

makro

Annual Report 2013

Siam Makro Public Company Limited



FROM
STRENGTH
TO
SUSTAINABILITY

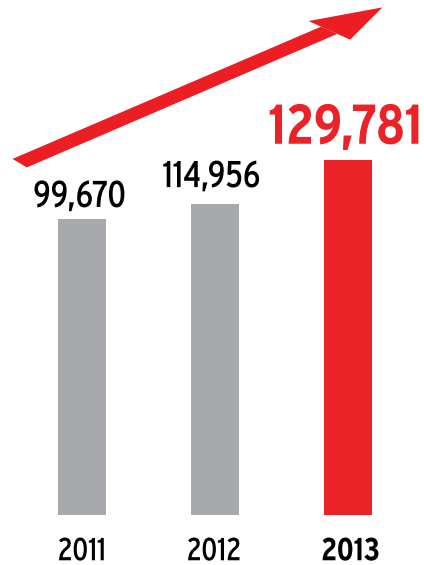
SUSTAINABLE **GROWTH**

2013

Total Consolidated
Revenues

+12.9%

Over 2012

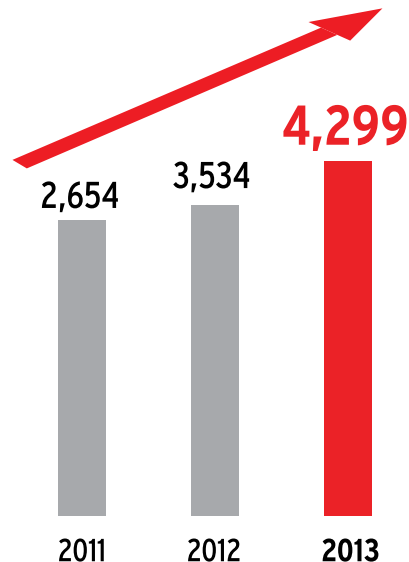


2013

Net Profit

+21.6%

Over 2012

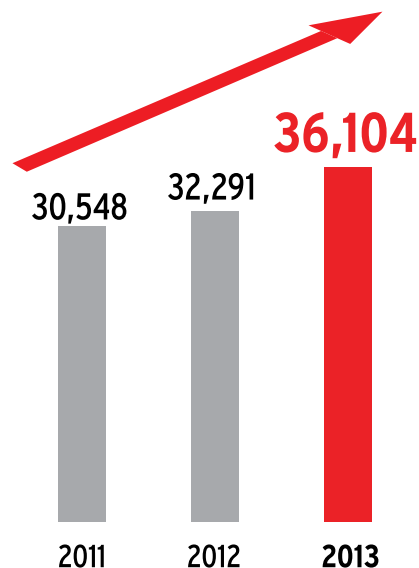


2013

Total Assets

+11.8%

Over 2012



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CORPORATE PHILOSOPHY

GROWTH THROUGH PERFORMANCE

GO FOR NICHE AND MARKET SHARE

INVEST IN PEOPLE

LOOK FOR THE UNUSUAL

MANAGE CHANGE

LISTEN, LEARN AND REACT

KEEP THINGS SIMPLE





VISION

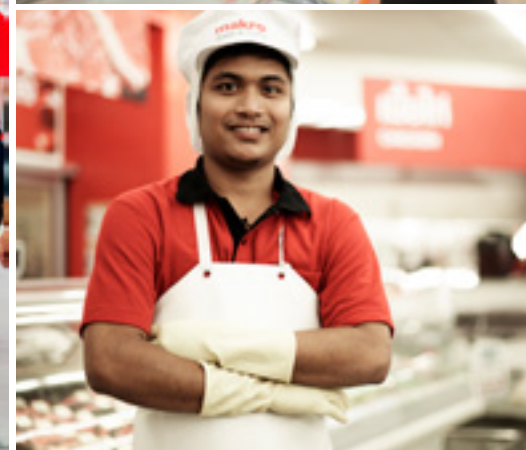
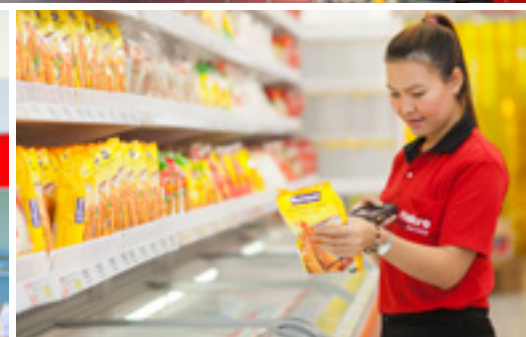
MAKRO, PARTNER FOR YOUR BUSINESS...

**MAKRO, PARTNER FOR YOUR BUSINESS PROVIDING
THE BEST SOLUTION TO FOOD PROFESSIONAL CUSTOMERS
THROUGH COMPLETE RANGE, QUALITY,
PRICE AND SERVICES.**

MISSION

TO BE **THE 1ST CHOICE SUPPLIER**

TO OUR REGISTERED **FOOD PROFESSIONALS**



MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER



Mr. Arsa Sarasin
Chairman

Mrs. Suchada Ithijarakul
Chief Executive Officer

The efforts of the Government to provide positive support and measures to stimulate the economy over the past two years have contributed to the rapid recovery of the Thai economy after the devastating floods in 2011. At the beginning of 2013, it was expected that the Thai economy would continue to grow steadfastly, however, unfortunately, the economy has not developed to the extent that was anticipated. The economic slowdown in 2013 has been caused by the lack of economic drive in all of the main economic drivers as seen in slight contraction in export sector, limited growth in domestic spending, negative private investment growth and government unable to carry out budget spending as planned. Even though inflation rate in Thailand remained relatively low at 2.2%, the uncertain economic environment combined with political situation led to a growth of Thai economy in 2013 at just 2.9%, and signs of speedy recovery are still unlikely.

For Makro, the year 2013 has marked another important milestone with CP All Public Company Limited replacing the SHV Nederland B.V. as the Company's major shareholder in late June. However, Makro continued to be committed to our "Customer Centric" strategy and retain the mission "To be the 1st Choice Supplier to our Registered Food Professionals", and the Company will continue to focus on existing development projects that best contribute to strengthening the organisation over the long term.

Since 2012, the Company has introduced a new store format, Makro foodservice Store, to provide comprehensive solution to food service professionals, which is in line with Company's strategy. The first Makro foodservice Store in Hua Hin has since been well accepted by the targeted customers and it has

performed in accordance to Company's expectation. It also created great pride in the Company that its design was awarded first place in the Warehouse Club category of Retail Store of the Year design competition from Chain Store Age magazine. In addition to this, the Company continued to develop more Makro Foodservice Stores on a smaller scale, and these later became Makro Foodservice Stores in the Patong and Rawai areas of Phuket. This makes it easier to open Makro Foodservice Stores nearer to targeted HoReCa customers, as well as, in areas of limited land space near high-potential tourist destinations. At this initial stage, the two new smaller stores in Phuket have successfully managed to achieve Company's targets.

In terms of business expansion, Makro managed to open 7 new Makro Stores in 2013 – 1 store in the East (Trat); 3 stores in the Northeast (Mukdahan, Chum Phae and Nakhon Phanom); and 3 stores in the South (Satun, Patong and Rawai). Therefore, at the end of 2013, the Company operates with a total of 64 Makro stores and 5 Siam Frozen shops nationwide.

Driven by our mission, Makro today serves an ever increasing customer base of more than 2.5 million. Throughout 2013, a wide variety of customer relations and marketing activities was organised. The "Lovemark" project was launched to the public to demonstrate the willingness of Makro to go the extra mile to understand the needs of small retailers and foodservice professionals. Also, the "Makro Retailer Alliance (MRA)" project continued to help enhance the capability of small retailers. Other interesting events which took place in 2013 included the "Retail Expo", the "Food Retailer Day" events and the "Makro HoReCa" event.

A key element of the success of Makro has been its commitment to continuous people development according to its HR Roadmap. Makro will continue to train and provide career advancement opportunities for our staff and encourage them to improve themselves to fulfill the human resources needs of the Company and help lay down a solid foundation to take on future challenges.

In order to achieve sustainable business growth, Makro needs an effective retail merchandising system that is ready to cope with the business challenges of today and tomorrow. The Company has purchased a new and better system to help Makro optimise its overall operations and it is currently under development. When fully operational, the system is anticipated to assist Makro to effectively manage important data in all departments and improve efficiency.

To cater to the Company's future growth and also to serve as a Business Continuity Management (BCM) measure, Makro has decided to establish a second Dry Food and Non Food Distribution Center (DC), to add distribution capability and also to support future business expansion. The new DC is scheduled to open in the third quarter of 2014. Once fully operational, this new DC, together with the existing DC will have a combined capability doubling that of existing capacity.

Despite the various challenges, 2013 was another remarkable year for Makro as we were able to achieve our financial targets. This was due to the fact that many of the development projects of the Company have been effective and that our staff have done their utmost to contribute to the success of the Company. At the year's end, the total revenue for Makro was Baht 129,781 million, a 12.9% growth over that of the previous year. Net profit closed at Baht 4,299 million, a 21.6% over last year.

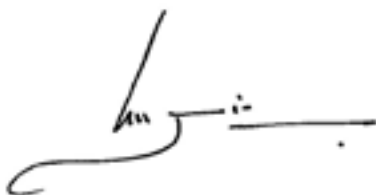
Makro has always adhered to the principle of conducting business with responsibility for society and the environment, in order to achieve environmental and energy sustainability. The Makro Store in Trat was the first store to lead the way in energy and environment conservation, with targets in energy saving and reduction of carbon dioxide emissions. Meanwhile, the Makro Store in Sathorn brought great pride to the Company when it was awarded the top mark as the Excellent Energy Saving Building (Hypermarket Category) in 2013 by the Metropolitan Electricity Authority (MEA). In addition, the Company also continuously drives improvement in quality assurance and quality standard of regional suppliers. Therefore, Makro supported some suppliers to establish "Regional Hubs" to improve safety standard of agricultural products from their supply source with each having laboratory to ensure that the produce sold to Makro comply with food safety standards required by the government. Right now, 7 Regional Hubs have been set up in major cities throughout Thailand.

The Company's management, staff members and business alliance share the same voluntary spirit and worked together to create a range of CSR activities during the year 2013. Such activities included the "Unleaded Thai Noodle Pot, Thai Strong,

Thailand Strong" campaign; the donation of respirators to 10 hospitals nationwide; the donation of aid kits to flood victims in the South of Thailand; the donation of a new school building; and the provision of both education scholarships and learning equipment to schools in need. Makro also helped to distribute agricultural produce from Royal Projects, co-operatives and Small and Micro Community Enterprises (SMCEs), as well as, local farmers in areas where Makro operate. This represents Makro's firm commitment to contribute to the sustainable income-generating ability of Thai farmers.

The economic growth of 2014 is forecasted at approximately 3-4% from limited growth in local demand and the political uncertainty during beginning of the year. Thus it will be another challenging year for Makro to steer the organisation to achieve its aggressive goals. The Company, however, remains committed to proceed with all of its successful development projects with the "Customer Centric" approach, and it will continue to be driven by our mission. 2014 will also be the year we celebrate our 25th anniversary with planned activities, events and promotions to show our appreciation to our customers, suppliers, public and our staff. Other important projects will be the effort to accelerate the implementation of the new retail merchandising system and the preparation to open a new DC for Dry Food and Non Food. Additionally, with Makro becoming a part of C.P. Group, we will capitalise on their leadership in food business and experience in overseas market to help strengthen our competitive edge that will drive Makro to achieve sustainable business growth in the future.

Lastly, Makro would like to thank its valued customers for their constant loyalty and patronage. Our gratitude extends to all our Business Partners, Shareholders and Directors for their unwavering trust, cooperation and ongoing invaluable support. We also wish to express our sincere appreciation to those management and staff at all levels for their determination to keep improving themselves to offer superior levels of service for our valued customers. Over the past 24 years, Makro has regarded human resources development as a most essential foundation of success, and it is this factor upon which we will build a sustainable and successful business in years to come.



Mr. Arsa Sarasin
Chairman



Mrs. Suchada Ithijarukul
Chief Executive Officer



The “Customer Centric” strategy is the main driver that makes Makro continuously strive to operate its business so that it is able to satisfy the varying needs of its key customers which comprise Food Retail and Food Service Professionals. To provide satisfaction for these key customers, Makro has managed to achieve improvements in several facets of its business such as the development of new store formats, constant product and service development, as well as, the introduction of a wide variety of marketing and promotional activities. These strategies have not only contributed to the greater success of Makro, but have also significantly increased the level of our customer satisfaction and strengthened relationship with them.

Throughout its 24 years in Thailand, the Cash & Carry business of Makro has evolved and developed into a business platform that satisfies the demands of its over 2.5 million member customers. Key Makro customers consist of the following:

Small Retailers: Located throughout Thailand, these small traditional retailers sell basic consumer goods and include general grocery stores, as well as, community mom & pop stores (or “Sho Huay” in Thai), minimarts, stationery shops and other outlets.

HoReCa: These comprise Hotels, Restaurants and Catering businesses, as well as, small food stalls or street vendors, majority of which are small-to-medium food service operators serving a wide variety of prepared food. This group of customers is being served by not only Makro stores, but also Siam Frozen Shops and Siam Food Services (SFS).

Services: Consisting of service businesses and government organisations, including both corporate and government offices, as well as, schools, hair salons, laundries, tour operators and general service providers.

Small Retailers have always been a main customer group on which Makro has placed great importance. These customers expect Makro to maintain a comprehensive range of merchandise at highly competitive prices so that they can make profit from re-selling them. Such value-for-money is what customers have come to expect of Makro. Moreover, Makro organises a range of customer relations activities and sales promotions on a consistent basis and also to help improve both the knowledge and the competitiveness of its customers through the Makro Retailer Alliance project.

Thailand’s food service industry has achieved steady increase in recent years. This was driven by continuous growth in the

country's tourism industry as well as, a change in consumer behavior where modern urban families tend to eat out more regularly than they did in the past. All these have prompted Makro to establish a dedicated food service business team to focus on gaining deep understanding of the requirement of HoReCa operators. The team is also responsible for development of new products, services, and contribute to the development of new store formats to satisfy customers in this group even further to build a foundation to ensure that the food service business will continue to contribute to the sustainable business growth of the Company in the long term. These efforts are to ensure we achieve our Vision, "Makro, partner for your business providing the best solution to Food Professional Customers through complete range, quality, price and services".

In 2013, seven new Makro Stores were established in regional areas to increase Makro's ability to serve its member customers even further. Such areas include Patong and Rawai in Phuket, also Mukdahan, Satun, Trat, Nakhon Phanom and Chum Phae in Khon Kaen. At the end of 2013, Makro operated with a nationwide network of 64 Makro Stores and 5 Siam Frozen Shops, amounting to a total selling area of approximately 481,000 sq.m. Each Makro store has average selling space ranging from 1,000 to 12,000 sq.m. with each has been carefully planned and designed with the ability to respond to the demands of member customers in their respective area.

Product Assortment and Price Competitiveness

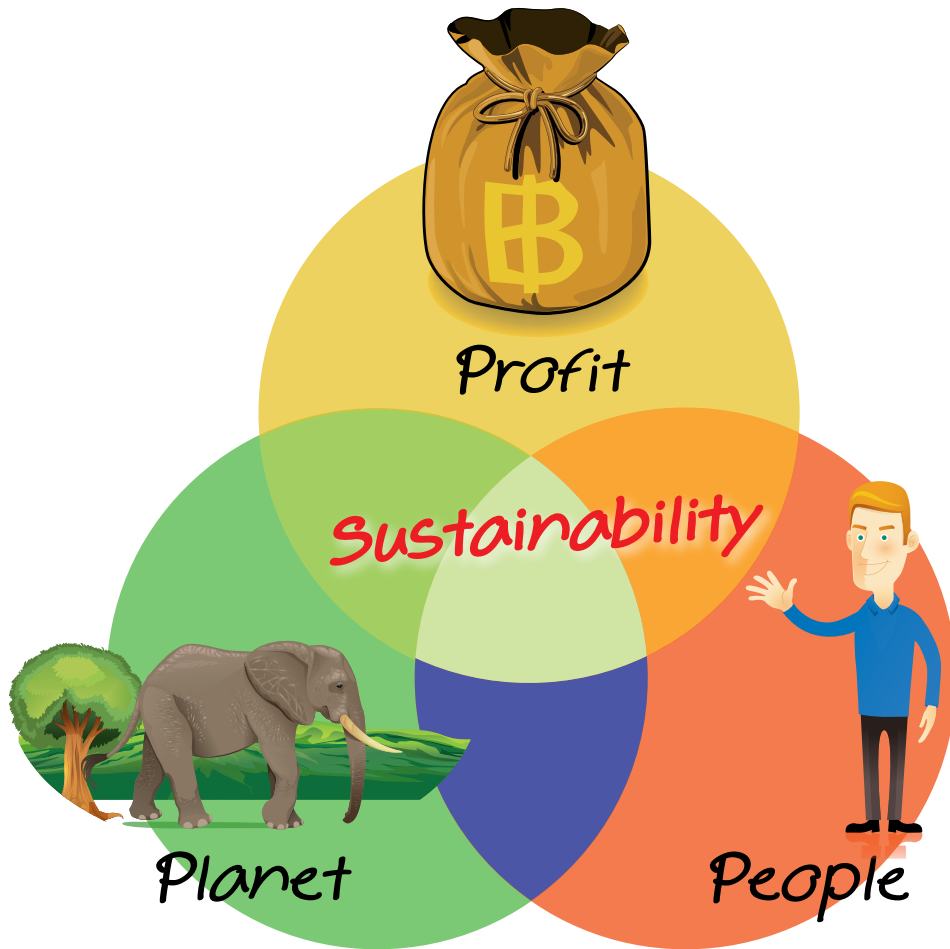
Maintaining a wide range of product offering and price competitiveness are crucial factors to attract and retain the Company's target customer groups, each of which has a different set of demands and requirements. However, attention to detail is paramount and considerable efforts have been put into understanding the purchasing behaviour of each customer group which has enabled Makro to respond effectively to what its various customers need. Such an insight has helped Makro to be able to select the right products to sell at each of its new stores thus resulted in greater customer satisfaction when shopping at Makro.

The food service business of Makro has demonstrated a strong growth potential therefore the Company's assortment development plan will place an emphasis on products for HoReCa operators. They value food products offering that has quality, hygiene and freshness, as well as, having sufficient stock of



products. Moreover, customers in this group demand dependable food safety standards on products that they buy. All in all, Makro today offers a wide range of food products that provide convenience and solution including instant ingredient, ready-cut fresh meat that are ready-to-cook or for resale, and raw materials for food preparation of cuisines such as Thai, Chinese, Japanese, Western and Italian. In addition to this, the Customer Development team of Makro conducts customer satisfaction and requirement surveys on a regular basis. This helps the Company understand HoReCa customer needs better in order to develop better product for them in the future.

Makro has also worked with a number of reputable manufacturers to create a wide range of high-quality with value for money consumer products under the Company's house brands such as "ARO" and "Savepak". These products were created to offer alternatives for customers to choose from and are available only at Makro stores. Makro house-brand products have a market positioning that is different from regular branded products in various aspects as they have been designed with consideration such as purpose of use, package sizes and competitive prices which can help customers to either increase their profit margins or lower costs. Example of such products include special-recipe ready-to-use condiments which can be used instantly that are suitable for modern restaurants which demand product of dependable food safety standards and good taste. They are also available in sizes that are suitable for use in business. These house-brand products continue to gain more and more popularity among customers and sales have been constantly increasing.



**FROM STRENGTH
TO SUSTAINABILITY**

FROM STRENGTH TO SUSTAINABILITY THROUGH ... FORMAT DEVELOPMENT - MAKRO FOODSERVICE STORE



In line with Thailand development strategy in tourism industry, Makro has branch expansion plan with a clear store format strategy and will continue to offer a wide range of products and services catering to the requirements of Food Service Professionals in high-potential tourist areas. The new Makro foodservice store has a unique store format. Each store offers a wide variety of quality products that satisfy the demands of HoReCa operators. Such products include fresh food and frozen food items, dry food, kitchen equipment, food preparation equipment and the necessary items for restaurant and hotel business. The store layout is also designed to provide convenience to customers while they shop. Launched in 2012, the first Makro foodservice store in Hua Hin has a total 5,900 sq.m. selling space and has been successful in expanding its customer base and this resulted in the achievement of its targets. In 2013, the Makro foodservice store in Hua Hin was also awarded first place in the Warehouse Club category of the 2012 Retail Store of the Year design competition from “Chain Store Age” magazine, a leading publication covering retail businesses.





Such success provided Makro with confidence and prompted the Company to develop more Makro foodservice stores, yet on a smaller scale. The smaller size makes it much easier to open a Makro foodservice store in locations nearer to targeted customers. They can be located in area that has limited space near to high-potential tourist destinations to provide solution in response to the needs of Food Service Professionals in its vicinity thus allowing them to operate their food businesses in a sustainable manner. In 2013, Makro foodservice Stores were opened in the Rawai and Patong areas of Phuket with selling space of approximately 1,000 and

2,000 sq.m. in size respectively. Although the selling area is smaller but the convenient new way of displaying products on shelves, combined with a thoughtful selection of products that are required daily by targeted customers, still allow smaller format stores to continue to provide solution to targeted customers. These factors combine to steer the two new smaller stores in Phuket to successfully achieve their respective performance targets. More small Makro foodservice stores are scheduled to be open soon. In February 2014, one such new store was opened on Ko Pha-ngan, Surat Thani, with total selling space of 2,000 sq.m.



One key element of Makro's success over the past 24 years has been our commitment to continuous people development according to our HR Roadmap, which comprises various initiatives relating to people development and human resources management activities, talent management programs for key individuals and to sound succession plans for many of our senior management positions.

The primary objective of our HR Roadmap is to constructively and effectively enhance Company's efforts in people development and equip the staff with the knowledge and skills that are required to prepare for the Company's future business expansion plans.

The Human Resources department in 2013 placed emphasis on further strengthening of its organisation and allowed decentralisation of some HR authorities to the stores. In addition, Makro also placed great importance on Functional Competency enhancement. Various training courses have been conducted including management development, talent management and specific skills training. The aims were to help improve knowledge and skills of store staff, as well as, personnel stationed at the Head Office, so that they can work together even more efficiently.

Various personnel training programs were also organised to develop high-potential personnel to be ready for promotion to management positions in the future. The Leadership Skills Development Program was undertaken to develop and prepare

Store General Managers and Senior Managers to take on high-level responsibilities. Additionally, the Star Program, an in-house management development program, continued to be conducted to prepare store management staff for future promotions as Store General Managers. Additionally, the Makro food Service Academy Program was conducted featuring experienced food service professionals and award-winning chefs who were invited to share their hands-on experiences in the food service industry and to raise the awareness with Makro's food service staff and management.

Apart from internal people development programs, Makro also has a project to collaborate with C.P. Group of Companies to create a new generation of capable professionals to accommodate the future business growth of Makro. This project will be conducted by supporting scholarships for students at the Panyapiwat Institute of Management (PIM) and providing them with internship or even career opportunities. Interested students will also be offered the opportunity to work with Makro after their graduation. Moreover, Makro will also support existing staff members should they seek to further their education and develop their potential in order to progress in their career

The theme for the year 2014 will be people development. Makro will focus on developing more leadership skills for its people and instilling in them the willingness to keep improving themselves to further strengthen of the Company and to lay down a solid foundation for future sustainable growth.



Timely response to market demand and efficiency have been the main emphasis of Makro's Distribution and Logistics system. We have been able to achieve such a target through the implementation of our large scale Distribution Center ("DC") located in Wang Noi District, Phra Nakhon Si Ayutthaya Province, which has the capability to handle Cross Dock operation for Dry Food and Non Food product as well as temperature controlled chilled and frozen product. We also operate a smaller DC in Nakhon Ratchasima to handle frozen food product to enhance our distribution capability in the northeast region. In response to the evolving competitive landscape, Makro's Distribution and Logistics system will continuously pursue improvement to achieve a higher level of efficiency, improve operational costs and energy cost management as well as minimize impact on society and the environment.

Makro's DC has been one of the core elements to support the Company's growth in the past few years. However, the volume going through the Dry Food and Non Food DC has been growing faster than our expectation and it is rapidly reaching its operational capacity. For the Company to continuously improve operational efficiency, we have decided to establish a second DC for Dry Food and Non Food to increase distribution capability and also to support future business expansion. This new DC will have a total area of approximately 24,000 sq.m. with handling capability up to 320,000 cases per day, and is scheduled to open in the third quarter of 2014. Once fully

operational, this new DC, together with our existing DC, will have a combined capability to efficiently serve up to 120 branches. At the same time, this will serve as part of our Business Continuity Management (BCM) measures.

In 2013, the Company has planned DC expansion cautiously by establishing a temporary "bridge DC" next to the existing DC in Wang Noi to handle the increased volume, in parallel with the construction of our new DC in Bang Sao Thong District, Samut Prakan.

In addition to the drive for efficiency, Makro is also pursuing projects that are environmental friendly in nature. One such project has been the implementation of a fleet of 300 units of 45-foot trailers to deliver product in order to boost distribution efficiency. Such trailers are capable of transporting more goods per trip than conventional trailers, thus resulting in fewer delivery trips which helped to reduce fuel consumption by up to 15%. This is in line with the Company's policy to lower its carbon footprint and greenhouse gas emission to the environment.

Additionally, energy efficient projects have also been implemented in the DC. Some of the initiatives include switching to energy-saving LED lighting as well as using solar power to heat water for cleaning equipment and rain water storage is used for various purposes such as floor cleaning. All these practices are implemented to demonstrate the Company's genuine commitment to sustainable energy saving.

CUSTOMER DEVELOPMENT



At the heart of Makro's business strategy lies our "Customer Centric" approach. Driven by our primary mission to continue "To be the 1st Choice Supplier to our Registered Food Professionals", Makro is always willing to go the extra mile to understand our customers, and place a particular focus on both Food Retail and Food Service Professionals. We conduct customer development activities on an ongoing basis in order to ensure that we truly understand what our professional customers need so that we can develop products and services that will best respond to their varying requirements.

Makro aspires to maintain and improve the level of satisfaction of more than 2.5 million registered customers, as well as, to expand our clientele even further. We implemented a variety of programs and marketing tools under the "Lovemark" project ranging from employing over 600 Customer Development personnel stationed in all Makro stores across the country whom are tasked to acquire valuable insight into targeted customers' requirements and understand the factors influencing their purchasing decisions. In addition, we have also developed a computer program to systematically collect and analyse in-depth customer information, which helps us to develop and improve our product and service to better meet customer expectations. As well, we employ a very reliable third-party agency to conduct a customer satisfaction survey twice a year, covering most customer groups.

The "Lovemark" project was launched to the public in February 2013 under the campaign titled "You Are Our VIP". In supporting this campaign, Makro joined with the following six business



partners including the Government Savings Bank, Kasikornbank, AIS, Muang Thai Life Assurance, Muang Thai Insurance, as well as, A.C.T. AutoCare & Tire Centers. Together we offered the privileges to Makro's registered customers including Small Retailer Loans, SME Loans, special mobile phone packages, Life and Accident Insurance programs and discounts on vehicle check-ups.

The "Lovemark" campaign was well received by our customers in 2013. This prompted us to continue to improve our Customer Development program in 2014 under the new campaign, "**Makro, Your Trusted Partner**". Through this campaign, we aim to further emphasise our intention "To be 1st Choice Supplier to our Registered Food Professionals", as well as, to support the strong business growth of our registered professional customers.



High food safety standards continue to be a priority for Makro's Customer Centric approach. This is why the Company is determined to create optimum satisfaction for its Food Service Professional customers, who emphasise on quality control and dependable food safety. Makro strives to improve its quality assurance and quality control procedures, from production sources to point of sale, to be in compliance with applicable domestic and international quality standards. In addition, Makro is currently the only operator of its kind to receive the Shield of Honour from the Consumer Protection Division, Royal Thai Police, for its responsible business practice that cares for the wellbeing of the consumers.

Makro's "Quality Pro" initiative has been designed to encourage the Thai farmers to continue to improve the quality and standard, as well as, the traceability of their agricultural produce. In 2013, there were a number of new items added to the Quality Pro range such as Kinnaree watermelon, Japanese melon, banana and fragrant coconut.

Another important project in 2013 was the development initiative to improve the standard of regional suppliers by supporting them to establish the "Regional Hub", with objective to ensure that agricultural items sold by farmers to Makro are fresh, clean and safe right from their source. Each Regional Hubs is equipped with a laboratory to check the quality and safety standards of agricultural produce to be in compliance with Good Manufacturing Practice (GMP), Good Laboratory Practice (GLP), Q Mark and Food Safety standards. Currently there are agricultural products such as fruit and vegetables, as well as,

fresh meat being sourced through Regional Hubs that are located in major cities throughout Thailand including Chiang Mai, Ubon Ratchathani, Chon Buri, Ratchaburi, Pathum Thani, Nakhon Pathom and Samut Prakarn. More locations are planned to be developed to accommodate the expected growth of the Company.

Moreover, the Company placed great emphasis on creating a pleasant and safe shopping environment in all of its Makro stores. The safety initiatives such as Store Safety Scorecard, Natural Disaster Preparedness, Business Continuity Management (BCM), etc. were implemented to increase the safety standards for both customers and Makro staff members and they are aimed at raising safety awareness to be one of staff's top-of-mind priorities. Health & Safety courses and workshops were also held for Makro staff members on a regular basis, to equip them with the knowledge required to conduct their duties in a safe and secure manner. Such safety issues include how forklift training, firefighting, first-aid, and various store's safety program. Through this project, Makro aims to reduce the number of work-related accidents with a set of clearly defined Key Performance Indicators (KPIs) to assist safety performance evaluation.



MAKRO RETAILER ALLIANCE (MRA)



The Makro Retailer Alliance (MRA) project, now in its 6th consecutive year, has the primary objective of enhancing the capability of small retailers through providing consultancy and knowledge on effective retail shop management, as well as, recommending commercial tools for sales and profit generation. These are to assist small retailers increase their competitive edge to respond better to the fast-changing demands of modern consumers. Many MRA members have improved their businesses, resulting in increased profitability and they are able to sustainably thrive despite increasing competition.

In 2013, the MRA activities focused on enhancing the capability of small retailers in a comprehensive manner right from business start-up through to improving sales in their respective shops. Throughout the year, training on professional management of small retail shops was conducted for our members in our MRA Centre in Bangkok and upcountry regions, providing a great platform for MRA staff, our successful members and the attendees to exchange their business experiences. The year 2013 also marked the 5th year in which Makro continued to operate the University Project, which provides retail management knowledge to university students from 57 universities nationwide. The year's program attracted over 3,000 students and these students later participated in the shop improvement activities of almost 600 small retail shops in their respective neighbourhoods.

In order to expand on the customer base and to add value for its membership, in 2013, we created “New Retailer’s Handbook” for new members who aim to open a minimart or a small retail shop. The handbook presents comprehensive knowledge on shop management comprising preparation before shop opening, basic legal knowledge, ideas on shop layouts, merchandising by key product category, and lists of best-selling items nationwide to help operators in determining products to feature in their shops. The handbook also included other helpful information such as lists of essential equipment, for example, refrigerators, shelving, electrical equipment together with investment budget estimates and payback period guide. Additionally, MRA collaborated with business partners to offer special discounts and privileges to help minimise start-up costs for new operators as well.

The success of the full-scale Retail Expo held at IMPACT Muang Thong Thani has prompted a large number of small retailers in upcountry to express their wish to experience a similar event, which is beneficial to their businesses. To meet their requests, we organised “Food Retailer Day” events, which featured selected activities from Retail Expo, in all Makro stores nationwide.

Looking forward to 2014, the MRA team is determined to continue to help small retailers that have potential improve to the next level, and we also planned to launch a “Shop Improvement Handbook” as a guide for our members who wish to improve their shops to become successful in the future.



Makro donated respirators to 10 hospitals



Makro donated desks and chairs to Jarusorn Bumrung Elementary School

As a good corporate citizen, Makro has always regarded “giving back to society” as one of its core operating policies, along with other equally important business development strategies. Throughout the year 2013, the management and voluntary staff members of the Company actively participated in ongoing local social and economic development, as well as, the fostering of good relationships with local communities in which Makro stores are located. This included activities such as blood donation of stores’ staff by some stores on their respective anniversary, providing scholarship to students in the local communities where we opened a new stores, etc.

An activity which has been organised continuously over the past years is the “Unleaded Thai Noodle Pot, Thai Strong, Thailand Strong” campaign. Under this project, Makro together with its business partner, encourages participating noodle shop vendors, both in Bangkok and upcountry, to trade-in their existing noodle cooking pots for brand new lead free pots, to ensure the well-being of Thai people and promote better health standards.

Many people in communities throughout Thailand frequently suffer from natural disasters, and Makro has combined funds received from donations of its members and customers to purchase respirators and donated them to 10 hospitals in need under the “Post-Flood Hospital Rehabilitation” project. In addition to this, Makro has collaborated with the Rajaprajanugroh Foundation Under the Royal Patronage and the Royal Thai Red Cross to donate aid kits to flood victims. Donations were also made to underprivileged people in various places such as the School of the Blind in Surat Thani.

In relation to youth development and the promotion of Thai education during 2013, Makro has continued to provide scholarships and learning equipment for schools and students in need. In 2013, Makro joined forces with the Puen Silapin Foundation and other business partners to construct a new school building which was handed over to Jarusorn Bumrung Elementary School in Pathum Thani. Moreover, Makro provided support for the Ministry of Education’s elementary school lunch project titled “Full Stomach, Smart Brain”. The project was aimed at raising awareness of the importance of a sufficient and nutritional school lunch for all Thai students.

Makro collaborated with the Ministry of Commerce by buying and then distributing agricultural produce at all Makro stores nationwide. This also helped with the problem of excessive supply of agricultural produce in the market which caused selling prices to drop significantly. In addition, Makro has continued to proactively support Thai farmers by sharing with them helpful knowledge and know-how relating to such topics as professional packaging, marketing and distribution. Makro also distributes products from Royal Projects such as fresh vegetables, fruit and rice which are produced by the Royal Projects Foundation and Model Farms initiated by the Royal Ideas of Her Majesty the Queen. Moreover, Makro stores also distribute products from both co-operatives and Small and Micro Community Enterprises (SMCEs), as well as, OTOP products. These include rambutan, mangosteen, long kong and Zalacca from Khao Saming and Mueang Khlung agricultural co-operatives. This represents Makro’s firm commitment to contribute to the sustainable income-generating ability of Thai farmers.



ตลาดนัดโชห่วย & ๒๕๕๖ โชห่วยครองเมือง

The Retail Expo is an important event under the Makro Retailer Alliance (MRA) project, which is organised for small retailers or “Sho Huay”. This event features activities that are beneficial, providing knowledge as well as entertainment. The 5th Retail Expo was organized from March 21st to 24th, 2013 under the theme of “2013... Sho Huay Khong Mueang”, and this was participated by over 200 business alliances. This event aimed to help small retailers or Sho Huay to step up and strengthen their development and competitiveness to survive in the increasingly more competitive environment.



