

ANNIVERSARY  
**25<sup>th</sup>** **makro**  
your trusted partner

Annual Report 2014 Siam Makro Public Company Limited





แม็คโคร  
**makro**

จุดจอดรถ  
จักรยานยนต์  
→



# 25 YEARS

The Journey of Success

## 1988

- Establishment of Siam Makro Co., Ltd. with registered capital of Baht 750 million



## 1989

- Opened 1<sup>st</sup> Makro store in Lardprao

## 1994

- Increased registered capital to Baht 2,400 million.
- Listed in the Stock Exchange of Thailand and changed the name to Siam Makro Public Company Limited

## 1998

- Able to manage its business efficiently and remained a dependable business partner for its customers and business alliances during Asian economic crisis and intensified competition from foreign retailing giants entering Thailand's retail industry

## 2001

- Transformed business strategy to focus more on serving the needs of professional food service operators including increasing proportion of Fresh Food sales, enhancing customer database to analyze and develop assortment and services to meet customers' need



## 2003

- Remodeled store format focusing on "Cash & Carry" business model providing a comprehensive range of products and services, and expand Fresh Food sales area to create differentiation from other operators

## 2005

- Acquired 99.99% shares of Siam Food Services Limited - expanding the business scope to include importing and distribution of Frozen and Chilled food
- Organized the first "Makro HoReCa Extravaganza" event to provide knowledge in food service industry to Hotel, Restaurant and Catering operators

## 2007

- Initiated “Makro Retailer Alliance (MRA)” project to provide our member customers with proven know-how and practices to increase their competitiveness

## 2008

- Organized the first “Retail Expo” to enhance competitiveness of Thailand’s retail business operators



## 2009

- Opened the first integrated Dry Food and Non Food, Chilled Food and Frozen Food Distribution Center (DC) in Ayutthaya’s Wang Noi District, to enhance the Company’s distribution and logistics system to support future growth

## 2010

- Opened “Siam Frozen” shop in Chiang Mai – the first pilot store of its kind selling mainly frozen food

## 2011

- During the flood crisis, Makro added opportunities to help our professional customers and communities i.e. to rehabilitate their small retail outlets and business, to donate and be a donation center of basic necessities, food and money to hand to the victims
- Activated Makro's Business Continuity Management (BCM) Plan during the flood crisis, as a result, the Company was able to maintain uninterrupted service for its customers at every Makro store

## 2012

- Opened a pilot Makro Foodservice Store in Hua Hin, Prachuap Khiri Khan, as a new store format providing a one-stop solution for Hotel, Restaurant and Catering (HoReCa) customers
- Invested in Vietnam by incorporating "Vina Siam Food Company Limited", in which the Company holds 100% shares



## 2013

- Inaugurated smaller Makro Foodservice stores with sales area of 1,000 sq.m. and 2,000 sq.m. in Phuket to provide convenience to HoReCa operators that are situated further away from the bigger stores.
- Changed the major shareholder from SHV Nederland B.V. to CP All Public Company Limited
- Registered the change of par value of the Company's ordinary shares from Baht 10 per share, totaling 240 million shares, to Baht 0.50 per share, totaling 4,800 million shares

## 2014

- Commemorated the Company's 25<sup>th</sup> Anniversary, the Journey of Success, "Makro, Your Trusted Partner"
- Opened 13 new stores - the highest number of new stores opened in a year throughout Makro's 25-year history
- Opened a new Dry Food and Non Food Distribution Center in Samut Prakarn's Bang Sao Thong District, to accommodate the Company's future growth

# VISION

---

To Be Number One Food Solution Provider  
For Professional Customers  
in ASEAN

# MISSION

---

**Multi - formats**  
expansion in ASEAN

**Award**  
team achievement and  
invest in people

**Know the differences**  
know and respect  
the local differences

**Responsible**  
for the society and the world

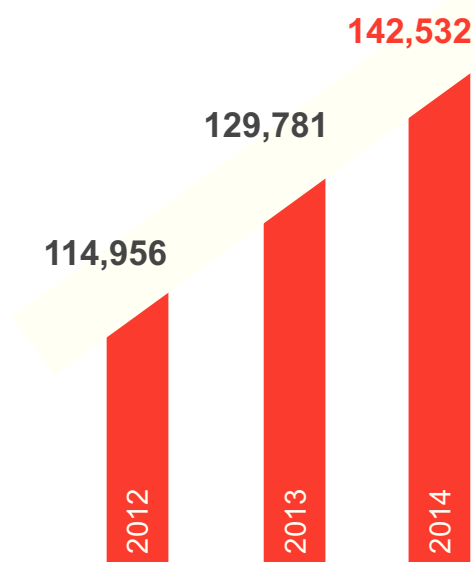
**Offer the best**  
value & solution to customers



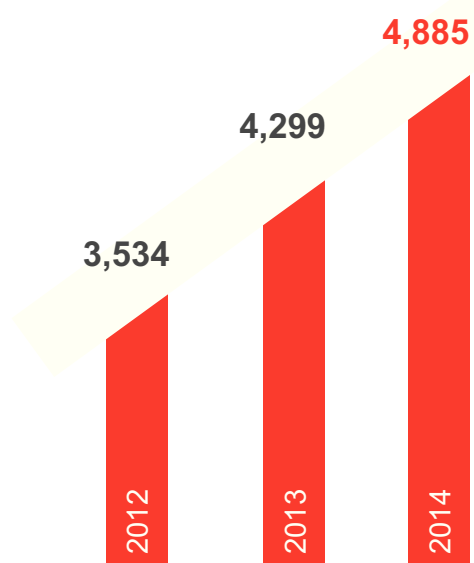
# CONTENTS

<b>02</b>	<b>25 Years Makro The Journey of Success</b>	<b>44</b>	<b>Shareholding and Management Structure</b>
<b>06</b>	<b>Vision &amp; Mission</b>	<b>62</b>	<b>Board of Directors and Executives</b>
<b>08</b>	<b>Financial Highlights</b>	<b>87</b>	<b>Corporate Risk Management</b>
<b>10</b>	<b>Message from Chairman and Chief Executive Officer</b>	<b>90</b>	<b>Corporate Governance</b>
<b>12</b>	<b>25 Years Makro “Your Trusted Partner”</b>	<b>100</b>	<b>Corporate Information</b>
<b>34</b>	<b>Human Resources and Organizational Development</b>	<b>104</b>	<b>Audit Committee’s Report</b>
<b>36</b>	<b>2014 Key Milestones</b>	<b>106</b>	<b>Management’s Discussion and Analysis of Financial Position and Operating Results</b>
<b>38</b>	<b>Environmental, Safety and Occupational Health Management</b>	<b>108</b>	<b>Related Transactions</b>
<b>39</b>	<b>Corporate Social Responsibility</b>	<b>114</b>	<b>Report of the Board of Directors’ Responsibilities for Financial Statements</b>
<b>42</b>	<b>Market Overview and Industry Outlook</b>	<b>115</b>	<b>Financial Statements</b>
<b>43</b>	<b>Future Projects</b>	<b>201</b>	<b>Locations</b>

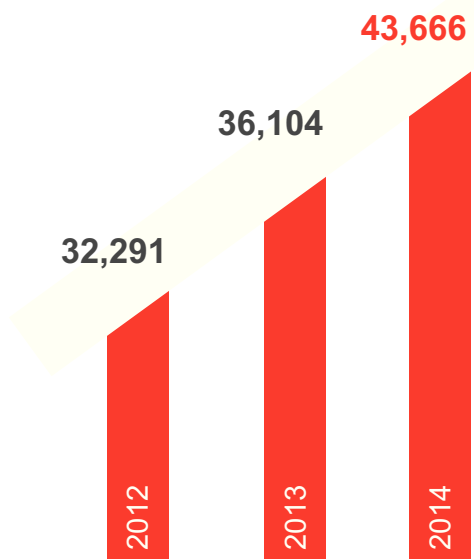
2014  
Total Consolidate  
Revenues  
**+9.8%**  
Over 2013



