 Commitments

As at 31 December 2004, the Company and its subsidiary had outstanding commitments of approximately Baht 28 million (2003 : Baht 24 million), in respect of the rental of land, head office buildings, godown and vehicles. Of these, Baht 22 million are the Company's commitment (2003 : Baht 16 million). In addition, the Company had commitments in relation to purchase of machinery amounting to approximately Baht 6 million.

22.2 Bank guarantees

As at 31 December 2004, there were outstanding bank guarantees of approximately Baht 11 million (2003 : Baht 11 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the ordinary course of its business.

22.3 Contingent liabilities

As at 31 December 2004, the Company had outstanding bills discounted with banks of approximately Baht 48 million (2003 : Baht 65 million).

22.4 Guarantee

As at 31 December 2004, the Company had guaranteed Baht 70 million loans obtained by a subsidiary from financial institutions (2003 : Baht 70 million) and its subsidiaries had guaranteed loans of the Company amount to Baht 320 million (2003 : Baht 320 million).

22.5 Litigation

Two financial institutions filed lawsuits against the Company, as the guarantor of a former subsidiary, for a total of Baht 49 million (including interest of Baht 9 million). The Company set aside a provision of Baht 24 million (Baht 12 million for each financial institution) for these lawsuits. However, during the current year the Company has been negotiating compositions with these financial institutions and agreement has been reached with one of the financial institutions, whereby the Company will pay indebtedness totaling Baht 16 million. The Company recorded the resulting difference of Baht 4 million in the earnings statement in the current year. Negotiations with the other financial institution are still in progress, but the Company's management believes that the provision already made is adequate in the current circumstances.

23. PRESENTATION

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 14 September 2001, issued under the Accounting Act B.E. 2543.

Certain amounts in the financial statements for the year ended 31 December 2003 have been reclassified to conform to the current year's classification, with no effect on previously reported net loss or shareholders' equity.

24. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's directors.

Malee[®] BRAND



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