The 5th Retail Expo was presented in the theme of a miniature city with various types of small retailer shops. Visitors benefitted from knowledge on retail shop management for different locations such as Tha Phra Chan, Silom and Yaowaraj. The event also featured consultation corner for shop management and new ideas for shop refreshment. There was also ‘the Charms of Small Retailers’ contest which promoted exciting renovation and decoration ideas to enhance old, run-down shops with interesting new looks. Other highlights include seminars featuring experts on retail business, workshops to increase income, as well as, the introduction of an innovative online game that promoted knowledge on retail shop management. This interesting and fun-filled event was aimed at providing new ideas to the visitors, which numbered over 50,000, so that they can apply the inspiration and knowledge they received to improve their retail businesses and thrive in Thai society, in accordance with the theme “2013... Sho Huay Khong Mueang”.



"The Charms of Small Retailers" Prototype Shop



"The Charms of Small Retailers"



Consultation Corner



The Retro Market Zone



The miniature city atmosphere featuring small retail shops



One of the important events for Makro is the Makro HoReCa event which is organised to re-affirm the Makro mission, “To be the 1st Choice Supplier to our Registered Food Professionals”. This yearly event aims to encourage Makro members and operators of Hotel, Restaurant and Catering businesses to use the knowledge and inspiration acquired from the event to increase their competitiveness and operational efficiency to achieve sustainable business growth.



Now in its 8th year, the Makro HoReCa 2013 event was held at the IMPACT Muang Thong Thani, from 31st October to 3rd November 2013. Organised under the theme of “Furthering the Business to Welcome ASEAN Alliance”, Makro HoReCa 2013 aspired to help its Food Service Professional Customers prepare themselves better for the challenges and opportunities to be brought about by the imminent formation of the ASEAN Economic Community (AEC) in 2015. Highlights of the event included cooking demonstrations by professional chefs, talks with celebrities who had been successful in their food businesses and wanted to share their invaluable experiences and business ideas, interesting seminars and workshops, and the Makro HoReCa Challenge 2013 – a cooking competition to win a trophy graciously awarded by HRH Princess Soamsavali. The winner of this contest will represent Thailand at the Food & Hotel Asia 2014 (FHA) – the regional cooking competition to be organised in Singapore. The 4-day event attracted over 40,000 visitors and was enthusiastically welcomed by Food Service Professionals and the general public alike.





Atmosphere of the event



Cooking Competition



Children Cooking Competition



SUSTAINABILITY AND ENVIRONMENTAL MANAGEMENT



Makro has always realised that the benefits of sustainability initiatives contribute to the operation excellence and long-term growth. Therefore, Makro places emphasis on engaging all level of staff so that they can understand Makro's way of conducting the business with responsibility. As a good Thai corporate citizen, Makro remains committed to contribute to the creation of a better society and the conservation of the environment for all.

3-R Program for Optimum Use of Resources

In 2012, Makro initiated the "3-R Program" to promote the "reduce, reuse, recycle" of all types of wastes, and the initiative has improved waste management and energy usage within Makro operations. Such an approach is specified as a part of our daily operating procedure and the performance of which is to be regularly assessed based on clearly identified Key Performance Indicators (KPIs) by the "3-R committee" within each department.

In 2013, the success of the 3-R program enabled Makro to reduce the use of electricity by 5.5 million kilowatt hour and save over 624,000 litres of diesel fuel consumption. In addition, over 16,000 tons of used paper boxes and 39 tons of used foam boxes were put into a recycle process. Also, a reduction of greenhouse gas emissions of over 20,000 tons was achieved.

The success of the 3-R program so far has prompted Makro to set even higher goals for the year 2014. The Company now aspires to establish comprehensive sustainable business operations that engage its suppliers within the supply chain to implement a greater sense of environmental responsibility, to help conserve the environment and minimise any hazardous emissions.

Promoting Know-how in Producing EM Products in Local Communities

The production of Effective Microorganisms known as EM products, which is organically blended liquid, was an activity that Makro has achieved tangible success. By using fruit left over from sale in the process, the Company has been able to produce more than 300,000 litres of EM liquid per year. The EM liquid was mostly used for cleaning purposes, while some of them are given away to member customers. The success of this project has prompted Makro to consider passing on this production know-how to interested people, and EM production workshops have been organised for both member customers and the general public, all of which have received a warm reception from target participants.



Makro Green Stores

Under the sustainable business operation plan, Makro restructured many internal operations within Makro Stores with an aim to achieve energy and resources optimisation in 2013. The Company has set goals in energy efficiency for each store to achieve and has invested in an effective energy management system.

The Makro Store in Trat province was a new generation store to lead the way in energy and environment conservation. The store pioneered the use of energy-saving technology such as thicker heat-insulating material on the roof to reduce heat transfer into the building which assists in saving electricity consumption for air conditioners, using recycled water in the air-conditioning system, switching from conventional to energy-saving LED light bulbs, and using solar panels.

Additionally, the Company also received VA Award 2556 (Voluntary Agreement Award) with regard to energy conservation in building from Ministry of Energy. The assessment criteria consider the conservation in the entire supply chain from production process right through to point of sales. To qualify for such award, Makro has to obtain various certifications including Green Meetings certification and Eco Certification which consists of Green Label for Aro dish washing liquid and Carbon Reduction Building for Makro Trat.



Also in 2013, Makro Stores in Chaengwattana, Srinakarin and Sathorn were selected by the Metropolitan Electricity Authority (MEA) as Energy Saving Building, and were awarded with the MEA symbol of “Energy Saving Building” which was a part of the “MEA Energy Saving Building” project. These three stores passed the stringent energy efficiency tests and assessments of the MEA Index, and more importantly, the Makro Store in Sathorn was subsequently awarded the top mark as the Excellent Energy Saving Building (Hypermarket Category) in 2013.

FOOD SERVICE COMPANIES



Siam Food Services

Siam Food Services Limited (SFS), a subsidiary of Makro, is a leading importer and distributor of premium food product, related services as well as various solutions to Food Service Professionals, and also, entrepreneurs in related industries such as hotels and tourism, and HoReCa (Hotel, Restaurant and Catering). Its clientele also includes Quick Service Restaurants (QSR) and Full Service Restaurants (FSR), as well as, various 4-star and 5-star hotels in Bangkok and major tourist destinations such as Pattaya, Ko Samui and Phuket. Siam Food Services currently has a branch office located in all of these destinations to cater to the demands of local Food Service Professionals in a most efficient manner.

In 2013, Thailand welcomed a total of more than 26.7 million international tourists, a notable 19.6% increase from the year before. In fact, an even more impressive growth of 22% was recorded if we looked at the first three quarters of the year alone. Although Thailand experienced political situation in the last quarter of 2013, Siam Food Services continued to operate according to its strategy to improve customer satisfaction and business operating results. During 2013, Siam Food Services placed emphasis on the various areas including new assortment development, enhancing customer service excellence, increasing the sales of products that provide higher profitability per unit, improving internal management efficiency, and expanding the

customer base. All of these efforts contributed to SFS achieved year-on-year sales and net profit growth of 17.5% and 69.8% respectively.

Siam Food Services has always been committed to continuous development of personnel and so the company encourages all of its staff members to develop a genuine understanding of what its food service and HoReCa customers need so that the company can continue to serve customers with utmost satisfaction. In this regard, various training programs were organised for its staff members in 2013 including product





knowledge training by Chef and selling skill training. Moreover, Siam Food Services also participated in many activities that contributed to increasing brand awareness of its business profile and improve relationship with HoReCa community by sponsoring various food service events such as the Food & Hotel Thailand 2013, the Pattaya Food & Hotelier Expo' 13, the Culinary schools' US Food Products Cooking Competition and the 1st Food & Beverages Association of Thailand (FBAT) Dinner of 2013. Additionally, the company took part in the THAIFEX-World of Food Asia 2013 and the annual Makro HoReCa Event. All these activities helped Siam Food Services to further enhance its overall business results for sustainable business growth.

Vina Siam Food

Established in Ho Chi Minh City, Vietnam, in October 2012, Vina Siam Food Co., Ltd. (VSF) is a new subsidiary of Makro. Its main business activities include import/export as well as trading and distribution of premium food products to foodservice operators like Quick Service Restaurants (QSR), Full Service Restaurants (FSR) and hotels. The establishment of VSF marked Makro's first overseas food service business venture in a neighbouring country with a fast-growing economy, especially in the tourism sector, including hotel and restaurant businesses.

Throughout the year 2013, Vina Siam Food placed importance market penetration, customer base expansion, and the presentation of the diversified range of its high-quality food products to target customers in Ho Chi Minh City – all of which contributed to enabling the company to meet its operating targets for the year. In order to improve market perception of its professionalism in the food service business and also to accommodate future business growth, Vina Siam Food opened a new office fully equipped with necessary facilities in early 2014. The new office will also feature a multitemperature storage rooms for chilled and frozen food, as well as, a demonstration kitchen area which can be used to hold special activities with customers, to conduct staff training on new product development, and to improve selling skills for staff. Moreover, Vina Siam Food also plans to study for a possibility to expand its operation to other cities that have business potential as well.



The principal business of Siam Makro Public Company Limited ("the Company") is the operation of membership based Cash & Carry trade centers, registered under the name of "Makro", that are located throughout Thailand. The Company was established in Thailand in May 1988, and its shares were listed on the Stock Exchange of Thailand in August 1994 with a total registered share capital of 4,800 million shares at a par value of Baht 0.50 each fully paid-up.

As at the end of 2013, there were a total of 64 Makro stores of varying formats and sizes, with 11 stores located in the Greater Bangkok Metropolitan area and 53 stores in the provinces, together with 5 Siam Frozen Shops located in upcountry. All stores offer a product range and assortment designed specifically to meet their respective targeted customer groups' requirements and each store is well-positioned geographically to be easily accessible.

With a large registered member base distributed throughout Thailand, the Company continues to successfully operate its principal business of providing various solutions to a multitude of customers operating in a wide range of industries, with the main focus being small to medium size businesses who are predominantly Small Retailers, HoReCa (Hotels, Restaurants and Catering) and services sector.

The Company has two wholly owned subsidiary companies namely, Siam Food Services Limited ("SFS"), and Vina Siam Food Company Limited ("VSF").

1. **SFS** is a leading nationwide provider of premium food products together with other value-added and logistics services to the hospitality and food service industry sectors, operating from 4 key tourist locations: Bangkok, Pattaya, Ko Samui, and Phuket. SFS specialises in supplying high quality specialty frozen and chilled products i.e. meats, seafood, poultry products, potato, dairy, as well as a range of food seasonings, etc.
2. **VSF** is based in Ho Chi Minh City, Vietnam. Its principal business is in trading and distribution as well as import and export of high quality food product including butchery, seafood, potato, dairy, seasoning, etc.

Please see the additional information in form 56-1 on website: www.sec.or.th or www.siammakro.co.th

Contact details :

Head Office Address : 3498, 2nd Floor, Lardprao Road, Klongchan, Bangkok 10240
Telephone 0-2723-1000; Facsimile 0-2375-2927
Website : www.siammakro.co.th

FINANCIAL HIGHLIGHTS

Siam Makro Public Company Limited

As at 31 December

Unit : Baht Million				Change (%)	
	2013	2012 (Restated)	2011 (Restated)	2013/2012	2012/2011
Total assets	35,622	31,922	30,328	11.6	5.3
Total liabilities	24,760	21,181	20,506	16.9	3.3
Share capital	2,400	2,400	2,400	0.0	0.0
Shareholders' equity	10,861	10,740	9,822	1.1	9.3
Sales	125,267	110,985	96,131	12.9	15.5
Total revenues	128,412	113,788	98,623	12.9	15.4
Gross profit	10,672	9,154	7,551	16.6	21.2
Net profit for the year	4,261	3,498	2,629	21.8	33.1
Earnings per share for the year (Baht)	0.89	0.73**	0.55**	21.8	33.1
Par value per share (Baht)***	0.50	10.00	10.00	(95.0)	0.0
Book value per share (Baht)	2.26	2.24**	2.05**	1.1	9.3
Dividend per share (Baht)	0.80*	0.63**	0.53**	26.0	19.0
Net profit margin for the year (%)	3.3	3.1	2.7		
Return on equity (%)	39.5	34.0	27.5		
Return on total assets (%)	12.6	11.2	9.4		
Dividend pay out ratio (%)	90.1	85.8	95.9		

Remark :

- * Dividend per share include the followings :
 - 1) Interim dividend of Baht 0.50 per share was fully paid on December 4, 2013.
 - 2) Proposed final dividend of Baht 0.30 per share for shareholders' approval on April 23, 2014 bringing total dividend for 2013 to Baht 0.80 per share.
- ** Earning per share for the year, book value per share and dividend per share for year 2012 and year 2011 showed the value for comparing with year 2013 which used the new amount of shares according to the resolution of the Extraordinary General Shareholders' Meeting of the Company held on September 20, 2013 approved the change of the par value of the Company's ordinary shares from Baht 10 per share, totaling 240,000,000 shares to Baht 0.50 per share, totaling 4,800,000,000 shares. The such ratios were re-adjusted as if the change of par value of ordinary shares was occurred since the beginning of the year.
- *** The Extraordinary General Shareholders' Meeting of the Company held on September 20, 2013 approved the change of the par value of the Company's ordinary shares from Baht 10 per share, totaling 240,000,000 shares to Baht 0.50 per share, totaling 4,800,000,000 shares.

Siam Makro Public Company Limited and its subsidiaries

As at 31 December

Unit : Baht Million				Change (%)	
	2013	2012 (Restated)	2011 (Restated)	2013/2012	2012/2011
Total assets	36,104	32,291	30,548	11.8	5.7
Total liabilities	25,083	21,428	20,639	17.1	3.8
Share capital	2,400	2,400	2,400	0.0	0.0
Shareholders' equity	11,021	10,863	9,909	1.5	9.6
Sales	126,638	112,140	97,154	12.9	15.4
Total revenues	129,781	114,956	99,670	12.9	15.3
Gross profit	10,964	9,380	7,751	16.9	21.0
Net profit for the year	4,299	3,534	2,654	21.6	33.2
Earnings per share for the year (Baht)	0.90	0.74**	0.55**	21.6	33.2
Par value per share (Baht)***	0.50	10.00	10.00	(95.0)	0.0
Book value per share (Baht)	2.30	2.26**	2.06**	1.5	9.6
Dividend per share (Baht)	0.80*	0.63**	0.53**	28.0	19.0
Net profit margin for the year (%)	3.3	3.1	2.7		
Return on equity (%)	39.3	34.0	27.6		
Return on total assets (%)	12.6	11.2	9.4		
Dividend pay out ratio (%)	89.3	84.9	95.0		

Remark :

* Dividend per share include the followings :

- 1) Interim dividend of Baht 0.50 per share was fully paid on December 4, 2013.
- 2) Proposed final dividend of Baht 0.30 per share for shareholders' approval on April 23, 2014 bringing total dividend for 2013 to Baht 0.80 per share.

** Earning per share for the year, book value per share and dividend per share for year 2012 and year 2011 showed the value for comparing with year 2013 which used the new amount of shares according to the resolution of the Extraordinary General Shareholders' Meeting of the Company held on September 20, 2013 approved the change of the par value of the Company's ordinary shares from Baht 10 per share, totaling 240,000,000 shares to Baht 0.50 per share, totaling 4,800,000,000 shares. The such ratios were re-adjusted as if the change of par value of ordinary shares was occurred since the beginning of the year.

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AUDIT COMMITTEE'S REPORT

Siam Makro Public Company Limited's Audit Committee comprises of three independent Directors who have the required qualifications and are independent in compliance with the SET's requirements. The members of the Audit Committee are Mr. Athaporn Khaimarn, Chairman, Mr. Chavalit Uttasart and Mr. Thira Wipuchanin.

According to the Board of Director Meeting no. 5/2013, the meeting unanimously approved the appointment of Dr. Chaiyawat Wibulswasdi and Khun Joti Bhokavanij as additional members of the Audit Committee, effective from 7 August 2013 onwards.

During the year 2013, the Audit Committee had totaling 5 meetings. A summary of the attendance of each member of the Audit Committee was as follows:

Name	Number of Attendance
1. Mr. Athaporn Khaimarn	5
2. Mr. Chavalit Uttasart	5
3. Mr. Thira Wipuchanin	5
4. Mr. Joti Bhokavanij	1
5. Dr. Chaiyawat Wibulswasdi	1

The management and external auditors were invited to attend each meeting to discuss various issues of concerns. The major matters discussed are as follows:

Preparation of Financial Statements

1. Review the quarterly and annual financial statements and consolidated financial statements of the Company and its subsidiaries for the year 2013 with executives and auditors to ensure that financial statements of both the Company and its subsidiaries were in accordance with generally accepted accounting principles and that information was adequately and completely disclosed in a reliable manner.
2. Review the disclosure of related party transactions between the Company and its subsidiaries to ensure that the Company complied with business criteria required by the Stock Exchange of Thailand.

Internal Control System

3. Review the Company's internal control systems and internal audit system to ensure that they are suitable and efficient, and to determine an independent of the internal audit unit.

4. Review internal audit plan and audit findings for the year 2013 reported by Internal Audit Department.
5. Jointly with the external auditors, the internal auditor and the Company's management, review material issues relating to internal controls and operations procedures of the Company.

Related Party Transactions

6. Review related party transactions that may cause a conflict of interest to the Company and found that they were real and carried out during a normal course of business and the Company carried them out according to a good corporate governance policy.

Selection of the Company's external auditors

7. Consider, select and nominate independent persons to be the Group external auditors and consider proposed audit fees together with Company's Board of Directors, as well as to attend a non-management meeting with the external auditors at least once a year

Law and Regulations Compliance

8. Review the Company's compliance according to laws governing securities and exchange, regulations of the Stock Exchange of Thailand and other legislations relating to its business and found that they were fully complied.

The Audit Committee, having reviewed the operations, is of the opinion that the Company diligently pursued the good corporate governance policy, resulting in an adequate internal control system with no significant weakness. Related party transactions which may lead to conflict of interest were actual transactions found during a normal course of business carried out for the Company's maximum benefit. No unusual item with material essence was found. The Company also fully complied with all the rules and regulations. For the financial statements during the accounting period that ended 31 December 2013 were properly done. Information was adequately disclosed and in line with the accounting standards and there was no incident that depicted items with financial impacts.



(Mr. Athaporn Khaimarn)
Chairman of the Audit Committee
Siam Makro Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

2013 commenced with positive note following economic growth of 6.5% in 2012. However, this could not provide momentum to sustain similar level of growth for 2013 as the economy expanded year-on-year at just 2.9%. This was because all the economic engines have been affected by both internal and external factors. Export sector posted slight negative growth compared to 2012 from weak global demand because world economy has not fully recovered. Private consumption was also flat due to high household debt and higher cost of living. Growth in private investment was negative while growth in public investment was only marginal especially because the government has not been able to carry out the spending program as planned to stimulate the economy.

The lower consumer confidence, combined with flat private consumption, have affected performance of various industries. However, as most of the products sold by Makro are food or daily necessity items, we are therefore partly shielded from the economic situation. Moreover, we have a diversified portfolio of more than 2.5 million registered customers that are distributed across the country as well as across various sectors thus helped to diversify risk of a slowdown in any particular sector. Additionally, because of our customer centric strategy, we continue to focus on customer and assortment development targeting improvement in customer satisfaction and this has helped us to maintain business volume.

Revenue

Total 2013 consolidated sales was Baht 126,638 million, an increase of 12.9% year-on-year compared to 2012. This was driven by a 12.9% increase in total sales from Makro stores and a 24.6% increase in total sales from Siam Food Services Ltd. (SFS) and Vina Siam Food Co., Ltd. (VSF) (net off sales to Makro). The improvement in Makro's sales was attributed to the continuous focus on becoming a solution for the targeted professional customers with emphasis on customer development, assortment development in term of quality, range and availability as well as 7 new Makro stores opened during

the year. Format development is also beginning to contribute to the result. The good performance was also a result of dedication of our staff. On same store basis, the consolidated sales grew by 7.8% and the main driver was the strong growth in both dry food and fresh food departments. The Company has 64 Makro branches and 5 Siam Frozen shops at the end of 2013.

Total consolidated revenue was Baht 129,781 million, an increase of 12.9% from same period last year of Baht 114,956 million.

Gross Profit

The consolidated gross profit of 2013 was Baht 10,964 million, or 8.7% to total sales. This represents an improvement from 8.4% in 2012 and an increase of 16.9% in absolute amount. The continuous gross profit improvement have been achieved via constant effort to improve both customer and product offering mix with the increasing focus on Food Service professionals. Moreover, the continuous margin improvement effort as well as higher sales participation of Makro's own brand product has also contributed to this.

Selling & Administrative Expenses

Consolidated Selling and Administrative expenses totalled Baht 8,598 million, an increase of Baht 1,179 million or 15.9% from 2012 expenses of Baht 7,419 million. There was an increase of 16.6% in selling expenses, resulting from the 12 new stores opened since 2012 (5 stores in 2012 and 7 stores in 2013), increase in minimum wage countrywide as well as the increase in electricity and cost of preparing people for new stores. Administrative expenses increased by 13.5% mainly to strengthen the organization and build strong foundation to cope with business expansion, building talent management and successors as well as business development cost associated with new system.

Net Profit After Tax

The consolidated income before financing costs and taxation was Baht 5,510 million, an increase of Baht 733 million or 15.3% over 2012. Income after taxation was Baht 4,299 million representing an increase of 21.6% from 2012 (after retroactive adjustment for Deferred tax). Besides all the positive factors mentioned above, the good result was also partly contributed by the reduction in corporate income tax from 23% to 20%.

Earnings per Share (EPS)

During the year, Extraordinary General Shareholders' Meeting of the Company approved the change of the par value of the Company's ordinary shares from Baht 10 per share, totalling 240,000,000 shares, to Baht 0.50 per share, totalling 4,800,000,000 shares by splitting one ordinary share at a par value of Baht 10 into 20 ordinary shares at a par value of Baht 0.50 per share. The Company registered the changes in the par value with the Ministry of Commerce on 4 October 2013.

Full year 2013 EPS (calculated after share split) was Baht 0.90, compared to Baht 0.74 for the full year 2012 period as a result of higher level of sales, higher gross profit and effective cost management. Return on equity was high at 39.3% against 34.0% last year.

Financial Status

Consolidated Total Assets as at the end of 2013 was Baht 36,104 million, an increase of Baht 3,813 million, or 11.8%, over 2012 level of Baht 32,291 million. This was mostly contributed by increase in net inventory of Baht 2,516 million and net increase in property, plant and equipment (PPE) of Baht 1,599 million. The higher inventory value was in line with stock for new stores

as well as the fact that the Company increased inventory holding as a contingency measure in light of political situation during the end of the year which continued through to the beginning of 2014 (Bangkok Shutdown). The increase in PPE and Leasehold right was a result of investment in 7 new stores, 4 new sites for 2014 expansion, and equipment replacement of Baht 3,116 million. Reduction in cash and cash equivalents of Baht 1,045 million was the offset of cash generated from operating activities of Baht 5,306 million and the above mentioned fixed assets spending and dividend payment of Baht 4,140 million.

Current Liabilities as at the end of 2013 was Baht 24,540 million, an increase of Baht 3,539 million, or 16.9%, over 2012 level of Baht 21,001 million. This was a result of higher Trade accounts payable and short-term loans from financial institutions. The increase in Trade accounts payable was from increased purchase of inventory resulting for the 7 new stores opening during the year and for end of the year additional stock holding. The higher short-term loans from financial institutions was for liquidity reserve as well as provision for future expansion.

Share Capital during 2013 remained unchanged with total share capital amounting to Baht 2,400 million. Subsequent to the approval of Extraordinary General Shareholders' Meeting of the Company held on 20 September 2013 to the change of the par value of the Company's ordinary shares from Baht 10 per share, to Baht 0.50 per share, total number of ordinary shares increased from 240 million to 4,800 million, and are all fully paid up.

Total Shareholders' Equity as at 31 December 2013 was Baht 11,021 million, increasing from Baht 10,863 million as at the end of 2012 by Baht 158 million or 1.5%. Book value per share was Baht 2.30 per share.

Cash Flow

Debt to Equity (D/E) ratio

Debt to Equity (D/E) ratio: increased from 2.0 as at the end of 2012 to 2.3 at the end of 2013, which was a direct result of the increase in trade accounts payable and short-term loans from financial institutions. Interest Bearing Debt Ratio also increased from 0.21 in 2012 to 0.30 in 2013. As at the end of 2013, Makro has sufficient cash as well as credit facilities to meet further investments and other cash requirements during 2014.

Cash flows from operating activities

For 2013, net cash flow from operating activities totalled Baht 5,306 million, an increase of Baht 140 million or 2.7% from 2012. The increase was mainly from higher Profit before income tax.

Cash flows from investing activities

In 2013, net cash flow used in investing activities amounted to Baht 3,239 million. This was used for investment in expansion which included new store expansion in 2013 as well as land acquisition for stores to be opened in 2014. The increase was also from purchase of the new retail merchandising system software.

Cash flows from financing activities

Net cash flow used in financing activities in 2013 was Baht 3,112 million, representing mainly dividend payment of Baht 4,140 million. The increase in short term loan from financial institutions of Baht 1,067 million was for liquidity reserve and expansion.

Dividend Payments

On February 19, 2014, the Board of Directors of the Company has unanimously resolved to propose a final dividend in respect of 2013 of Baht 0.30 per share amounting to Baht 1,440 million to the Annual General Shareholders' Meeting for approval and to be paid on 23 May 2014. The said amount of the final dividend is in addition to that of the interim dividend of Baht 0.50 per share which were fully paid in the 4th quarter of 2013.

Share Price

The closing price of Siam Makro shares on the Stock Exchange of Thailand (SET) as at 31 December 2013 was Baht 29.00 per share. Thus, the Company was capitalised at Baht 139,200 million, an increase of Baht 32,160 million from Baht 107,040 million at the end of 2012, representing an increase of 30.0%.

New Accounting Policy

Federation of Accounting Professions has issued new accounting standards, new financial reporting standards and revised accounting standards which are effective on 1 January 2013 and are relevant and have an impact to the Company and they are:

1. Current and deferred income tax (TAS 12 Income Taxes)
2. Foreign currency transaction (TAS 21 The Effects of Changes in Foreign Exchange Rates)
3. Segment information (TFRS 8 Operating Segments)

Related details have been disclosed in Note 3.2.1 to financial statement. Only the accounting policy for Current and deferred income tax has retroactive adjustment to prior year financial statement. More details can be referred at Note 3.17 to financial statements regarding Current and deferred income taxes.

INDUSTRY AND COMPETITIVE ENVIRONMENT

Competition in the retail industry has continued to intensify in 2013 with all operators striving to win their share of rather reduced consumer spending power in 2013. Many of the government's economic stimulus policies such as the First-Car Buyer Policy, the Baht 300 Minimum Daily Wage nationwide and the Baht 15,000 Monthly Salary for graduates have all been ineffective in boosting consumer spending power in the long term. Instead, many people were left with greater financial burdens from increasing monthly installments and higher actual cost of living from the fact that cost of many raw materials had previously been increased in anticipation of the new policies. The political unrest which began in the last quarter of 2013 and continued through to beginning of 2014 also added to the difficulty.

Thai retail operators became even more aggressive in their marketing and sales promotion campaigns to stimulate spending. Additionally, cost management measures were implemented to effectively keep operation costs down as all have been affected by the minimum wage policies. However, Thailand's retail industry still shows signs of dynamic growth potential. Participants in both the Convenience

Store segment and the large-scale Modern Trade segment have all demonstrated readiness to develop new businesses and expand their operation to new locations, further increasing their competitiveness to gain market share and in preparation for new players who see the growth potential and opportunities in the Thai retail industry. New operators which entered the market in 2013 included "Lawson 108", a joint-venture between Saha Pathanapibul Group and Lawson Inc.; as well as, "Super-Koom" and "Super-Koom Wholesale" from Central Retail Group.

At the end of 2013, the numbers of retail outlets in Thailand of key retailers can be summarised as below.

- Large Trading Format: Makro 64 Stores (excluding 5 Siam Frozen Shops), Tesco Lotus 157 Stores and Big C 119 Stores
- Supermarket: Tops Supermarket 106 Stores, Big C Market 30 Stores and Tesco Lotus Supermarket 185 Stores
- Convenience Store: 7-Eleven 7,429 Stores, Tesco Lotus Express 1,304 Stores, FamilyMart 1,051 Stores, Mini Big C 278 Stores and Tops Daily 12 Stores

Thailand at the beginning of 2014 has not shown any concrete positive sign that will drive its economy to grow. Therefore, the country's economic growth for 2014 is predicted to rise marginally between 3 to 4 percent. This, coupled with expected reduced consumer's confidence and lower spending, the year 2014 will undoubtedly be yet another challenging year for retail business operators and the competition is likely to continue to intensify.

The key challenges for Makro in 2014 will include the objective to drive its business to grow strongly and sustainably despite uncompromising economic situations. The Company aims to continue with its business strategies that have proven to be successful over the past years. Customer Centric approach, continuous customer and assortment development, together with the laying of a solid foundation for sustainable business growth are all key elements of its business strategies. In addition, 2014 will mark the 25th anniversary of Siam Makro in business. To commemorate this special occasion, the Company plans to introduce a host of sales promotional and Customer Relations activities as well as social contribution activities to show its appreciation for key stakeholders including customers, suppliers, staff and the public.

Makro aims to lay a solid foundation for its sustainable growth and, to achieve this, the Company will implement the new retail merchandising system to support business expansion and efficiency enhancement of operations both at the Head Office and stores. This new system will facilitate centralisation of business data and work process thus help to improve efficiency and enabling efficient in-depth analysis. This will also help Makro in customer development, sales promotional campaigns, as well as, development of better range of products and services to satisfy customers even further.

The opening of the 2nd Distribution Center (DC) for Dry Food and Non Food in Bang Sao Thong, Samut Prakan, is anticipated to help double Makro's distribution capabilities to accommodate for future growth. Moreover, the Company is planning to establish another Distribution Center and Storage Facility for Fresh Food to support the sustainable growth of its

food service business. These two new DCs will also effectively serve as risk management measure against having DCs operating from only one location.

Makro's businesses are expanding rapidly and that's why the Company has placed great emphasis on its people development roadmap and human resources readiness. The Company will apply consistent efforts to retain its quality personnel, develop the potential of existing people so they can take on higher level of responsibility, provide them with career advancement opportunities and develop successors for management role. Moreover, the Company will also recruit capable new personnel to help fulfill human resources requirement, so that it can continue to retain its competitive edge in the fierce retail and wholesale business arena.

Furthermore, to support the business growth objective, Makro will remain committed to expanding its stores to reach more locations as well as to continue store format development in order to get closer to the targeted customers. Currently, the Company focuses on developing Makro foodservice stores in various different sizes as a way of increasing its distribution channels according to the Company's business strategies. Alongside with format development, the Company will also continue to develop assortment both in term of variety as well as safety. In addition, Makro is studying the possibilities to invest in oversea markets to prepare for expansion into neighbouring countries that have potential. Also, the Company's commitment to energy efficiency and environmental friendliness is evident and it will continue to pursue already initiated programs such as the "3-Rs" or "Reduce, Reuse and Recycle" project and the continuous efforts to instill a sense of environment conservation in the minds of its staff members at all levels.

Further, the fact that Makro has now become part of the C.P. Group means that the Company can benefit from C.P. Group's knowledge and expertise in the food industry, as well as, its far-reaching business network both within Thailand and beyond. Such a dependable support will contribute greatly to strengthening Makro businesses and ability to grow sustainably into the future.

RISK FACTORS

The risks to a business can be related to a variety of aspects including strategy, finance, compliance with applicable legal requirements and regulations, as well as, economic and political environments, and potential natural disasters. Makro is fully aware of all such risks and have taken them into careful consideration when conducting business, and has put in place various measures to counter, mitigate or minimise any possible negative impact from such risks to the Company.

Risks relating to Economic Uncertainty, Political Environment and Potential Natural Disasters

Both the Cash & Carry and food service businesses of Makro are sensitive to external environment changes to varying degrees. Over the past few years, the Company experienced a number of negative economic factors such as uncertain weather conditions (including drought and flood), the political unrest and slowdown in global economy. However, because a large share of products offered by Makro consists of basic necessities and fresh food products and that Makro Stores are widely located throughout the country, the Company was thus shielded to a certain extent from the full impact of these extensive adverse effects.

The Makro Business Continuity Management (BCM) framework was put to the test during the great flood of 2011, and it proved to be effective, enabling Makro to remain operational throughout the crisis. However, the Company is determined to find ways to improve the BCM framework even further, and one result is in the opening of the Company's 2nd Distribution Center (DC) in Bang Sao Thong district, Samut Prakarn. The new DC will help mitigate risks from any unfortunate event that may disrupt the operations at any of its two DCs and increase the Company's distribution and logistics capabilities to accommodate future growth.

Legal Risks

Makro is part of the retail and wholesale business sector, which is subjected to more than 30 industry-specific laws and this number could increase in the future. Such regulations could relate to town planning requirements, the Building Control Act, as well as, the operation of license requirements that would place various restrictions on business expansion plans. Additionally, recent laws and ministerial regulations continue to place increasing emphasis on consumer protection, health and food safety such as the Prices of Goods and Services Act, which the government consistently applied on many products and

which has resulted in a negative impact on profit margins of business operators. Other laws focusing on consumer protection include the Alcohol Beverage Control Act, the Product Liability Act and the 2012 ministerial regulations in respect to the monitoring and reporting of wastewater management systems.

Makro is required to be fully aware of all the abovementioned industry-specific legislation, legal requirements and various ministerial regulations, as well as, the regulations of the Stock Exchange of Thailand (SET) and those of the Stock Exchange Commission of Thailand (SEC). The Company also needs to be prudent to avoid any potential legal or compliance risks. Such full compliance requirements will increase both the level of operational complexity and the overall cost of doing business.

Risks relating to Shareholding Proportions

As of 21st November 2013, the C.P. All Public Company Limited and other related companies became the major shareholder of Siam Makro Public Company Limited, holding 97.88% of the Company shares. Now that the major shareholder has acquired more than 75% of the Company shares, some investors may worry that they may be subject to the risk that Company resolutions in both regular and special shareholder meetings will be dominated by the major shareholder, and that the minor shareholders will not be able to collect sufficient votes to maintain checks and balances with the major shareholder.

However, the Board of Directors of Makro does place great importance on compliance with the principles of good corporate governance and therefore minor shareholders maintain the right to propose agendas for Company meetings, as well as, to nominate suitable persons for the selection of Company Directors. Such proposal and nomination must be made in advance of the Company's Annual Shareholders' General Meeting. In addition, the Company's Board of Directors also consists of six Independent Directors – five of which are also members of the Company's Audit Committee. All the six Independent Directors are qualified experts from related fields whose experience and expertise are widely recognised. The Audit Committee is principally tasked with the mission to maintain sufficient checks and balances to ensure enhanced efficiency and greater transparency in all Company operations. Moreover, the Audit Committee is directly responsible for investigating any conflicts of interests; approving any related party transactions between the Company and its subsidiaries; and proceeding with such cases according to any applicable laws and regulations, even if they concern the major shareholder.

Product & Food Safety Risks

The topics of both food safety and food hygiene have become increasingly important not only for the consumer but also for industry regulators. These topics are even more important for Makro because the majority of the Company's product offerings are fresh food or dry food and therefore Makro's operation is constantly exposed to any potential negative reaction from food-related scares (such as avian flu and food contamination).

To mitigate these possible risks, the Company has proactively embedded quality assurance and quality control procedures within its operations both at DCs and all Makro stores. Additionally, Makro also sources products only from reliable and food-safety-certified suppliers. During the past few years, Makro has also been proactive in establishing "Quality Pro" products, to enhance consumer confidence.