2014  
Net Profit  
**+13.6%**  
Over 2013



2014  
Total Assets  
**+20.9%**  
Over 2013



# FINANCIAL HIGHLIGHTS

As at 31 December  
Siam Makro Public Company Limited and its Subsidiaries

	2014	2013	2012 (Restated)
<b>Financial Positions (Baht Million)</b>			
Total assets	43,666	36,104	32,291
Total liabilities	30,879	25,083	21,428
Share capital	2,400	2,400	2,400
Shareholders' equity	12,787	11,021	10,863
<b>Operating Performance (Baht Million)</b>			
Sales	139,271	126,638	112,140
Total revenues	142,532	129,781	114,956
Gross profit	12,500	10,964	9,380
Net profit	4,885	4,299	3,534
Earnings per share (Baht)	1.02	0.90	0.74 **
<b>Financial Ratios (%)</b>			
Net profit margin	3.4	3.3	3.1
Net debt to equity *** (times)	0.4	0.3	0.2
Return on equity	41.0	39.3	34.0
Return on total assets	12.2	12.6	11.2
Dividend payout ratio	75.7	89.3	84.9
<b>Stock Data (Baht)</b>			
Par value per share ****	0.50	0.50	10.00
Book value per share	2.66	2.30	2.26 **
Dividend per share	0.77	0.80	0.63

Remark :

\* Dividend per share includes the followings :

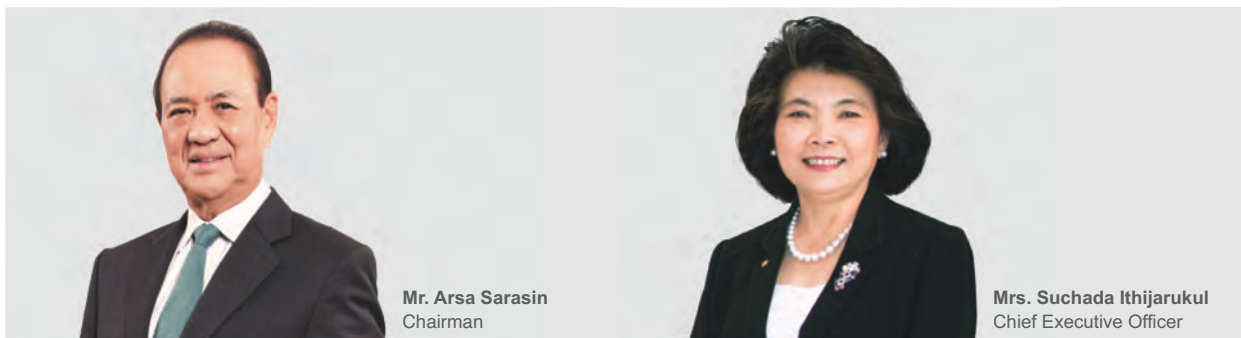
- 1) Interim dividend of Baht 0.35 per share was fully paid on September 4, 2014
- 2) Proposed final dividend of Baht 0.42 per share for shareholders' approval on April 24, 2015 bringing total dividend for 2014 to Baht 0.77 per share

\*\* Earnings per share, book value per share, and dividend per share for the year 2012 showed the value for comparing with the year 2014 and 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. Such ratios were re-adjusted as if the change of par value of ordinary shares was occurred since the beginning of the year.

\*\*\* Interest bearing debt excluding liabilities under finance leases

\*\*\*\* 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.

## MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER



The political crisis which had continued from the last quarter of 2013 has led Thailand's economy to grow at 0.7% in 2014, in particular the households, business and government sectors were wary of spending, both for consumption and investment. The tourism sector was also significantly affected. In addition, export sector grew at low rate due to the slump in prices of agricultural products such as rice, rubber and palm, etc. However, Thailand's economy started to recover after the political situation became clearer in the 3<sup>rd</sup> quarter as seen in the domestic expansion of consumption and private investment from the gradually rising confidence as well as increased government spending. The tourism sector also improved after foreign tourists began to relinquish their concern.

In the midst of the country's gradual economic recovery, the Company continued to perform satisfactorily. This was attributed to various strategic policies and planning which the Board of Directors, management and employees have jointly developed and implemented continuously. This included rapid store expansion, integrated business management, proactive approach to create customer satisfaction and so on. As a result, in 2014, the Company recorded total revenues of Baht 142,532 million or an increase of 9.8% and net profit of Baht 4,885 million or an increase of 13.6%, in comparison to 2013.

In 2014, Makro celebrated its 25<sup>th</sup> anniversary of operating in Thailand and has launched various projects and activities to express our gratitude to over 2.6 million registered customers for putting their trust in "Makro" as their trusted partner. The success was attributed to the business operation that focus on customer-centric and multi-format strategies leading to best value offerings that fulfill customers' requirement. Furthermore, the Company continues to

operate with social responsibility in mind in accordance to good corporate governance principle. All of the above represents Makro's firm commitments that we adhered to and practiced to create sustainable success for the past 25 years.

The Company announced its new vision "To be number one food solution provider for professional customers in ASEAN", which signifies a challenge for the Company to elevate its business operation to regional level and to create a business model that can meet the differing needs of various professional customer groups. The Company has continuously focused on developing new store formats with various sizes of selling area as well as unceasingly develops products and services in response to the needs of customers. Today, apart from being a membership based Cash and Carry operator which has gained the acceptance from retailers nationwide, Makro has also gained the trust from HoReCa operators as evidenced by the growth in revenue participation to total revenue of this group of customers from merely 4% to 23% over the past decade. The Company has also developed new store formats under the name "Makro Foodservice", focusing on providing solution to food service professionals, that help to drive Makro towards leadership in food service business. In 2014, the Company expanded 13 Makro stores, a new expansion record in Siam Makro's history and the Company ended the year with 77 Makro stores and 5 Siam Frozen shops. The Company also inaugurated the second Dry Food and Non Food Distribution Center in Bang Sao Thong District, Samut Prakan to enhance its distribution capability as well as being a foundation for future store expansion.

Apart from providing solution to customers via "complete assortment, good services, at a reasonable price", Makro

is also determined to nurture and develop our over 2.6 million registered customers to enhance their business potential for their sustainable growth along with us. We provided knowledge on business operation to retailers through the “Makro Retailer Alliance” project and “Retail Expo” event and to HoReCa operators through “Makro HoReCa” event. The Company also provided knowledge to business alliances and suppliers, especially farmers, to raise their production standard and product quality. As part of sourcing criteria, Makro will source quality agricultural product that meets safety standards to sell in our stores so our professional customers can in turn satisfy their consumers, whom are placing an increasing emphasis on food safety.

The Company has initiated the business plan to expand to overseas, particularly to the countries within the ASEAN Economics Community (AEC), focusing on studies to identify investment opportunity where we can capitalize on the Company’s strength, coupled with support from the major shareholder who possesses expertise in food industry, to maximize benefit and add value to such countries. In 2014, the Company has set up an international team to be responsible for project feasibility study and has established Makro ROH Company Limited for overseas investment to create sustainable growth.

The success of Makro throughout the 25 years came from the Company’s vision, careful planning and good cooperation among Makro’s staff that perform their task with honesty, good team collaboration and responsibility to achieve the set goals. However, the rapid stores expansion required manpower both in term of quantity and quality on a timely manner, which was a challenging task for Makro. The Company has announced its core value “VICTORY - Makro 7 values” to unite all employees at all level into one to jointly drive Makro’s business towards the challenging goals.

Makro has always given importance to returning to the society, particularly on the occasion of 25<sup>th</sup> anniversary celebration for operating business in Thailand. Makro has undertaken various special activities, for instance, the “1 Bill,

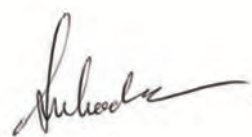
1 Baht” project to raise fund for building poultry housing, purchasing egg-laying chicken breeds to give to 25 schools around the country; and, the “Sharing and Giving, Endless Relationship” project by Makro’s staffs and customers jointly donated blood which totaled 1,250,880 cc. to the Thai Red Cross Society. At the same time, the Company continued to run the corporate social responsibility projects which were previously initiated and these included the “Unleaded Thai Noodle Pot, Thai Strong, Thailand Strong” campaign, school buildings project and scholarships, educational materials and computers for underprivileged schools, etc.

Thai economy in 2015 is expected to continually recover and growth rate is expected to accelerate to reach 3.5-4.5%, as supported by the expected increase in expenditures from the government sector, improvement in consumption as well as investment of private sector, and increase in numbers of tourists. Period towards that end 2015 will be especially important as Thailand will fully join the AEC. Therefore, it will be a challenge for Makro to prepare human resource and develop the organization to be ready to support the fast and sustainable growth. Additionally, the Company plans to open the third Fresh and Frozen Food Distribution Center in late 2015 to support the growth in food service business in the future.

On behalf of Siam Makro Public Company Limited, we would like to express our gratitude to all of our customers for always putting their trust in Makro to be their trusted partner. We also like to thank our business alliances, shareholders, government bodies and financial institutions for their consistent invaluable support. The Company would also like to express our thankfulness and appreciation to all management and employees for their contribution which is fundamental to the Company’s success throughout the 25 years. The Company is committed to operate its business with efficiency, transparency, upholding good corporate governance, undertaking corporate social responsibility, and with determination to grow the business in a strong and sustainable manner.



**Mr. Arsa Sarasin**  
Chairman



**Mrs. Suchada Ithijarakul**  
Chief Executive Officer





**25 Years Makro**  
**"Your Trusted Partner"**



Knowing Our Customers  
**THE PARTNER OF CHOICE**





### Conducting Business with Customer Centric Approach

**T**he Company, as a business partner, operates with a Customer Centric approach, emphasizing the need to study the demands and shopping behaviours of our customers, in order to offer them the best value for money, while meeting the needs of food professionals. As a result, these customers experienced improved satisfaction while Makro in turn gained their trust. The relationship between the Company and its customers and business partners is not only buying and selling ones, but is also “friendship” that spans over 25 years, and will continue well into the future. At present, over 800 staff members of the Customer Development team across the country are responsible to maintain and develop relationship with over 2.6 million registered customers. Key Makro customers consist of the 3 following groups.

**Small retailers :** Located throughout Thailand, these small traditional retailers sell basic consumer products and include general grocery stores, community mom and pop shops (or "Sho Huay" in Thai), minimarts, stationery shops and other outlets.

**HoReCa :** These include hotels, restaurants and catering businesses, as well as small food stalls or street vendors, most of which are small-to-medium enterprises serving a variety of cuisines.

**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.

The Customer Development team needs to deeply understand the demands of each customer, particularly the small retailers, who consists Makro’s main customer group. The team also needs to consider HoReCa operators, as the Company expands further into the food service business. In 2014, the Customer Development team continuously visited, inquired, and familiarized themselves with potential professional customers, collecting valuable comments and suggestions. Such information was processed and analysed to develop various business elements to meet the needs of our customers. In addition, Makro thinks ahead about the consumers who are also their customers. Makro’s “Your trusted partner” theme has also been emphasized by increasing the marketing communication channels through various media platforms. Newly registered small retailers and HoReCa customers will receive benefits in the form of a “Welcome Pack”. They will also be taken on a store tour to see the diversity of our products, the cleanliness and safety of the food, and the overall workplace. This will be a great experience for our important customers.

For the planned development of the team in 2015, the Company will focus on strategies that help strengthen the competitiveness of the small retailers, and diversify to chain restaurants and large factories. The customers will be taken care of closely by our Customer Development team. Furthermore, the format of Makro Mail will be modified to be more attractive, becoming a more effective way to communicate with our 2.6 million customers.

### Multi-Store Formats for Our VIP

Makro's operations over the last 25 years have distinctively aimed to become our customers' trusted partner. This vision underpins the continuous development of our business model that can be readily seen in the evolution of our store formats, which have been developed with a unique identity. Our stores boast flexible selling areas ranging between 1,000 to 12,000 sq.m. each. This creates a competitive advantage for Makro's business, both in domestic and ASEAN region to reach more diverse groups of customers. In other words, the Company can choose to develop or adapt each store format in accordance with local requirements and the nature of the major customers in the area. As a result, all stores of Makro have been well received by the customers.

Makro entered into its 25<sup>th</sup> year of operations with great pride. In 2014, a total of 13 new stores were established, the highest number of new stores in a single year since the Company was founded, to facilitate the growing number of customers. At the end of 2014, there are 82 unique Makro stores nationwide, which can be divided as follows: 69 Makro stores, 8 Makro Foodservice stores, and 5 Siam Frozen shops. Fourteen outlets are in the Bangkok Metropolitan Area while the rest are in upcountry areas; together, Makro features a total selling area of approximately 559,099 sq.m.

### Classic Store: Destination for Small Retailers

Makro began the "Cash & Carry" business in Thailand for the first time in 1989. It served small retail stores, which have been the main target customers from the very first day until now. From the first prototype of the Makro store, located on Lardprao Road, the Company has expanded throughout the country in high-potential areas that were surrounded by a large number of prospective professional customers. The sales area varies from 5,500 to 12,000

sq.m. By supplying a complete range of products, particularly for food professionals, Makro has become a one-stop shopping experience. Most importantly, our pricing is ideal - customers would find that it helps their profitability under the concept of "complete assortment, good services, at a reasonable price". Our effective cost management also plays a vital part in ensuring that Makro will always continue to offer the best value and services to our customers.

These basic factors allow Makro to be increasingly trusted by the customers as their business partner, and even more so when the Company changed its business strategy. The new organizational structure relies on a Customer Centric approach, which focuses on the needs of the key customers rather than the products. Makro is more concerned about enhancing the competitiveness of small retailers through its Makro Retailer Alliance (MRA) project, along with the organizing of its "Retail Expo" event. These activities are held to provide customers with relevant business knowledge. Moreover, Makro also reaches out to customers who are affected by crisis, to help restore their businesses and start anew with a stronger foundation.

### Makro Foodservice Store: New Solution for HoReCa Business

Realizing the potential of the continued growth and expansion of the food industry, as well as taking Thailand's tourism development plan into consideration, the Company has established a food service business team to actively develop and expand its business in the food industry. The goal is to offer the best products and services to satisfy the needs of HoReCa operators in high-potential tourist areas.

Launched in 2012, the first Makro Foodservice store in Hua Hin has approximately 5,900 sq.m. of selling space. Its format and trading patterns are considered Makro's brand new and unique development aimed at expanding the Company's food business sustainably in the long run. It offers complete supplies to food businesses, especially for HoReCa operators, such as fresh produce, frozen and dry foods, kitchen utensils, food preparation equipment, and other necessary items for restaurant and hotel businesses. Our priority is to be a one-stop shopping centre that provides products with freshness, cleanliness,



consistent quality, diversity and in sufficient quantity, and produced by reputable organization. With good customers' feedback and operating results, the Company developed smaller Makro Foodservice stores with smaller average sales area of 1,000 to 5,000 sq.m. to achieve more flexible expansion. This also enables the Company to get closer to the target customers, reach tourist areas, or even penetrate into urban areas with limited spaces. Moreover, the requirements of food service professionals in each area will be met and supported more effectively.

In 2014, the Company announced a vision to become "number one food solution provider for professional customers in ASEAN". It continues opening Makro Foodservice stores in high-potential tourist destinations. The sizes of the stores varied, depending on the suitability of the areas. In addition to the Patong and Rawai stores in Phuket opened in 2013, we launched new stores in North Pattaya in Chonburi, Ko Pha-ngan and Lamai, the 2<sup>nd</sup> store on Ko Samui, Surat Thani. The latter 2 stores are located on islands. The expansion with smaller stores allows the Company to get the upper hand in handling the needs of customers in each area effectively, and provide them with greater convenience. Moreover, Makro can grow in line with the country's economic development plan focusing on tourism and food safety development.

For 2015, Thailand will enter into the ASEAN Economic Community. Much larger numbers of tourists are expected to be pouring into Thailand and this will have a positive

impact on the businesses of HoReCa operators. In addition to expanding Makro Foodservice Stores to serve the needs of customers in major tourist provinces, the Company also sees the opportunity to open new stores in Bangkok. Even though it is not primarily a tourist city, the income level per capita is among the highest in the country and eating out has become increasingly more popular.