Competitive Environment & People Risks

The retail industry remains a very competitive and high-growth sector, especially in the past few years. Additionally, we have witnessed a rapid development of the advent of e-commerce business in more developed markets. The fast e-commerce development in Thailand could have negative impact on the traditional retail businesses including that of Makro. To help mitigate such risks, Makro has developed its own e-commerce channel, www.makroclick.com, and the nationwide network of Makro stores can also help minimise this impact. Therefore, Makro will continue to explore various strategies not only to sustain its competitive advantage, but also to maintain its leading position in the market.

Further, availability of a sufficient and qualified staff pool remains a constant risk for all types of retail business operators. Additionally, with the aggressive expansion of certain segments of the retail industry, there is a risk of them offering better pay to acquire professionally trained employees from Makro. To mitigate such risk, Makro always ensures that its people are offered a reasonable pay; skills development opportunities; secure work environment; career advancement opportunities based on their performance and merit; ongoing staff support and training programs; the feeling of teamwork; together with the family-oriented environment that exists within Makro.

Such a working environment will maximise staff retention and endure sustained staff loyalty, especially among those who are well-trained and have potential for advancement, as they are

vital to Makro's succession plan strategies. Makro believes these efforts will reduce risk concerning the loss of people with potential and support the Company's plan to achieve sustainable business growth.

Risks relating to Business Operation Systems

Makro applies the use of information technology systems throughout the organisation, therefore the integrity of such IT systems is both vital and fundamental to the Company's ability to operate its business effectively. Virtually all of the Company's core operations and business processes are fully computerised, so the Company is exposed to potential adverse impact in the event that such systems become corrupted with viruses or fail because of electricity downtimes or natural disasters.

Additionally, during 2013, the implementation process of the new retail merchandising system has commenced. This is to replace the existing system in order to facilitate improved internal operations and customer service, as well as, to effectively support the Company's ongoing business expansion plans. As with the installation of any new business-wide systems, there are risks attached during both implementation and changeover.

The Information Technology Department of Makro is fully experienced and therefore is proactive in determining such technology-related risks and it has defined specific measures and potential responses aimed at ensuring that the Company is properly and effectively safeguarded against such potential IT risks and any possible operational disruptions. Such measures include appointing qualified IT experts to be in charge of the new system implementation to facilitate a smooth changeover according to specified timeframes. An independent, reliable team of IT experts has also been assigned to closely monitor and assess every process of the new system implementation. In addition, the staff members of the Information Technology Department themselves will also be provided with proper training to prepare them with the knowledge to handle any possible risks from the new retail merchandising system. More importantly, all staff members, stationed either at the Headquarters or any Makro store nationwide, will be given all necessary training to fully prepare them to function effectively under the new retail merchandising system designed to optimise the Company's operations in years to come.

HISTORY AND MAJOR DEVELOPMENT

-
- 1988** : Set up the Company with the registered capital of Baht 750 million.
-
- 1989** : Opened 1st Makro store in Lardprao.
-
- 1990** : Opened 3 Makro stores in Chaengwattana, Srinakarin and Bangbon.
: Set up a subsidiary company called Makro Properties Ltd.
-
- 1993** : Opened 2 Makro stores in Chonburi and Chiang Mai.
-
- 1994** : Increased registered capital to Baht 2,400 million.
: Opened 3 Makro stores in Nakhon Ratchasima, Rangsit and Hat Yai.
: Listed on the Stock Exchange of Thailand.
-
- 1995** : Opened 1 Makro store in Udon Thani.
-
- 1996** : Opened 4 Makro stores in Phitsanulok, Khon Kaen, Surat Thani and Ubon Ratchathani.
-
- 1997** : Opened 1 Makro store in Rayong.
-
- 1998** : Opened 1 Makro store in Nakhon Sawan.
-
- 1999** : Opened 1 Makro store in Charan Sanitwongse.
-
- 2000** : Opened 2 Makro stores in Sathorn and Nakhon Pathom.
-
- 2001** : Opened 1 Makro store in Surin.
-
- 2002** : Opened 1 Makro store in Samsen.
-
- 2003** : Opened 2 Makro stores in Nakhon Si Thammarat and Chiang Rai.
: Remodeled 3 existing stores (Lardprao, Chaengwattana and Srinakarin) to new format
: to focus on a wholesale Cash and Carry business and a one-stop shop for food service.
-
- 2004** : Opened 6 Makro stores in Sakon Nakhon, Suphan Buri, Chanthaburi, Phuket, Roi Et and Trang.
: Remodeled 7 existing stores (Bangbon, Chonburi, Chiang Mai, Hat Yai, Nakhon Sawan, Sathorn and Samsen) to new format.
-
- 2005** : Acquired 99.9% shares of Siam Food Services Limited.
: Remodeled 9 existing stores (Charan Sanitwongse, Surat Thani, Nakhon Pathom, Phitsanulok, Udonthani, Rangsit, Nakhon Ratchasima, Khon Kaen and Rayong) to new format.
-
- 2006** : Remodeled 2 existing stores (Ubon Ratchathani and Surin) to new format.
-
- 2007** : Opened 12 Makro stores in Sakaeo, Ko Samui, Buri Ram, Sisaket, Lamphun, Krabi, Phetchaburi, Chaiyaphum, Saraburi, Pran Buri, Chachoengsao and Chiang Mai.
: Remodeled non-food area in 3 stores (Sathorn, Chaengwattana and Bangbon) to have new assortment and display to cope with our strategy in wholesale Cash and Carry business.
: Installed air conditioning and reviewed assortment and display in 3 stores (Sakon Nakhon, Suphan Buri and Roi Et) to enhance customers' satisfaction.

- : Launched "Makro Retailer Alliance" (MRA) project to continuously develop our member customers to improve their competitiveness.
-
- 2008** :
- : Remodeled non-food area in 4 stores (Chonburi, Chiang Mai, Rangsit and Charan Sanitwongse) to have new assortment and display to cope with our strategy in wholesale Cash and Carry business.
 - : Installed air conditioning and reviewed assortment and display in 4 stores (Nakhon Si Thammarat, Chiang Rai, Chanthaburi and Trang) to enhance customers' satisfaction.
 - : Continued to run "Makro Retailer Alliance" (MRA) project activities by opening a MRA Centre at Makro Lardprao branch as well as organised Retail Expo, training sessions and seminars for small retailers and their successors to improve their competitiveness.
-
- 2009** :
- : Opened 3 Makro stores in Ram Inthra, Chumphon and Pattaya.
 - : Installed air conditioning and reviewed assortment and display in Phuket stores to enhance customers' satisfaction.
 - : Under "Makro Retailer Alliance" (MRA) project, cooperated with 12 business alliances and 32 leading universities to jointly assist and support small food retailers.
 - : Entire business transfer of Makro Properties Ltd. to Siam Makro Public Company Limited.
-
- 2010** :
- : Opened 4 Makro stores in Kamphangphet, Kanchanaburi, Lop Buri and Nong Khai.
 - : Launched the first pilot frozen shop under the name "Siam Frozen" in Chiang Mai.
 - : Remodeled Store Hang Dong (Chiang Mai 2) to new format.
-
- 2011** :
- : Opened 4 Makro stores in Ratchaburi, Mae Rim (Chiang Mai), Phra Nakhon Siayutthaya and Lampang and also opened the second Siam Frozen Shop in Udon Thani, as well as remodeled 2 existing Makro outlets (at Lardprao and Chonburi) to new format and the existing Ko Samui outlet to more effectively meet and serve specific requirements of key target customer groups.
 - : Initiated and built building a pilot Makro foodservice Store, which is a new store format dedicated to the HoReCa customers group that was opened on January 11, 2012.
-
- 2012** :
- : Invested in Vietnam to incorporate a new company in Vietnam under the name "Vina Siam Food Company Limited"; where the Company hold 100% shares.
 - : Opened a pilot Makro Foodservice Store in Hua Hin, which is a new store format providing a one-stop solution for the HoReCa customers group.
 - : Opened 4 Makro stores in Khlong Luang (Pathum Thani), Loei, Phetchabun and Bang Phli and also opened 3 Siam Frozen Shops in Nakhon Si Thammarat, Nakhon Ratchasima and Chonburi.
 - : Remodeled non-food area in 3 stores (Kanchanaburi, Lop Buri and Nong Khai) to have new assortment and display to cope with our strategy in wholesale Cash and Carry business as well as remodeled and expanded sales area of the existing Phuket outlet to cater for future growth more effectively meet and serve specific requirements of key target customer groups.
-
- 2013** :
- : Changed the major shareholder from SHV Nederland B.V. to CP ALL Public Company Limited by the acquisition of the Company's shares on June 26, 2013 and making the tender offer to the Company's shareholders to purchase the Company's shares during June 28, 2013 to August 5, 2013.
 - : Registered the change of par value of the Company's ordinary shares from Baht 10 per share, totaling 240,000,000 shares, to Baht 0.50 per share, totaling 4,800,000,000 shares.
 - : Opened 5 Makro stores in Mukdahan, Satun, Trat, Chum Phae (Khon Kaen) and Nakhon Phanom.
 - : Opened 2 small Makro foodservice Stores in the Patong and Rawai (Phuket), which are new store format.

OTHER INFORMATION

1. General Information for the Company, its Subsidiaries and Associated Company:

1.1 Siam Makro Public Company Limited

Company registration No.	: 0107537000521 (Former no. Bor Mor Jor. 299)
Date of incorporation	: May 10, 1988
Head office	: 3498 2 nd Floor, Lardprao Road, Klongchan, Bangkok, Bangkok 10240 Tel. 0-2723-1000 Fax. 0-2375-2927 Website : www.siammakro.co.th
Type of business	: Operating a cash and carry wholesale business, selling both food and non-food products to registered members
Type and No. of shares	: Registered ordinary shares, totaling 240,000,000 shares
Registered capital	: Baht 2,400,000,000, with 4,800,000,000 shares at a par value of Baht 0.50 each
Issued and paid-up capital	: Baht 2,400,000,000, with 4,800,000,000 shares at a par value of Baht 0.50 each

1.2 Subsidiary and Associated Companies

Subsidiary Companies

(1) Siam Food Services Limited

Company registration No.	: 0105527032739 (Former no. 3276/2527)
Date of incorporation	: September 7, 1984
Head office	: 2439 Old Paknam Railway Road, Prakhong, Klongtoey, Bangkok 10110 Tel. 0-2620-6000 Fax. 0-2620-6001 Website : www.siamfoodservices.com
Type of business	: Specialising in the import and distribution of value added, temperature controlled, high quality specification meats, seafood, poultry, potato, dairy and both international and domestic ethnic food brand products. Distribution reach is to all provinces of Thailand.
Type and No. of shares	: Registered ordinary shares, totaling 450,000 shares
Registered capital	: Baht 45,000,000, with 450,000 shares at a par value of Baht 100 each
Issued and paid-up capital	: Baht 45,000,000, with 450,000 shares at a par value of Baht 100 each

(2) Vina Siam Food Company Limited

Company registration No.	: 411043002045
Date of incorporation	: October 15, 2012
Head office	: 56 Pham Ngoc Thach Street, Ward 6, District 3, Ho Chi Minh City, Vietnam Tel. (848) 7309-1188 Fax. (848) 3820-1886 Website : www.vinasiamfood.com.vn
Type of business	: Trading and distribution, and import and export business, of high quality food product including butchery, seafood, potato, dairy, seasoning, etc.

Registered capital : USD 1,500,0000

Paid-up capital : USD 1,500,0000

Associated Company

- None -

1.3 Referrals

Share Registrar

: Thailand Securities Depository Co., Ltd.
The Stock Exchange of Thailand Building,
62 Ratchadaphisek Road, Klongtoey, Klongtoey, Bangkok 10110
Tel. 0-2229-2800, 0-2654-5599
Fax. 0-2359-1259

External Auditors

: Mr. Prasit Yuengsrikul
C.P.A. Reg. No. 4174

Mr. Vichien Khingmontri
C.P.A. Reg. No. 3977

Mr. Somchai Jinnovart
C.P.A. Reg. No. 3271

PricewaterhouseCoopers ABAS Ltd.
15th Floor, Bangkok City Tower,
179/74-80 South Sathorn Road, Tung Mahamek, Sathorn, Bangkok 10120
Tel. 0-2286-9999, 0-2344-1000
Fax. 0-2286-5050

Legal Counsel

: Siam City Law Offices Limited
20th Floor, Rajanakarn Building,
183 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120
Tel. 0-2676-6667-8
Fax. 0-2676-6188-9

Chavalit & Associates Limited
20th Floor, Rajanakarn Building,
183 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120
Tel. 0-2676-6667-8
Fax. 0-2676-6188-9

2. Nature of Business

Revenue Structure of Company Group (Revenue net of inter-group transactions)

Activities/Products/Services	Operate by	Shareholding of Company (%)	2013		2012		2011	
			Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Makro Cash and Carry								
Sales of consumer goods and other income	Siam Makro Public Company Limited	-	128,295	98.9	113,746	98.9	98,592	98.9
Total			128,295	98.9	113,746	98.9	98,592	98.9
Importing and trading of frozen and chilled foods								
Sales of goods and services and other income	Siam Food Services Limited	99.9	1,422	1.1	1,206	1.1	1,078	1.1
Total			1,422	1.1	1,206	1.1	1,078	1.1
Importing, exporting, and trading of frozen and chilled foods								
Sales of goods and services and other income	Vina Siam Food Company Limited	100	64	0.0	4	0.0	-	-
Total			64	0.0	4	0.0	-	-
Grand total			129,781	100	114,956	100	99,670	100

3. Shareholding Structure and Management

3.1 Shareholders

Major Shareholders

Major shareholders of the Company as at the latest book closing date (November 21, 2013)

Name	No. of shares	% of all shares
1) Siam Makro Holding (Thailand) Limited	2,640,302,800	55.006
2) CP ALL Public Company Limited	2,057,486,700	42.872
Total	4,698,149,500	97.878

Major Shareholder Group

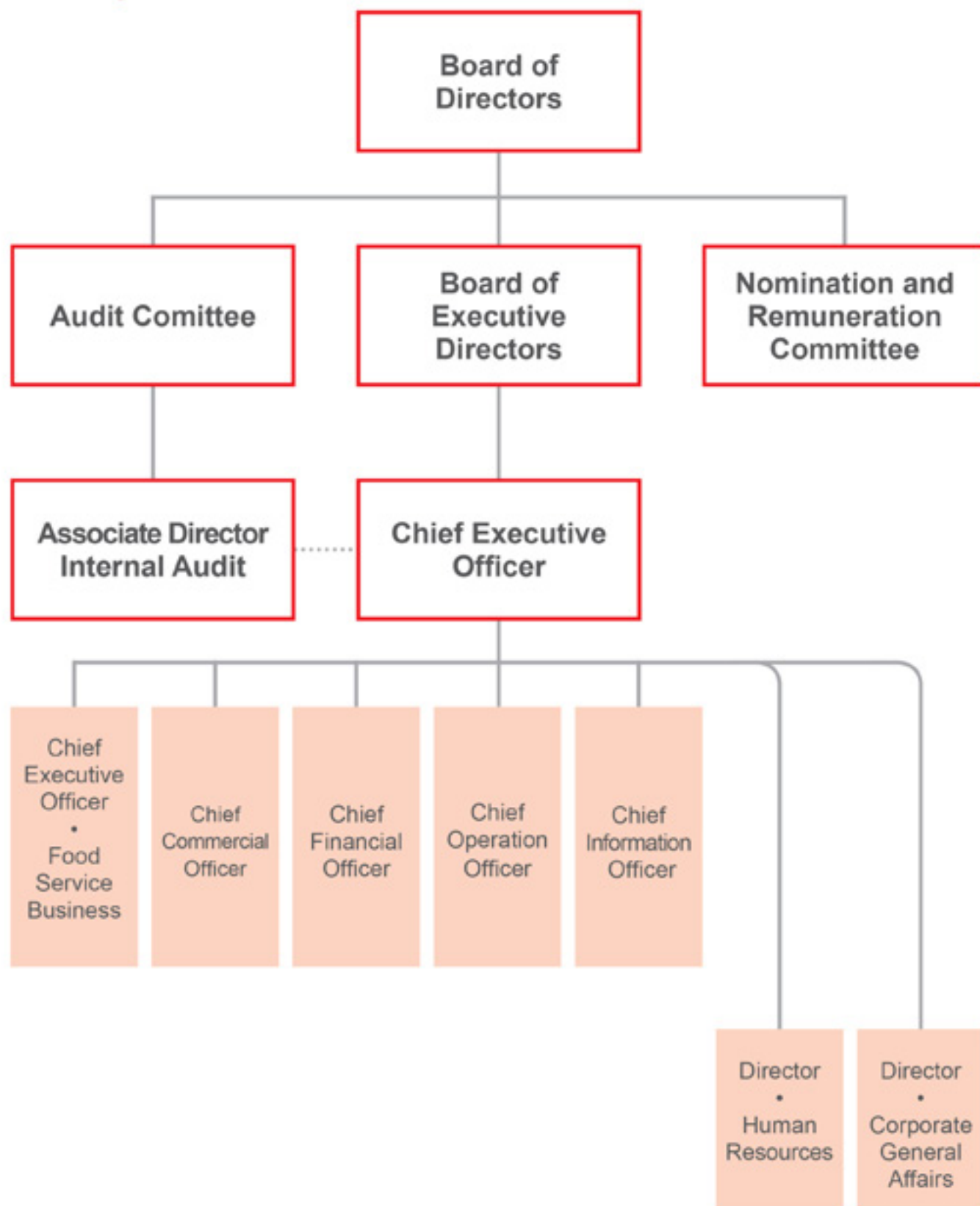
Name	No. of shares	% of all shares
1. CP ALL Group		
- Siam Makro Holding (Thailand) Limited	2,640,302,800	55.006
- CP ALL Public Company Limited	2,057,486,700	42.872

Remark :

1. Siam Makro Holding (Thailand) Limited is a subsidiary of CP ALL Public Company Limited, in which hold a combined shareholding of 97.878% of total issued and paid up shares.
2. Investors can visit the Company's website (www.siammakro.co.th) for more update information prior to the Annual General Shareholders' Meeting.

Siam Makro Public Company Limited

Organisation Structure as at December 31, 2013



3.2 Management

(1) Management Structure

The Company's management structure comprises of the Board of Directors, the Board of Executive Directors, together with the Audit Committee and the Nomination and Remuneration Committee.

Board of Directors

Members of the Board of Directors as at December 31, 2013

1.	Mr. Arsa Sarasin	Independent Director and Chairman
2.	Mr. Athaporn Khaimarn	Independent Director
3.	Mr. Chavalit Uttasart	Independent Director
4.	Mr. Thira Wipuchanin	Independent Director
5.	Dr. Chaiyawat Wibulswasdi**	Director
6.	Mr. Joti Bhokavanij**	Director
7.	Mr. Korsak Chairasnisak*	First Vice Chairman
8.	Mrs. Suchada Ithjarukul	Second Vice Chairman
9.	Dr. Prasert Jarupanich	Director
10.	Mr. Pittaya Jearavisitkul*	Director
11.	Mr. Piyawat Titasattavorakul*	Director
12.	Mr. Soopakij Chearavanont**	Director
13.	Mr. Narong Chearavanont**	Director
14.	Mr. Suphachai Chearavanont**	Director
15.	Mr. Adirek Sripratak**	Director
16.	Mr. Umroong Sanphasitvong**	Director
17.	Mrs. Saowaluck Thithapant	Director
18.	Mr. Philip William Cox*	Director

Remark :

- * Substituted the directors who resigned during the year.
- ** Appointed as the new directors during the year.
- Independent Director means a Director who is not concurrently an executive and does not involve in the day-to-day operations of the Company, as well as who is not major shareholder of the Company and is qualified in accordance with the criteria prescribed by the Capital Market Supervisory Board.
- In the case of Mr. Chavalit Uttasart, Independent Director and Member of the Audit Committee, he is the Managing Director of Siam City Law Offices Ltd. and Chavalit and Associates Ltd., which firms provide legal services to the Company at an annual fee exceeding Baht 2.0 million, resulting in Mr. Chavalit Uttasart having one qualification that does not meet the required qualifications prescribed by the Capital Market Supervisory Board. However, at the Company's Board of Directors' Meeting No.1/2010 on February 23, 2010, it was unanimously resolved to waive this qualification of Mr. Chavalit Uttasart based on the following reasons:
 - Since Mr. Chavalit Uttasart has extensive knowledge of the Company's business as well as the various official rules and regulations that relate to the Company's business or may affect the Company and/or its operations. Therefore, it was considered necessary to have Mr. Chavalit Uttasart remain as an Independent

Director, so that the Company is able to be well-prepared to properly and immediately comply with all such rules and regulations as well as to implement any preventive measures which will mitigate any possible negative effects that may occur.

- (b) The Board of Directors is also of the opinion that the appointment of Mr. Chavalit Uttasart does not affect the performance of his duty and the independent rendering of his opinions.

In this regard, included in the invitation notice for the Annual General Shareholders' Meeting No.17 on April 29, 2010, the Company disclosed this information as part of the proposed agenda to consider the re-election of Mr. Chavalit Uttasart as an Independent Director.

Functions and Responsibilities of the Board of Directors

1. The Company's Board of Directors has duties to establish the Company's principle policy and direction and to monitor the Corporate General Affairs to effectively comply with the Company's policy for the highest benefit of the Company and the Shareholders with transparency and fairness under the legislative and regulatory frameworks and the code of business conduct.
2. The Company's Board of Directors has duties to establish the Company's vision, business plans and budgets and to continuously supervise management team to proceed in compliance with the prescribed plan and budget in order to ensure effective and efficient implementation to maximize the economic value of the business.
3. The Company's Board of Directors shall establish a Business Ethics Guideline of the Company for compliance by the Board of Directors, Executives, Employees and all staffs together with the Company's rules and regulations for fairness to all relevant persons.
4. The Company's Board of Directors shall fully perform their duties with knowledge and ability and also be responsible for their own decision with independent discretion based on honesty, carefulness and diligence in considering the highest benefit of the Company and the fairness to all Shareholders.
5. The Company's Board of Directors has a duty to approve any financial transaction on the Company's investment in considering the highest benefit of the Company and the fairness to all relevant persons.
6. The Company's Board of Directors shall arrange for accounting system, financial report, accounting audit, internal controls and reliable internal audit. In addition, the Board shall also regularly review the internal control and internal audit systems for the efficiency and effectiveness.
7. The Company's Board of Directors shall omit or avoid participating in any business which has interest with the Company's business or potentially cause conflict of interest with the Company. In addition, the Board shall inspect the conflict of interest solution and connected transaction.
8. The Company's Board of Directors shall arrange for the Company's Secretary to provide legal and regulatory advice required by the Board for acknowledgement and for the Board and the Company to comply with any enforceable law and regulation.
9. The Company's Board of Directors shall regularly arrange for review and evaluation of the Board's self-performance as a whole every year. The Board shall jointly consider their operational result and problems in order to reflect the efficiency of their performance and seek improvement.
10. The Company's Board of Directors has a duty to attend the Board of Directors' Meeting and every Shareholders' Meeting. If there is any important task and could not attend the meeting, notification to the Chairman shall be made.
11. The Company's Board of Directors shall arrange for an assessment on compliance with the Company's Good Corporate Governance Policies and ethical framework at least once a year.

Company Secretary

The Board of Directors has appointed Miss Nilobon Tangprasit as the Company Secretary with effective date from March 18, 2008, responsible for the undertaking the following activities on behalf of the Company or the Board of Directors:

1. Preparing, updating and keeping on file the following documents:
 - (a) a register of the Directors;
 - (b) notices calling for Directors' Meetings, Minutes of the Board of Directors' Meetings, and the Annual Reports;
 - (c) notices calling for the Shareholders' Meetings and Minutes of the Shareholders' Meetings.
2. Keeping a record of all points of interest as reported by Directors and Executives.
3. Performing any other activities as prescribed in the Notification of the Capital Market Supervisory Board.
4. Submitting a copy of the report on points of interest (as reported by Directors/ Executives/ related parties) to the Chairman of the Board and the Chairman of the Audit Committee within 7 days from the date on which the Company has received such report.
5. Performing the duties as described above in good faith and with care and responsibility as well as in full compliance with the laws and regulations, the Articles of Association, objectives of the Company and the Resolutions of the Board of Directors and of the Shareholders' Meetings.

Biographical Information of the Company Secretary

Miss Nilobon Tangprasit

Age 54

Position Company Secretary

Shareholding None

Relationship with Executives None

Education

- LL.B (Honors), Chulalongkorn University
- Barrister-at-law (The Institute of Legal Education, Thailand)
- Certificate in Attorney Assistant Training Program, Litigation/Corporation, UCLA Extension, School of Law, Los Angeles, California, U.S.A.
- LL.M, Temple University, School of Law, at Philadelphia, Pennsylvania, U.S.A.

Working Experience

- **1986-1989** Lawyer (In house), B.Grimm&Co
- **1989-2004** Partner, International Legal Counsellors Thailand Ltd.
- **2005-present** Director/ Partner, Siam City Law Offices Ltd.
- **2008-present** Company Secretary, Siam Makro Plc.

Board of Executive Directors

Members of the Board of Executive Directors as at December 31, 2013

1.	Mrs. Suchada Ithjarukul	Executive Director and Chief Executive Officer
2.	Mr. Korsak Chairasmisak*	Executive Director
3.	Dr. Prasert Jarupanich	Executive Director
4.	Mr. Pittaya Jearavisitkul*	Executive Director
5.	Mr. Piyawat Titasattavorakul**	Executive Director
6.	Mr. Narong Chearavanont**	Executive Director
7.	Mr. Umroong Sanphasitvong**	Executive Director
8.	Mrs. Saowaluck Thithapant	Executive Director

Remarks :

* Substituted the executive directors who resigned during the year.

** Appointed as the new executive directors during the year.

Functions and Responsibilities of the Board of Executive Directors

1. To determine the Company's strategy and business plans of each business unit within the Company, including their investments plans, human resources planning, performance appraisals and proposed remuneration plans.
2. To prepare the budgets and investment projects of each business unit, that are to be submitted to the Board of Directors for consideration and approval.
3. To follow-up on as well as monitor the operating performance and the progress of all investment projects in each business unit; and to report to the Board of Directors the associated performance result, problems or issues encountered as well as possible solutions.
4. To follow-up on as well as monitor developments relating to the risk management system of each business unit.
5. To follow-up on as well as monitor human resource development programs, promotion and/or rotation of management-level staff in each business unit so that they are in accordance with the Company's succession plans.

Audit Committee

Members of the Audit Committee as at December 31, 2013

1.	Mr. Athaporn Khaimarn	Chairman of the Audit Committee
2.	Mr. Chavalit Uttasart	Member of the Audit Committee
3.	Mr. Thira Wipuchanin	Member of the Audit Committee
4.	Dr. Chaiyawat Wibulswadi*	Member of the Audit Committee
5.	Mr. Joti Bhokavanij*	Member of the Audit Committee

Remarks :

1. Mr. Athaporn Khaimarn, Chairman of the Audit Committee, has the expertise and experience to review the correctness and completeness of the Financial Statements of the Company, whereby his professional experience is shown on page 59.
2. * Appointed as the new members of the Audit Committee according to the resolution of the Board of Directors Meeting No. 5/2013 dated August 7, 2013.

Functions and Responsibilities of the Audit Committee

1. To review the Company's financial reporting process in order to ensure that it is accurate and adequate;
2. To review the Company's internal controls system and internal audit functions ensuring that they are suitable and efficient, to determine the degree of independence of the internal audit group, as well as to approve the appointment, transfer and dismissal of the head of an internal audit group or any other group responsible for internal audit functions within the Company;
3. To review the Company's compliance with the law on Securities and Exchange, the SET's regulations, and any other laws relating to the Company's business;
4. To consider, select and nominate independent persons to be the Company's auditors, and to propose such auditors' remuneration, as well as to attend meetings with the auditors among themselves without management team at least once a year;
5. To review any connected transactions or transactions that may lead to a conflict of interests situation, in order to ensure that they are in full compliance with the laws and regulations of the SET as well as that such transactions are reasonable and undertaken for the fullest benefit of the Company;
6. To prepare the Audit Committee's Report to be included in the Company's Annual Report which must be signed by the Audit Committee Chairman and consist of at least the following information :
 - (a) an opinion on the accuracy, completeness and reliability of the Company's financial report,
 - (b) an opinion on the adequacy of the Company's internal controls system,
 - (c) an opinion on the compliance with the laws on Securities and Exchange, the SET's regulations or any other laws relating to the Company's business,
 - (d) an opinion on the suitability of an auditor,
 - (e) an opinion on the transactions that may lead to conflict of interests situations,
 - (f) the number of the Audit Committee meetings and the attendance record at such meetings by each member of the Audit Committee,
 - (g) any opinions or comments that are received by the Audit Committee in performing its duties in accordance with its Charter, and
 - (h) other transactions which, in the opinion of the Audit Committee, should be made known to the Shareholders and general investors, subject to the scope of duties and responsibilities as assigned by the Company's Board of Directors; and
7. To perform any other activities as assigned by the Company's Board of Directors and concurred to by the Audit Committee.

Nomination and Remuneration Committee

Members of the Nomination and Remuneration Committee

1.	Mr. Thira Wipuchanin *	Chairman of the Nomination and Remuneration Committee
2.	Dr. Prasert Jarupanich	Member of the Nomination and Remuneration Committee
3.	Mr. Pittaya Jearavitskul**	Member of the Nomination and Remuneration Committee

Remark :

* Also an Independent Director

** Substituted the Member of the Nomination and Remuneration Committee who resigned during the year.

Functions and Responsibilities of the Nomination and Remuneration Committee

1. Select and nominate suitable and qualified persons to be members of Board Committees in accordance with the composition and qualifications as prescribed by the law/relevant regulations; and present its recommendations to the Board of Directors for consideration and approval or for further submission to the Board of Directors which will be presented to the Shareholders' Meeting for its consideration and approval (as the case may be);
2. Consider the criteria relating to and determination of remuneration schemes for the Company's Directors and the Board Committees appointed by the Board of Directors, and to ensure that these are consistent with and appropriate for the Company's performance result and respective responsibilities as well as comparable to the remuneration schemes of other companies in the same industry;
In case the Nomination and Remuneration Committee considers that there should be any changes to those resolutions approved and adopted at the previous Shareholders' Meeting Resolution, this Committee must present the matter to the Company's Board of Directors for consideration and for proposal to the Shareholders' Meeting for consideration and approval;
3. Perform other activities as assigned by the Board of Directors.

Criteria for selecting an Independent Director

Qualifications of an Independent Director

An Independent Director must possess such qualifications in accordance with the established criteria as follows:

1. Holding shares not exceeding one percent of the total number of shares with voting rights of the Company, its parent company, subsidiary companies, associated companies, major shareholder or controlling person of the Company, which shall be inclusive of the shares held by related persons of such independent director;
2. Neither being nor used to being a director who takes part in the management, employee, staff member, advisor who receives a regular salary, or controlling person of the Company, its parent company, subsidiary companies, associated companies, same-level subsidiary companies, major shareholder or of the controlling person of the Company, unless the foregoing status has ended not less than two years. However, such prohibited characteristic shall not include the case where the independent director used to be a government official or advisor of a government unit which is a major shareholder or controlling person of the Company;
3. Not being a person related by blood or by legal registration as father, mother, spouse, sibling, and child, including spouse of child, of the executive, major shareholder, controlling person, or person to be nominated as executive or controlling person of the Company or its subsidiary companies;
4. Neither having nor used to having a business relationship with the Company, its parent company, subsidiary companies, associated companies, major shareholder or controlling person of the Company, in the manner which may interfere with his independent judgement, and neither being nor used to being a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary companies, associate companies, major shareholder or controlling person of the Company, unless the foregoing relationship has ended not less than two years.

The term "business relationship" under the first paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, and any other similar actions, which result in the Company or its counterpart being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or twenty million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions *mutatis mutandis*. The consideration of such indebtedness shall include indebtedness occurred during the period of one year prior to the date on which the business relationship with the person commences;

5. Neither being nor used to being an auditor of the Company, its parent company, subsidiary companies, associated companies, major shareholder or controlling person of the Company, and not being a significant shareholder, controlling person, or partner of the audit firm which employs auditors of the Company, its parent company, subsidiary companies, associated companies, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years;
6. Neither being nor used to being any professional service provider including a legal counselor or financial advisor who receives service fee of exceeding two million Baht per year from the Company, its parent company, subsidiary companies, associated companies, major shareholder or controlling person of the Company, and not being a significant shareholder, controlling person or partner of the aforementioned professional service provider, unless the foregoing relationship has ended not less than two years;
7. Not being a director appointed as representative of directors of the Company, major shareholder or shareholder who is related to major shareholder;
8. Not undertaking any business of the same nature as and competing with that of the Company or its subsidiary companies or not being a significant partner in a partnership or being a director who takes part in the management, employee, staff member, advisor who receives regular salary or holding shares exceeding one percent of the total number of shares with voting rights of other companies which undertake businesses of the same nature as and competing with that of the Company or its subsidiary companies;
9. Not having any other characteristics which cause the inability to render independent opinions with regard to the Company's business operations.

Independent Director with qualifications described in 1-9 above may be empowered by the Board of Directors to make decision for the business operation of the Company, its parent company, subsidiary companies, associated companies, the same-level subsidiary companies, major shareholder or the controlling person of the Company in the form of collective decision.

In case the person appointed by the Company as the Independent Director is person having or used to having business relationship or providing professional service with value of exceeding those prescribed in item 4 or item 6, the Board of Directors may consider waiving this disqualification if the Board opines that the appointment of the said person does not affect his duty performance and his rendering of independent opinion and the Company has disclosed the following information in the notice calling for the shareholders' meeting on agenda regarding the appointment of the said Independent Director:

- (a) Manner of business relationship or professional service causing the said person not being qualified under the prescribed criteria;
- (b) Reason and necessity to maintain or to appoint the said person as the independent director;
- (c) Opinion of the Company's Board of Directors to nominate the said person as the independent director.

Nominations of Independent Directors

The nominating procedure for proposed Independent Directors of the Company is as described in the section on "Nomination of Directors" as shown on page 83

BIOGRAPHICAL INFORMATION OF THE COMPANY'S DIRECTORS



Mr. Arsa Sarasin

Age 77

Position Independent Director and Chairman

Shareholding None

Relationship with Executives None

Date of Appointment January 26, 1994

Education

B.A. in Business Administration, Boston University, U.S.A.

Training with

Thai Institute of Directors (Thai IOD)

2003 Director Accreditation Program (DAP)

2007 Audit Committee Program (ACP)

2008 Finance for Non-Finance Director (FND)

2013 Role of Chairman Program (RCP)

Working Experience

1993-present	Chairman, Thai Asia Pacific Brewery Co., Ltd.
1995-present	Chairman, Amata City Co., Ltd.
1998-present	Chairman, Padaeng Industry Plc.
1999-present	Independent Director, Charoen Pokphand Foods Plc. Chairman, Siam Makro Plc.
2000-2012	His Majesty's Principal Private Secretary
2001-present	Director and Member of the Governance and Nomination Committee, The Siam Cement Plc.
2003-present	Director, Thai Pure Drinks Co., Ltd.
2004-present	Chairman of Advisors, Thai-Laos Friendship Association
2005-present	Vice Chairman, The Thai Tapioca Development Institute
2006-present	Chairman, Mae Sod Clean Energy Co., Ltd.
2007-present	Independent Director, Siam Makro Plc.
2013-present	Vice Chairman and Chairman of the Audit Committee, Charoen Pokphand Foods Plc.