Currently, the food service business contributes approximately 23% of sales, and this is likely to grow significantly. This tendency is considered a direct link to the future growth of Makro's businesses. To support such growth, the Company has increased its food service team capabilities, adding more food specialists and focusing on providing product knowledge training to the employees. They will be trained to have an eye for new product opportunities and the heart to always understand the needs of the customers. With the dynamic nature of this business, the team must be ready to take care of and enhance their HoReCa operators by recommending quality and cost-effective ingredients, and organizing food workshop and business management trainings. For example, Makro hosts "Makro HoReCa" event, sponsoring two cooking contests with all Makro raw materials. Additionally, we sponsored Thai Chef to attend world-class cooking competitions in various venues as well as sponsoring the winning HoReCa chef at "Makro HoReCa" event to attend regional culinary contest in Singapore.

Makro recognizes the importance of these customer development strategies and therefore carries them out with seriousness and sincerity. The Company is ready to bring more Makro Foodservice Stores to target customers in the future in order to strengthen Makro "Your Trusted Partner" concept, and demonstrate our readiness to grow with HoReCa operators in the long term.

### **Eco Plus Store: A Format for both small retailers and HoReCa**

Prior to the development of Makro Foodservice Stores for HoReCa operators in high-potential tourist destinations, the Company has opened Eco Plus stores in major tourist areas with approximately 7,000 sq.m. of selling space. This format can serve the needs of both customer groups. Unlike Classic stores that focus more on small retailers, Eco Plus store allocates more space for Fresh food product to serve



HoReCa operators wherever it is expected to support a growing number of hotel, restaurant, and catering businesses. Examples of such stores are Eco Plus stores in Pattaya, Phuket and Chiang Mai (Hang Dong). Such stores have been well-received by HoReCa customers and they have also equipped Makro's business with distinct competitive advantages.

### **Siam Frozen: Frozen Food Distribution Channel**

Siam Frozen has been developed since 2010 to increase distribution channels specifically for frozen foods. Siam Frozen has five shops in high-potential provinces, including Chiang Mai, Udon Thani, Nakhon Si Thammarat, Nakhon Ratchasima and Chonburi, with average sales areas of 100 to 150 sq.m. These shops are located in proximity with fresh markets allowing easy access for medium and small HoReCa operators. These customers always look for quality and safe products with affordable and stable prices, in order to be able to manage their costs effectively throughout the year.

### **Siam Food Services: Leader in Premium Food Products**

Makro has invested in Siam Food Services Ltd. (SFS), a leading importer and distributor of premium food products as well as other related services. It is another step to complete the full products range under Makro's portfolio.

SFS is a subsidiary of Makro and currently features three branch offices in major tourist destinations including Pattaya, Ko Samui and Phuket. Its headquarters are in Bangkok. It serves to distribute premium foods such as imported meats, seafood and spices. Its clientele also includes HoReCa operators and Quick Service Restaurants (QSR), Full Service Restaurants (FSR), as well as various 4-star and 5-star hotels.

2014 was a tough year for SFS due to the political unrest that lasted from the final quarter of 2013 until the second quarter of the following year. The situation caused a drop in the number of tourists, especially those from Europe and America.

However, the Company shifted its business strategy to put more focus on Quick Service Restaurants (QSR), as their regular consumers are Thai. As a result, the SFS business still managed to grow and finished last year with sales of Baht 1,659 million and a net profit of Baht 61 million.

### **Vina Siam Food: The First Step into International Markets**

Makro has expanded its food service business to Vietnam, a high-potential country. Vina Siam Food Co., Ltd. (VSF), a Makro subsidiary, was established in Ho Chi Minh City



in late 2012 to engage in import and export activities, as well as trading and distribution of premium food products to food service operators, such as restaurants and hotels. This fast-growing business expanded in tandem with the economic growth of Vietnam. It marked the first important step, with many more to follow as Makro pursues its Company's vision.

Vina Siam Food was able to meet its operating target, thanks to the customer base expansion and presentation of a diversified range of high quality food products to the target customers in Ho Chi Minh City. Also, the Company exports goods which are not available in Thailand for sales in Makro stores, such as Pangasius Dory fish, seafood, fruits and vegetables, etc. In 2014, VSF set up another branch in Hanoi, the capital of Vietnam. The Customer Centric strategies were also applied there, by providing training programs to build a team of food service professionals, and preparing cold and frozen storage facilities to support the growth of the QSR operators, restaurant and hotel businesses in Hanoi. Therefore, VSF represents our first step to further expand this business model to other cities or countries in this region.

### Products Under House Brands: Alternatives for Customers

In addition to adding fresh, dry, cold and frozen foods, as well as various quality items to its diversified product range to serve customers in each area at the right price points, Makro also develops products under its own trademarks. These products are uniquely designed to meet the distinctive demands of each customer group, and allow them to manage their costs effectively. This is another strategy to make a difference and create satisfactory sales for the Company. The products with Makro house brands have grown to contribute 11.4% of total sales.

"Aro", one of the Company's house brands, has been offered in Makro stores for more than 20 years, generating highest proportion of the sales among all Company house brands. Aro has been developed for HoReCa operators who want to use products with good quality, consistent standard, and competitive prices, regardless of the brand.

Currently, there are more than 4,000 consumer items manufactured under the Aro brand and have received positive feedback from HoReCa customers, especially products that are used as raw materials for cooking. Furthermore, the Company also provides knowledge support to the business partners to develop environmentally friendly products under the Aro brand, such as plastic bags, plastic packaging, disposable food containers, dishwashing liquid, etc. that meet Think Green Initiative standards. In 2014, Aro dishwashing liquid was also certified as a Green Label product.

Another brand being tailor-made for small retailers is "M&K". Survey findings show that some consumers will consider product brands before buying. The Company then introduced these goods into the product categories where consumers change their purchasing behavior quite easily, such as snack and 25% fruit juice segments. M&K is now another alternative with good quality, reasonable prices, and most importantly, deliciousness, as its strong points. The products have become popular among young consumers and offer a good margin to our customers. Additionally, the Company is also testing the market with M&K products among small retailers in Myanmar.

Other major Makro house brands are "Savepak", which includes diversified range of consumer products, and "Q-Biz", which includes office supplies. Products under these brands play an important role that help reduce the operating cost of professional customer.

In 2014, all four Company house brands were developed to offer a continuously wider range of products. Aro brand participated in various activities for HoReCa operators, such as collaborating with government in campaign to reduce cost of living for consumers as well as opening a booth at a seminar organized by the Thai Restaurant Association. These activities helped boost the reputation of the products, as well as that of the Company. Given the care we continue to invest in the business, Makro has been trusted among hotel, restaurant and catering operators for more than 25 years. 🍀



Committed to Quality  
**COMMITTED TO YOU**



In our pursuit of operational excellence, we continue to emphasize on caring for all stakeholders. In addition to ensuring that our products meet customers' quality and safety requirements, we also put priority on our employees' safety and property as well as the safety of the environment, community and society at large, while continuing to improve our standards and operations systems. For over 25 years, we have been guided by the recognition that by helping one another, we can grow together, and this is what we continue to practice today.

In a quarter century of building our business as a trusted partner to our customers, Makro has earned a reputation not only as a leader in food safety but as one that is always developing products to meet international standards and working to make a difference through its business. Our efforts are in line with the government's food safety strategy, whose goal is to promote the consumption of safe and healthy food nationwide. In 2008, we began to put in place our food safety assurance system, before government regulations called for such a system, in order to fulfill our key corporate policy of being a customer-centric company that fulfills the needs of food operators with stringent quality and safety standards.

As a company, we constantly work to elevate the standard of an ever-growing list of products to meet the requirements of nationally and internationally recognized systems including Q Mark, Food Safety, HACCP, GMP, Codex, Halal and Global GAP. At the same time, we continue to build future business opportunities to fulfill our goal of being "number one food solution provider for professional customers in ASEAN".

In addition, we have worked with our business partner network to enhance the knowledge of our suppliers, enabling them to produce goods that meet our standards and facilitating advanced food safety tracking and tracing from production sources to distribution centers and all the way to points of sale at Makro stores. As a result, in 2014 Makro became the first operator to earn the Department of Livestock Development's e-Privilege Permit. And as the first and only retailer to achieve HACCP certification for bakery section from an international accreditation body, we continue to maintain the safety standard for bakery section nationwide. 📌

มิตรแท้ช่วย

Ping Idea

Going the Extra Miles

**BECAUSE YOU ARE OUR VIP**

## 6<sup>th</sup> "Retail Expo"



Atmosphere of the 6<sup>th</sup> "Retail Expo"



Sho Huay To Go



The winner of the contest



Atmosphere of the event



The miniature model of retail shop



"The Charms of Small Retailers" Contest

## 9<sup>th</sup> Makro HoReCa



Atmosphere of the 9<sup>th</sup> "Makro HoReCa"



Cooking Competition



Cooking Games



Signature Drink Competition



The Idea Village



Cooking Demonstration

**A**s a trusted partner to our professional customers, we created and continue to run two annual events, “Retail Expo” and “Makro HoReCa”, to not only offer “complete assortment, good services, at a reasonable price” but also to provide our professional customers with the know-how, creativity boost and tools they need to run a strong business and to grow with us in a sustainable way. Today, both of these events are widely recognized as being among the top in the Thai retail industry.

### 6<sup>th</sup> “Retail Expo”

“Retail Expo” is a major event under the Makro Retailer Alliance (MRA) project, which has done a great deal to help small local retailers improve their competitiveness. The event offers a wide range of activities designed to help professional customers learn more about retail shop management and to offer new and creative ideas they can apply to their business. Also a showcase of tools and skills for building sales and boosting profits, the event helps to enhance small local retailers’ ability to operate a successful business in a highly competitive market.

The 6<sup>th</sup> “Retail Expo”, held at Impact Muang Thong Thani during 26-29<sup>th</sup> June 2014, under the theme “To a New Era of Thai Food Retailers”, focused on encouraging the traditional retailers to develop and adapt themselves to accommodate the differing customer behavior in each locations, to become the preferred retailer in their respective communities.

With the above reasons, the Retail Expo is an event that showcase product range and new products from our over 200 business alliances to professional customers and visitors who visited the event. It also offered a wide range of activities designed to meet the needs of these operators including consultation on professional shop management, and for the first time ever, demonstrations of our 3D store design program that is capable of calculating investment cost and recommending product assortment based on store location, which proved to be immensely popular.

The event also offered new ideas for running small retail shops, while talks featuring members of the Makro Retailer Alliance team, guest experts and winners of the 4<sup>th</sup> New Generation Retailer Contest offered know-how and tips. It also showcased entries to the Small Retailer Shop Design Competition and a lucky draw featuring a range of prizes, a token of Makro’s appreciation for allowing us to be their trusted partner for 25 years.

### 9<sup>th</sup> Makro HoReCa

Launched in 2005 to showcase Makro’s strengths as a one-stop supplier to food professionals, Makro HoReCa also provides operators of hotels, restaurants and catering (HoReCa) businesses, who make up a high-potential customer base for Makro, with opportunities to exchange ideas and build new sales channels. Over the past 8 years, the event has become increasingly successful, attracting more participants every year.

Taking place in 2014, the 9<sup>th</sup> Makro HoReCa was held at Impact Muang Thong Thani Halls 2 and 3 under the concept “The Signature”, the event presented creative ideas to inspire HoReCa operators to build their own signature and set themselves apart from the competition, an important key to success in today’s highly competitive market.

Highlights of the event included the Makro Pavilion, a showcase of innovations, merchandise and services designed to provide HoReCa operators with all the solutions they need to develop their business. Professional chefs competed in the Makro HoReCa Challenge 2014, with the winner receiving a trophy from HRH Princess Soamsawali, while other chefs demonstrated how to create a menu to reflect one’s personal style. Visitors also enjoyed the foods and recreated ambience of 9 legendary restaurants, plus talks, seminars and workshops led by experts from various business sectors. All of these activities shared a common goal: To provide creative ideas, tips and inspirations to help participants achieve truly sustainable business success. ➤

Strengthening Competitive Edge  
**ENSURE SUPPLY CONTINUITY**





The success of Makro over the past 25 years is owed in large part to our ability to meet the needs of our target customers by providing a complete and diverse range of products on a continual basis. The key to this has been efficient distribution and logistics management. At the same time, constant improvements to our operations system have helped to maximize effectiveness, increase cost-management efficiency and contribute to energy and environmental sustainability. All of these have strengthened our competitive edge and enabled us to stand out from the competition while also ensuring that our professional customers are able to run their businesses in a smooth and uninterrupted manner.

In preparation for future growth and in keeping with our goal of becoming “number one food solution provider for professional customers in ASEAN”, we have crafted our short and long term investment strategies to include store expansion and to increase efficiency and competitiveness. Vital to these goals is a strong logistics support system to further enhance agility and efficiency for the Company as a whole. In view of this, we have started implement plans to open new Distribution Centers (DC) in strategic locations while carrying out continuous improvements to our logistics system and operation at the existing Distribution Centers - the main DC in Ayutthaya’s Wang Noi District, which handles Dry Food and Non Food as well as Chilled and Frozen products, and the regional DC in Nakhon Ratchasima, which distributes Frozen products in the Northeast Region.

In 2014, Makro opened the second state-of-the-art Distribution Center for Dry Food and Non Food in Samut Prakarn’s Bang Sao Thong District. This new DC has a total area of approximately 24,000 sq.m. Because of its strategic location, this cross-dock facility, which has the capacity to process more than 300,000 cartons per day, is well positioned to handle distribution of Dry Food as well as Non Food products to the Makro stores in the lower part

of the country. The facility has also served as the first of two sites that has implemented a new warehouse management software (WMS) in 2014, including a plan to do a trial in replacing DC own generated barcode labels with an outer carton barcode that already printed on carton box by manufacturers. The new system not only enables system to instantly determine an item’s destination but also helps reduce the use of paper, energy and labor.

Meanwhile, our distribution operations have benefited from the recent revamp at our Ayutthaya facility, which now carries out sorting of outbound shipments to speed up and facilitate shelf stocking at destination stores. At the end of 2014, we have three Distribution Centers with a combined space of more than 57,000 sq.m.

As we strive to be a trusted partner to our customers, we also work closely with our suppliers to ensure that goods are distributed in a timely manner to Makro stores around the country, stocks are promptly replenished to ensure ready availability at destination stores and that damage to goods is minimized. This end-to-end planning and execution embodies our commitment to being a trusted partner to our business alliances as well.

In 2015, we will carry out plans to open a new temperature controlled DC for Fresh and Frozen food in Samut Sakorn’s Mahachai District. Equipped with an automated storage/retrieval system (AS/RS), the new facility will further increase our distribution capabilities, especially in seafood products and Frozen food, and also play a major role in future store expansion. As such, it represents an important component in our Business Continuity Management plan. In addition, we also plan to further invest in more ambient trailers for Dry Food and Non Food products to improve logistics efficiency, reduce fuel consumption and further reduce our carbon footprint to promote energy and environmental sustainability. 📌



Sharing the Experiences  
**GOING & GROWING TOGETHER**



For over 25 years, the Company operates its business with community economic development in mind. While growing our knowledge base to ensure Makro's sustainable differentiation, we have worked to share valuable know-how and modern retail management knowledge with small retailers to help them develop their businesses. At the same time, we have helped farmers and growers to develop their production process to meet the national and international standards. These activities were created to reaffirm our commitment to improve the businesses of our customers and business partners - all of whom are small and medium sized enterprises - so that they will become one of the main engines driving Thai economy into the future.

### **"Makro Retailer Alliance" for Retail Shop Development**

Operators of traditional neighborhood stores and other small retailers make up one of Makro's key customer base which totaled over 700,000 countrywide. To help these traditional retailers to survive and thrive in modern Thai society, amidst the highly competitive market, in 2007 we launched the "Makro Retailer Alliance" (MRA) project to share know-how of modern retail operations for generating sales and improving profits. Since then, the project has empowered existing retailers to achieve healthy growth while also fostering the birth of new ones.