Mr. Athaporn Khaimarn

Age 69

Position Independent Director and
Chairman of the Audit Committee

Shareholding None

Relationship with Executives None

Date of Appointment November 16, 1999

Education

Associate member of the Institute of Chartered Accountants in
Australia

Associateship in Accounting from Western Australia Institute of
Technology
(Now, Curtin University of Technology)

Training with

Thai IOD

2004 Director Accreditation Program (DAP)

2009 Director Certification Program (DCP)

Working Experience

1992-1996

Managing Director,
Price Waterhouse, Bangkok

Present

Independent Director and Chairman of the
Audit Committee,
Goodyear (Thailand) Plc.

1999-present

Independent Director and Chairman of the
Audit Committee,
Siam Makro Plc.



Mr. Chavalit Uttasart

Age 65

Position Independent Director and
Member of the Audit Committee

Shareholding None

Relationship with Executives None

Date of Appointment November 16, 1999

Education

LL.B. (Second Class Honours), Chulalongkorn University
Barrister-At-Law, The Institute of Legal Education
Barrister-At-Law, Gray's Inn, London

Training with

Thai IOD

2005 Director Accreditation Program (DAP)

2009 Director Certification Program (DCP)

Working Experience

1977-2005	Director, International Legal Counsellors Thailand Ltd.
2005-present	Managing Director, Siam City Law Offices Limited Managing Director, Chavalit & Associates Limited
1999-present	Independent Director and Member of the Audit Committee, Siam Makro Plc.
2009-2013	Independent Director and Member of the Audit Committee, Internet Thailand Plc.
2013-present	Managing Director, SCL Tax Consultants Ltd.



Mr. Thira Wipuchanin

Age 64

Position Independent Director,
Member of the Audit Committee, and
Chairman of the Nomination and
Remuneration Committee

Shareholding None

Relationship with Executives None

Date of Appointment May 14, 2003

Education

B.Sc. in Economic and Business Administration,
University of Wisconsin-Stevens Point, U.S.A.

Training with

Thai IOD

2001 Director Certification Program (DCP)

2005 Audit Committee Program (ACP)

Working Experience

1990-1994	Thailand Representative, Prudential Asset Management Asia Ltd.
1995-1997	Senior Vice President, Premier Group of Companies
1998-2004	Senior Executive Vice President, Export - Import Bank of Thailand
Present	Independent Director and Chairman, Interhides Plc. Independent Director and Chairman, Precious Shipping Plc. Independent Director and Chairman of the Audit Committee, Bangkok First Investment & Trust Plc. Independent Director, Chairman and Chairman of the Audit Committee, United Palm Oil Industry Plc.
2003-present	Independent Director and Member of the Audit Committee, Siam Makro Plc.
2008-2009	Member of the Nomination and Remuneration Committee, Siam Makro Plc.
2010-present	Chairman of the Nomination and Remuneration Committee, Siam Makro Plc.



Dr. Chaiyawat Wibulswasdi

Age 67

Position Independent Director and
Member of the Audit Committee

Shareholding None

Relationship with Executives None

Date of Appointment July 5, 2013

Education

B.A. Williams College, U.S.A.

Ph.D. Massachusetts Institute of Technology, U.S.A.

Training with

Thai IOD

2006 Director Certification Program (DCP)

Others

2007 Leadership Program organized by the Capital
Market Academy

Working Experience

1995-1996 Economic Advisor to the Prime Minister

1996 Deputy Minister of Finance and
Acting Minister of Finance

1997-1998 Governor, Bank of Thailand

2001-2004 Advisor to Deputy Prime Minister and
Minister of Finance

2008-2009 Deputy Chairman,
Security Exchange Commission

2004-2010 Executive Chairman,
Krung Thai Bank Plc.

2010-present Independent Director,
Charoen Pokphand Foods Plc.

**July 5, 2013-
present** Independent Director,
Siam Makro Plc.

**August 7, 2013-
present** Member of the Audit Committee,
Siam Makro Plc.



Mr. Joti Bhokavanij

Age 71

Position Independent Director and
Member of the Audit Committee

Shareholding None

Relationship with Executives None

Date of Appointment July 5, 2013

Education

Fellow of the Association of Chartered Certified Accountants,
England

Programme for Management Development,

Harvard Business School, U.S.A.

Marketing Management Programme,

Stanford University, Graduate School of Business, U.S.A.

Training with

Thai IOD

2000 Chairman 2000

2003 Director Accreditation Program (DAP)

2009 Director Certification Program (DCP)

- 2012**
- IOD National Director Conference 2012 – Moving Corporate Governance Forward: Challenge for Thai Directors
 - Monitoring the Quality of Financial Reporting (MFR)
 - Successful Formulation & Execution of Strategy (SFE)
 - How to Measure the Success of Corporate Strategy (HMS)
 - Monitoring Fraud Risk Management (MFM)
 - Monitoring the Internal Audit Function (MIA)
 - Monitoring the System of Internal Control and Risk Management (MIR)

Working Experience

1992-1994 Managing Director and
Consul-General of Denmark for Bangkok,
The East Asiatic (Thailand) Plc.

1994-1997 President & CEO,
Thai Wah Group of Companies

1999-present Independent Director and
Member of the Audit Committee,
True Corporation Plc.

Director,
• Kingfisher Holdings Limited
• Thai Smart Card Co., Ltd.
2000-2001 Executive Chairman, TISCO Finance Plc.
(Presently known as TISCO Bank Plc.)

2002-present Director
• True Move Co., Ltd.
• Bangkok Inter Teletech Plc.

2004-2006 Chief Executive Officer, ACL Bank Plc.
(Presently known as Industrial and
Commercial Bank of China (Thai) Plc.)

2012-present Independent Director and
Member of the Audit Committee,
Loxley Plc.

**July 5, 2013-
present** Independent Director,
Siam Makro Plc.

**August 7, 2013-
present** Member of the Audit Committee,
Siam Makro Plc.

2013-present Chairman, Bangkok Ranch Plc.
Present Member of the Finance Committee and
Member of the Compensation and
Nominating Committee,
True Corporation Plc.



Mr. Korsak Chairasmisak

Age 61

Position First Vice Chairman and Executive Director

Shareholding None

Relationship with Executives None

Date of Appointment July 5, 2013

Education

Certificate of Commerce, Assumption Commerce College
Bachelor of Arts in Economics, Thammasat University
Honorary Doctor of Business Administration in Management,
Sripatum University
Honorary Doctor of Arts, North Chiang Mai University
Honorary Doctor of Business Administration in Management,
Suan Dusit Rajabhat University

Training with

Thai IOD

2000 Director Certification Program (DCP)

2006 The Role of Chairman

Working Experience

1973-1978

Feed Ingredient Purchasing Manager,
Charoen Pokphand Group Co., Ltd.

1979-1983

Managing Director,
• Bangkok Produce Merchandising Co., Ltd.
• C.P. Agro-Industry Co., Ltd.
• C.P. Intertrade Co., Ltd.
• Bangkok Fisheries Co., Ltd.

1983-1987

Executive Vice President (Trading),
Charoen Pokphand Group Co., Ltd.
(Based in Hong Kong)

**July 5, 2013-
present**

Executive Director,
Siam Makro Plc.

**July 12, 2013-
present**

First Vice Chairman,
Siam Makro Plc.

Present

Vice Chairman,
Charoen Pokphand Group Co., Ltd.
Chairman,
Thai Go Association
President,
World Chinese Wei Qi Federation
Committee,
Songklanakarin University
Council Committee,
Panyapiwat Institute of Management
Chairman,
Panyapiwat Institute of Management
Council
Vice Chairman and Chief Executive Officer,
CP ALL Plc.



Mrs. Suchada Ithijarukul

Age 61

Position Second Vice Chairman, Executive Director and Chief Executive Officer

Shareholding None

Relationship with Executives None

Date of Appointment August 29, 1996

Education

Bachelor Degree in Accountancy (Second Class Honours), Chulalongkorn University

Training with

Thai IOD

2003 Director Certification Program (DCP)

Working Experience

1995-2001	Finance Director, Siam Makro Plc.
1996-present	Executive Director, Siam Makro Plc.
2001-2010	President, Siam Makro Plc.
2001-2013	Vice Chairman, Siam Makro Plc.
2005-present	Director, Siam Food Services Limited
2010-present	Chief Executive Officer, Siam Makro Plc.
July 12, 2013-present	Second Vice Chairman, Siam Makro Plc.



Dr. Prasert Jarupanich

Age 65

Position Executive Director and Member of the Nomination and Remuneration Committee

Shareholding 200 shares (no change)

Relationship with Executives None

Date of Appointment May 7, 1988

Education

Ph.D. in Industrial Engineering and Management,
Oklahoma State University

Training with

Thai IOD

2004 Director Certification Program (DCP)
Finance for Non-Finance Director (FND)

2008 Role of the Compensation Committee

Working Experience

1988-2007 Director,
Siam Makro Plc.

1988-present Director,
CP ALL Plc.

2007-2010 Independent Director,
Siam Makro Plc.

2008-2009 Chairman of the Nomination and
Remuneration Committee,
Siam Makro Plc.

2010-present Member of the Nomination and
Remuneration Committee,
Siam Makro Plc.

**2010-
July 11, 2013** Director,
Siam Makro Plc
**July 12, 2013-
present** Executive Director,
Siam Makro Plc.



Mr. Pittaya Jearavisitkul

Age 58

Position Executive Director

Shareholding None

Relationship with Executives None

Date of Appointment July 5, 2013

Education

Bachelor of Arts in Economics (Honour),
Thammasat University
Master of Business Administration,
Faculty of Commerce and Accountancy
Thammasat University

Training with

Thai IOD

2000 Director Certification Program (DCP)

Working Experience

1984 Managing Director,
Bangkok Produce Merchandising Co., Ltd.

1985 Vice President,
C.P. Standard Resources Co., Ltd.
(Hong Kong)

1987 Vice President,
International Trading Business Group,
Charoen Pokphand Group Co., Ltd.

1993 Vice President,
Marketing and Distribution Business Group,
Charoen Pokphand Group Co., Ltd.

1999 Director and
Deputy Chief Executive Officer,
CP All Plc.

July 5, 2013-

present

August 8, 2013-

present

Present

Executive Director,
Siam Makro Plc.

Director and
Vice Chairman of Executive
Committee
CP ALL Plc.

Director,
• CPRAM Co., Ltd.,
• Counter Service Co., Ltd.
• CP Retailink Co., Ltd.
• Gosoft (Thailand) Co., Ltd.
• MAM Heart Co., Ltd.,
• Dynamic Management Co., Ltd.
• Suksapiwat Co., Ltd.
• Panyatara Co., Ltd.
• ALL Training Co., Ltd.
• ALL Corporation Co., Ltd.
Council Committee,
Panyapiwat Institute of Management



Mr. Piyawat Titasattavorakul

Age 60

Position Executive Director

Shareholding None

Relationship with Executives None

Date of Appointment July 5, 2013

Education

Bachelor Degree in Marketing,
Faculty of Business Administration,
Ramkhamhaeng University
Honorary Degree, Suan Dusit Rajabhat University

Training with

Thai IOD

2001 Director Certification Program (DCP)

Working Experience

1978	Swine Processing Project, C.P. Food Products Co., Ltd.
1983	Manager - Grilled Chicken Business, C.P. Food Products Co., Ltd.
1986	Manager - Cherry Duck Business, C.P. Food Products Co., Ltd.
1988	Deputy General Manager, C.P. KFC Co., Ltd.
1990	General Manager, CP ALL Plc.
1993	Assistant Vice President - Operations, CP ALL Plc.
1996-1998	Deputy Vice President - Operations, CP ALL Plc.
1999-present	Managing Director, CP ALL Plc.
July 5, 2013-present	Executive Director, Siam Makro Plc.
Present	Director, • CP Lotus Corporation Co., Ltd. Managing Director, • Retailink (Thailand) Co., Ltd. • C.P. Retailing and Marketing Co., Ltd. • Counter Service Co., Ltd. • MAM Heart Co., Ltd. Director, • Panyapiwat Techno Business School • Panyapiwat Institute of Management



Mr. Adirek Sripratak

Age 67

Position Director

Shareholding None

Relationship with Executive None

Date of Appointment July 5, 2013

Education

Honorary Doctor of Science, Maejo University
 Honorary Doctor of Economics, Chiang Mai University
 Honorary Doctor of Science,
 Rajamangala University of Technology Isan
 Honorary Doctor of Philosophy in Agriculture,
 The Faculty of Agriculture, Ubon Ratchatani University
 Honorary Doctor of Philosophy in Food Technology •
 Mae Fah Luang University
 Honorary Doctor of Philosophy in Food Science,
 Kasetsart University

Training with

Thai IOD

2001 Director Certification Program (DCP)

2005 Director Accreditation Program (DAP)

Working Experience

2003-2004	President & Chief Executive Officer, Charoen Pokphand Foods Plc.
2005-present	President & Chief Executive Officer, Charoen Pokphand Foods Plc. Vice Chairman, Charoen Pokphand Group Co., Ltd. Director, . Siam Makro Plc
July 5, 2013-present	



Mr. Soopakij Chearavanont

Age 50

Position Director

Shareholding None

Relationship with Executives Mr. Narong's and Mr. Suphachai's elder brother

Date of Appointment July 5, 2013

Education

Bachelor of Science Degree, College of Business Public Administration of New York University, U.S.A.

Training with Thai IOD

2011 Director Accreditation Program (DAP)

Working Experience

July 5, 2013-present Director,
Siam Makro Plc.
Present Chief Executive Officer,
• UTV Cable Network Plc.
Executive Vice Chairman,
• Charoen Pokphand Group Co., Ltd.
Chairman,
• True Visions Plc.
• True Visions Cable Plc.
Executive Chairman,
• Telecom Holding Co., Ltd.
Chairman,
• Chia Tai Land Holding Co., Ltd.
• Chia Tai Land Property Management Co., Ltd.
• Chia Tai Real Estate Group Co., Ltd.
• Chia Tai Lotus (Shanghai) Co., Ltd.
• Fortune Leasing Co., Ltd.
• Mass Gain Investment Limited

• Beijing Lotus Supermarket Chain Store Co., Ltd.
• SM True Co., Ltd.
Co-Chairman,
• Shanghai Kinghill Limited
Super Brand Mall
Executive Vice Chairman &
Chief Executive Officer,
• Marketing and Distribution Business (China),
Charoen Pokphand Group Co., Ltd.
• Shanghai Lotus Supermarket Chain Store Co., Ltd.
Chief Executive Officer,
• Real Estate & Land Development Business (China),
Charoen Pokphand Group Co., Ltd.
Executive Chairman & Chief Executive Officer,
• C.P. Lotus Corporation
Vice Chairman
• Marketing and Distribution Business (Thailand),
Charoen Pokphand Group Co., Ltd.
• Real Estate and Land Development Business (Thailand),
Charoen Pokphand Group Co., Ltd.
• Telecommunication Business,
Charoen Pokphand Group Co., Ltd.
• Automotive Industrial Business (China),
Charoen Pokphand Group Co., Ltd.
Vice Chairman,
• Chia Tai Trading (Beijing) Co., Ltd.
• Chia Tai Vision Limited
• Chia Tai International Finance Co., Ltd.

	<ul style="list-style-type: none"> • Shanghai Fortune World Development Co., Ltd. 				
	Director,				
	<ul style="list-style-type: none"> • Chia Tai Development Investment Co., Ltd. • Chia Tai Group Co., Ltd. • CP Pokphand Co., Ltd. • True Move Co., Ltd. • Fortune Shanghai Limited • Lotus-CPF (PRC) Investment Co., Ltd. • Ping An Insurance (Group) Company of China Ltd. • CP ALL Plc. 				
	Director and Member of the Compensation and Nominating Committee,				
	True Corporation Plc.				
Community Service					
1993	Committee on Children Youth, Women and the Elderly				
	Member of Thai-Chinese Culture and Economy Association				
1995	Honorary Advisor to the Senate Standing Committee on Sports,				
	The House of Representatives				
2002	Vice Chairman of Thailand-China Business Council				
	Member of Young Thai Entrepreneurs Assembly				
2004	Vice President of Thailand Equestrian Federation				
	Committee on Cultural Promotion Fund of Office of the National Cultural Commission				
		2005		Vice President of Thai-Chinese Promotion of Investment and Trade Association	
				Member of Young Thai Entrepreneurs Association (YTEA)	
		2006		Advisor of the Standing Committee on Public Health,	
				The House of Representatives	
				Management Committee of Chia Tai International Center of Peking University	
				Member of Fudan Incentive Management Fund Committee of Fudan University	
				Award of Bai Yu Lan from Shanghai Government	
		2008		Committeeman of Chinese People's Government Consultant	
				Committee-Wuhan Province No.10 th	
				Honorary Consul of the Russian Federation for the provinces of Phuket, Krabi and Phang-nga	
		2009		Advisor to Minister of Culture	
				Advisor to the Committee on Education, The House of Representatives	
				Committee Members of the Build Foundation	
		2010		Chairman of China Thailand Chamber of Commerce	
		2011		Vice Chairman of Youth Committee of China Overseas Chinese Investment Enterprises Association	
		2012		Expert to the Committee on Labour and Social Welfare Group	
		2013		Advisor to the Deputy Minister of Defence	
				Advisor to Minister of Culture	



Mr. Narong Chearavanont

Age 48

Position Executive Director

Shareholding None

Relationship with Executives Mr. Soopakij's younger brother and Mr. Suphachai's elder brother

Date of Appointment July 5, 2013

Education

Bachelor of Science, Major in Business Administration,
New York University

Advance Management Program: Transforming Proven
Leaders into Global Executives,

Harvard Business School, Harvard University

Honorary Doctor of Business Administration Program,
Ramkhamhaeng University

Training with

Thai IOD

2007 Director Accreditation Program (DAP)

Working Experience

1995-1997 President,
Ex-Chor Distribution (Thailand) Co., Ltd.

1997 President,
Ex-Chor Trading (Shanghai) Co., Ltd.

1999-present Director,
CP All Plc.

2000-present Director,
Shanghai Lotus Supermarket Chain Store
Co., Ltd.

2001-present Director,
• Yangtze Supermarket Investment Co., Ltd.
• Wuhan Lotus Supermarket Chain Store
Co., Ltd.

2002-present Director,
Business Development Bank

2003-present Director,

2004-present

• Tai'an Lotus Supermarket Chain Store
Co., Ltd.
• Beijing Lotus Supermarket Chain Store
Co., Ltd.
Director,
• Xi'an Lotus Supermarket Chain Store
Co., Ltd.
• Shantou Lotus Supermarket Chain Store
Co., Ltd.

2005-present

Director,
Qingdao Lotus Supermarket Chain Store
Co., Ltd.

2007-2010

Director,
CP Pokphand Co., Ltd.

2007-present

Executive Vice Chairman,
CP Lotus Corporation Co., Ltd.
Chia Tai (China) Investment Co., Ltd.

2008-2010

Director,
True Visions Plc.

2008-present

Director,
• True Corporation Plc.
• CPPC Co., Ltd.
• Beston Action Utility Wear (Lianyungang)
Co., Ltd.
• Jiangsu CP Lotus Supermarket Chain
Store Co., Ltd.
• Beijing CP Lotus Supermarket Chain
Store Co., Ltd.
• Zhejiang CP Trading Co., Ltd.
• Foshan C.P. Lotus Management
Consulting Co., Ltd.

2009-present

Director,
• Cineplex Co., Ltd.
• Satellite Services Co., Ltd.
• Wuxi Ailian Supermarket Chain Store
Co., Ltd.

2010-present	<ul style="list-style-type: none"> • Wuxi Yilian Supermarket Co., Ltd. • Taizhou Yilian Supermarket Co., Ltd. • Hefei Ailian Supermarket Co., Ltd. • Changsha Chulian Supermarket Co., Ltd. • Wuhan Yichu Ailian Supermarket Co., Ltd. • Changsha Ailian Supermarket Co., Ltd. • Guangzhou Lotus Supermarket Chain Store Co., Ltd. <p>President, CP Corporate University Vice Chairman,</p> <ul style="list-style-type: none"> • Panther Entertainment Co., Ltd. • Marketing and Distribution Business (Thailand) • Marketing and Distribution Business (China) • Real Estate & Land Development Business (China) • Shanghai Kinghill Co., Ltd. • CP Lotus Corporate Management Co., Ltd. 	2012-present	<p>Vice Chairman, SM True Co., Ltd. Senior Executive Assistant to Chairman, Chaoroen Pokphand Group "Global Talent Recruitment"</p> <p>Director,</p> <ul style="list-style-type: none"> • Shanghai Callian Supermarket Co., Ltd. • Nantong Tonglian Supermarket Co., Ltd. • Kanshan Tailian Supermarket Co., Ltd. • C.P. Zonglian (Shanghai) Management Co., Ltd. • Shantou Lotus Supermarket Chain Store Co., Ltd. • Guangzhou Lotus Supermarket Chain Store Co., Ltd. • Beijing Lotus Supermarket Chain Store Co., Ltd.
2011-present	<p>Director, True Visions Cable Plc.</p> <p>Director,</p> <ul style="list-style-type: none"> • Chia Tai Qingdao Holdings (Hong Kong) Co., Ltd. • Chia Tai Xiangyang Holdings (Hong Kong) Co., Ltd. • Chia Tai Qingdao Holdings Co., Ltd. • Chia Tai Xiangyang Holdings Co., Ltd. • Grand River Park Corporation Co., Ltd. • Grand River Place Corporation Co., Ltd. • Grand River Front Corporation Co., Ltd. 	2013-present	<p>Chief Executive Officer, Shanghai Litai Logistics Co., Ltd.</p> <p>Vice Chairman, CP Food Product (Shanghai) Co., Ltd.</p> <p>Director,</p> <ul style="list-style-type: none"> • Shanghai Yilian Supermarket Co., Ltd. • Shanghai Ailian Supermarket Co., Ltd. • Shanghai Songlian Supermarket Co., Ltd. • Wenzhou Yichu Ailian Supermarket Co., Ltd. <p>Director, Siam Makro Plc. Executive Director, Siam Makro Plc.</p>
		<p>July 5, 2013- July 11, 2013 July 12, 2013-present</p>	



Mr. Suphachai Chearavanont

Age 46

Position Director

Shareholding None

Relationship with Executives Mr. Soopakij's and Mr. Narong's younger brother

Date of Appointment July 5, 2013

Education

Bachelor of Science in Business Administration (Finance), Boston University, U.S.A.

Training with

Thai IOD

2011 Director Accreditation Program (DAP)

Working Experience

1989	Management Trainee (1 Year), Siam Makro Co., Ltd.
1990	Management Trainee Year (1 year), Soltex Federal Credit Union, U.S.A.
1991	Senior Finance Officer, Petrochemical (2 years), Vinythai Co., Ltd.
1992	Senior Officer, the President's Office, True Corporation Plc.
1993	Vice President, the Operation Room, True Corporation Plc.
1994	Senior Vice President, Planning and Project Coordination & Support, True Corporation Plc.
1995	General Manager, East Region, True Corporation Plc.
1996	Executive Vice President, Business Operations, True Corporation Plc.
1997	Senior Executive Vice President, True Corporation Plc.
1999-present	Chairman, Wire & Wireless Co., Ltd. President & CEO, True Corporation Plc.

2000-present Chairman,
Freewill Solutions Co., Ltd.

2001-present Director,
Pantavanij Co., Ltd.

2002-present Chief Executive Officer,
True Move Co., Ltd.

2006-present Chief Executive Officer,
True Visions Plc.

July 5, 2013-
Present Director,
Siam Makro Plc.

Social Contributions & Other Experience

2005-2007 Member of the Listed Companies
Association (LCA)

2008-2009 Member of Fund Raising and Public
Relations Committee for the
Construction of a Medical Facility in
Honour of HM The King and the
Purchase of Medical Equipments

1999-present Director & Advisor of the
Telecommunications Association of
Thailand under the Royal Patronage (TCT)

2006-present Chairman of the Sub Committee for Fund
Raising, Thai Red Cross Eye Bank
Member of the Thai Red Cross Eye Bank
Committee

2008-present Member of Management Committee on
Nation-wide Strategic Approach Eye
Provisioning Project

2009-present Board Member of Board of Trustees,
Bangkok University

2010-2011 Director of National Electronics and
Computer Technology Center

2010-present Advisor to Executive Chairman of
Rajaprajanugroh Foundation
Committee of Ramathibodi Foundation
Committee of Bangkok Art and Culture
Centre Foundation
Director and Advisor of Master of Science
Program and Doctor of Philosophy
Program in Technopreneurship and
Innovation Management (TIP),
Chulalongkorn University



Mr. Umroong Sanphasitvong

Age 60

Position Executive Director

Shareholding None

Relationship with Executives None

Date of Appointment July 5, 2013

Education

B.A. Accounting, Thammasat University

M.S. Accounting, Thammasat University

Training with

Thai IOD

2001 Director Certification Program (DCP)

2003 Company Secretary

2006 Board Performance Evaluation
DCP Refresher

2007 Role of Compensation Committee

Working Experience

1976-1980	Project Analyst, The Industrial Finance Corporation of Thailand
1980	Deputy Division Manager, Accounting and Finance, Charoen Pokphand Group Co., Ltd.
1999-present	Director, • CP All Plc. • Allianz C.P. Insurance Co., Ltd.
2001-present	Director, True Corporation Plc.
2003-present	Director, Vinasiam Bank
2004-present	Director, CPPC Plc.
2005-present	Director, C.P. Lotus Corporation
Present	Deputy Group CFO, Charoen Pokphand Group Co., Ltd.
July 5, 2013-	Director,
July 11, 2013	Siam Makro Plc.
July 12, 2013-	Executive Director,
present	Siam Makro Plc.



Mrs. Saowaluck Thithapant

Age 58

Position Executive Director and Chief Financial Officer

Shareholding None

Relationship with Executives None

Date of Appointment December 15, 2004

Education

Bachelor Degree in Accountancy (Second Class Honours),
Thammasat University

Bachelor Degree in Laws, Thammasat University

Master Degree in Accountancy, Thammasat University

Training with

Thai IOD

2005 Director Accreditation Program (DAP)

Working Experience

1997-1999	Vice President-Accounting and Finance, Premier Enterprise Plc.
1999-2002	Senior Vice President-Accounting and Finance, Premier Group of Companies
2002-2010	Finance Director, Siam Makro Plc.
2004-present	Executive Director, Siam Makro Plc.
2005-present	Director, Siam Food Services Limited
2010-present	Chief Financial Officer, Siam Makro Plc.



Mr. Philip William Cox

Age 68

Position Director

Shareholding None

Relationship with Executives None

Date of Appointment April 25, 2013

Education

Attended the Sydney University to study Business Administration

Working Experience

1989-1997	Managing Director, Mah Boonkrong Sirichai Supermarket Co., Ltd.
1997-2007	Commercial Director (Dry Food), Siam Makro Plc.
2007-2010	Executive Commercial Director (Dry Food and Supply Chain Management), Siam Makro Plc.
2005-2010	Director, Siam Food Services Limited
2011- March 2013	Chief Commercial Officer and Member of the Executive Board of Directors, Makro South America
April 25, 2013- present	Director, Siam Makro Plc.

BIOGRAPHICAL INFORMATION OF THE COMPANY'S EXECUTIVES



Mr. Lin, Chi-Lung

Age 50

Position Chief Executive Officer - Food Service Business

Shareholding None

Relationship with Executives None

Date of Appointment May 15, 2003

Education

Business Manager Courses, Chung-Shin University

Training with

Thai IOD

2010 Director Certification Program (DCP)

Working Experience

1990-2001 Fresh Food Manager,
Wellcome Taiwan Dairy Farm

2001-2003 Commercial Director (Food),
Makro Taiwan

2003-2010 Commercial Director (Fresh Food),
Siam Makro Plc.

2012-2013 Chairman,
Vina Siam Food Company Limited

2007-present Executive Director,
Siam Food Services Limited

2010-present Chief Executive Officer - Food Service
Business,
Siam Makro Plc.



Mr. Jean-Michel de Geyer

Age 55

Position Chief Commercial Officer

Shareholding None

Relationship with Executives None

Date of Appointment September 1, 2010

Education

Master Degree in Business Administration,
Institut Supérieur de Gestion (ISG, Paris)

Working Experience

1996-2005 Marketing and Merchandise Director,
Carrefour

2005-2007 CEO Giant Hypermarket,
Dairy Farm

2009-2010 Offer Director,
Kingfisher Group

2010-present Chief Commercial Officer,
Siam Makro Plc.



Mr. Thomas Leslie Hammer

Age 59

Position Chief Operation Officer

Shareholding None

Relationship with Executives None

Date of Appointment January 1, 2011

Education

Business Administration, San Diego College

Working Experience

2000-2003	Executive Vice President, Price Smart China Enterprises, China
2003-2005	Vice President and Business Unit General Manager, China Resource Vanguard Co., Ltd., China
2006-2008	Executive Director/ Retail Business Unit General Manager, Great Dreams Cartoon Group Ltd., China
2009-2010	Sales & Operation Director, Siam Makro Plc.
2011-present	Chief Operation Officer, Siam Makro Plc.



Mr. Paul Stephen Howe

Age 48

Position Chief Information Officer

Shareholding None

Relationship with Executives None

Date of Appointment September 2, 2013

Education

The Diploma of Information Technology (DIT),
Melbourne Institute of Technology, Australia

Working Experience

1999-2013	Oracle Enterprise Architect
September 2,	Chief Information Officer,
2013-present	Siam Makro Plc.



Mrs. Boonsin Srilertchaipanij

Age 60

Position Corporate General Affairs Director

Shareholding None

Relationship with Executives None

Date of Appointment December 9, 2010

Education

B.A. Faculty of Arts (First Class Honours),
Chulalongkorn University

Training with

Thai IOD

- 2004** Director Certification Program (DCP)
Finance for Non-Finance Director (FND)
- 2006** Role of the Compensation Committee (RCC)

Working Experience

- 1992-1997** Vice President
Administration & Personnel
Christiani & Nielsen (Thai) Plc.
- 1998-2010** Human Resources Director,
Siam Makro Plc.
- 2001-2004** Director,
Siam Makro Plc.
- 2005-present** Director,
Siam Food Services Limited
- May-Dec 2007** Director,
Siam Makro Plc.
- 2010-present** Corporate General Affairs Director,
Siam Makro Plc.



Mr. Vatcharachai Lawsup

Age 57

Position Human Resources Director

Shareholding None

Relationship with Executives None

Date of Appointment June 17, 2013

Education

Bachelor Degree in Economics, Thammasat University
Master of Public Administration (M.P.A.)
in Personnel Management (First Class Honours), NIDA

Working Experience

- 1981-1990** Senior Manager,
Compensation Management and Training
Division
NXP Semiconductors (Thailand) Co., Ltd.
- 1991-1995** Production Senior Manager,
NXP Semiconductors (Thailand) Co., Ltd.
- 1996-2009** Production Director,
NXP Semiconductors (Thailand) Co., Ltd.
- 2010-2013** Managing Director,
NXP Semiconductors (Philippines) Co., Ltd.
- June 17, 2013-
present** Human Resources Director,
Siam Makro Plc.

Details of the Board of Directors and Executives in the Company and its Subsidiary and/ or Related Company as at December 31, 2013

Company Name Name	Siam Makro Plc.	Subsidiary Company Siam Food Services Limited
Mr. Arsa Sarasin	1, 6	
Mr. Athaporn Khaimarn	6, 7	
Mr. Chavalit Uttasart	6, 8	
Mr. Thira Wipuchanin	6, 8, 9	
Dr. Chaiyawat Wibulswasdi	6, 8	
Mr. Joti Bhokavanij	6, 8	
Mr. Korsak Chairasmisak	2, 5	
Mrs. Suchada Ithijarukul	2, 3, 5	4
Dr. Prasert Jarupanich	4, 5, 10	
Mr. Pittaya Jearavisitkul	4, 5, 10	
Mr. Piyawat Titasattavorakul	4, 5	
Mr. Soopakij Chearavanont	4	
Mr. Narong Chearavanont	4, 5	
Mr. Suphachai Chearavanont	4	
Mr. Adirek Sripratak	4	
Mr. Umroong Sanphasitvong	4, 5	
Mrs. Saowaluck Thithapant	5, 11	4
Mr. Philip William Cox	4	
Mr. Lin, Chi-Lung	12	4
Mr. Thomas Leslie Hammer	13	4
Mrs. Boonsin Srilertchaipanij	14	4

Remark :

Positions

1 = Chairman

2 = Vice Chairman

3 = Chief Executive Officer

4 = Director

5 = Executive Director

6 = Independent Director

7 = Chairman of the Audit Committee

8 = Member of the Audit Committee

9 = Chairman of the Nomination and Remuneration Committee

10 = Member of the Nomination and Remuneration Committee

11 = Chief Financial Officer

12 = Chief Executive Officer - Food Service Business

13 = Chief Operation Officer

14 = Corporate General Affairs Director

15 = Human Resources Director

Details of Directors of Subsidiary Companies as at December 31, 2013

Subsidiary Companies	Siam Food Services Limited	Vina Siam Food Company Limited
Directors Name		
Mrs. Suchada Ithjarukul	Director	-
Mrs. Saowaluck Thithapant	Director	-
Mr. Lin, Chi-Lung	Director	-
Mr. Thomas Leslie Hammer	Director	-
Mrs. Boonsin Srilertchaipanij	Director	-
Miss Thanyamas Vorachart	Director	-
Mr. Leong Siew Pong	-	Director

(2) Nomination of Directors

The Company gives minority Shareholders an opportunity to nominate suitable and qualified persons to be considered for selection as Directors of the Company in accordance with the Company's established criteria in advance of the Annual General Shareholders' Meeting for 2014.

The Nomination and Remuneration Committee is responsible for the selection and nomination of suitable and qualified persons as Directors or Independent Directors of the Company, details of which are presented to the Board of Directors for consideration. The Board of Directors then presents its opinion to the Shareholders' Meeting for consideration and approval. The resolution on the election of the Directors must be adopted by an affirmative majority vote from the total number of votes of those Shareholders attending and present at the Meeting as well as entitled to vote in accordance with the following criteria and procedures prescribed in the Company's Articles of Association:

- A shareholder shall have a number of votes which is equivalent to the number of shares held by him;
- Each shareholder may exercise all the votes he has under clause a), to elect one or more persons as directors but he may not split his votes among any such persons;
- The persons receiving the highest number of votes in the respective order of the votes shall be elected as directors up to the total number of directors required or to be elected at such time. In the event that a number of persons receiving an equal number of votes for the last directorship exceed the number of directors the Company required or to be elected at such time, the chairman of the meeting shall have a casting vote.

If the directorship become vacant for any reason other than by rotation, the board of directors shall elect a person who is qualified and not having a prohibited characteristics as provided in Section 68 of the Public Limited Company Act B.E. 2535 as director to fill the vacancy at the subsequent board of directors meeting unless the remaining term of the director is less than 2 months. The director who fills the vacancy shall retain his office only for the remaining term of the office of the director whom he replaces. The resolution of the board of directors shall consist of not less than three-fourth of the votes of the remaining number of directors.

(3) Remuneration of Directors and Executives for 2013

Financial Remuneration

(a) The 21 Directors (including director who resigned during the year) of the Company received Directors fees totaling Baht 17.72 million. Individual Director's remuneration rates for 2013 are as follows.

Name	Remuneration Rate
1. Mr. Arsa Sarasin	150,000 Baht/ Month
2. Mr. Athaporn Khaimarn	135,000 Baht/ Month
3. Mr. Chavalit Uttasart	110,000 Baht/ Month
4. Mr. Thira Wipuchanin	110,000 Baht/ Month
5. Dr. Chaibawat Wibulswasdi	110,000 Baht/ Month
6. Mr. Joti Bhokavanij	110,000 Baht/ Month
7. Mr. Stephan Ronald Nanninga	95,000 Baht/ Month
(Resigned during the year)	
Mr. Korsak Chairasmisak	95,000 Baht/ Month
(Substituted)	
8. Mrs. Suchada Ithijarakul	95,000 Baht/ Month
9. Dr. Prasert Jarupanich	95,000 Baht/ Month
10. Mr. Willem Hendrikus van Leeuwen	95,000 Baht/ Month
(Resigned during the year)	
Mr. Pittaya Jearavisitkul	95,000 Baht/ Month
(Substituted)	
11. Mr. Wouter van der Woerd	95,000 Baht/ Month
(Resigned during the year)	
Mr. Piyawat Titasattavorakul	95,000 Baht/ Month
(Substituted)	
12. Mr. Soopakij Chearavanont	95,000 Baht/ Month
13. Mr. Narong Chearavanont	95,000 Baht/ Month
14. Mr. Suphachai Chearavanont	95,000 Baht/ Month
15. Mr. Adirek Sripratak	95,000 Baht/ Month
16. Mr. Umroong Sanphasitvong	95,000 Baht/ Month
17. Mrs. Saowaluck Thithapant	95,000 Baht/ Month
18. Mr. Philip William Cox	95,000 Baht/ Month
Other types of remuneration for Directors	None

(b) The 10 Executive Directors (including the executive director who resigned during the year) received remuneration in their capacity as a member of the Board of Directors, details of which are included in clause (a) above.

(c) The 9 Executives received remuneration in the form of salaries and bonus totaling Baht 134.11 million.

Other Remuneration

In 2013 the Company paid 9 Executives other remuneration totaling Baht 41.60 million, consisting of the Company's contribution to the provident fund (equal to 3% of salary) together with expatriate executives' expenses, i.e. house rent, utility bills, telephone expenses, income tax payable, life insurance premium, and travelling expenses etc.

The above remuneration for Executives is based on actual payments made during 2013, which amount differs from the total amount as stated in the Consolidated and Company Financial Statements, in compliance with the Thai Generally Accepted Accounting Principles, under the Accounting Act of B.E. 2543.

Directors' and Executives' Shareholding Status in the Company and Affiliated Company

as at December 31, 2013

Name and Position	Company/Affiliated Company	No. of Shares held	Increase/Decrease (shares)
1) Mr. Arsa Sarasin Independent Director and Chairman	Siam Makro Plc.	-	Decrease 18,900
2) Dr. Prasert Jarupanich Executive Director	Siam Makro Plc.	200	No change

(4) Compliance with established Best Practices and Code of Conduct for Directors of listed Companies

The Board of Directors complies with the Best Practices and Code of Conduct for Directors of listed Companies of the Stock Exchange of Thailand. It has also performed its duties in compliance with all legal requirements and regulations relating to the role and responsibilities of Directors as well as in accordance to the stated objectives and the Articles of Association of the Company and resolutions of the Shareholders' Meetings, with honesty and due care, in order to protect the interests of the Company, and with accountability to the Shareholders. The Board of Directors determines the direction and policies of the Company, supervises and closely monitors that Management follows all agreed policies and procedures as well as complies with all legal or regulatory requirements. The Board of Directors also continuously follow-up on the achieved operating performance results of the Company. Additionally, the Board of Directors has established adequate internal control together with an internal audit function, in order to ensure ongoing effectiveness of the Company's operations.

(5) Supervision on the Use of Inside Information

In order to prevent purchase or sale of Company shares through using inside information and knowledge and also in order to avoid any criticisms on the propriety of people within the Company purchasing or selling of Company shares, the Company has in place controls and limitations on the use of the inside information of the Company for personal gain and for the purchase or sale of the Company's shares. The Company will keep confidential any material information which has not yet been disclosed, and will reveal such information only to the responsible senior Executives. Those senior Executives who have access to material and confidential information, not yet disclosed to the public, must report any purchase and sale of the Company's shares on their part in accordance with the regulations of the Securities Exchange Commission (SEC) relating to the Rules, Regulations and Procedures Governing the Preparation of Disclosure Reports on Shareholdings. Further, the preparation and distribution of documents relating to any confidential information are undertaken only by the appropriate and responsible Officers of the Company.

Additionally, the Company has a policy to regularly announce to the public and notify internally to its Executives, Officers and Employees details regarding the core values of the Company relating to required lawful and ethical conduct on their part. In such internal communications, specific and special references are made to the need to keep confidential any material inside information which may potentially impact both the price and trading of the Company's shares as well as to the need to prevent gaining of personal benefits when trading Company shares, whereby making use of as well as revealing any material and confidential inside information of the Company for any personal gain is strictly prohibited. According to the Company's policy, both Management and employees are prohibited from making use of any inside confidential information or knowledge for personal gain or for business benefits, whereby it is stipulated that each employee should avoid any misuse of inside information that may result in a possible conflict of interest situation. Further, they are duty bound to strictly maintain confidential any and all such inside information.

(6) The Opinion of the Board of Directors regarding Internal Control of the Company and its Subsidiaries

At the Board of Directors' Meeting No. 1/2014 dated February 19, 2014, which includes the 5 members of the Audit Committee, had considered the sufficiency and appropriateness of the internal control system with approval of the assessment form by management team and the audit committee's report. It can be concluded that all of the five internal control factors, internal control, risk management, operation control, information & communication and monitoring activities, are sufficient and appropriate. The Company has enough personnel to follow up the system efficiently. Furthermore, the Company adopts an internal control system concerning follow-up and control its subsidiaries' operation. This aims to protect the Company's and its subsidiaries' assets from any fraudulent or unauthorized use by either directors or executives. It also includes sufficiently preventing them from entering into any transaction with any person whom may have conflict with or any connected person. For the other topics of the internal control, the Board of Directors had also considered to have sufficiency and appropriateness.

(7) Dividend Payment Policy

Unless it is otherwise required due to other considerations, the Company's Board of Directors intends to propose at the Annual General Shareholders' Meeting for approval that the Company pay dividends that is not less than 40 percent of its annual Net Profit after Tax, whereby this has been effective as from 1994 onwards.

Additionally, with regard to the dividend payment policy for its Subsidiary, the Board of Directors of the Subsidiary Company shall consider and propose payment of dividends on a case by case basis.

4. Related Transactions with Connected Parties and Those who may have a Conflict of Interest

Reference to Note 2: "Significant information" and Note 10: "Related Party Transactions" of the Company's financial statements for the year ended December 31, 2013 is shown on page 113 and page 132 respectively, resulting in the related transaction with connected parties and those who may have a conflict of interest were 2 groups as follows;

1. During the beginning of year 2013 till 25 June 2013 was SHV Group, and
2. Since 26 June 2013 was CP ALL Plc. Group.

In 2013, the Company and its subsidiaries conducted several transactions with related parties as provided in Note 10: "Related party transactions" of the Company's financial statements for the year ended December 31, 2013 is shown on page 132 which are summarized as follows:

Nature of the Relationship and Related Transactions (SHV Group)

Service expenses

The Company and its Subsidiaries have been granted the rights to use software and trademarks, maintenance services for business intelligence application support services from an oversea affiliated company, which is a member of SHV Group, major shareholder and has appointed its representatives to be Directors of the Company. The transactions were determined and agreed on a normal course of business at general market prices and commercial terms. These transactions for the fiscal year ended December 31, 2013 amounted to Baht 83.1 million or 1.0 percent of the Company and its subsidiaries' total selling and administrative expenses.

Company Name	Nature of Relationship	Amount (Baht Mil.)
Orkam Asia Trademark AG	Affiliated company	83.1
Total		83.1

Nature of the Relationship and Related Transactions (CP ALL Plc. Group)

1. Trade Accounts Receivable

As at December 31, 2013, the Company and its subsidiaries had a trade accounts receivable balance with related parties in the amount of Baht 2.2 million or 0.8 percent of the Company and its subsidiaries' total trade accounts receivable.

2. Trade Accounts Payable

As at December 31, 2013, the Company and its subsidiaries had a trade accounts payable balance with related parties in the amount of Baht 291.0 million or 1.6 percent of the Company and its subsidiaries' total trade accounts payable. Details are as follows:

Company Name	Nature of Relationship	Amount (Baht Mil.)
C.P. Food Store Co., Ltd.	Affiliated company	77.6
CPF Trading Co., Ltd.	Affiliated company	76.7
Perfect Companion Group Co., Ltd.	Affiliated company	36.7
C.P. Retailing and Marketing Co., Ltd.	Affiliated company	35.8
CP-Meiji Co., Ltd.	Affiliated company	29.7
C.P. Consumer Product Co., Ltd.	Affiliated company	29.4
Other	Affiliated company	5.1
Total		291.0

3. Other Accounts Payable

As at December 31, 2013, the Company and its subsidiaries had a other accounts payable balance with related parties in the amount of Baht 139.6 million or 12.6 percent of the Company and its subsidiaries' total other accounts payable. Details are as follows:

Company Name	Nature of Relationship	Amount (Baht Mil.)
CP ALL Public Company Limited	Parent company	91.0
Gosoft (Thailand) Co., Ltd.	Affiliated company	45.0
Other	Affiliated company	3.6
Total		139.6

4. Sales of Goods and Services

In 2013, the transactions for sales of goods and services with the Company's related parties were determined and carried out under commercial terms and conditions. They are treated in the same manner as unrelated parties and are presented at market price or term as agreed. These transactions for the fiscal year ended December 31, 2013 amounted to Baht 33.6 million or 0.03 percent of the Company and its subsidiaries' total sales and services income. Details are as below:-

Company Name	Nature of Relationship	Amount (Baht Mil.)
C.P. Food Store Co., Ltd.	Affiliated company	10.3
C.P. Consumer Product Co., Ltd.	Affiliated company	7.5
CPF Trading Co., Ltd.	Affiliated company	6.6
CPF (Thailand) Public Company Limited	Affiliated company	3.3
Perfect Companion Group Co., Ltd	Affiliated company	2.1
Other	Affiliated company	3.8
Total		33.6

5. Purchase of Goods

In 2013, the transactions for purchase of goods with the Company's related parties were determined and carried out under commercial terms and conditions. They are treated in the same manner as unrelated parties and are presented at market price or term as agreed. These transactions for the fiscal year ended December 31, 2013 amounted to Baht 827.5 million or 0.7 percent of the Company and its subsidiaries' total cost of sales. Details are as below:-

Company Name	Nature of Relationship	Amount (Baht Mil.)
CPF Trading Co., Ltd.	Affiliated company	278.8
C.P. Food Store Co., Ltd.	Affiliated company	187.0
Perfect Companion Group Co., Ltd	Affiliated company	108.3
CP-Meiji Co., Ltd.	Affiliated company	89.9
C.P. Retailing and Marketing Co., Ltd.	Affiliated company	72.6
C.P. Consumer Product Co., Ltd.	Affiliated company	64.9
Other	Affiliated company	26.0
Total		827.5

6. Purchase of fixed assets and intangible assets

In 2013, the transactions for purchase of fixed assets and intangible assets with the Company's related parties were determined under the supporting transaction related to the normal course of business which are treated in the same manner as unrelated parties and are presented at market price or terms as agreed. These transactions for the fiscal year ended December 31, 2013 amounted to Baht 47.3 million or 0.1 percent of the Company and its subsidiaries' total fixed assets. Details are as below:-

Company Name	Nature of Relationship	Amount (Baht Mil.)
Gosoft (Thailand) Co., Ltd.	Affiliated company	42.1
Freewill Solutions Co., Ltd	Affiliated company	5.2
Total		47.3

7. Service expenses

In 2013, the transactions for service expenses with the Company's related parties were determined under the prices and terms as agreed among the parties concerned. These transactions for the fiscal year ended December 31, 2013 amounted to Baht 99.6 million or 1.1 percent of the Company and its subsidiaries' total selling and administrative expenses. Details are as below:-

Company Name	Nature of Relationship	Amount (Baht Mil.)
CP ALL Public Company Limited	Parent company	91.0
Other	Affiliated company	8.6
Total		99.6

Necessity and Reasons for these Related Transactions

1. The purchase of fixed asset and intangible assets with related companies within CP All Plc. Group are computer equipment and software which were determined and carried out under commercial terms and conditions. They are treated in the same manner as unrelated parties and are presented at market price or term as agreed.
2. The service expenses are as below
 - 2.1 Service expenses with related companies within SHV Group are software license fees, royalty fees for the use of such trademarks and supporting fee for software and business intelligence application and the associated benefits derived by the Company i.e. the technical services support relating to the management for the Company's core business operations by overseas affiliated companies, these costs relating to the usage of both the system and the application software are less than costs for a local system and for own software development.
 - 2.2 Service expenses with related companies within CP All Plc. Group are software license fees, royalty fees for the use of such trademarks relating to the Company's core business operations.

Procedures for Approving Related Transactions and Policies for Future Transactions

Related transactions should occur only when required as part of the normal course of doing business and purely for the benefit of the Company as a whole. The use of software licenses and trademarks and business intelligence application support services are considered necessary for the Company's normal business operations. Such related transactions are approved by the Board of Directors in accordance with the Company's Articles of Association, before they are undertaken. The Company and its Subsidiaries have a policy for future related transactions that all related transactions will only be undertaken when required by normal business operations. Further, the terms and conditions of all such related transactions will be treated in the exact same manner as any other transactions undertaken with third-parties. Nevertheless, any related transaction must be approved or ratified by the Board of Directors.

In case of the entering into the connected transactions relating to the transactions with the general commercial terms, the Company's Board of Directors has approved in principle that the Company and its Subsidiaries will be approved to enter into related transactions with a Company Director, an Executive or any other related Party only if such transactions consist of the same commercial considerations and terms as well as shall be undertaken under similar circumstances as those which an ordinary non-related counterparty would agree to and on the basis of normal commercial negotiation without any associated or special considerations being given because of the status of the Director, Executive or any other related Party. Details of such internal regulations are as follows :

1. Purchase of Goods

In the event that the Company and its Subsidiaries purchase goods from related companies through having the same or shared Director(s) and/ or the same group of shareholders, such transactions shall be fully in accordance with normal business conditions as well as in line with normal market prices applicable at the time, and shall be treated in the same manner as any other transactions undertaken with any other unrelated Parties.

2. Use of Service

In the event that the Company and its Subsidiaries make use of legal consulting services from Siam City Law Offices Co., Ltd. and Chavalit & Associates Limited, both of which companies have shared co-directors, such transactions shall be specified in an Agreement and shall be based on a reasonable terms and conditions for the Company and its Subsidiaries. In addition, the Company and its Subsidiaries receive service from related companies through having the same or shared Director(s) and/ or the same group of shareholders, such transactions shall be fully in accordance with normal business conditions as well as in line with normal market prices applicable at the time, and shall be treated in the same manner as any other transactions undertaken with any other unrelated Parties.

3. Sale of Goods and Service

In the event that the Company and its Subsidiaries agree to sell any goods to its Directors and/or Executives. Including with sell any goods and service to related companies through having the same or shared Director(s) and/ or the same group of shareholders, such transaction shall be treated and made under normal business conditions as well as in line with normal market prices applicable at the time and in the exact same manner as those similarly undertaken with any other unrelated Parties.

In the case of transactions for the purchase and sale of goods and services and purchase of fixed assets and intangible assets under the ordinary course of business, the Company has procedures to protect investors and prevent the transfer of interests. The Internal Audit Dept reviews the necessity of inter-company transactions and ensures that the prices of the transactions for goods and services and purchase of fixed assets and intangible assets are at the prevailing market rates. The Internal Audit Dept provides reports of related transactions to the Audit Committee every quarter.

Additionally, the use of services including the usage of software license and trademarks and business intelligence application support services, shall be documented and specified in relevant Agreements, which shall also be undertaken on a fair and reasonable basis.

5. CORPORATE GOVERNANCE

Good Corporate Governance Policy

The Company recognises the importance of Good Corporate Governance and is confident that having Good Corporate Governance will create greater enhancement of both the managerial and operational processes within the Company, thus leading to sustainable growth and value creation for the Shareholders in the long term.

The Board of Directors of the Company has defined a policy of Good Corporate Governance by adhering to the guidelines relating to the principles of Good Corporate Governance of the Organization for Economic Co-operation and Development (OECD) as follows;

5.1 Rights of Shareholders

- (1) The Board of Directors has defined the Company's policies relating to Good Corporate Governance, which has recognised the importance of the rights of Shareholders including the protection of the fundamental rights entitled by Shareholders, the equitable treatment with full transparency and fairness under the legislative and regulatory frameworks, together with the code of business conduct as well as the appropriate and efficient management that will effectively result in the highest benefits for the Company's Shareholders.
- (2) The Company emphasises and respects the Rights of Shareholders by complying with the criteria as prescribed by the law. During 2013, the Company held 3 shareholders' meetings - the Annual General Shareholders' Meeting on April 25, 2013, the Extraordinary General Meeting of Shareholders no. 1/2013 and no. 2/2013 on July 5, 2013 and September 20, 2013, at Chaturathit Room, Golden Tulip Sovereign Hotel, 92, Rama 9 Road, Bangkok Subdistrict, Huay Kwang District, Bangkok. For the year 2013, the Company provided minority Shareholders the opportunity to propose any additional agenda items in advance before the 2014 Annual General Shareholders' Meeting (AGM) as well as to nominate, in advance between October 1, 2013 through to January 15, 2014, any suitable and qualified persons to be considered for selection as Directors of the Company, whereby associated details and selection criteria were posted on the Company's website (www.siammakro.co.th). The Company also notified these rights to all Shareholders via the online news system of the Stock Exchange of Thailand.
- (3) The Company authorised the Thailand Securities Depository Co., Ltd., in its capacity as the Company's Share Registrar, to send out to the Shareholders 21, 8 and 11 days in advance, invitation notices for the 2013 Annual General Shareholders' Meeting (AGM), Extraordinary General Meeting of Shareholders no. 1/2013 (EGM no. 1) and no. 2/2013 (EGM no. 2) together with all relevant supporting information for all of the proposed agenda items together with the opinion of the Board of Directors relating to each proposed agenda item.
- (4) The Company also published the notices for the AGM, EGM no. 1 and EGM no. 2 on the Company's website (www.siammakro.co.th) 38 days, 22 days and 18 days respectively prior to the 2013 AGM date, EGM no. 1 date and EGM no. 2; and again notified through the online news system of the Stock Exchange of Thailand about the AGM, EGM no. 1 and EGM no. 2 notice that appeared on the Company's website. Minutes of the AGM, EGM no. 1 and EGM no. 2 were also published on this website 13, 14 and 11 days respectively after the AGM, EGM no. 1 and EGM no. 2 took place.
- (5) The 2013 Annual General Shareholders' Meeting (AGM), the Extraordinary General Meeting of Shareholders no. 1/2013 and no. 2/2013 (EGMs) were attended by the Company's 9, 7 and 10 Directors respectively, including members of the Audit Committee, the Company's external Auditor and legal counselor. At the start of the AGM and EGMs, the Chairman of the AGM and EGMs announced to the meeting the number and proportion of Shareholders, their proxies attending the AGM and EGMs, the voting and votes counting procedures for each of the proposed agenda items in the order as announced in the AGM and EGMs notice. There was no "other agenda item" tabled during the AGM and EGMs, which proceeded in accordance with the Company's Articles of Association. Minutes were completely and accurately recorded for reference and review by Shareholders. The Company provided equal opportunity to all Shareholders to ask questions, to make enquiries or to express their opinions relating to any of the agenda items discussed or the proposals tabled, for which the Company gave satisfactorily answers to all the questions raised during the AGM and EGMs.

- (6) Those Shareholders attending the Shareholders' Meeting after the start of a meeting are still entitled to vote for the agenda then being considered as well as any other agenda items for which a resolution has not yet been voted upon.

5.2 Equitable Treatment of Shareholders

The Company has a policy to allow equitable treatment to all Shareholders and to be in accordance with the law; as well as to set procedures to prevent Directors and Executives from making use of any inside information for abusive self-dealing and thereby creating a disadvantage for other Shareholders. In this respect, the Company has taken into consideration the equitable treatment to all Shareholders as follows:

- (1) The right to vote in the Shareholders' Meeting based on the number of shares held by Shareholders, whereby one share equals one vote.
- (2) Again, for 2013 the Company provided the opportunity for minority Shareholders to propose any additional agenda items in advance before the 2014 Annual General Shareholders' Meeting (AGM) as well as to nominate, in advance between October 1, 2013 through to January 15, 2014, any suitable and qualified persons to be considered for selection as Directors of the Company, whereby associated details and selection criteria were posted on the Company's website (www.siammakro.co.th).
- (3) The Company has already delivered the AGM together with all the supporting documents relating to the proposed agenda items. The Company has also encouraged Shareholders to make use of the proxy forms as supplied that will enable them to determine the direction of the voting for the agenda items being considered as well as to exercise their vote relating to the election of the proposed individual Directors in regard to the agenda relating to the appointment of the Company's Directors.
- (4) Shareholders are able to appoint any other person or any one of the Company's Independent Directors to be their proxy in attending the AGM and EGMs. The Company recommended that Shareholders appoint those Independent Directors who are also members of the Audit Committee as their proxy. Details relating to the Audit Committee members were provided together with the AGM and EGMs notices. And for the Annual General Shareholders' Meeting for 2013, Extraordinary General Meeting of Shareholders no. 1/2013 (EGM no. 1) and no. 2/2013 (EGM no. 2) a total of 360, 319 and 70 shareholders respectively appointed the Chairman of the Audit Committee and other members of the Audit Committee, who were also Independent Directors, as their proxies. Additionally, during the AGM for 2013, EGM no. 1 and EGM no. 2, the Company provided equal assistance and treatment to all Shareholders alike.
- (5) The Company regularly issues announcements and regulations to the Management, Officers and other relevant persons in regard to the Company's principles on the legal conduct and proper business ethics to be applied both within the Company and towards the third parties, especially in regard to the maintenance of confidentiality of sensitive information as well as protection against the possible use of inside information, whereby relevant details are provided in the section on 'Supervision on the Use of Inside Information' on page 85.

5.3 Role of Stakeholders

- (1) The Company emphasises the rights of every group of Stakeholders, whereby it complies with the provisions of the law, in order to maintain the rights of any group of Stakeholders and to appropriately coordinate gaining of mutual benefits as follows :

Shareholders

The Company will operate its business in a transparent manner, with the commitment to building long-term sustainable growth and providing good financial returns for its Shareholders.

Customers

The Company is committed to sourcing and increasing its assortment of products as well as to implementing quality controls that meet the standards required by its customers. Further, towards this end, the Company is committed to continuously developing and improving its services, as well as to creating sound and sustainable relationships with its customers in order to provide them with the highest satisfaction in both the Company's products and services.

Employees

The Company has a policy to focus on continuing human resource training and development, in order that employees will have the opportunity for ongoing career advancement. To achieve this policy, the Company has arranged training and skills development for employees at every level, so that they can become qualified, effective and efficient employees as well as being ready for promotion to a higher level. Moreover, the Company also has a policy to give remuneration based on the job value and actual performance, inclusive of equitable welfare and benefits schemes to its employees. The remuneration and welfare schemes of the Company will be at the competitive rates in the labour market within the same industry. In addition, the Company also has a policy regarding the Occupational Safety and Workplace Environmental Management, and has set up the Committee of Occupational Safety and Working Environment, the Occupational Safety Officer at Supervisory Level, and the Occupational Safety Officer at Executive Level. The Company has adequately and appropriately proceeded with the Occupational Safety and Workplace Environmental Procedures, in order to prevent any loss of life, injury from accidents and illnesses related to work performance, as well as continually promotes various work safety related activities together with associated official or Government organisations.

Business Partners and Creditors

The Company intends to treat all trading parties fairly, taking into consideration the mutual benefits of all parties and complying with all mutual Agreements. In addition, the Company strictly complies with any Agreements made with all creditors, and also settles any debts as agreed to under the terms and conditions as specified in the Agreements.

Competitors

The Company operates its business under the framework of international rules of competition as well as laws relating to competitive trade principles and practices. The Company does not commit any infringement or fraudulent acquisition of competitors' trade secrets or confidential information; and does not destroy competitors through any dishonest methods.

Society and Environment

The Company realises the importance of the society and environment in which it operates. Thus, the Company encourages every branch to always be jointly responsible for the immediate community by cooperating in any local community and public activities, including development of education, the environment and society as a whole. Further details are given in the section of "Corporate Social Responsibility" on page 23. Moreover, the Company has determined a policy for energy conservation as a guideline for energy usage that promotes the efficient energy consumption that will have highest benefit and which will assist in reducing the global warming crisis.

(2) Following-up and Supervision of compliance and notification

Directors, Executives and all Employees have a duty and responsibility to keep themselves informed and always have a good understanding of the Good Corporate Governance Policies, in order to be able to effectively use this knowledge as a practical guideline so as to support the Company in becoming more efficient and in implementing good corporate governance practices.

The Company's Executives at all levels must treat such Good Corporate Governance Policies as being critically important, and must be responsible for notifying their subordinates so that they will fully understand and comply with such Policies.

The Company will allow Directors, Executives and all Employees to have the opportunity to make enquiries and to seek any clarifications on these policies, as well as to be able to notify on any perceived non-compliance with the Company's Good Governance Policies by submitting any compliant or any enquiries on practical guideline, to :

- a) Superiors, at each level;
 - b) Human Resource Division - Head Office;
 - c) Legal and Good Corporate Governance Division;
 - d) Internal Audit Group; and
 - e) Chairman of the Audit Committee
- (3) The Company has policies on anti-corruption within the following framework.
- a) Executives and Employees of the Company must act within the business ethic framework and refrain from any actions that may be fraudulent or illegal and which will affect their work;
 - b) Executives and Employees of the Company shall not offer or accept money or other benefits that are deemed unlawful.
- (4) The Company has policies in regard to non-infringement of intellectual property (IP) as follows:
- a) The Company discourages any actions that may or will violate the IP or copyright as prescribed by the IP laws. In the event that the Company finds any infringements of IP, the Company will proceed promptly and appropriately to remove or disable any access to the alleged IP infringements;
 - b) The Company will promptly proceed with various steps as appropriate in accordance with disciplinary actions of the employees of the Company, and will inform the Party whose IP has been infringed accordingly.

5.4 Disclosure of Information and Transparency

- (1) In addition to disclosing information, as specified and required by law or regulations, through the Stock Exchange of Thailand and within its Annual Statements (Form 56-1) and Annual Reports, the Company also discloses information, both in Thai and English, through other channels such as the Company's website, whereby such information is regularly updated.
- (2) The Board of Directors recognises the importance of disclosing both financial and non-financial information, in an accurate, complete, transparent, and timely manner as required by the laws, in order to provide investors and every group of Stakeholders with reliable and sufficient information for the purpose of making decisions. The Company Secretary and the Investor Relations Department are responsible for communicating and disseminating information of the Company, both domestically and internationally, which is useful to individual investors, institutional investors, investment analysts and the general public and on the basis of equity and fairness as required by the laws. Such information dissemination will be undertaken through various communications channels, such as announcements via the Stock Exchange of Thailand or the Company's website. In addition, the Company regularly organises investors and analysts meetings every quarter after disclosing the Company's quarterly operating performance results to the Stock Exchange of Thailand.
- (3) The Board of Directors provides, within the Company's Annual Report, the Report of the Board of Directors' Responsibilities for Financial Statements as shown on page 100 together with the Auditor's Report.
- (4) Details regarding the roles, duties and responsibilities of the Board of Directors of the Company, the Executive Board, the Audit Committee and the Nomination and Remuneration Committee, together with details of the Directors' terms, the Board of Directors' meetings, and the policy on the remuneration of its Directors and Executives are all described in item 5.5 "Responsibilities of the Board".

5.5 Responsibilities of the Board

(1) Board Structure

- (1.1) The Board of Directors consists of not less than 5 Directors or any minimum number as required by the laws and the resolution of the Shareholders' Meeting but not more than 18 Directors, whereby the Board of Directors must comprise of those who are qualified as well as not having any disqualifying criteria as prescribed by the law governing public limited companies and any other relevant laws.

For the year 2013, the Board of Directors comprises of 18 Directors, which is deemed suitable for the size of the Company's business and operations, whereby the Chairman is an Independent Director with no relationships with any Executives and who is also not the Chief Executive Officer. This is in order to separate the respective duties of determining policies relating to good Corporate Governance from the routine operational and management responsibilities of the Company. Additionally, a good balance between Non-Executive and Executive Directors has been established, whereby the Board of Directors consists of the following :

a) Executive Directors (who are authorised signatories)	8	persons
b) Non-Executive Directors :	10	persons
- Director (who is not an Audit Committee member)	4	persons
- Independent Director (who is not an Audit Committee member)	1	persons
- Independent Directors (who are also Audit Committee members)	5	persons

It is the opinion of the Board of Directors that the 6 Independent Directors (including the Chairman of the Board), accounting for 33.33 percent of all Directors, are all duly qualified, as per the details shown on page 56. In this regard, the Board of Directors, also believe that Mr. Athaporn Khaimarn, an Independent Director, has the required extensive accounting and financial management knowledge and expertise, and have therefore appointed him to be the Chairman of the Audit Committee.

- (1.2) The Board of Directors has also appointed Miss Nilobon Tangprasit as the Company Secretary, with details of this role described in the section on "Company Secretary" on page 53.
- (1.3) In order to ensure the effectiveness of the Directors' performances, each Director of the Company has strictly complied with the requirement that each Director will serve as a Director of not more than 5 listed companies.
- (1.4) Appointments of Directors shall be in compliance with the Articles of Association of the Company and relevant laws, and shall be transparent. The nomination of Directors shall proceed in accordance with the process as established by the Nomination Committee as well as take into consideration the educational background and professional experience of the candidate, whereby sufficient details will be made available in order that the Board of Directors and/or the Shareholders can make a decision.

(2) Committees

The Board of Directors has established these Board Committees to assist in the Company's good corporate governance practices as follows:

- (2.1) Audit Committee, comprising of 5 Independent Directors as members; namely, Mr. Athaporn Khaimarn, Chairman of the Audit Committee; Mr. Chavalit Uttasart; Mr. Thira Wipuchanin, Dr. Chaiyawat Wibulswasdi and Mr. Joti Bhokavanij together with the Associate Director - Internal Audit as the Audit Committee Secretary. Additional details are shown in the section on the "Audit Committee Report" on page 36 and on the "Audit Committee" on page 55.
- (2.2) Nomination and Remuneration Committee, as described in the section on "Nomination and Remuneration Committee" on page 56.

(3) Roles and Responsibilities of the Board of Directors

- (3.1) The Company's Board of Directors has duties to establish the Company's principle policy and direction and to monitor the Corporate General Affairs to effectively comply with the Company's policy for the highest benefit of the Company and the Shareholders with transparency and fairness under the legislative and regulatory frameworks and the code of business conduct. Additionally, the Board of Directors gives importance to the establishment as well as use of the Company's internal control and audit systems.
- (3.2) The Company's Board of Directors has duties to establish the Company's vision, business plans and budgets and to continuously supervise management team to proceed in compliance with the prescribed plan and budget in order to ensure effective and efficient implementation to maximize the economic value of the business. The roles, duties and responsibilities of the Board of Directors, the Executive Board as well as both the Audit Committee and Nomination and Remuneration Committee are described in detail in the section on "Management Structure" on page 51. The Board of Directors also approves all financial transactions relating to any investments by the Company except those transactions that require approval of Shareholders in accordance with regulations of the SEC, SET and the Public Limited Companies Act B.E. 2535.

- (3.3) With regard to the term of service of the Directors, the Company dictates that one third of its Directors must retire by rotation at each Annual General Shareholders' Meeting held by the Company, whereby those Directors with the longest service shall retire first, but they can be nominated for reelection.
- (3.4) The Company's Board of Directors shall establish a Business Ethics Guideline of the Company for compliance by the Board of Directors, Executives, Employees and all staffs together with the Company's rules and regulations for fairness to all relevant persons. The Company closely monitors actual compliances with this Business Ethics Guideline and imposes strict disciplinary actions for any violations.
- (3.5) Transactions having potential conflict of interest are described in the section on "Related Transactions with Connected Parties and Those who may have a Conflict of Interest" on page 87. Such transactions are also disclosed in the notes to the Quarterly and Annual Financial Statements under "Related Party Transactions", whereby such Financial Statements have been reviewed by the Audit Committee and also approved by the Board of Directors.
- (3.6) Transactions falling under the category of the Company's interconnected transactions must be reviewed and approved by the Board of Directors, and must be in compliance with all relevant SEC and SET regulations.
- (3.7) The Company's Board of Directors shall arrange for accounting system, financial report, accounting audit, internal controls and reliable internal audit. In addition, the Board shall also regularly review the internal control and internal audit systems for the efficiency and effectiveness. The Company also has internal control for its financial system through having regular financial reports prepared and presented to the responsible Management members, together with an internal audit function in order to ensure that the Company's core operations performance outputs and important financial transactions have been effectively implemented in full accordance with prescribed guidelines and procedures, whereby the Internal Audit Division reports directly to the Audit Committee.
- (3.8) The Company provides a questionnaire on the management of risks of each respective business area of its operations. The management of each department acts as the evaluator of the various possible risks, and the external auditor reviews the questionnaires to see whether or not the answers are correct and relevant. Such preventive risks management measures are defined in order to ensure the continued stability of the Company's operations and existence.

(4) Board of Directors' Meetings

Meetings of the Board of Directors' are regularly held every 3 months together with any other required extraordinary meetings as may be required. The agenda for these meetings are clearly specified in advance, with consideration of the Audit Committee Report and financial statements being regular agenda items. In this regard, the Company arranges that notices of Board meetings together with proposed agenda and any supporting documents are delivered to the Directors 7 days in advance, so as to allow Directors to have sufficient time to review the information before attending the meeting. During 2013, there was a total of 6 Board of Directors' Meetings - both ordinary and extraordinary. A summary of the attendance record of each Director for these 6 meetings is given below :

Name	Position	Term of Service	Number of Attendance
1. Mr. Arsa Sarasin	Independence Director and Chairman	Apr 2011 - Apr 2014	5
2. Mr. Athaporn Khaimarn	Independent Director	Apr 2013 - Apr 2015	6
3. Mr. Chavalit Uttasart	Independent Director	Apr 2013 - Apr 2015	6
4. Mr. Thira Wipuchanin	Independent Director	Apr 2013 - Apr 2015	6
5. Dr. Chaiyawat Wibulswasdi	Independent Director	Apr 2013 - Apr 2015	3
6. Mr. Joti Bhokavanij	Independent Director	Apr 2013 - Apr 2015	3
7. Mr. Stephan Ronald Nanninga (Resigned during the year)	Director		2
Mr. Korsak Chairasmisak* (Substituted)	First Vice Chairman	Jun 2013 - Apr 2015	3
8. Mrs. Suchada Ithjarukul	Second Vice Chairman	Apr 2012 - Apr 2014	6
9. Dr. Prasert Jarupanich	Director	Apr 2011 - Apr 2014	4
10. Mr. Willem Hendrikus van Leeuwen (Resigned during the year)	Director		3
Mr. Pittaya Jearavisitkul* (Substituted)	Director	Jun 2013 - Apr 2015	3
11. Mr. Wouter van der Woerd (Resigned during the year)	Director		3
Mr. Piyawat Titasattavorakul* (Substituted)	Director	Jun 2013 - Apr 2015	3
12. Mr. Soopakij Chearavanont**	Director	July 2013 - Apr 2016	1
13. Mr. Narong Chearavanont**	Director	July 2013 - Apr 2016	3
14. Mr. Suphachai Chearavanont**	Director	July 2013 - Apr 2016	2
15. Mr. Adirek Sripratak**	Director	July 2013 - Apr 2016	3
16. Mr. Umroong Sanphasitvong**	Director	July 2013 - Apr 2016	3
17. Mrs. Saowaluck Thithapant	Director	Apr 2011 - Apr 2014	6
18. Mr. Philip William Cox***	Director	Apr 2013 - Apr 2016	5

Remarks :

- * Substituted the director who resigned during the year according to the resolution of the Extraordinary General Shareholders' Meeting No. 1/2013 dated 5 July 2013.
- ** Appointed as additional Directors according to the resolution of the Extraordinary General Shareholders' Meeting No. 1/2013 dated 5 July 2013.
- *** Appointed as a replacement of Mr. Dhanin Chearavanont who resigned on 11 November 2010 according to the resolution of the Board of Directors' Meeting No. 4/2010.