Now in its 7<sup>th</sup> year, the MRA project has attracted over 20,000 members. During 2014, the MRA Center in Bangkok regularly hosted consulting and training sessions on various facets of retail shop management to help members enhance their competitive edge. Training topics included merchandise selection to ensure good sales, optimizing shop space and layout and, new in 2014, "How to Differentiate Your Shop". Training events were held around the country while Makro stores nationwide took turns hosting "Food Retailer Day" under the theme "Get-Rich Tips for Modern Retailers", featuring highlight activities from our "Retail Expo" event, all of which are designed to give MRA members access to valuable know-how and ideas no matter where they operate their businesses.



And for the 6<sup>th</sup> year, Makro and educational institutions nationwide joined forces behind a retail operations training program involving over 17,000 students to develop more than 3,000 local retail shops. Mentored by the MRA team, students worked onsite at local retail shops to help improve their operations.

In order to meet the needs of retailers who require more than basic operations knowledge, in 2014 we developed three manuals and made them available to our member-customers free of charge. These include “8 Topics in Retail Shop Management”, “Shop Improvement Manual” and “New Retailer’s Handbook”, which comes in a package that offers discounts from our partners applicable towards purchases of merchandise and equipment. Well received by small retailers, the manual package has proven to be an effective strategy for expanding our member-customer base. In addition, we developed a 3D computer program that helps

create minimart shop layouts and gives advice on crucial issues such as shop space management by product categories based on shop location, samples of product merchandizing and initial startup investment. This 3D computer program enables us to give MRA members more effective advice on how to manage their shop space to generate maximum sales and profits.

For the second consecutive year, we successfully ran “Makro Jad Hai” campaign which allows our member-customers to host special promotions on our suppliers’ products in their shops. Proven to effectively increase sales for participating retailers, this campaign embodies Makro’s ongoing cooperation with our business partners to help our member-customers grow their business from upstream to downstream. At Makro, the growth and success of our retailer customers are as important as our own.





## Developing Farmers and Growers, the Source of our Products

To ensure food safety throughout our supply chain while also satisfying the needs of food professionals with stringent food quality and safety requirements, in 2008 Makro began to roll out an internal quality assurance system. We also created our own unique food-safety standard under the Quality Pro program, one of several initiatives by Makro aimed at improving the know-how of Thai farmers and growers, who are the upstream producers of products sold at our stores, and enabling them to sustainably produce quality products that meet both national and international standards. We support them by buying their products and selling them at local Makro stores.

Our comprehensive quality-assurance process starts with onsite training to give farmers and growers the knowledge they need about the entire production process. This starts with seed selection and assessment of soil and water sources for the farm and goes on to encompass control of chemical use as well as the harvest and transport of the products from farm to regional consolidation centers. Once there, the products are put through a quality assurance process at GMP (Production) and GLP (Laboratory) certified before being shipped out through Makro's distribution

network to food professionals. Farm products that pass quality assurance system must meet the ThaiGAP quality management standard for fresh fruits and vegetables, which includes criteria for consumption safety and the health and well-being of workers and the production environment.

Working in close partnership with farmers, growers and government agencies, Makro has contributed to the development of many products in the premium fruit and vegetable category including watermelon, Japanese melon, banana, fragrant coconut, and starting in 2014, oranges. Based on a recent study, our farm product development program will explore expanding to include traceable meat products as well. In addition, we continue to work with the Royal Projects to develop and acquire vegetables, fruits, rice and other farm produce for sale at Makro stores. The Quality Pro program not only helps to elevate local farm products to international standards, it also provides a safe food supply for the public as well as gives farmers access to sales channels through Makro stores and provides them with a stable source of income. At the same time, taking our quality assurance process to production sources also helps instill in farmers a commitment to farming on the basis of personal happiness, good health and active participation in preserving environment in a sustainable manner. 🌱

A large crowd of people, mostly women, wearing red and white shirts, smiling and making peace signs. The image is a close-up shot of a large group of people, primarily women, at what appears to be a public event or rally. They are all wearing matching red and white shirts. Many of the women in the foreground are smiling and making peace signs with their hands. The background is filled with more people, creating a sense of a large gathering. The overall atmosphere is positive and celebratory.

**Backbone of Business**  
**WE ARE VICTORY**



At Makro, our people have always been the most important element of our engine of growth and success, having shared our journey from the beginning and risen through all the transition points, growth and obstacles to achieve success together through hard work and dedication. Throughout our 25 years, our people have stayed open to new ideas and developments, learning constantly and ready to do what it takes to ensure Makro's success and to share in that success.

Our corporate values, "VICTORY - Makro 7 Values" constitute the corporate DNA embodied by our employees and represent our pride. They are the engine that drives our success and will take us to our goal of being "number one food solution provider for professional customers in ASEAN".

## 7 Values

V	I	C	T	O	R	Y
<b>Visionary</b> มองการณ์ไกล	<b>Integrity</b> ใจซื่อสัตย์	<b>Challenge</b> เปิดรับสิ่งใหม่	<b>Teamwork</b> ทำอะไรเป็นทีม	<b>Ownership</b> รับผิดชอบงานที่ทำ	<b>Result oriented</b> มุ่งมั่นสู่เป้าหมาย	<b>Yes we can</b> ทุกอย่างเป็นไปได้



## Human Resources and Organizational Development

**W**e prioritize building and developing human resources alongside the retention of high-caliber personnel, because our people have been the foundation of our success for the past 25 years and will continue to play the same role as we implement plans to further expand our business both at home and abroad to fulfill the Company's vision.

During 2014, we undertook a corporate restructuring in response to Makro's fast domestic and regional expansion following the 2015 launch of the ASEAN Economic Community. The more streamlined organization that emerged from the restructuring consists of the Domestic and International divisions, each of which is divided by function into Commercial and Operation departments to ensure nimble business operation and successful fulfillment of our expansion goals.

Preparing our workforce, in terms of both quantity and quality, to meet our projected growth in a timely manner constitutes another key mission for us. During 2014, we added over 5,000 new hires to our team to support our swift store

expansion, which saw 13 new stores opened in just one year. The key to all this is instilling a corporate culture that fosters a love of the organization in our workforce of over 13,000 and leads them to think and act in the same direction, as represented by "VICTORY - Makro 7 Values". At present, we are moving quickly to create an organizational awareness and train our people to have conviction in the values that represent us and let these values guide them in all their interactions with customers, business partners and fellow employees.

At the same time, we continue to prioritize "Grow our people For Growth" (G4G), a systematic, up-to-date personnel training program designed to equip employees at all levels with Makro's unique business know-how and enable them to progress in accordance with our corporate succession plans. People development schemes under G4G include the Rising Star project, designed to prepare high-caliber operation staff for higher responsibilities; the Star project, aimed at training Assistant Store Managers for Store Manager positions; and the Star Plus project, which is



designed to train Store Managers and Senior Managers for the next level positions. To support our food service business, we also run the Food Service Academy to advance our staff's industry know-how. And in preparation for our planned international expansion, we offer language courses to provide our employees with basic skills in English and other foreign languages.