Minutes of all Board Meetings were recorded and certified by the Board of Directors; and they are maintained for review by members of the Board of Directors or other Stakeholders.

Further, during 2013, the Board's Audit Committee, comprising of five Independent Directors, also attended non-management meeting with the Company's external auditors.

(5) Board of Directors Self Assessment

The Board of Directors arranges a self-assessment of its performance at least once a year, in order to evaluate the performance and any issues and to assess their efficiency and effectiveness as well as to then explore and determine possible solutions and areas for improvement.

(6) Remuneration for Directors and the Management

a) Directors' Remuneration

The Company has clearly and transparently determined Directors' remuneration to be consistent with and appropriate for the Company's operations and their responsibilities, whereby comparisons are made with similar remuneration schemes of other companies within the same industry. Once determined, the remuneration scheme is proposed for approval by Shareholders at the AGM.

b) Management's Remuneration

The Company has determined Management's remuneration in accordance with the principles and policies of the Company, taking into considering the Company's overall operating performance results as well as those of each individual Management team member.

c) Remuneration of Directors and Management for 2013

Details are given in the section on "Remuneration of Directors and Executives for 2013" on page 84.

(7) Board of Directors and Management Training

Before performing their duties, any newly-appointed Directors shall be adequately briefed of the Company's details, regulations and business-related information, including any other information that will be beneficial to the performance of the new Director.

The Board of Directors shall encourage the education and training of all related parties such as, Directors, members of the Audit Committee, Executives, Company Secretary, etc. to enable them to continuously improve their performances and enhance their efficiency.

AUDITOR'S REMUNERATION IN 2013

Audit fees

The Company and its Subsidiaries paid to the Audit Firm the following fees during in the fiscal year 2013:

Company	Audit Firm	Audit Fee (Baht)
Siam Makro Plc.	PricewaterhouseCoopers ABAS Ltd.	5,489,530*
Siam Food Services Limited	PricewaterhouseCoopers ABAS Ltd.	853,179
Vina Siam Food Company Limited	PricewaterhouseCoopers (Vietnam) Limited	311,790

Remark :

- * Excluding remuneration of Baht 684,000 of the auditor's staff attending and observing stock count during the year at each outlets of the Company. The above fee does not include the auditing fee for new 7 stores opened in 2013 in the amount of Baht 280,000.

Non-audit fees

The Company and its Subsidiaries also paid to the Audit Firm during fiscal year 2013 non-audit fees, namely, for other consulting engagements not related to audit services, information technology consulting services, tax & legal consulting services, actuarial consulting services, and other engagements to review and observe specifically agreed procedures and activities as per the following details.

Company	Non-Audit Service	Service Providers	Paid (Baht)	Contingent Expenses (Baht)
Siam Makro Plc.	Information Technology Consulting Services ⁽¹⁾	PricewaterhouseCoopers Consulting (Thailand) Ltd. **	-	12,500,000
Siam Makro Plc.	Tax & Legal Consulting Services ⁽²⁾	PricewaterhouseCoopers Legal & Tax Consultants Ltd.**	-	70,000
Siam Makro Plc.	Actuarial Consulting Services	PricewaterhouseCoopers Actuarial Services (Thailand) Limited**	300,000	329,300
Siam Makro Plc	Other consulting Engagement not related to Audit Services ⁽³⁾	PricewaterhouseCoopers ABAS Ltd.	-	275,500
Siam Food Services Limited	Actuarial Consulting Services	PricewaterhouseCoopers Actuarial Service (Thailand) Limited**	-	51,500
Siam Food Services Limited	Engagement to review and observe specifically agreed procedures and activities ⁽⁴⁾	PricewaterhouseCoopers ABAS Ltd.	30,000	7,500
Total			330,000	13,233,800

Remark :

- (1) Consulting service in relation to the project quality assurance of the core retail system replacement, considering risks and resources
 - (2) This service is an on-going activity from 2010
 - (3) Review SEC's internal control checklist
 - (4) Attendance to observe inventory destruction of Siam Food Services Limited during 2013
- ** These service providers are in the same Group as with the Audit firm

REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Board of Directors of Siam Makro Public Company Limited has provided the Financial Statements showing the Company's financial status and operational performance results for the fiscal year 2013 in compliance with the requirements of the Public Companies Act B.E. 2535 (A.D. 1992) as well as the Rules and Regulations of the Stock Exchange of Thailand. The Board of Directors is responsible for the Consolidated and the Company financial statements as presented in this Annual Report; and hereby confirms that these full year 2013 financial statements are prepared in accordance with the Thai Generally Accepted Accounting Principles, using appropriate accounting policies consistently employed by the Company as well as applying careful judgement and best estimates. Further, all important and relevant information is adequately disclosed within the notes to the financial statements.

The Board of Directors has provided and maintained efficient internal control system to ensure that the accounting records are accurate, complete and sufficiently adequate to protect its assets as well as to uncover any weaknesses in order to prevent possible fraud or materially irregular operations.

The Board of Directors has appointed an Audit Committee, consisting of Independent Directors, which is responsible for the quality of these financial statements, the internal control system and any required legal compliances, whereby its comments relating to these issues are readily included in the Audit Committee's Report - as shown in this Annual Report.

The Board of Directors is of the opinion that the Company's overall internal control system has functioned satisfactorily and, thus, has provided credibility as well as reliability to the Consolidated and the Company financial statements for the fiscal year ending December 31, 2013.



Mr. Arsa Sarasin
Chairman of the Board of Directors



Mrs. Suchada Ithijarukul
Chief Executive Officer

SIAM MAKRO PUBLIC COMPANY LIMITED
CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
31 DECEMBER 2013

AUDITOR'S REPORT

To the Shareholders of Siam Makro Public Company Limited

I have audited the accompanying consolidated and company financial statements of Siam Makro Public Company Limited and its subsidiaries and of Siam Makro Public Company Limited, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the related consolidated and company statements of income and comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

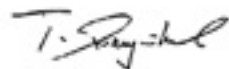
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position of Siam Makro Public Company Limited and its subsidiaries and of Siam Makro Public Company Limited as at 31 December 2013, and its consolidated and company results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Prasit Yuengsrikul

Certified Public Accountant (Thailand) No. 4174
PricewaterhouseCoopers ABAS Ltd.

Bangkok
19 February 2014

Siam Makro Public Company Limited

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2013

	Notes	Consolidated			Company		
		31 December	31 December	1 January	31 December	31 December	1 January
		2013	2012	2012	2013	2012	2012
		(Restated)	(Restated)		(Restated)	(Restated)	
		Baht	Baht	Baht	Baht	Baht	Baht
ASSETS							
Current Assets							
Cash and cash equivalents	8	5,010,819,816	6,055,828,796	6,288,326,236	4,974,234,426	6,030,978,816	6,272,871,845
Trade accounts receivable, net	9	278,302,941	234,939,823	174,916,818	31,344,116	39,236,448	6,951,535
Amounts due from related parties and short-term loans to related parties	10.4	215,073	-	-	44,690,297	5,836,854	136,614,471
Inventories, net	11	9,791,948,824	7,275,507,874	7,212,129,370	9,441,386,538	7,048,333,835	6,973,841,084
Purchase discounts receivable		835,303,013	652,563,291	544,550,101	835,303,013	652,563,291	544,550,101
Current portion of leasehold right	16	35,418,098	32,915,508	31,423,179	35,418,098	32,915,508	31,423,179
Other current assets, net	12	483,755,046	435,786,922	334,118,637	475,833,746	432,302,876	331,863,538
Total Current Assets		16,435,762,811	14,687,542,214	14,585,464,341	15,838,210,234	14,242,167,628	14,298,115,753
Non-Current Assets							
Investments in subsidiaries	13	-	-	-	315,403,429	278,974,379	269,764,379
Property, plant and equipment, net	14	18,097,735,528	16,499,150,059	14,824,003,980	18,082,454,158	16,483,105,535	14,807,908,866
Investment property, net	15	112,866,009	112,866,009	119,200,000	112,866,009	112,866,009	119,200,000
Leasehold right, net	16	728,788,377	529,432,099	555,400,233	728,788,377	529,432,099	555,400,233
Goodwill, net	17	167,384,412	167,384,412	167,384,412	-	-	-
Other intangible assets, net	18	341,298,175	69,528,676	55,657,239	330,525,576	60,275,925	43,410,871
Deferred tax assets, net	19	207,145,441	206,007,260	228,231,340	202,633,877	201,349,390	223,893,848
Other non-current assets		13,360,376	18,658,359	12,335,962	10,905,813	13,553,298	10,197,040
Total Non-Current Assets		19,668,578,318	17,603,026,874	15,962,213,166	19,783,577,239	17,679,556,635	16,029,775,237
Total Assets		36,104,341,129	32,290,569,088	30,547,677,507	35,621,787,473	31,921,724,263	30,327,890,990

The notes to the consolidated and company financial statements form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2013

	Notes	Consolidated			Company		
		31 December 2013	31 December 2012 (Restated)	1 January 2012 (Restated)	31 December 2013	31 December 2012 (Restated)	1 January 2012 (Restated)
		Baht	Baht	Baht	Baht	Baht	Baht
LIABILITIES AND SHAREHOLDERS' EQUITY							
Current Liabilities							
Short-term loans from financial institutions	20	3,166,649,001	2,099,786,585	2,052,043,835	3,000,000,000	2,000,000,000	2,000,000,000
Trade accounts payable							
Third parties		17,885,897,976	15,728,455,131	15,595,914,528	17,764,098,804	15,610,530,927	15,527,689,482
Related parties	10.3	291,020,015	-	-	301,072,337	8,236,796	25,254,308
Total trade accounts payable		18,176,917,991	15,728,455,131	15,595,914,528	18,065,171,141	15,618,767,723	15,552,943,790
Amounts due to related parties	10.5	139,561,610	88,190,730	80,860,599	139,548,770	88,054,716	80,860,599
Other current liabilities							
Other accounts payable		967,145,121	907,922,559	699,329,119	958,125,160	897,497,724	685,632,175
Income tax payable		484,333,341	521,675,917	634,472,734	478,157,326	515,935,053	628,431,672
Accrued expenses		1,326,100,181	1,339,630,879	993,425,172	1,306,586,837	1,328,364,475	982,818,260
Current portion of liabilities under financial lease, net	21	27,870,154	23,988,714	22,521,959	27,870,154	23,988,714	22,521,959
Others		251,404,264	291,584,536	170,007,838	249,258,728	288,738,051	167,700,802
Total Current Liabilities		24,539,981,663	21,001,235,051	20,248,575,784	24,224,718,116	20,761,346,456	20,120,909,257
Non-Current Liabilities							
Liabilities under financial lease, net	21	165,512,440	103,908,916	127,150,138	165,512,440	103,908,916	127,150,138
Provision for employee benefits	22	344,305,502	288,613,026	226,993,441	337,013,171	282,001,851	221,773,401
Other non-current liabilities		33,143,631	34,218,509	36,197,021	33,143,630	34,164,779	36,143,291
Total Non-Current Liabilities		542,961,573	426,740,451	390,340,600	535,669,241	420,075,546	385,066,830
Total Liabilities		25,082,943,236	21,427,975,502	20,638,916,384	24,760,387,357	21,181,422,002	20,505,976,087

The notes to the consolidated and company financial statements form an integral part of these financial statements.

Siam Makro Public Company Limited

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2013

	Notes	Consolidated			Company		
		31 December	31 December	1 January	31 December	31 December	1 January
		2013	2012 (Restated)	2012 (Restated)	2013	2012 (Restated)	2012 (Restated)
		Baht	Baht	Baht	Baht	Baht	Baht
Shareholders' Equity							
Share capital	25						
Authorised share capital							
Ordinary shares, 4,800,000,000 shares of par Baht 0.50 each (31 December 2012 and 1 January 2012 : Ordinary shares, 240,000,000 shares of par Baht 10 each)		2,400,000,000	2,400,000,000	2,400,000,000	2,400,000,000	2,400,000,000	2,400,000,000
Issued and paid-up share capital							
Ordinary shares, 4,800,000,000 shares of paid-up Baht 0.50 each (31 December 2012 and 1 January 2012 : Ordinary shares, 240,000,000 shares of paid-up Baht 10 each)		2,400,000,000	2,400,000,000	2,400,000,000	2,400,000,000	2,400,000,000	2,400,000,000
Premium on share capital	25	3,290,152,068	3,290,152,068	3,290,152,068	3,290,152,068	3,290,152,068	3,290,152,068
Retained earnings							
Appropriated							
Legal reserve	26	240,000,000	240,000,000	240,000,000	240,000,000	240,000,000	240,000,000
Unappropriated		5,090,879,132	4,932,300,634	3,978,609,055	4,931,248,048	4,810,150,193	3,891,762,835
Other components of equity		366,693	140,884	-	-	-	-
Total Shareholders' Equity		11,021,397,893	10,862,593,586	9,908,761,123	10,861,400,116	10,740,302,261	9,821,914,903
Total Liabilities and Shareholders' Equity		36,104,341,129	32,290,569,088	30,547,677,507	35,621,787,473	31,921,724,263	30,327,890,990

The notes to the consolidated and company financial statements form an integral part of these financial statements.

INCOME STATEMENTS

For the year ended 31 December 2013

		Consolidated		Company	
		2013	2012	2013	2012
			(Restated)		(Restated)
	Notes	Baht	Baht	Baht	Baht
Revenues					
Sales	10.1	126,637,747,399	112,140,155,116	125,266,902,655	110,985,259,546
Service income	10.1	2,448,877,586	2,192,605,011	2,450,801,586	2,185,743,776
Other income	10.1, 30	694,093,732	623,089,055	694,187,475	616,957,843
Total revenues		<u>129,780,718,717</u>	<u>114,955,849,182</u>	<u>128,411,891,716</u>	<u>113,787,961,165</u>
Expenses					
Cost of sales	10.2	115,673,257,443	102,760,452,992	114,594,426,381	101,831,081,987
Selling expenses	10.2	6,713,240,004	5,758,063,701	6,652,185,219	5,699,319,366
Administrative expenses	10.2	1,678,778,614	1,500,099,436	1,507,603,309	1,372,519,101
Management benefit expenses	10.6, 31	205,784,203	160,499,216	205,784,203	160,499,216
Total expenses		<u>124,271,060,264</u>	<u>110,179,115,345</u>	<u>122,959,999,112</u>	<u>109,063,419,670</u>
Profit before finance costs and income tax expenses	27	5,509,658,453	4,776,733,837	5,451,892,604	4,724,541,495
Finance costs		(83,931,323)	(85,214,919)	(80,087,170)	(80,575,879)
Profit before income tax expenses		5,425,727,130	4,691,518,918	5,371,805,434	4,643,965,616
Income tax expenses	23	(1,127,148,632)	(1,157,827,339)	(1,110,707,579)	(1,145,578,258)
Net profit for the year		<u>4,298,578,498</u>	<u>3,533,691,579</u>	<u>4,261,097,855</u>	<u>3,498,387,358</u>
Basic earnings per share					
Net profit for the year - before restated	28	0.90	0.74	0.89	0.73
Restatement	3.17	-	-	-	-
Net profit for the year - after restated		<u>0.90</u>	<u>0.74</u>	<u>0.89</u>	<u>0.73</u>

The notes to the consolidated and company financial statements form an integral part of these financial statements.

Siam Makro Public Company Limited

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Consolidated		Company	
	2013	2012	2013	2012
		(Restated)		(Restated)
	Baht	Baht	Baht	Baht
Net profit for the year	4,298,578,498	3,533,691,579	4,261,097,855	3,498,387,358
Other comprehensive income				
Currency translation differences	225,809	140,884	-	-
Total comprehensive income for the year	<u>4,298,804,307</u>	<u>3,533,832,463</u>	<u>4,261,097,855</u>	<u>3,498,387,358</u>

The notes to the consolidated and company financial statements form an integral part of these financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2013

For the year ended 31 December 2013

Consolidated (Restated)						
Notes		Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings Baht	Other components of equity Other comprehensive income Currency translation differences Baht	Total Baht
2012						
	Opening balance	2,400,000,000	3,290,152,068	3,990,377,715	-	9,680,529,783
	Cumulative effect of the change in accounting policy for deferred tax assets	-	-	228,231,340	-	228,231,340
	Opening balance, after restated	2,400,000,000	3,290,152,068	4,218,609,055	-	9,908,761,123
	Total comprehensive income for the year	-	-	3,533,691,579	140,884	3,533,832,463
	Dividends	-	-	(2,580,000,000)	-	(2,580,000,000)
	Closing balance, after restated	2,400,000,000	3,290,152,068	5,172,300,634	140,884	10,862,593,586
2013						
	Opening balance	2,400,000,000	3,290,152,068	4,966,293,374	140,884	10,656,586,326
	Cumulative effect of the change in accounting policy for deferred tax assets	-	-	206,007,260	-	206,007,260
	Opening balance, after restated	2,400,000,000	3,290,152,068	5,172,300,634	140,884	10,862,593,586
	Total comprehensive income for the year	-	-	4,298,578,498	225,809	4,298,804,307
	Dividends	-	-	(4,140,000,000)	-	(4,140,000,000)
	Closing balance	2,400,000,000	3,290,152,068	5,330,879,132	366,693	11,021,397,893

The notes to the consolidated and company financial statements form an integral part of these financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2013

	Notes	Company (Restated)			
		Issued and paid-up share capital	Premium on share capital	Retained earnings	Total
		Baht	Baht	Baht	Baht
2012					
Opening balance		2,400,000,000	3,290,152,068	3,907,868,987	9,598,021,055
Cumulative effect of the change in accounting policy for deferred tax assets	3, 17	-	-	223,893,848	223,893,848
Opening balance, after restated		2,400,000,000	3,290,152,068	4,131,762,835	9,821,914,903
Total comprehensive income for the year	29	-	-	3,498,387,358	3,498,387,358
Dividends		-	-	(2,580,000,000)	(2,580,000,000)
Closing balance, after restated		2,400,000,000	3,290,152,068	5,050,150,193	10,740,302,261
2013					
Opening balance		2,400,000,000	3,290,152,068	4,848,800,803	10,538,952,871
Cumulative effect of the change in accounting policy for deferred tax assets	3, 17	-	-	201,349,390	201,349,390
Opening balance, after restated		2,400,000,000	3,290,152,068	5,050,150,193	10,740,302,261
Total comprehensive income for the year	29	-	-	4,261,097,855	4,261,097,855
Dividends		-	-	(4,140,000,000)	(4,140,000,000)
Closing balance		2,400,000,000	3,290,152,068	5,171,248,048	10,861,400,116

The notes to the consolidated and company financial statements form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2013

	Notes	Consolidated		Company	
		2013	2012	2013	2012
		Baht	(Restated) Baht	Baht	(Restated) Baht
Cash flows from operating activities					
Profit before income tax expenses		5,425,727,130	4,691,518,918	5,371,805,434	4,643,965,616
Adjustments for:					
Depreciation	14	1,259,976,688	1,133,009,329	1,253,672,209	1,125,009,560
Amortisation of intangible assets	18	35,912,419	26,251,780	31,670,981	22,504,608
Amortisation of leasehold right	16	35,027,592	33,160,955	35,027,592	33,160,955
Write-off building and equipment	14	1,613,831	24,618,012	1,613,831	24,483,809
Write-off intangible assets	18	2,018	-	2,018	-
Interest income		(74,141,838)	(85,853,362)	(74,579,517)	(86,818,639)
Finance costs - interest expenses from borrowings		69,745,029	72,634,243	65,900,877	67,995,203
- interest expenses under finance lease		14,186,294	12,580,676	14,186,294	12,580,676
Loss on disposals of property, plant and equipment		5,652,946	20,942,697	5,655,749	21,078,280
Gain on disposals of investment property		-	(10,022,259)	-	(10,022,259)
(Reversal) allowance for loss from write-off of fixed assets	14	2,906,890	(11,319,814)	2,906,890	(11,319,814)
Reversal allowance for obsolete and shrinkage inventories		(19,276,094)	(79,913,926)	(17,901,123)	(83,348,639)
Allowance for inventory cost in excess of net realizable value		874,496	26,275	-	-
Provision for employee benefits	22	58,685,296	69,024,138	57,954,140	67,528,003
Currency translation differences		1,083,527	140,884	-	-
Others		(1,211,687)	3,261,654	(1,500,096)	3,377,229

The notes to the consolidated and company financial statements form an integral part of these financial statements.

Siam Makro Public Company Limited

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2013

	Consolidated		Company	
	2013	2012	2013	2012
		(Restated)		(Restated)
Notes	Baht	Baht	Baht	Baht
Changes in operating assets and liabilities				
Trade accounts receivable	(43,651,527)	(59,907,430)	7,892,332	(32,284,913)
Amounts due from related parties	(215,073)	-	(2,905,443)	(4,222,383)
Inventories	(2,498,039,352)	16,509,147	(2,375,151,580)	8,855,888
Purchase discounts receivable	(182,739,722)	(108,013,190)	(182,739,722)	(108,013,190)
Other current assets	(45,015,845)	(104,720,653)	(40,578,591)	(103,491,706)
Other non-current assets	5,297,983	(6,322,397)	2,647,485	(3,356,258)
Trade accounts payable - third parties	2,157,442,845	132,540,603	2,153,567,877	82,841,445
- related parties	291,020,015	-	292,835,541	(17,017,512)
Amounts due to related parties	51,370,880	7,330,131	51,494,054	7,194,117
Other accounts payable	(25,519,702)	165,936,363	(24,652,184)	169,437,881
Accrued expenses	(5,698,834)	344,099,842	(13,941,474)	343,332,790
Other current liabilities	(41,623,362)	121,229,198	(40,922,413)	120,689,749
Other non-current liabilities	(1,074,878)	(1,978,512)	(1,021,149)	(1,978,512)
Employee benefits paid	22 (2,992,820)	(7,404,553)	(2,942,820)	(7,299,553)
Cash generated from operating activities	6,475,325,145	6,399,358,749	6,569,997,192	6,284,862,431
Interest received	74,132,745	85,876,001	74,570,424	86,841,278
Interest paid	(77,576,893)	(70,528,378)	(73,737,041)	(65,781,778)
Income tax paid	(1,165,629,389)	(1,248,400,076)	(1,149,769,793)	(1,235,530,419)
Net cash generated from operating activities	5,306,251,608	5,166,306,296	5,421,060,782	5,070,391,512

The notes to the consolidated and company financial statements form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2013

	Notes	Consolidated		Company	
		2013	2012	2013	2012
			(Restated)		(Restated)
		Baht	Baht	Baht	Baht
Cash flows from investing activities					
Purchase of property, plant and equipment		(2,725,638,314)	(2,794,230,109)	(2,718,701,914)	(2,786,647,305)
Purchase of other intangible assets		(285,900,854)	(51,319,163)	(280,139,568)	(50,287,408)
Purchase of leasehold right	16	(236,886,460)	(10,000,000)	(236,886,460)	(10,000,000)
Cash received from disposals of property, plant and equipment		9,246,175	7,802,792	9,243,371	7,660,178
Cash received from disposals of investment property		-	16,356,250	-	16,356,250
Net repayment (payment) of short-term loans to related parties	10.4	-	-	(35,948,000)	135,000,000
Cash payment on investment in a subsidiary	13	-	-	(36,429,050)	(9,210,000)
Net cash used in investing activities		(3,239,179,453)	(2,831,390,230)	(3,298,861,621)	(2,697,128,285)
Cash flows from financing activities					
Net short-term loans from financial institutions		1,066,862,416	47,742,750	1,000,000,000	-
Payments on finance lease payable		(38,943,551)	(35,156,256)	(38,943,551)	(35,156,256)
Dividends paid	29	(4,140,000,000)	(2,580,000,000)	(4,140,000,000)	(2,580,000,000)
Net cash used in financing activities		(3,112,081,135)	(2,567,413,506)	(3,178,943,551)	(2,615,156,256)
Net decrease in cash and cash equivalents		(1,045,008,980)	(232,497,440)	(1,056,744,390)	(241,893,029)
Cash and cash equivalents, opening balance		6,055,828,796	6,288,326,236	6,030,978,816	6,272,871,845
Cash and cash equivalents, closing balance		5,010,819,816	6,055,828,796	4,974,234,426	6,030,978,816
Non cash transactions					
Investing activities:					
Purchase of property, plant and equipment unpaid		455,368,125	392,408,943	455,368,125	391,871,587
Purchase of other intangible assets unpaid		28,950,245	7,167,163	28,950,245	7,167,163
Purchase of equipment under finance lease		90,242,221	801,113	90,242,221	801,113

The notes to the consolidated and company financial statements form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

1 General information

Siam Makro Public Company Limited ("The Company") was incorporated in Thailand on 10 May 1988, changed its status to a public company on 11 February 1994 and was subsequently listed on the Stock Exchange of Thailand on 11 August 1994. For reporting purposes, the Company and its subsidiaries are referred to as the Group.

The Company's principal business is the operation of Cash and Carry Trade Centres throughout Thailand, under the name "Makro", selling food and non-food products to registered members, predominantly small and medium size businesses, retailers, caterers, professional and service sectors and institutions.

The Company has two subsidiaries:-

- a) Siam Food Services Limited is an importing and trading business of food products from international and domestic source and providing services such as freight, delivery, rental and storage.
- b) Vina Siam Food Company Limited is a trading and distribution, and import and export food products. It was granted an operating license from Ministry of Planning and Investment (MPI) of Vietnam on 15 October 2012.

The registered head office of the Company is located at 3498 2nd Floor, Lard Prao Road, Klongchan, Bangkok, Bangkok 10240.

As at 31 December 2013, the Company operates 64 Makro stores (2012 : 57 stores) and 5 Frozen shops (2012 : 5 shops).

The consolidated and company financial statements have been approved for issue by the board of directors on 19 February 2014.

2 Significant information

On 23 April 2013, SHV Nederland B.V. which is a subsidiary of SHV Holdings N.V. ("SHV"), a major shareholder, had entered into an agreement with CP ALL Public Company Limited ("Purchaser") to sell all of SHV shares, and SHV's affiliated companies' shares, both direct and indirect shareholding for 154,429,500 shares, equal to 64.35% of the total issued and paid-up shares, at a price of Baht 787 per share which is an offer price of the Purchaser, based on the agreed Thai Baht / US Dollar exchange rate. On 26 June 2013, SHV Nederland B.V. sold both its direct and indirect shareholdings in the Company to CP ALL Public Company Limited. Therefore, CP ALL Public Company Limited has had control over the Group since then.

3 Accounting policies

The principal accounting policies adopted in the preparation of these consolidated and company financial statements are set out below.

3.1 Basis of preparation

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Account Professions Act B.E. 2547, and the financial reporting requirements by the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and company financial statements have been prepared under the historical cost convention.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

3.1 Basis of preparation (Cont'd)

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The Group discloses the critical accounting estimates, assumption and management judgements which are significant to the consolidated and company financial statements in Note 5.

An English version of the consolidated and company financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

3.2 New accounting standard, new financial reporting standard, revised accounting standards, revised financial reporting standards, and related interpretations

3.2.1 New accounting standard, new financial reporting standards, and revised accounting standards which are effective on 1 January 2013 and are relevant and have an impact to the Group are:

TAS 12	Income Taxes
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments

TAS 12 requires tax expenses to be recognised for current and deferred tax. The new accounting policy of income taxes and the significant impact to the Group are described in Note 3.17.

TAS 21 (Revised 2009) requires the Group to determine the functional currency which is the currency of the primary economic environment in which the entity operates. The Group assessed and concluded that Thai Baht is the Group's functional currency. As a consequence, applying TAS 21 (Revised 2009) has no impact to assets, liabilities and retained earnings of the Group. The revised accounting policy is described in Note 3.4.

TFRS 8 requires the operating segment to be described in the same manner as internal reporting used by the Chief Operating Decision Maker. The new accounting policy is described in Note 3.22. The impact to the Group in applying TFRS 8 is only on a disclosure.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

3.2 New accounting standard, new financial reporting standard, revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)

3.2.2 New financial reporting standard, revised accounting standards, revised financial reporting standards, and related interpretations are mandatory, but the Group has not early adopted them:

a) Revised accounting standards and revised financial reporting standards effective for the accounting periods beginning on or after 1 January 2014

TAS 1 (Revised 2012)	Presentation of financial statements
TAS 7 (Revised 2012)	Statement of cash flows
TAS 12 (Revised 2012)	Income taxes
TAS 17 (Revised 2012)	Leases
TAS 18 (Revised 2012)	Revenue
TAS 19 (Revised 2012)	Employee benefits
TAS 21 (Revised 2012)	The effects of change in foreign exchange rate
TAS 24 (Revised 2012)	Related party disclosures
TAS 28 (Revised 2012)	Investments in associates
TAS 31 (Revised 2012)	Interest in joint ventures
TAS 34 (Revised 2012)	Interim financial reporting
TAS 36 (Revised 2012)	Impairment of assets
TAS 38 (Revised 2012)	Intangible assets
TFRS 2 (Revised 2012)	Share-based payment
TFRS 3 (Revised 2012)	Business combinations
TFRS 5 (Revised 2012)	Non-current assets held for sale and discontinued operations
TFRS 8 (Revised 2012)	Operating segments

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

3.2 New accounting standard, new financial reporting standard, revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)

3.2.2 New financial reporting standard, revised accounting standards, revised financial reporting standards, and related interpretations are mandatory, but the Group has not early adopted them: (Cont'd)

b) Interpretations of Thai Financial Reporting Interpretation Committee (TFRIC) and Thai Standard Interpretations Committee (TSIC) effective for the accounting periods beginning on or after 1 January 2014

TFRIC 1	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4	Determining whether an arrangement contains a lease
TFRIC 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7	Applying the restatement approach under TAS 29 financial reporting in hyperinflationary economies
TFRIC 10	Interim financial reporting and impairment
TFRIC 12	Service concession arrangements
TFRIC 13	Customer loyalty programmes
TFRIC 17	Distributions of non-cash assets to owners
TFRIC 18	Transfers of assets from customers
TSIC 15	Operating leases - incentives
TSIC 27	Evaluating the substance of transactions in the legal form of a lease
TSIC 29	Service concession arrangements: Disclosure
TSIC 32	Intangible assets - Web site costs

c) New financial reporting standard effective for the accounting periods beginning on or after 1 January 2016

TFRS 4	Insurance contracts
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The Group's management has determined that the new financial reporting standard, revised accounting standards, revised financial reporting standards, and related interpretations will not significantly impact the financial statements being presented.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

3.3 Investments in subsidiaries

Subsidiaries are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intercompany transactions and balances between group companies are eliminated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Investments in subsidiaries in the company financial statements are presented by the cost method of accounting.

A list of the Group's principal subsidiaries is shown in Note 13.

3.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The interim consolidated and company financial statements is presented in Baht, which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation dates where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial position date of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follow:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income or income statement are translated at average exchange rates; and
- All resulting exchange differences are recognised as other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

3.5 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities not over three months, but not include deposits with bank which held to maturities.

3.6 Trade accounts receivable

Trade accounts receivable are carried at original invoice amount and subsequent measurement is based on the remaining amount less allowance for doubtful receivables by reviewing outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified and recognised in the income statement as administrative expenses.

3.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out basis. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and shrinkage inventories.

3.8 Investments

The Group classifies its investments in debt securities as held-to-maturity securities. Those investments with fixed maturity that the management has the intent and ability to hold to maturity are included in current assets when the maturity date is less than 12 months from the statement of financial position date and included in non-current assets when the maturity date is longer than 12 months.

Investments in debt securities which are classified as held-to-maturity securities are carried at amortised cost.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, the impairment loss is charged to the income statement.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged to the income statement.

3.9 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property of the Group is land currently held and future use is undetermined. The Group has not determined that it will use the land as owner-occupied property or for sale in short term.

Investment property is measured initially at its cost including related transaction costs. After initial recognition, investment property is carried at cost less accumulated impairment losses (if any).

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

3.10 Property, plant and equipment

All property, plant and equipment are initially recorded at cost, and are stated at cost less accumulated depreciation.

Depreciation is calculated on the straight-line method to write-off the cost of each asset, except for land which is considered to have an indefinite life, to its residual value over the estimated useful life as follows:

	2013 Years	2012 Years
Leasehold improvement	30	30
Building and building improvement	3 - 30	3 - 30
Equipment	3 - 10	5 - 10
Computer	3 - 6	3 - 6
Vehicle	5	5

At the end of each reporting period, the assets' residual values and useful lives are reviewed, and adjusted if appropriate.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in the income statements.

3.11 Leasehold right

Leasehold right is initially recorded at cost, and are stated at cost less accumulated amortisation. The amortisation is calculated on the straight-line method over the period of lease agreements (10 - 30 years).

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

3.12 Intangible assets

3.12.1 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisition of subsidiary is reported in the consolidated statement of financial position as an intangible asset.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses (if any). Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

3.12.2 Other intangible assets

Other intangible assets represent computer software for internal use. The cost includes cost of software development and software license fee. Other intangible assets recognised as assets are amortised using the straight-line method over their estimated useful lives, which range from 2 - 10 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use it;
- there is an ability to use the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development team employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

3.13 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Property, plant and equipment and other non-financial assets, including investment property and other intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the smallest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.14 Leases - where the Group is the lessee

Leases of equipment which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases also include service agreements which involve dedicated assets solely used by the Group and having commitment in case the agreement is prematurely terminated. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The equipment acquired under finance lease concept is depreciated over the useful life of the assets.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

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

3.15 Leases - where the Group is the lessor

Assets leased out under operating leases are included as land in the statement of financial position. Rental income (net of any incentives given to lessee) is recognised on a straight-line basis over the lease term.

3.16 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

3.17 Current and deferred income taxes

The income tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising from investments in subsidiaries that is taxable, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

3.17 Current and deferred income taxes (Cont'd)

The enforcement of this TAS has resulted in the Group applying retrospective adjustments. As such, the consolidated and company statement of financial position as at 31 December 2012 and 2011, and the related consolidated and company statements of income for the year ended 31 December 2012 prepared under the new accounting standards are presented below for comparative purpose to reflect the changes.

Statement of financial position	Consolidated		Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Increase in deferred tax assets	206,007,260	228,231,340	201,349,390	223,893,848
Increase in closing retained earnings	206,007,260	228,231,340	201,349,390	223,893,848
Statement of income			Consolidated	Company
			2012	2012
			Baht	Baht
Increase in income tax expenses			22,224,080	22,544,458
Decrease in net profit			(22,224,080)	(22,544,458)
Decrease in basic earnings per share			(0.004)	(0.004)

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

3.18 Employee benefits

a) Short-term employee benefits

Short-term employee benefit obligations, which include salaries, wages, bonuses, contributions to the social security fund and others, are measured on an undiscounted basis and are expensed when they are incurred.

b) Post-employment benefits

The Group provides post-employment benefits through a defined contribution plan (under the Provident Fund Act B.E. 2530) and defined benefit plans. The details are as follows:

- Defined contribution plan

Provident fund

The Group operates a provident fund, being a defined contribution plan, the assets for which are held in a separate trust fund and managed by a fund manager. The provident fund is funded by payments from employees and by the Group. The Group's contributions to the provident fund are charged to the income statement in the years to which they relate.

- Defined benefit plans

Pension fund benefit

The Group operates a pension scheme for employees who joined the Company before the 1st of January 2003 and choose to retain the benefits of the original scheme. Employees, upon resignation or retirement from the Group after having completed 3 years of service, shall be entitled to receive cash payment equivalent to their prevailing salary multiplied by the number of years of service, but not exceeding the equivalent of 10 months of final salary.

Severance benefit

Under Labour Laws applicable in Thailand and Group's employment policy, all employees completing 120 days of service are entitled to severance pay on termination or retrenchment without cause or upon retirement age of 60. The severance pay will be at the rate according to number of years of service as stipulated in the Labor Law which is currently at a maximum rate of 300 days of final salary.

Additional benefit related to provident fund

The Company operates an employee benefit scheme under which employees who are members of the Company's provident fund, being a defined contribution plan, for at least 9 years are entitled to receive additional contribution from the Company on their resignation or retirement from employment with the Company. Employees, who are member of the provident fund for at least 9 years, shall be entitled to receive an additional 50% of the contributions made by the Company on their behalf.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

3.18 Employee benefits (Cont'd)

c) Other long-term employee benefits

The Group provides for long-service award as a lump sum payment to employee who works for the specified year of service. The amounts payable in the future depend on the year of service of the respective employees.

d) Termination benefits

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

The Group recognises liabilities in respect of these defined benefit plans and other long-term employee benefits at the present value of the benefit obligations at the statement of financial position date adjusted for actuarial gains/losses. These benefit obligations are calculated every year by independent actuaries using the projected unit credit method. The present value of the benefit obligations is determined by the estimated future cash outflows using interest rates of government bonds which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred), changes in actuarial assumptions and amendments to employee benefits plans are charged as expenses or credited to the income statement in the year in which they arise.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

3.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service net of output tax, rebates and discounts, and after eliminating sales within the Group for the consolidated financial statements.

Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Revenue from rendering services is recognised in the accounting period in which the services are rendered.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group. Dividends are recognised when the right to receive payment is established.

3.21 Dividends

Dividends are recorded in the consolidated and Company's financial statements in the period when declared by the board of directors and/or approved by the shareholders of related companies.

3.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

4 Financial risk management

4.1 Financial risk factors

4.1.1 Interest rate risk

The Group encounters interest rate risk through its exposure to interest rate fluctuations on its cash and short-term investments but such risks do not carry significant impact.

4.1.2 Foreign currency exchange risk

The Group has limited exposure to foreign currency exchange fluctuations on purchasing of goods and services and these purchases are not significant in the ordinary course of business. The Group manages this risk through forward exchange contracts. Foreign currency exchange trading for speculative purpose is prohibited.

4.1.3 Credit risk

The Group has no significant concentrations of credit risk relating to its cash, short-term investments, trade receivables, amounts due from related parties and loans to a related party as the Group primarily operates on cash and carry basis in which most transactions are cash sales. In addition, the Group places its cash and short-term investments with high quality financial institutions. The Group's policies are designed to limit exposure with any one financial institution and to invest excess cash in low risk investment instruments. The Group has not experienced any losses on such accounts. The subsidiaries have in place credit policies not to provide credit for any companies considered high risk of collections.

4.1.4 Liquidity risk

The Group manages its liquidity risk by holding sufficient cash and short-term investments for operating expenses.

4.2 Accounting for financial instruments

Financial instruments carried on the statement of financial position include cash and cash equivalents, trade receivables and payables, amounts due from/to related parties, loans to a related party, and short-term loans from financial institutions. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Foreign currency forward contracts establish the exchange rate at which the Group will pay foreign currency amounts on a predetermined future date. The foreign currency amount receivables under these contracts are translated at the year end exchange rate. Unrealised gains or losses that result from the translation are recognised in the income statement. Any premium or discount equal to the difference between the spot exchange rate and the forward rate arising at the inception of the contract is amortised over the life of the contract.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

4 Financial risk management (Cont'd)

4.3 Fair value

Fair values of financial instruments are accounted for at their carrying amounts because of the short maturities of these instruments, therefore, they are not considered a significant risk in the Group's future cash flows.

5 Critical accounting estimates, assumption and judgements

Estimates, assumption, and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.1 Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of management's estimates.

5.2 Property, plant and equipment and intangible assets

Management determines the estimated useful life and residual value for the Group's property, plant and equipment and intangible assets. Management will revise the depreciation charge where useful life and residual value are different to previously estimated annually, or it will write off or write down technically obsolete assets or idle assets that have been abandoned or sold.

5.3 Employee benefits

The Group has commitment on pension fund benefit, severance benefit, additional benefit related to provident fund, and other long-term employee benefits. The present value of employee benefit liabilities recognised in the statement of financial position is determined on an actuarial basis utilising various assumptions. The assumptions used in determining the net year cost for employee benefits include discounted rate, future basis salary increase, service years, employee turnover rate, and others. Any changes in these assumptions will impact the net periodic cost recorded for employee benefits.

On an annual basis, the Group determines the appropriate discount rate, which represents the interest rate that should be used to determine the present value of future cash flows currently expected to be required to settle the employee benefits. In determining the appropriate discount rate the Group considers the current yields on high quality corporate fixed-income investments in Thailand.

6 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

7 Segment information

Reporting segment is referred from internal report of The Group which is reviewed by Chief Operating Decision Maker (CODM). CODM is Chief Executive Officer who makes decisions about resource allocation and assesses the segment performance.

Chief Operating Decision Maker considers the reporting segment as below:-

- Cash and carry which can be divided by geographical region as follow:
 - Bangkok Metropolitan Region
 - Other provinces
 - Head Office
- Food service

Chief Operating Decision Maker considers monthly performance of reporting segments from profit before finance costs and income tax expenses.

Intersegment revenues within the Group is immaterial.

For the year ended 31 December 2013	Cash and carry				Food service	Elimination	Total
	Bangkok Metropolitan Region Million Baht	Other provinces Million Baht	Head Office Million Baht	Total Million Baht	Million Baht	Million Baht	Million Baht
Total revenues	34,142	93,564	706	128,412	1,626	(257)	129,781
Depreciation and amortisation	276	933	111	1,320	11	-	1,331
Profit (loss) before finance costs and income tax expenses	1,945	4,746	(1,239)	5,452	39	(1)	5,510
Finance costs				(80)	(5)	1	(84)
Profit before income tax expenses				5,372	34	-	5,426
Income tax expenses				(1,111)	(16)	-	(1,127)
Net profit for the year				4,261	38	-	4,299
Property, plant and equipment, net as at 31 December 2013	3,920	13,726	437	18,083	15	-	18,098
Goodwill				-	-	167	167
Other assets				17,539	674	(374)	17,839
Total assets				35,622	689	(207)	36,104

For the year ended 31 December 2012	Cash and carry				Food service	Elimination	Total
	Bangkok Metropolitan Region Million Baht	Other provinces Million Baht	Head Office Million Baht	Total Million Baht	Million Baht	Million Baht	Million Baht
Total revenues	30,990	82,199	599	113,788	1,282	(114)	114,956
Depreciation and amortisation	248	835	98	1,181	11	-	1,192
Profit (loss) before finance costs and income tax expenses	1,773	3,982	(1,030)	4,725	53	(1)	4,777
Finance costs				(81)	(5)	1	(85)
Profit before income tax expenses				4,644	48	-	4,692
Income tax expenses				(1,146)	(12)	-	(1,158)
Net profit for the year				3,498	36	-	3,534
Property, plant and equipment, net as at 31 December 2012	4,058	12,093	332	16,483	16	-	16,499
Goodwill				-	-	167	167
Other assets				15,439	479	(293)	15,625
Total assets				31,922	495	(126)	32,291

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For the year ended 31 December 2013

8 Cash and cash equivalents

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Cash in hand	2,624,750,372	1,823,241,368	2,624,420,710	1,823,103,965
Deposits held at call with banks	2,386,069,444	2,182,820,793	2,349,813,716	2,158,108,216
Central bank bond	-	2,049,766,635	-	2,049,766,635
	<u>5,010,819,816</u>	<u>6,055,828,796</u>	<u>4,974,234,426</u>	<u>6,030,978,816</u>

The weighted average effective interest rates of deposits held at call with banks were 0.20% - 1.75% per annum (2012 : 0.20% - 2.00% per annum).

Investments in debt securities represent central bank bond having weighted average effective interest rates of 2.39% - 2.75% per annum (2012 : 2.61% - 3.16% per annum), having a maturity of three months or less when purchased.

During the year, other income includes interest income from investments in debt securities as follows:

	Consolidated		Company	
	2013 Million Baht	2012 Million Baht	2013 Million Baht	2012 Million Baht
Investments in debt securities				
Interest income	37.4	45.3	37.4	45.3

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

9 Trade accounts receivable, net

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Gross trade accounts receivable				
- third parties	276,544,434	235,065,860	30,948,245	39,236,448
- related parties (Note 10.3)	2,172,952	-	395,871	-
Total trade accounts receivable	278,717,386	235,065,860	31,344,116	39,236,448
Less allowance for doubtful accounts	(414,445)	(126,037)	-	-
Trade accounts receivable, net	278,302,941	234,939,823	31,344,116	39,236,448

Outstanding trade accounts receivable as at 31 December can be analysed as follows:

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Up to 3 months	277,232,486	234,599,542	31,278,840	38,943,270
3 - 6 months	57,534	330,431	57,534	293,178
6 - 12 months	1,399,337	-	-	-
Over 12 months	28,029	135,887	7,742	-
Total	278,717,386	235,065,860	31,344,116	39,236,448
Less allowance for doubtful accounts	(414,445)	(126,037)	-	-
Trade accounts receivable, net	278,302,941	234,939,823	31,344,116	39,236,448

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

10 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

SHV Group, a major shareholder of the Group, had had control over business plans and policies of the Group. On 26 June 2013, SHV Group sold its shareholdings in the Group to CP ALL Public Company Limited ("CP ALL Plc.") as mentioned in Note 2, resulting in the end of related party transactions with SHV Group since then. Therefore, CP ALL Public Company Limited is now the major shareholder of the Group and has control over the Group. The Group classified the transactions with CP ALL Plc. Group as related party transactions since 26 June 2013.

The relationships between the Group and related parties that it transacts with are as follows:

Company name	Country of incorporation	Relationship
Charoen Pokphand Group Company Limited	Thailand	Ultimate parent company of the group
CP ALL Public Company Limited	Thailand	Major shareholder
C.P. Retailing and Marketing Co., Ltd.	Thailand	CP ALL Public Company Limited is a major shareholder
Gosoft (Thailand) Co., Ltd.	Thailand	CP ALL Public Company Limited is a major shareholder
Panyatara Co., Ltd.	Thailand	CP ALL Public Company Limited is a major shareholder
C.P. Food Store Co., Ltd.	Thailand	Chearavanont family is a major shareholder
Chia Tai Produce Co., Ltd.	Thailand	Chearavanont family is a major shareholder
Charoen Pokphand Foods Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
CPF Trading Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
BFKT (Thailand) Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Real Move Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
CPF (Thailand) Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
CP-Meiji Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
C.P. Consumer Product Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Universal Convergence Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Internet Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Move Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Perfect Companion Group Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Chester Food Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
CP Interfood (Thailand) Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

10 Related party transactions (Cont'd)

Company name	Country of incorporation	Relationship
Freewill Solutions Co., Ltd	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Allianz C.P. General Insurance Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Internet Data Center Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Visions Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Visions Cable Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Lifestyle Retail Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True International Communication Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder

Feature of relationships and related transactions

Transactions with subsidiaries

Trading transactions with and services from subsidiaries are carried out under commercial terms and conditions. They are treated in the same manner as unrelated parties and are presented at market price.

The rental income charges in respect of buildings as specified in the agreement between the Company and subsidiary are based on the cost of the buildings plus related expenses which can be compared to the available market price. Cost of the buildings means acquisition cost and related expenses mean other related expenses incurred in bringing them into working condition for their intended use.

Management services provided by the Company are charged at agreed price upon the actual service rendered to a subsidiary on the basis of an agreed annual fee.

The Company has entered into a trading agreement with a subsidiary to collect discount and services based on goods purchased on the basis of an agreed annual fee. The agreement is valid for 1 year and renewed annually.

The Company has entered into a distributorship agreement to grant discount to a subsidiary, as a distributor. The fee is charged at fixed rate. The agreement is valid for 1 year until 31 March 2012. The agreement is renewed annually, unless any party shall terminate the agreement by written notice.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

10 Related party transactions (Cont'd)

Transactions with other related parties (SHV Group)

Purchase of intangible assets

During 2012, the Company and its subsidiary have been granted rights to use antivirus software from an overseas affiliated company, being a member of the SHV Group, which is SHV Holding N.V.. The antivirus software license fee is EUR 42,631.16 and EUR 1,374.96, respectively. Regarding the benefit from this agreement, the Company and its subsidiary are able to use the antivirus software.

During 2012, a subsidiary have been granted rights to use the sales management application software from an overseas affiliated company, being a member of the SHV Group, which is SHV Holding N.V.. The service fee is EUR 3,330.11. Regarding the benefit from this agreement, the subsidiary has a right to use the sales management application software.

Service expenses

The Company has been granted rights to use software and trademarks, maintenance services for application software, granted the rights to use virtual private networking among group of SHV companies and support provided for software and business intelligence application from overseas affiliated companies within the SHV Group, which are Orkam Asia Trademark AG and SHV Holding N.V., respectively.

Software license fees, royalty fees for the use of such trademarks, maintenance service fees and virtual private networking service fees used among group of SHV companies and supporting fee for software and business intelligence application are as specified in the agreements. The Company considered the fees to be on a reasonable basis and they are as follows:

- a) Royalty fee for the use of trademarks represents a percentage of its sales. The agreement is valid for 1 year. However, the Company reserve the right to renew the agreement every year and have the right to use such trademarks and service marks in business operations.
- b) Software license fee is NLG 50,000 (or EUR 22,689 in equivalent) for each Makro new store. The payment is made once a new store is open. The agreement is valid for 1 year and is renewable annually. Regarding the benefit from this license, the Company obtains specific IT software which is necessary to its business operations.
- c) Maintenance fee regarding business intelligence application is charged at actual amounts. The agreement is for unlimited period of time, unless either of the parties terminates the agreement by written notice. Regarding the benefit from this service agreement, the Company receives maintenance services for the application software.
- d) Virtual private networking service fee is EUR 27,000 for the year 2012. The agreement is for unlimited period of time, unless either of the parties terminates the agreement by written notice. Benefit from this service is data transfer security among group of SHV companies.
- e) Software and business intelligence application support fee is EUR 68,927. The agreement is valid for 1 year ended 31 December 2012. The agreement is automatically renewed for 1 year, unless either of the parties terminates the agreement by written notice. Regarding the benefit from this service agreement, the Company obtains a support for software and business intelligence application.

However, result from note 2, above service agreements is terminated on 26 June 2013.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

10 Related party transactions (Cont'd)

Transactions with other related parties (CP ALL Plc. Group)

Trading transactions with other related parties are carried out under commercial terms and conditions. They are treated in the same manner as unrelated parties and are presented at market price.

Purchase of fixed assets and intangible assets

During 2013, purchase of fixed assets and intangible assets transactions with related parties are dealt with under the prices and terms as agreed among the parties concerned.

Service expenses

The Company has been granted rights to use software and trademarks from CP ALL Plc.

Software license fees and royalty fees for the use of such trademarks are as specified in the agreements. The Company considered the fees to be on a reasonable basis and they are as follows:

- a) Royalty fee for the use of trademarks represents a percentage of its sales. The agreement is valid for 1 year and a half. The Company have the right to use such trademarks and service marks in business operations.
- b) Software license fee is Baht 900,000 for each Makro new store. The payment is made once a new store is open. The agreement is valid for 1 year and is renewable annually. Regarding the benefit from this license, the Company obtains specific IT software which is necessary to its business operations.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

10 Related party transactions (Cont'd)

The following material transactions were carried out with its related parties:

10.1) Sales of goods, service income and other income

	Consolidated		Company	
	2013 Million Baht	2012 Million Baht	2013 Million Baht	2012 Million Baht
Sales of goods:				
Subsidiaries	-	-	108.7	33.0
Other related parties				
- CP ALL Plc. Group	4.4	-	0.4	-
	<u>4.4</u>	<u>-</u>	<u>109.1</u>	<u>33.0</u>
Service income and other income:				
Subsidiaries	-	-	9.3	8.6
Other related parties				
- CP ALL Plc. Group	29.2	-	29.2	-
	<u>29.2</u>	<u>-</u>	<u>38.5</u>	<u>8.6</u>

10.2) Purchases of goods, fixed assets, intangible assets and service expenses

	Consolidated		Company	
	2013 Million Baht	2012 Million Baht	2013 Million Baht	2012 Million Baht
Purchase of goods:				
Subsidiaries	-	-	93.8	69.9
Other related parties				
- CP ALL Plc. Group	827.5	-	827.5	-
	<u>827.5</u>	<u>-</u>	<u>921.3</u>	<u>69.9</u>
Purchase of fixed assets and intangible assets:				
Other related parties				
- CP ALL Plc. Group	47.3	-	47.0	-
- SHV Group	-	1.9	-	1.7
	<u>47.3</u>	<u>1.9</u>	<u>47.0</u>	<u>1.7</u>
Service expenses:				
Subsidiary	-	-	0.1	0.3
Other related parties				
- CP ALL Plc. Group	99.6	-	98.0	-
- SHV Group	83.1	174.3	83.1	174.3
	<u>182.7</u>	<u>174.3</u>	<u>181.2</u>	<u>174.6</u>

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

10 Related party transactions (Cont'd)

The following material transactions were carried out with its related parties: (Cont'd)

10.3) Outstanding balances arising from sales and purchases of goods

	Consolidated		Company	
	2013 Million Baht	2012 Million Baht	2013 Million Baht	2012 Million Baht
Trade accounts receivable to related parties				
Other related parties				
- CP ALL Plc. Group	2.2	-	0.4	-
Trade accounts payable to related parties				
Subsidiaries	-	-	10.1	8.2
Other related parties				
- CP ALL Plc. Group	291.0	-	291.0	-
	291.0	-	301.1	8.2

10.4) Amounts due from related parties and short-term loans to related parties

	Consolidated		Company	
	2013 Million Baht	2012 Million Baht	2013 Million Baht	2012 Million Baht
Amounts due from related parties				
Subsidiaries	-	-	8.6	5.8
Other related parties				
- CP ALL Plc. Group	0.2	-	0.2	-
	0.2	-	8.8	5.8
Short-term loans				
Subsidiary	-	-	35.9	-
Total amounts due from related parties and short-term loans to related parties	0.2	-	44.7	5.8
Movements of short-term loans to subsidiaries are as follows:				
Opening balance	-	-	-	135.0
Additions (repayments) during the year	-	-	35.9	(135.0)
Closing balance	-	-	35.9	-

As at 31 December 2013, short term loan to a subsidiary was USD 1.1 million or equivalent to approximately Baht 35.9 million. The interest rate was referenced to the borrowing interest rate of the Company from financial institutions plus related tax and management charge. The loan agreement has a tenure of 6 months with repayment scheduled every 3 months. The last repayment is in April 2014.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

10 Related party transactions (Cont'd)

The following material transactions were carried out with its related parties: (Cont'd)

10.5) Amounts due to related parties

	Consolidated		Company	
	2013 Million Baht	2012 Million Baht	2013 Million Baht	2012 Million Baht
Amounts due to related parties				
Other related parties				
- CP ALL Plc. Group	139.6	-	139.5	-
- SHV Group	-	88.2	-	88.1
	139.6	88.2	139.5	88.1

10.6) Management benefit expenses

	Consolidated		Company	
	2013 Million Baht	2012 Million Baht	2013 Million Baht	2012 Million Baht
Short-term benefits	186.1	154.0	186.1	154.0
Other long-term benefits	11.0	-	11.0	-
Post-employment benefits	8.7	6.5	8.7	6.5
Total	205.8	160.5	205.8	160.5

11 Inventories, net

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Finished goods	9,822,618,117	7,386,913,471	9,596,317,398	7,221,165,818
Goods-in-transit	139,300,069	76,965,363	-	-
	9,961,918,186	7,463,878,834	9,596,317,398	7,221,165,818
<u>Less</u> allowance for obsolete and shrinkage inventories	(168,920,954)	(188,197,048)	(154,930,860)	(172,831,983)
allowance for inventory cost in excess of net realisable value	(1,048,408)	(173,912)	-	-
Inventories, net	9,791,948,824	7,275,507,874	9,441,386,538	7,048,333,835

12 Other current assets, net

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Accrued income	342,761,948	320,421,932	342,761,948	320,421,932
Prepayment	80,180,670	47,745,992	76,500,540	47,218,868
Other receivables	36,015,312	49,312,493	34,859,605	47,014,905
Others	33,680,446	30,133,021	30,594,983	29,473,687
Total	492,638,376	447,613,438	484,717,076	444,129,392
<u>Less</u> allowance for doubtful accounts of other receivables	(8,883,330)	(11,826,516)	(8,883,330)	(11,826,516)
Other current assets, net	483,755,046	435,786,922	475,833,746	432,302,876

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For the year ended 31 December 2013

13 Investments in subsidiaries

Subsidiaries	Business	Incorporated in	Relationship	Currency	Paid-up		% Ownership		Investment value under	
					share capital				cost method	
					2013	2012	2013	2012	31 December	31 December
					(‘000)	(‘000)	(%)	(%)	(Baht‘000)	(Baht‘000)
Siam Food Services Limited	Importing and trading of food products from international and domestic source and providing services such as freight, delivery, rental and storage	Thailand	Being shareholder and management participation	Baht	45,000	45,000	99.99	99.99	269,765	269,765
Vina Siam Food Company Limited	Trading and distribution, and import and export food products	Vietnam	Being shareholder and management participation	USD	1,500	500	100.00	100.00	45,638	9,210
									315,403	278,975

Movements of investments in subsidiaries are as follows:

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
As at 1 January	-	-	278,974,379	269,764,379
Additions of investments	-	-	36,429,050	9,210,000
As at 31 December	-	-	315,403,429	278,974,379

Investment in a subsidiary - Vina Siam Food Company Limited

During 2012, the Company's Board of Directors has passed a resolution to expand the Company's investment into Vietnam and to apply for an investment license to establish a subsidiary under the name "Vina Siam Food Company Limited". The Company has 100% shareholding in this subsidiary with an investment amount of USD 1 million. This subsidiary operates in trading and distribution, and import and export of food products. On 15 October 2012, the subsidiary was granted a license from Ministry of Planning and Investment of Vietnam to operate a business in Vietnam. On 16 November 2012, the Company paid up share capital of USD 0.3 million or equivalent to Baht 9.2 million.

During 2013, the Company paid up additional share capital of USD 1.2 million, or equivalent to Baht 36.4 million, for an investment in Vina Siam Food Company Limited, which is a subsidiary.

For the year ended 31 December 2013

		Consolidated						
		Land Baht	Leasehold improvement Baht	Building & building improvement Baht	Equipments & computer Baht	Vehicle Baht	Construction in progress Baht	Total Baht
As at 31 December 2011								
Cost		7,140,182,277	29,295,366	8,069,809,603	8,167,945,910	63,139,581	373,912,719	23,844,285,456
Less accumulated depreciation allowance for loss from write-off fixed assets		-	(2,670,505)	(3,494,518,430)	(5,433,456,734)	(36,658,884)	-	(8,967,304,553)
Net book value		7,140,182,277	26,624,861	4,541,102,250	2,715,701,176	26,480,697	373,912,719	14,824,003,980
For the year ended 31 December 2012								
Opening net book value		7,140,182,277	26,624,861	4,541,102,250	2,715,701,176	26,480,697	373,912,719	14,824,003,980
Additions		836,884,211	11,727,096	82,478,006	598,770,283	688,613	1,318,336,036	2,848,884,245
Reclassification		(2,696,514)	4,072,354	(3,038,904)	3,038,904	-	(60,990)	1,314,850
Transfer in (out)		12,128,400	-	731,037,880	669,534,946	953,000	(1,413,654,226)	-
Write-off, net		-	-	(19,514,066)	(5,103,946)	-	-	(24,618,012)
Disposals, net		-	-	(16,626,253)	(12,119,236)	-	-	(28,745,489)
Depreciation charge (Note 27)		-	(1,327,153)	(263,816,496)	(856,477,692)	(11,387,988)	-	(1,133,009,329)
(Allowance) reversal for loss from write-off fixed assets		-	-	(5,718,186)	17,038,000	-	-	11,319,814
Closing net book value		7,986,498,374	41,097,158	5,045,904,231	3,130,382,435	16,734,322	278,533,539	16,499,150,059
As at 31 December 2012								
Cost		7,986,498,374	45,094,816	8,775,933,903	8,958,375,152	64,781,195	278,533,539	26,109,216,979
Less accumulated depreciation allowance for loss from write-off fixed assets		-	(3,997,658)	(3,690,122,563)	(5,826,242,717)	(48,046,873)	-	(9,568,409,811)
Net book value		7,986,498,374	41,097,158	5,045,904,231	3,130,382,435	16,734,322	278,533,539	16,499,150,059

14 Property, plant and equipment, net (Cont'd)

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For the year ended 31 December 2013

		Land Baht	Leasehold improvement Baht	Building & building improvement Baht	Equipment & computer Baht	Vehicle Baht	Construction in progress Baht	Total Baht
As at 31 December 2011								
Cost		7,140,182,277	29,295,366	8,044,268,872	8,136,344,978	52,358,790	373,912,719	23,776,363,002
Less accumulated depreciation allowance for loss from write-off fixed assets		-	(2,670,505)	(3,471,832,411)	(5,410,293,379)	(30,680,918)	-	(8,915,477,213)
Net book value		7,140,182,277	26,624,861	(34,188,923)	(18,788,000)	-	-	(52,976,923)
				4,538,247,538	2,707,263,599	21,677,872	373,912,719	14,807,908,866
For the year ended 31 December 2012								
Opening net book value		7,140,182,277	26,624,861	4,538,247,538	2,707,263,599	21,677,872	373,912,719	14,807,908,866
Additions		836,884,211	11,727,096	82,478,005	594,929,847	-	1,314,774,673	2,840,793,832
Reclassification		(2,696,514)	4,072,354	(3,038,904)	3,038,904	-	(60,990)	1,314,850
Transfer in (out)		12,128,400	-	730,995,619	666,968,845	-	(1,410,092,864)	-
Write-off, net		-	-	(19,514,066)	(4,969,743)	-	-	(24,483,809)
Disposals, net		-	-	(16,626,253)	(12,112,205)	-	-	(28,738,458)
Depreciation charge (Note 27)		-	(1,327,153)	(261,989,525)	(851,892,854)	(9,800,028)	-	(1,125,009,560)
(Allowance) reversal for loss from write-off fixed assets		-	-	(5,718,186)	17,038,000	-	-	11,319,814
Closing net book value		7,986,498,374	41,097,158	5,044,834,228	3,120,264,293	11,877,844	278,533,538	16,483,105,535
As at 31 December 2012								
Cost		7,986,498,374	45,094,816	8,750,350,911	8,920,608,508	52,358,790	278,533,538	26,033,444,937
Less accumulated depreciation allowance for loss from write-off fixed assets		-	(3,997,658)	(3,665,609,574)	(5,798,594,115)	(40,480,946)	-	(9,508,682,293)
Net book value		7,986,498,374	41,097,158	(39,907,109)	(1,750,000)	-	-	(41,657,169)
				5,044,834,228	3,120,264,293	11,877,844	278,533,538	16,483,105,535

14 Property, plant and equipment, net (Cont'd)

As at 31 December 2013, certain plant and equipment items have been fully depreciated but are still in use. The original cost before deducting accumulated depreciation of those assets amounted to Baht 4,115 million (2012 : Baht 3,029 million) in the consolidated financial statements, and Baht 4,072 million (2012 : Baht 2,985 million) in the company financial statements.

As at 31 December 2013, certain plant and equipment items have been fully depreciated but are still in use. The original cost before deducting accumulated depreciation of those assets amounted to Baht 4,115 million (2012 : Baht 3,029 million) in the consolidated financial statements, and Baht 4,072 million (2012 : Baht 2,985 million) in the company financial statements.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

14 Property, plant and equipment, net (Cont'd)

As at 31 December 2013 and 2012, "Additions" shown above includes leased assets where the Company is a lessee under a finance lease recognition as following details:

	Consolidated / Company	
	2013 Baht	2012 Baht
Leased assets under a finance lease recognition	283,874,440	193,632,219
<u>Less</u> accumulated depreciation	<u>(104,809,390)</u>	<u>(78,870,036)</u>
Net book value	<u>179,065,050</u>	<u>114,762,183</u>

15 Investment property, net

Investment property is land, net of the allowance for impairment loss as follows:

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
As at 1 January				
Cost	292,175,772	308,572,549	128,299,867	135,500,000
<u>Less</u> allowance for impairment loss	<u>(179,309,763)</u>	<u>(189,372,549)</u>	<u>(15,433,858)</u>	<u>(16,300,000)</u>
Net book value	<u>112,866,009</u>	<u>119,200,000</u>	<u>112,866,009</u>	<u>119,200,000</u>
Transactions during the year				
Opening net book value	112,866,009	119,200,000	112,866,009	119,200,000
Disposals, net	-	(6,333,991)	-	(6,333,991)
Closing net book value	<u>112,866,009</u>	<u>112,866,009</u>	<u>112,866,009</u>	<u>112,866,009</u>
As at 31 December				
Cost	292,175,772	292,175,772	128,299,867	128,299,867
<u>Less</u> allowance for impairment loss	<u>(179,309,763)</u>	<u>(179,309,763)</u>	<u>(15,433,858)</u>	<u>(15,433,858)</u>
Net book value	<u>112,866,009</u>	<u>112,866,009</u>	<u>112,866,009</u>	<u>112,866,009</u>

As at 31 December 2013, the fair value of an investment property was Baht 138.6 million (2012 : Baht 123.1 million).