All our training efforts share the goal of developing our employees' operating, management and leadership skills as well as their personal abilities. In addition, we work in partnership with an organization in CPALL Group, Panyapiwat Institute of Management (PIM), to exchange people development know-how and produce new generations of wholesale and retail professionals. In 2014, we provided scholarships, internship opportunities and post-graduation employment guarantee to 44 students in PIM's Bachelor's degree program, 15 of whom are Makro employees who received our support to pursue higher education and training to develop their potential so that they can become major forces driving Makro towards sustainable future growth. ➡

## 2014 Key Milestones

### February

**Opened a 1,800 sq.m. Makro Foodservice Store Ko Pha-ngan, Surat Thani**

- Collaborated with Panyapiwat Institute of Management (PIM) organized a “Scholarship Program for Employees’ Relatives” to offer scholarships for a Bachelor’s Degree in Food Business Management to children and relatives of Makro staff



### July

- Reorganized the Company’s operational structure to accommodate business expansion both domestically and internationally according to Makro’s strategic development master plan for future growth



### March

**Opened Makro Store Bueng Kan**

- Signed a Memorandum of Collaboration to co-organize the “Thailand Voluntary Emission Reduction Program” with the Thailand Greenhouse Gas Management Organization (Public Organization)

### May

- **Opened a 2,600 sq.m. Makro Foodservice Store North Pattaya in Chonburi**

### June

**Opened Makro Store Mae Sai in Chiang Rai**

- Organized the 6<sup>th</sup> “Retail Expo” under the theme “To a New Era of Thai Food Retailers”, with an aim to enhance competitiveness of Thai retail operators

### August

**Opened Makro Store Salaya in Nakhon Pathom**

- Commemorated Makro’s 25<sup>th</sup> Anniversary
- Organized the “Sharing and Giving, Endless Relationship” campaign
- Organized the “1 Bill, 1 Baht” Campaign
- Launched the “VICTORY - Makro 7 Values”
- 20 Makro stores were awarded with the “Excellent Labor and Welfare Award 2014” from the Department of Labour Protection and Welfare





## September

### Opened Makro Store Phatthalung

- Opened Makro's 2<sup>nd</sup> Dry Food and Non Food Distribution Center (DC) in Samutprakan's Bang Sao Thong District

## October

### Opened Makro Store Samut Sakhon

- Received "Thailand's Top Corporate Brand Rising Star 2014" a recognition of the highest growing brand in the service sector
- Makro's "Aro" dishwashing liquid received the "Green Label" award from the Thailand Environment Institute, recognizing its compliance with environmental standards and eco-friendliness
- Organized the 9<sup>th</sup> "Makro HoReCa" event under the theme of "The Signature" to inspire food service operators to create new and unique ideas for their businesses
- Makro ROH Co., Ltd., a wholly owned subsidiary, was founded with objective to pursue overseas investments



## November

### Opened three new Makro stores; Makro Mae Sot in Tak, Makro Sukhothai and Makro Pak Chong in Nakhon Ratchasima

- Renovated Makro Samsen to serve the increasing demands of HoReCa and retail customers in the tourism industry
- Demonstrated its readiness for ASEAN integration by accepting the invitation of the Myanmar government to participate in the "25<sup>th</sup> ASEAN Summit 2014" in Nay Pyi Taw



## December

### Opened two Makro stores - Makro Thalang in Phuket and Makro Ranong

- Opened a 5,000 sq.m. Makro Foodservice Store Lamai in Surat Thani's Ko Samui District

## Environmental, Safety and Occupational Health Management

### Environmental Management

**W**e remain committed to using sustainable, systematic natural-resources management as a means to achieve the right balance between environmental protection, business growth and social development. In our pursuit of sustainable organizational excellence, we seek to use environmentally friendly systems and processes in the production of goods for our stores and operations. This requires, among other things, minimizing greenhouse gas emissions, ensuring healthy occupational environment and maintaining prudent management of resources and the environment. Our comprehensive resource management program includes the following undertakings:

- **Effective Micro-organisms (EM):** Using unsold fruits from our stores as raw material, we produce over 342,000 liters of EM each year, which we use as a cleaning product for our offices and facilities and give to our customers.
- **Recycle Foam Boxes:** Foam boxes used to package fresh foods at our stores are returned after use to our Fresh Food DC, from where they are shipped to recycling firm. By recycling 28,175 kg of foam boxes, we achieve an equivalent of 99,176 kg carbon a year in reduced CO<sub>2</sub> emissions.
- We also put 27,000 tons of recyclable waste in the recycling process annually.
- Every year, we donate over 13 tons of food waste from our stores to local District Agricultural Promotion Offices to be turned into bio-fertilizer.

### Occupational Health and Safety at Makro Stores

As we continue to develop stores in multi-formats to fulfill the needs of target customers, we also work to ensure the health and safety of our customers and employees by implementing measures such as Store Safety Scorecard, improving the environment around our parking lot and other service points and providing wide walkways and clean rest rooms to ensure customers' convenience and comfort. The latter effort earned "The Cleanliest Toilets of the year 2014 award" from the Bangkok Metropolitan Administration.

Occupational health, safety and environment is another area of importance for us. Our safety knowledge, ability and skill development blueprint emphasizes training that is suitable and adequate for each job type and comprises individual employee development component, training component and work process improvement component. We also work to instill Occupational Health and Safety Management awareness in our employees with the goal of reducing workplace accidents to zero. In 2014, our Total Recordable Case Frequency (TRCF) stood at 12.67 cases per month, a 5% decrease from 2013 for the same number of stores (63), while Lost Time Injury Frequency rates (LTIFR) decreased to 1.61 from 2.34 in 2013. In addition, 34 Makro stores out of a total of 63 that took part, won the national honor of being named outstanding workplaces from "the Excellent Labor and Welfare Award 2014". 🏆

## Corporate Social Responsibility...Way to Sustainable Growth

**W**orking under the good corporate governance framework, Makro remains committed to achieving sustainable growth and longevity while contributing to economic development, corporate social responsibility and sustainable environmental protection. Since founding of our business in Thailand, we have made it our policy to build strong ties with the communities where our stores are located, by helping to develop the local economy and promote good quality of life for community members and society at large.

For over 25 years, we have made it an integral part of our business to engage in activities that benefit all stakeholders. During 2014, we marked our 25<sup>th</sup> anniversary with a series of public campaigns designed to give back to society, with participation from our business partners and member-customers.

### "1 Bill, 1 Baht" Campaign

For every receipt purchased at Makro stores during August 2014, we donated Baht 1 towards the goal of raising Baht 5 million to provide a poultry house and egg-laying hens to each of the 25 schools nationwide that qualified for our chicken-raising project to supplement school lunch. Launched in 2011, the program aims to promote good nutrition and foster management know-how among students to help them achieve sustainable self-sufficiency.



### "Sharing and Giving, Endless Relationship" Campaign

In 2014, Makro encouraged our member-customers, business partners and employees to donate blood at participating Makro stores nationwide. Over 3,114 donors gave a total of 1,250,880 cc of blood to the Thai Red Cross Society to help save lives.

In addition to the 25<sup>th</sup> anniversary campaigns, we continued with our existing programs to improve community quality of life and community environment by supporting the cost of education, building a knowledge base and promoting social values. We also created new programs to build a strong foundation for sustainable mutual growth, the fruits of which will benefit society as a whole.

### "Makro Retailer Alliance" for Sustainable Retail Development

In its 7<sup>th</sup> consecutive year of operation, the Makro Retailer Alliance (MRA) project offers our member-customers advice and training on various facets of retail shop management including how to select merchandise to ensure good sales, optimize shop space and differentiate their shops to enhance their competitive edge.



### Education, Learning Promotion and Quality of Life Improvement for Youth

Makro continues to strongly promote education nationwide, particularly by supporting the production of knowledgeable and capable personnel to help drive the country forward. In 2014, as in previous years, we provided scholarships for students from communities where we opened new Makro stores. We also worked with the Puean Silapin Foundation, in collaboration with business alliances, to build and donate new schoolhouses to 4 schools in Kanchanaburi, Chumphon, Loei and Tak; joined with Rotary International Club Thailand to provide free computers to schools and government agencies in Phetchabun Province; and working through Makro Hat Yai, supported the school lunch program at Songkhla Pattanapanya School.



### Health and Quality of Life Campaign

For the 4<sup>th</sup> consecutive year, Makro joined forces with the Rotary Club and Satien Stainless Steel Plc., manufacturer of Zebra-brand cookware, to implement a campaign to promote better quality of life for Thais. Dubbed “Unleaded Thai Noodle Pot, Thai Strong, Thailand Strong” campaign, this annual campaign promotes the use of lead-free cookware in noodle shops, with different Makro stores taking turns hosting each year. During the 2014 event, hosted by Makro Chiang Mai, 345 noodle shop operators traded in their old pots for new, lead-free ones, a move that helped raise confidence among health and safety conscious consumers and improve customer perception.

### Natural Disaster Relief Efforts

Each of our stores, at their discretion, can decide to provide aid to local victims of natural disaster in a timely manner. Makro Phitsanulok, for example, worked with Rajaprajanugroh Foundation under the Royal Patronage to provide 4,000 sets of survival kits to flood victims in Sukhothai province. Following an earthquake in Chiang Rai, MRA team went to hard-hit areas to help repair and restore retail shops that suffered damage during the quake, enabling our professional customers to quickly resume their operations. These and other efforts by Makro helped reinforce our image as a partner for our customers’ business.