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

16 Leasehold right, net

	Consolidated / Company Baht
As at 31 December 2011	
Cost	915,531,508
<u>Less</u> accumulated amortisation	<u>(328,708,096)</u>
Net book value	586,823,412
<u>Less</u> current portion of leasehold right	<u>(31,423,179)</u>
Leasehold right, net	<u>555,400,233</u>
Transactions during the year ended 31 December 2012	
Opening net book value	586,823,412
Additions	10,000,000
Reclassification	(1,314,850)
Amortisation (Note 27)	<u>(33,160,955)</u>
Closing net book value	<u>562,347,607</u>
As at 31 December 2012	
Cost	924,216,658
<u>Less</u> accumulated amortisation	<u>(361,869,051)</u>
Net book value	562,347,607
<u>Less</u> current portion of leasehold right	<u>(32,915,508)</u>
Leasehold right, net	<u>529,432,099</u>
Transactions during the year ended 31 December 2013	
Opening net book value	562,347,607
Additions	236,886,460
Amortisation (Note 27)	<u>(35,027,592)</u>
Closing net book value	<u>764,206,475</u>
As at 31 December 2013	
Cost	1,161,103,118
<u>Less</u> accumulated amortisation	<u>(396,896,643)</u>
Net book value	764,206,475
<u>Less</u> current portion of leasehold right	<u>(35,418,098)</u>
Leasehold right, net	<u>728,788,377</u>

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

17 Goodwill, net

	Consolidated	
	2013 Baht	2012 Baht
Cost	196,922,838	196,922,838
Less accumulated amortisation	(29,538,426)	(29,538,426)
Net book value	167,384,412	167,384,412

18 Other intangible assets, net

	Consolidated		
	Computer software Baht	Computer software under installation Baht	Total Baht
As at 31 December 2011			
Cost	165,615,646	8,263,110	173,878,756
Less accumulated amortisation	(118,221,517)	-	(118,221,517)
Net book value	47,394,129	8,263,110	55,657,239
Transactions during the year ended 31 December 2012			
Opening net book value	47,394,129	8,263,110	55,657,239
Additions	17,694,984	22,428,233	40,123,217
Transfer in (out)	19,044,434	(19,044,434)	-
Amortisation (Note 27)	(26,251,780)	-	(26,251,780)
Closing net book value	57,881,767	11,646,909	69,528,676
As at 31 December 2012			
Cost	202,311,000	11,646,909	213,957,909
Less accumulated amortisation	(144,429,233)	-	(144,429,233)
Net book value	57,881,767	11,646,909	69,528,676
Transactions during the year ended 31 December 2013			
Opening net book value	57,881,767	11,646,909	69,528,676
Additions	49,452,633	258,231,303	307,683,936
Transfer in (out)	5,500,024	(5,500,024)	-
Write-off, net	(2,018)	-	(2,018)
Amortisation (Note 27)	(35,912,419)	-	(35,912,419)
Closing net book value	76,919,987	264,378,188	341,298,175
As at 31 December 2013			
Cost	254,691,816	264,378,188	519,070,004
Less accumulated amortisation	(177,771,829)	-	(177,771,829)
Net book value	76,919,987	264,378,188	341,298,175

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

18 Other intangible assets, net (Cont'd)

	Company		
	Computer software Baht	Computer software under installation Baht	Total Baht
As at 31 December 2011			
Cost	142,350,154	7,993,765	150,343,919
Less accumulated amortisation	(106,933,048)	-	(106,933,048)
Net book value	35,417,106	7,993,765	43,410,871
Transactions during the year ended 31 December 2012			
Opening net book value	35,417,106	7,993,765	43,410,871
Additions	16,985,330	22,384,332	39,369,662
Transfer in (out)	18,731,188	(18,731,188)	-
Amortisation (Note 27)	(22,504,608)	-	(22,504,608)
Closing net book value	48,629,016	11,646,909	60,275,925
As at 31 December 2012			
Cost	178,066,672	11,646,909	189,713,581
Less accumulated amortisation	(129,437,656)	-	(129,437,656)
Net book value	48,629,016	11,646,909	60,275,925
Transactions during the year ended 31 December 2013			
Opening net book value	48,629,016	11,646,909	60,275,925
Additions	43,691,347	258,231,303	301,922,650
Transfer in (out)	5,500,024	(5,500,024)	-
Write-off, net	(2,018)	-	(2,018)
Amortisation (Note 27)	(31,670,981)	-	(31,670,981)
Closing net book value	66,147,388	264,378,188	330,525,576
As at 31 December 2013			
Cost	224,686,203	264,378,188	489,064,391
Less accumulated amortisation	(158,538,815)	-	(158,538,815)
Net book value	66,147,388	264,378,188	330,525,576

As at 31 December 2013, certain intangible asset items have been fully amortised but are still in use. The original cost before deducting accumulated amortisation of those assets are amounted to Baht 116 million (2012 : Baht 103 million) in the consolidated financial statements, and Baht 111 million (2012 : Baht 98 million) in the company financial statements.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

19 Deferred tax assets, net

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Consolidated		Company	
	2013	2012 (Restated)	2013	2012 (Restated)
	Baht	Baht	Baht	Baht
Deferred tax assets:				
Deferred tax asset to be recovered within 12 months	101,475,338	115,695,867	98,422,240	112,360,232
Deferred tax asset to be recovered after 12 months	141,483,109	113,263,837	140,024,643	111,941,602
	<u>242,958,447</u>	<u>228,959,704</u>	<u>238,446,883</u>	<u>224,301,834</u>
Deferred tax liabilities:				
Deferred tax liabilities to be settled within 12 months	6,073,666	4,725,059	6,073,666	4,725,059
Deferred tax liability to be settled after 12 months	29,739,340	18,227,385	29,739,340	18,227,385
	<u>35,813,006</u>	<u>22,952,444</u>	<u>35,813,006</u>	<u>22,952,444</u>
Deferred tax asset, net	<u>207,145,441</u>	<u>206,007,260</u>	<u>202,633,877</u>	<u>201,349,390</u>

The gross movement of deferred tax assets is as follows:

	Consolidated		Company	
	2013	2012 (Restated)	2013	2012 (Restated)
	Baht	Baht	Baht	Baht
At 1 January	206,007,260	228,231,340	201,349,390	223,893,848
Charged/(credited) to profit or loss	1,138,181	(22,224,080)	1,284,487	(22,544,458)
At 31 December	<u>207,145,441</u>	<u>206,007,260</u>	<u>202,633,877</u>	<u>201,349,390</u>

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

19 Deferred tax assets, net (Cont'd)

The movement in deferred tax assets and deferred tax liabilities during the year is as follows:

	Consolidated		
	As at 31 December 2012 (Restated) Baht	Charged/ (credited) to profit or loss Baht	As at 31 December 2013 Baht
Deferred tax assets			
Provision for employee benefits	57,722,605	11,138,496	68,861,101
Allowance for obsolete inventories	76,367,576	6,905,884	83,273,460
Depreciation expenses of fixed assets for differences in useful life between accounting and tax basis	42,801,153	423,500	43,224,653
Liabilities under finance lease	25,579,526	13,096,993	38,676,519
Others	26,488,844	(17,566,130)	8,922,714
	<u>228,959,704</u>	<u>13,998,743</u>	<u>242,958,447</u>
Deferred tax liabilities			
Assets under finance lease	22,952,444	12,860,562	35,813,006
	<u>22,952,444</u>	<u>12,860,562</u>	<u>35,813,006</u>
Deferred tax assets, net	<u>206,007,260</u>	<u>1,138,181</u>	<u>207,145,441</u>

	Company		
	As at 31 December 2012 (Restated) Baht	Charged/ (credited) to profit or loss Baht	As at 31 December 2013 Baht
Deferred tax assets			
Provision for employee benefits	56,400,370	11,002,264	67,402,634
Allowance for obsolete inventories	73,259,780	7,180,878	80,440,658
Depreciation expenses of fixed assets for differences in useful life between accounting and tax basis	42,573,314	513,933	43,087,247
Liabilities under finance lease	25,579,526	13,096,993	38,676,519
Others	26,488,844	(17,649,019)	8,839,825
	<u>224,301,834</u>	<u>14,145,049</u>	<u>238,446,883</u>
Deferred tax liabilities			
Assets under finance lease	22,952,444	12,860,562	35,813,006
	<u>22,952,444</u>	<u>12,860,562</u>	<u>35,813,006</u>
Deferred tax assets, net	<u>201,349,390</u>	<u>1,284,487</u>	<u>202,633,877</u>

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

19 Deferred tax assets, net (Cont'd)

The movement in deferred tax assets and deferred tax liabilities during the year is as follows: (Cont'd)

	Consolidated		
	As at 1 January 2012 (Restated) Baht	Charged/ (credited) to profit or loss Baht	As at 31 December 2012 (Restated) Baht
Deferred tax assets			
Provision for employee benefits	45,398,688	12,323,917	57,722,605
Allowance for obsolete inventories	100,394,387	(24,026,811)	76,367,576
Depreciation expenses of fixed assets for differences in useful life between accounting and tax basis	46,333,393	(3,532,240)	42,801,153
Liabilities under finance lease	30,610,078	(5,030,552)	25,579,526
Others	33,776,014	(7,287,170)	26,488,844
	<u>256,512,560</u>	<u>(27,552,856)</u>	<u>228,959,704</u>
Deferred tax liabilities			
Assets under finance lease	28,281,220	(5,328,776)	22,952,444
	<u>28,281,220</u>	<u>(5,328,776)</u>	<u>22,952,444</u>
Deferred tax assets, net	<u>228,231,340</u>	<u>(22,224,080)</u>	<u>206,007,260</u>
	Company		
	As at 1 January 2012 (Restated) Baht	Charged/ (credited) to profit or loss Baht	As at 31 December 2012 (Restated) Baht
Deferred tax assets			
Provision for employee benefits	44,354,680	12,045,690	56,400,370
Allowance for obsolete inventories	97,616,450	(24,356,670)	73,259,780
Depreciation expenses of fixed assets for differences in useful life between accounting and tax basis	45,862,254	(3,288,940)	42,573,314
Liabilities under finance lease	30,610,078	(5,030,552)	25,579,526
Others	33,731,606	(7,242,762)	26,488,844
	<u>252,175,068</u>	<u>(27,873,234)</u>	<u>224,301,834</u>
Deferred tax liabilities			
Assets under finance lease	28,281,220	(5,328,776)	22,952,444
	<u>28,281,220</u>	<u>(5,328,776)</u>	<u>22,952,444</u>
Deferred tax assets, net	<u>223,893,848</u>	<u>(22,544,458)</u>	<u>201,349,390</u>

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

20 Short-term loans from financial institutions

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Promissory notes	3,060,000,000	2,070,000,000	3,000,000,000	2,000,000,000
Trust receipts	106,649,001	29,786,585	-	-
	<u>3,166,649,001</u>	<u>2,099,786,585</u>	<u>3,000,000,000</u>	<u>2,000,000,000</u>

As at 31 December 2013, promissory notes represent promissory notes issued to banks denominated in Thai Baht. The short-term loans bear a fixed interest rates of 2.78% - 3.53% per annum (2012 : 2.78% - 3.77% per annum) and due within December 2014.

As at 31 December 2013, trust receipts are contracted with domestic banks to convert purchases in foreign currency to be short-term loans in Baht. The trust receipts bear interest at the rates of 2.95% - 3.11% per annum (2012 : 3.30% - 3.33% per annum).

21 Liabilities under finance lease, net

As at 31 December 2013 and 2012, the Company has recognised equipment under finance lease. The future minimum lease payments, to which the Company is committed, are as follows:

	Consolidated / Company	
	2013 Baht	2012 Baht
Not later than 1 year	44,028,151	34,525,984
Later than 1 year but not later than 5 years	147,327,753	97,358,138
Later than 5 years	70,935,614	32,924,217
	<u>262,291,518</u>	<u>164,808,339</u>
Less future finance charges on finance lease	(68,908,924)	(36,910,709)
Net present value - liabilities under finance lease	<u>193,382,594</u>	<u>127,897,630</u>
Liabilities under finance lease		
- current	27,870,154	23,988,714
- non-current	165,512,440	103,908,916
	<u>193,382,594</u>	<u>127,897,630</u>

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

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22 Provision for employee benefits

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Statements of financial position				
- Defined benefit plans	312,890,462	268,238,395	306,013,171	262,001,851
- Other long-term employee benefits	31,415,040	20,374,631	31,000,000	20,000,000
	344,305,502	288,613,026	337,013,171	282,001,851
Income statements				
- Defined benefit plans	47,594,887	68,920,056	46,954,140	67,528,003
- Other long-term employee benefits	11,090,409	104,082	11,000,000	-
	58,685,296	69,024,138	57,954,140	67,528,003

The movements of the employee benefits obligation in the statement of financial position are as follows:-

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Beginning balance	288,613,026	226,993,441	282,001,851	221,773,401
Current service cost	34,608,680	18,287,734	33,390,184	17,331,193
Interest cost	9,610,320	7,011,192	9,364,009	6,832,450
Actuarial losses	14,466,296	43,725,212	15,199,947	43,364,360
Benefits paid	(2,992,820)	(7,404,553)	(2,942,820)	(7,299,553)
Ending balance	344,305,502	288,613,026	337,013,171	282,001,851

The amounts of the employee benefits obligation have been recognised in the income statement under selling and administrative expenses as follows:

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Current service cost	34,608,680	18,287,734	33,390,184	17,331,193
Interest cost	9,610,320	7,011,192	9,364,009	6,832,450
Actuarial losses	14,466,296	43,725,212	15,199,947	43,364,360
Total	58,685,296	69,024,138	57,954,140	67,528,003

Provision for employee benefits are determined by the principal actuarial assumptions as follows:

	Consolidated		Company	
	2013 %	2012 %	2013 %	2012 %
Discount rate	4.1	3.8	4.1	3.8
Future salary increase	4.0	4.0	4.0	4.0

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For the year ended 31 December 2013

23 Income tax expenses

	Consolidated		Company	
	2013	2012 (Restated)	2013	2012 (Restated)
	Baht	Baht	Baht	Baht
Current tax	1,128,286,813	1,135,603,259	1,111,992,066	1,123,033,800
Deferred income tax (Note 19)	(1,138,181)	22,224,080	(1,284,487)	22,544,458
Total income tax expenses	1,127,148,632	1,157,827,339	1,110,707,579	1,145,578,258

Income tax expenses on the Group's profit before income tax expenses differs from the theoretical amount that would arise using the basic tax rate of the home country of the Group as follows:

	Consolidated		Company	
	2013	2012 (Restated)	2013	2012 (Restated)
	Baht	Baht	Baht	Baht
Profit before income tax expenses	5,425,727,130	4,691,518,918	5,371,805,434	4,643,965,616
Tax calculated at a tax rate of 20% (2012: 23%)	1,085,145,426	1,079,049,351	1,074,361,087	1,068,112,092
Tax effect of:				
Income not subject to tax	(12,411,951)	(4,817,339)	(12,411,951)	(4,817,339)
Expenses not deductible for tax purpose	50,698,380	91,628,050	50,397,064	90,856,685
Adjustment in respect of prior year	(1,574,477)	(8,573,180)	(1,638,621)	(8,573,180)
Tax losses for which no deferred income tax assets was recognised	5,291,254	540,457	-	-
Income tax expenses	1,127,148,632	1,157,827,339	1,110,707,579	1,145,578,258

The weighted average applicable tax rate was 20% (2012: 23%). The decrease is caused by a change in corporate income tax rate announced by the Government.

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24 Contingencies and commitments

As at 31 December 2013 and 2012, the Company and its subsidiaries have contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business, the Company and its subsidiaries have provided guarantees to third parties as follows:

Bank guarantees

As at 31 December 2013 and 2012, banks have provided guarantees on behalf of the Company and its subsidiaries, primarily in respect of electricity, rental and service agreement and sales of goods as follows:

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Bank guarantees	123,235,282	117,019,782	121,661,882	114,260,382

Operating lease agreements

The future minimum payments under operating lease agreements as at 31 December are as follows:

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Not later than 1 year	247,199,767	226,256,140	235,893,373	216,390,229
Later than 1 year and not later than 5 years	992,323,643	789,329,392	976,824,615	769,390,520
Later than 5 years	1,621,052,602	1,258,858,117	1,621,052,602	1,258,858,117
	<u>2,860,576,012</u>	<u>2,274,443,649</u>	<u>2,833,770,590</u>	<u>2,244,638,866</u>

Capital commitments

Capital expenditure contracted for at the statement of financial position date but not recognised in the financial statements is as follows:

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Property, plant and equipment	1,521,005,247	1,279,588,301	1,521,005,247	1,279,588,301
Computer software	514,916,411	22,051,492	514,916,411	22,051,492

The consolidated and company capital commitments as at 31 December 2013 amounting to Baht 2,036 million are mainly related to the purchase of land, fixed assets and intangible assets.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

25 Share capital and premium on share capital

	Number of shares	Ordinary shares Baht	Premium on share capital Baht	Total Baht
At 31 December 2011	240,000,000	2,400,000,000	3,290,152,068	5,690,152,068
Issue of shares	-	-	-	-
At 31 December 2012	240,000,000	2,400,000,000	3,290,152,068	5,690,152,068
Change in par value from Baht 10 per share to Baht 0.50 per share	4,560,000,000	-	-	-
Issue of shares	-	-	-	-
At 31 December 2013	4,800,000,000	2,400,000,000	3,290,152,068	5,690,152,068

As at 31 December 2013, the total authorised number of ordinary share is 4,800,000,000 shares (31 December 2012 : 240,000,000 shares) with a par value of Baht 0.50 per share (31 December 2012 : Baht 10 per share). The issued and fully paid-up ordinary shares is 4,800,000,000 shares (31 December 2012 : 240,000,000 shares).

The Extraordinary General Shareholders' Meeting of the Company held on 20 September 2013 approved the change of the par value of the Company's ordinary shares from Baht 10 per share, totalling 240,000,000 shares, to Baht 0.50 per share, totalling 4,800,000,000 shares by splitting one ordinary share at a par value of Baht 10 per share into 20 ordinary shares at a par value of Baht 0.50 per share, and approved a change of the Company's Memorandum of Association in accordance to such change in the par value of the Company's shares. The Company registered the changes in the par value with the Ministry of Commerce on 4 October 2013.

26 Legal reserve

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Opening balance	240,000,000	240,000,000	240,000,000	240,000,000
Appropriation during the year	-	-	-	-
Closing balance	240,000,000	240,000,000	240,000,000	240,000,000

Under the Public Companies Act, the Company is required to set aside as a statutory reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable as dividends.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

27 Expenses by nature

The following expenditure items, classified by nature, have been charged in arriving at profit before finance costs and income tax expenses:

	Notes	Consolidated		Company	
		2013 Baht	2012 Baht	2013 Baht	2012 Baht
Employee costs		3,259,198,560	2,778,121,789	3,161,079,541	2,706,757,727
Depreciation on property, plant and equipment	14	1,259,976,688	1,133,009,329	1,253,672,209	1,125,009,560
Establishment expenses		1,349,362,860	1,172,153,460	1,335,242,806	1,158,902,188
Sales promotion expenses		790,867,591	623,820,512	776,852,363	613,769,219
Royalty expenses		187,991,968	180,623,291	187,991,968	180,623,291
Repair and maintenance expenses		180,170,869	166,488,530	176,231,514	162,906,901
Computer expenses		107,983,432	81,528,458	104,849,291	79,269,577
Land rental expenses		63,945,976	58,480,353	63,945,976	58,480,353
Amortisation of leasehold right	16	35,027,592	33,160,955	35,027,592	33,160,955
Amortisation of other intangible assets	18	35,912,419	26,251,780	31,670,981	22,504,608

28 Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year. There are no dilutive instruments in issue.

	Consolidated		Company	
	2013 Baht	2012 (Restated) Baht	2013 Baht	2012 (Restated) Baht
Net profit - before restated	4,298,578,498	3,555,915,659	4,261,097,855	3,520,931,816
Cumulative effect of the change in accounting policy for deferred tax assets (Note 3.17)	-	(22,224,080)	-	(22,544,458)
Net profit - after restated	4,298,578,498	3,533,691,579	4,261,097,855	3,498,387,358
Weighted average number of ordinary shares (Shares)	4,800,000,000	4,800,000,000	4,800,000,000	4,800,000,000
Basic earnings per share (Baht) (before restated)	0.90	0.74	0.89	0.73
Basic earnings per share (Baht) (after restated)	0.90	0.74	0.89	0.73

The weighted average number of ordinary shares in issue as at 31 December 2012 was re-adjusted as if the change of par value of ordinary shares was occurred since the beginning of 2012.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2013

29 Dividends

A 2013 interim dividend from current net profit after tax for the nine-month ended on 30 September 2013 of Baht 0.50 per share, for 4,800,000,000 shares, and dividend amounts totalling of Baht 2,400 million was approved at the Board of Directors' meeting on 6 November 2013 and fully paid in the fourth quarter of 2013.

A dividend in respect of 2012 of Baht 7.25 per share, for 240,000,000 shares, and dividend amounts totalling of Baht 1,740 million was approved at the annual shareholders' meeting on 25 April 2013 and fully paid in the second quarter of 2013.

A 2012 interim dividend from current net profit after tax for the nine-month period ended on 30 September 2012 of Baht 1.75 per share, for 240,000,000 shares, and dividend amounts totalling of Baht 420 million was approved at the Board of Directors' meeting on 5 November 2012 and fully paid in the fourth quarter of 2012.

A 2012 interim dividend from current net profit after tax for the six-month period ended on 30 June 2012 of Baht 3.50 per share, for 240,000,000 shares, and dividend amounts totalling of Baht 840 million was approved at the Board of Directors' meeting on 9 August 2012 and fully paid in the third quarter of 2012.

A dividend in respect of 2011 of Baht 5.50 per share, for 240,000,000 shares, and dividend amounts totalling of Baht 1,320 million was approved at the annual shareholders' meeting on 27 April 2012 and fully paid in the second quarter of 2012.

30 Other income

During 2013, the Company received a compensation relating to the flood in year 2011 from the insurance companies of Baht 93 million. The Company recorded this amount as other income in the income statements (2012: Baht 20 million).

31 Management benefit expenses

Management benefit expenses represent remuneration paid to the Company's directors in accordance with Section 90 of the Public Limited Company Act, and was approved by the shareholders in the Annual General Meeting. In addition, these expenses also include salaries and related benefits payable to the management who are defined under the Notification of the Capital Market Supervisory Board as the managers or persons with managerial authority who are among the top four ranked individuals in the Company after the manager, all other persons who occupy a position equivalent to a top four ranking and also included persons with managerial authority in accounting or finance department which is equivalent or upper to department manager.

32 Subsequent events

The Board of Directors' meeting of the Company on 19 February 2014 has unanimously resolved to propose to the Annual General Shareholders' Meeting of the Company for approval of Siam Makro Public Company Limited to declare the final dividend payment for the year 2013 at the rate of Baht 0.30 per share. Such declaration of final dividend payment must be approved by the shareholders' meeting.

MAKRO / MAKRO FOODSERVICE / SIAM FROZEN / SIAM FOOD SERVICES / VINA SIAM FOOD LOCATIONS

MAKRO CASH & CARRY

Siam Makro Public Company Limited, Head Office

3498 2nd Fl., Lardprao Rd., Klongchan,
Bangkapi, Bangkok 10240

Tel : 0-2723-1000 Fax : 0-2375-2927

1. Makro Lardprao Branch

3498 Lardprao Rd., Klongchan,
Bangkapi, Bangkok 10240

Tel : 0-2375-2781-9 Fax : 0-2375-9162

2. Makro Chaengwattana Branch

34/54 Moo 1, Chaengwattana Rd., Klongklear,
Pakkred, Nonthaburi 11120

Tel : 0-2574-0670 Fax : 0-2574-6045

3. Makro Srinakarin Branch

422 Moo 5, Srinakarin Rd., Samrongnua,
A.Mueang Samutprakan, Samutprakan 10270

Tel : 0-2383-4104 Fax : 0-2383-4441

4. Makro Bangbon Branch

210, Kanchanaphisek Rd., Bangbon,
Bangbon, Bangkok 10150

Tel : 0-2416-8080-90 Fax : 0-2416-5974

5. Makro Chonburi Branch

55/3 Moo 2, Sukhumvit Rd., T.Samed,
A.Mueang Chonburi, Chonburi 20000

Tel : (038) 279-201 Fax : (038) 279-200

6. Makro Chiang Mai Branch

152 Moo 6, T.Nong-Pa-Krung,
A.Mueang Chiang Mai, Chiang Mai 50000

Tel : (053) 116-200-10 Fax : (053) 116-217

7. Makro Nakhon Ratchasima Branch

523 Mittraphap-Nongkai Rd., T.Naimueang,
A.Mueang Nakhon Ratchasima, Nakhon Ratchasima 30000

Tel : (044) 230-477-90 Fax : (044) 230-471

8. Makro Rangsit Branch

189 Phaholyothin Rd., T.Prachathipat,
A.Thanyaburi, Pathumthani 12130

Tel : 0-2992-1011-21 Fax : 0-2992-2213

9. Makro Hat Yai Branch

345 Moo 5, T.Kho-Hong,
A.Hat Yai, Songkhla 90110

Tel : (074) 428-320-37 Fax : (074) 210-969

10. Makro Udon Thani Branch

207/3 Moo 14, T.Makkhang,
A.Mueang Udon Thani, Udon Thani 41000

Tel : (042) 322-922 Fax : (042) 322-944

11. Makro Phitsanulok Branch

1199 Boromtriokkanart 2 Rd., T.Naimueang,
A.Mueang Phitsanulok, Phitsanulok 65000

Tel : (055) 218-765 Fax : (055) 218-764

12. Makro Khon Kaen Branch

195 Moo 12, Mittraphap Rd., T.Mueang Kao,
A.Mueang Khon Kaen, Khon Kaen 40000

Tel : (043) 325-050 Fax : (043) 325-065

13. Makro Surat Thani Branch

216 Moo 4, Chonkasem Rd., T.Makamtey,
A.Mueang Surat Thani, Surat Thani 84000

Tel : (077) 219-877 Fax : (077) 219-866

14. Makro Ubon Ratchathani Branch

333 Moo 15, T.Khamyai,
A.Mueang Ubon Ratchathani, Ubon Ratchathani 34000

Tel : (045) 281-670-80 Fax : (045) 281-688

15. Makro Rayong Branch

8/2 Moo 3, T.Tubma,
A.Mueang Rayong, Rayong 21000

Tel : (038) 875-290-300 Fax : (038) 875-301

MAKRO / MAKRO FOODSERVICE / SIAM FROZEN / SIAM FOOD SERVICES / VINA SIAM FOOD LOCATIONS

16. Makro Nakhon Sawan Branch

67/15 Moo 6, T.Nakhon Sawan East,
A.Mueang Nakhon Sawan, Nakhon Sawan 60000
Tel : (056) 325-200-9 Fax : (056) 325-210

17. Makro Charan Sanitwong Branch

521, 521/27 Charan Sanitwong Rd.,
Bangkhunsri, Bangkoknoi, Bangkok 10700
Tel : 0-2864-5714-32 Fax : 0-2864-5713

18. Makro Sathorn Branch

1 Narathiwasratchanakarin Rd.,
Thungwatdon, Sathorn, Bangkok 10120
Tel : 0-2676-0676 Fax : 0-2676-1676

19. Makro Nakhon Pathom Branch

86 Moo 13, T.Prongmadua, A.Mueang Nakhon Pathom,
Nakhon Pathom 73000
Tel : (034) 200-711-23 Fax : (034) 200-729

20. Makro Surin Branch

4/3 Lakmueang Rd., T.Naimueang,
A.Mueang Surin, Surin 32000
Tel : (044) 531-759-66 Fax : (044) 531-777

21. Makro Samsen Branch

935/11 Samsen Rd., Thanon Nakhonchaisi,
Dusit, Bangkok 10300
Tel : 0-2241-8400-8 Fax : 0-2241-8409

22. Makro Nakhon Si Thammarat Branch

93/7 Moo 2, Karom Rd., T.Phosadet, A.Mueang
Nakhon Si Thammarat, Nakhon Si Thammarat 80000
Tel : (075) 316-680-90 Fax : (075) 316-698

23. Makro Chiang Rai Branch

12 Moo 17, T.Bandoo,
A.Mueang Chiang Rai, Chiang Rai 57100
Tel : (053) 703-688 Fax : (053) 703-679

24. Makro Sakon Nakhon Branch

459 Moo 3, Bankoksomhong Rd., T.Thatchoengchum,
A.Mueang Sakon Nakhon, Sakon Nakhon 47000
Tel : (042) 731-078-97 Fax : (042) 731-076-7

25. Makro Suphan Buri Branch

290/2 Moo 4, T.Sanam-Chai,
A.Mueang Suphan Buri, Suphan Buri 72000
Tel : (035) 547-250-65 Fax : (035) 547-271

26. Makro Chanthaburi Branch

21/11 Moo 11, T.Plubpla,
A.Mueang Chanthaburi, Chanthaburi 22000
Tel : (039) 355-240-54 Fax : (039) 355-257

27. Makro Phuket Branch

77 Moo 5, T.Vichit,
A.Mueang Phuket, Phuket 83000
Tel : (076) 249-791-800 Fax : (076) 249-801

28. Makro Roi Et Branch

32/1 Taewapiban Rd., T.Naimueang,
A.Mueang Roi Et, Roi Et 45000
Tel : (043) 525-680-90 Fax : (043) 525-692-3

29. Makro Trang Branch

89 Moo 2, T.Khok-Lo,
A.Mueang Trang, Trang 92000
Tel : (075) 228-050-60 Fax : (075) 228-061

30. Makro Sakao Branch

1000 Suwannasorn Rd., T.Sa Kao,
A.Mueang Sa Kao, Sa Kao 27000
Tel : (037) 220-801-18 Fax : (037) 220-822-3

31. Makro Buri Ram Branch

151 Moo 7, T.Isan,
A.Mueang Buri Ram, Buri Ram 31000
Tel : (044) 690-300-28 Fax : (044) 690-329

MAKRO / MAKRO FOODSERVICE / SIAM FROZEN / SIAM FOOD SERVICES / VINA SIAM FOOD LOCATIONS

32. Makro Sisaket Branch

112 Moo 6 T.Po,
A.Mueang Sisaket, Sisaket 33000
Tel : (045) 613-838 Fax : (045) 617-648

33. Makro Lamphun Branch

204 Moo 4, T.Bankiang,
A.Mueang Lamphun, Lamphun 51000
Tel : (053) 581-285 Fax : (053) 581-333-4

34. Makro Phetchaburi Branch

103 Moo 1, T.Huasaphan,
A.Mueang Phetchaburi, Phetchaburi 76000
Tel : (032) 771-616 Fax : (032) 771-612-3

35. Makro Chaiyaphum Branch

999 Moo 1, T.Bungkhal,
A.Mueang Chaiyaphum, Chaiyaphum 36000
Tel : (044) 818-288 Fax : (044) 818-292

36. Makro Saraburi Branch

66/3 Moo 2, T.Talingchan,
A.Mueang Saraburi, Saraburi 18000
Tel : (036) 731-100 Fax : (036) 731-111

37. Makro Pran Buri Branch

567 Moo 3, T.Wangpong, A.Pran Buri,
Prachuap Khiri Khan 77120
Tel : (032) 630-100 Fax : (032) 630-000-1

38. Makro Chachoengsao Branch

21/4 Moo 5, T.Wangtakhean,
A.Mueang Chachoengsao, Chachoengsao 24000
Tel : (038) 511-518 Fax : (038) 515-174

39. Makro Chiang Mai 2 Branch

191 Moo 7, T.Maehia,
A.Mueang Chiang Mai, Chiang Mai 50100
Tel : (053) 447-799 Fax : (053) 447-804-5

40. Makro Ram Inthra Branch

904 Ram Inthra Rd., Kannayao,
Kannayao, Bangkok 10230
Tel : 0-2540-7171 Fax : 0-2540-7756

41. Makro Chumphon Branch

199 Moo 5, T.Wangpai,
A.Mueang Chumphon, Chumphon 86000
Tel : (077) 658-700 Fax : (077) 658-706-7

42. Makro Pattaya Branch

22/24 Moo 11, T.Nong Prue,
A.Bang Lamung, Chonburi 20150
Tel : (038) 053-400 Fax : (038) 053-427

43. Makro Kamphangphet Branch

889 Ratchadamnoen 1 Rd., T.Naimueang,
A.Mueang Kamphangphet, Kamphangphet 62000
Tel : (055) 717-777 Fax : (055) 717-912

44. Makro Kanchanaburi Branch

102 Moo 2, T.Tha Lor,
A.Tha Muang, Kanchanaburi 71000
Tel : (034) 699-609 Fax : (034) 699-629

45. Makro Lop Buri Branch

227 Moo 5, T.Tha Sala,
A.Mueang Lop Buri, Lop Buri 15000
Tel : (036) 784-884 Fax : (036) 784-908-9

46. Makro Nong Khai Branch

232 Moo 12, T.Pho Chai,
A.Mueang Nong Khai, Nong Khai 43000
Tel : (042) 990-818 Fax : (042) 990-553

47. Makro Ratchaburi Branch

249 Moo 11, T.Jadehak,
A.Mueang Ratchaburi, Ratchaburi 70000
Tel : (032) 332-249 Fax : (032) 325-349

MAKRO / MAKRO FOODSERVICE / SIAM FROZEN / SIAM FOOD SERVICES / VINA SIAM FOOD LOCATIONS

48. Makro Mae Rim Branch

212 Moo 4, T.Mae Sa,
A.Mae Rim, Chiang Mai 50180
Tel : (053) 298-212 Fax : (053) 298-928

49. Makro Ayutthaya Branch

222 Moo 2, T.Kan Ham,
A.Uthai, Phra Nakhon Siayutthaya 13210
Tel : (035) 706-406 Fax : (035) 706-404

50. Makro Lampang Branch

110/3 Highway Lampang-Ngao Rd., T.Phra Bat,
A.Mueang Lampang, Lampang 52000
Tel : (054) 230-111 Fax : (054) 231-767

51. Makro Khlong Luang Branch

39 Moo 7, T.Khlong Song,
A.Khlong Luang, Pathum Thani 12120
Tel : 0-2529-3636 Fax : 0-2529-3949

52. Makro Loei Branch

118 Moo 11, T.Na An,
A.Mueang Loei, Loei 42000
Tel : (042) 844-655 Fax : (042) 844-666

53. Makro Phetchabun Branch

300 Moo 10, T.Chon Phrai,
A.Mueang Phetchabun, Phetchabun 67000
Tel : (056) 719-219 Fax : (056) 719-229

54. Makro Bang Phli Branch

79 Moo 1, T.Racha Thewa,
A.Bang Phli, Samut Prakan 10540
Tel : 0-2316-4200 Fax : 0-2316-4222

55. Makro Mukdahan Branch

4/9 Chayangkun Kor Rd., T.Mukdahan,
A.Mueang Mukdahan, Mukdahan 49000
Tel : (042) 661-199 Fax : (042) 661-198

56. Makro Satun Branch

889 Moo 6, T.Khlong Khut,
A.Mueang Satun, Satun 91000
Tel : (074) 725-475 Fax : (074) 725-476

57. Makro Trat Branch

1138 Moo 1, T.Wang Krachae,
A.Mueang Trat, Trat 23000
Tel : (039) 513-900 Fax : (039) 513-929

58. Makro Chum Phae Branch

201 Moo 2, T.Nong Phai,
A.Chum Phae, Khon Kaen 40130
Tel : (043) 313-961 Fax : (043) 313-959

59. Makro Nakhon Phanom Branch

405 Nittayo Road, T.Nong Yat,
A.Mueang Nakhon Phanom, Nakhon Phanom 48000
Tel : (042) 531-663 Fax : (042) 531-661

60. Makro Bueng Kan Branch

680 Moo 7, T.Wisit,
A.Mueang Bueng Kan, Bueng Kan 38000
Tel : (042) 492-600 Fax : (042) 492-601

MAKRO / MAKRO FOODSERVICE / SIAM FROZEN / SIAM FOOD SERVICES / VINA SIAM FOOD LOCATIONS

MAKRO FOODSERVICE

1. Makro Ko Samui Branch

115/52 Moo 6, T.Bo Phut,
A.Ko Samui, Surat Thani 84320
Tel : (077) 960-140-60 Fax : (077) 960-161-2

2. Makro Krabi Branch

119 Moo 1, T.Saitai,
A.Mueang Krabi, Krabi 81000
Tel : (075) 700-100 Fax : (075) 700-122

3. Makro Hua Hin Branch

58/164 Soi Moobaan Bor Fai, T.Hua Hin,
A.Hua Hin, Prachuap Khiri Khan 77110
Tel : (032) 522-255 Fax : (032) 522-235

4. Makro Patong Branch

140/35 Nanai Rd., T.Patong,
A.Krathu, Phuket 83150
Tel : (076) 512-380 Fax : (076) 512-300

5. Makro Rawai Branch

5/47 Moo 5, T.Rawai,
A.Mueang Phuket, Phuket 83130
Tel : (076) 381-571 Fax : (076) 381-551

6. Makro Ko Pha-ngan Branch

114/5 Moo 1, T.Ko Pha-ngan,
A.Ko Pha-ngan, Surat Thani 84280
Tel : (077) 377-370 Fax : (077) 377-339

SIAM FROZEN

1. Siam Frozen, Talad Mueang Mai Branch

1 Soi 3, Mueang Samut Rd., T.Chang Moi,
A.Mueang Chiang Mai, Chiang Mai 50300
Tel : (053) 235-536 Fax : (053) 235-537

2. Siam Frozen, Udon Thani Branch

64, 66 Surakan Rd., T.Makkhaeng,
A.Mueang Udon Thani, Udon Thani 41000
Tel : (042) 241-822 Fax : (042) 241-826

3. Siam Frozen, Thung Song Branch

169/1 Nikon Bamrung Rd., T.Pak Phraek,
A.Thung Song, Nakhon Si Thammarat 80110
Tel : (075) 423-833 Fax : (075) 423-256

4. Siam Frozen, Talad Yamo Branch

551/140-141 Mittraphap Rd., T.Naimueang,
A.Mueang Nakhon Ratchasima, Nakhon Ratchasima 30000
Tel : (044) 256-339-40 Fax : (044) 256-341

5. Siam Frozen, Si Racha Branch

198/14-15 Choem Chomphon Rd., T. Si Racha,
A.Si Racha, Chonburi 20110
Tel : (038) 314-148-9 Fax : (038) 314-150

SIAM FOOD SERVICES

1. Siam Food Services Limited, Head Office

2439 Old Paknam Railway Rd., Prakhonong,
Klongtoey, Bangkok 10110
Tel : 0-2620-6000 Fax : 0-2620-6001

2. Siam Food Services, Ko Samui Branch

115/52 Moo 6, T.Bo Phut,
A.Ko Samui, Surat Thani 84320
Tel : (077) 960-420-2 Fax : (077) 960-423

3. Siam Food Services, Pattaya Branch

22/24 Moo 11, T.Nong Prue,
A.Bang Lamung, Chonburi 20150
Tel : (038) 053-430-2 Fax : (038) 053-433

4. Siam Food Services, Phuket Branch

77 Moo 5, T.Vichit,
A.Mueang Phuket, Phuket 83000
Tel : (076) 612-892 Fax : (076) 612-893

Vina Siam Food

Vina Siam Food Company Limited

56 Pham Ngoc Thach Street,
Ward 6, District 3, Ho Chi Minh City, Vietnam
Tel : (848) 7309-1188 Fax : (848) 3820-1886



Makro Operations in Thailand



makro

SIAM MAKRO PUBLIC COMPANY LIMITED

3498 2nd Fl., Lardprao Rd., Klongchan, Bangkok, Bangkok 10240

Tel: 0-2723-1000 Fax: 0-2375-2927

www.siammakro.co.th