### Thai Farmer Support Program

Cooperating with the Ministry of Commerce to address the oversupply and falling prices of farm products, we work through all Makro and Makro Foodservice stores to source these products directly from farmers and growers, and distribute them nationwide. To help ensure sustainable growth for Thai farmers and growers, who make up one of Makro's major supplier groups, we source fruits, vegetables and rice from various farms under the Royal Projects, for instance, the Royal Project Foundation and Model Farms under HM the Queen's Royal Initiative.

### Environmental Sustainability Program

Because we recognize the importance of environmental sustainability programs in building and promoting business excellence and sustainable growth, we prioritize employees' participation in these programs alongside their commitment to making constructive contributions to a sustainable society. Our employees participate in such initiatives as "3-R Program" (Reduce / Reuse / Recycle), help promote community use and production of Effective Microorganism (EM) and take part in the Green Store Project.

Makro's investments in sustainable energy management at all our DCs and stores are based on the "3R Principles": Reduce unnecessary use of resources, Reuse to get full value out of resources and Recycle wherever possible. These principles guide us in such undertakings as supply chain management, switching to LED bulbs, building wastewater treatment plants, reusing treated wastewater for suitable purposes and recycling everything from paper

and glass to plastics, foam and even wet garbage. We do all this with the goal of maximizing energy efficiency and energy savings, using clear Key Performance Index (KPI) to evaluate our performance on an annual basis.

In 2014, we helped reduce national fuel consumption by 2.7 million liters, reduced in direct carbon footprint by about 8,000 tons, recycled 27,000 tons of cardboard cartons and produced 342,000 liters of EM solution from 37 tons of wet garbage, which we used as a cleaning product in all our offices and facilities and gave to our member-customers. We also shared our know-how as a way to give back to society and ensure maximum benefits for the community environment. For these efforts, we were awarded the Carbon Footprint for Organization Award as well as the Carbon Neutral Certificate for spearheading internal programs to reduce greenhouse gases.

During 2014, we also developed a comprehensive production sustainability program. This required participation from our suppliers to ensure that products sold at our stores come from credible sources that employ no illegal labor and do no harm to the environment and society. We also provided know-how to business partners to help develop eco-friendly products under the "Aro" brand, including plastic bags, plastic packaging products, disposable food containers and dishwashing liquid that comply with the Think Green Initiative protocol. Furthermore, the "Aro" brand dishwashing liquid has received the Green Label certification. ➡

## Market Overview and Industry Outlook

Thailand's overall economic growth decreased in 2014 in comparison to previous year due to the political unrest which occurred since 2013 and continued until the first half of the year 2014. Nonetheless, during the second half of the year 2014, the economy recovered steadily due to various supportive factors such as improving political situation and the forming of new government which focuses on the economic recovery policy. Moreover, the private sector investment began to improve as well as the tourism industry rebounded gradually. By contrast, prices of agricultural products, for example, rice, rubber and palm oil, continued to decrease. This caused lack of liquidity among agricultural households, increase of household debts and continuous contraction in export sector and consequently led to low consumption expenditures. As a result, the overall economic growth in 2014 was kept at 0.7%.

Due to the above factors, Thailand faced slowdown in retail business in 2014. Lower purchasing power of consumers dominated the direction of retail business expansion and affected on consumer's behavior. At the same time, competition among industry players intensified. Hence, diverse strategies were implemented, for instance, cross-segment expansion, in-store product change to better address customer's needs, other incomes generation to subsidize slower sales revenue growth, and expansion of marketing channel through online business. Therefore, the year 2014 was challenging for retailers to adapt themselves and carry out prudent planning in order to motivate consumers to purchase more and support the overall business. At the end of 2014, numbers of large and small retailers were as follows:

**Large retailers**, for instance, 77 Makro stores (excluding 5 Siam Frozen stores), 163 Tesco Lotus stores and 123 Big-C stores.

**Supermarket**, for instance, 113 Tops Super Markets, 37 Big-C supermarkets, 190 Lotus Markets, 27 Maxvalu stores, 13 Foodland stores and 31 Villa Market stores.

**Convenience stores**, for instance, 8,127 Seven-Eleven stores, 1,257 Tesco Lotus Express stores, 1,207 FamilyMart stores, 324 Mini-Big-C stores, 26 Tops Daily stores, 231 CJ stores, 230 108 Shop stores and Maxvalu Tanjai 50 stores.

*(Source: Company website)*

In 2015, the retail business sector is forecasted to improve as a result of government's policy on infrastructure investment, development projects included Digital Economy project, Special Economic Zone (SEZ) project, high-speed rails project, and dual rails project. However, should these projects be postponed, the economic recovery would also be delayed. Moreover, the approaching launch of the ASEAN Economic Community (AEC) would provide more opportunities to expand domestic market due to anticipated increase of purchasing power of the ASEAN population and tourists. Consequently, this is an opportunity for Thai retail business to expand overseas investment, particularly to ASEAN countries that have high economic growth. 📈

## Future Projects

**W**e have put in place a long-term strategic plan and annual short-term operational plans based on the goal to strengthen our domestic operation to continue to achieve stable and sustainable growth even as we prepare to expand regionally to take advantage of new opportunities offered by the 2015 launch of the ASEAN Economic Community (AEC). Ultimately, all our efforts are in line with our vision of being “number one food solution provider for professional customers in ASEAN”.

### Domestic Store Expansion

Committed to a customer-centric approach to doing business, we continue to develop our professional customers while working to develop products with a focus on product assortment, consumer safety and multi-format stores to better serve our target customers. In aligning with our corporate vision and with Thailand’s tourism development masterplan, our store expansion in 2015 will focus more on small-format Makro Foodservice store.

### New Distribution Center

Currently under construction in Samut Sakhon’s Mahachai District, our new Fresh and Frozen Food Distribution Center (DC) is scheduled to start operation in late 2015. The new DC is expected to strengthen our food service operations by further improving our abilities to ensure that fresh, hygienic and safe seafood, vegetables and fruits are distributed to Makro stores in a prompt and efficient manner.

### New Operating System

To ensure swift and sustainable future expansion, we need the support of an advance operating system. The new integrated system is equipped to perform efficient and in-depth information analysis for use in supply chain management, demand forecasting and customer development as well as in designing sales promotional activities and developing goods and services to meet the diverse and specific needs of professional customers around the country. Currently, we are deploying the new operating system on a trial phase while laying the foundation for its enterprise-wide implementation.

### Overseas Expansion

Leveraging on the strength of our business in Thailand, Makro plans to expand abroad to capitalize on new opportunities opened up by the launch of the AEC, which will create a large new market with average annual growth of around 6.5 percent. In preparation for this, we set up a new international team to be in charge of feasibility study on our planned expansion as well as founded Makro ROH Company Limited to pursue overseas investments to create sustainable growth. ➡

# Shareholding and Management Structure

## 1. Company Assets and Shareholder Information

### 1.1 Ordinary shares

On the share registration book closing date for payment of interim dividend, as of August 21, 2014, the Company's registered capital was Baht 2,400,000,000 and the paid-up capital was Baht 2,400,000,000, comprised of 4,800,000,000 ordinary shares at the par valued at Baht 0.50 per share.

### 1.2 Shareholders

As of August 21, 2014, the major shareholders of the Company are as follows:

Name	No. of Shares	Shareholding Percentage
Siam Makro Holdings (Thailand) Limited*	2,640,302,800	55.01
CP All Public Company Limited*	2,057,846,700	42.87
<b>Total</b>	<b>4,698,149,500</b>	<b>97.88</b>

Remark : \* Siam Makro Holdings (Thailand) Limited and CP All Public Company Limited are subsidiaries of CP All Group, in which holds the combined shareholding of 97.88 percent of total issued and paid up shares.

### 1.3 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 pays 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 subsidiaries, the Board of Directors of the subsidiaries shall consider and propose payment of dividends on a case by case basis.

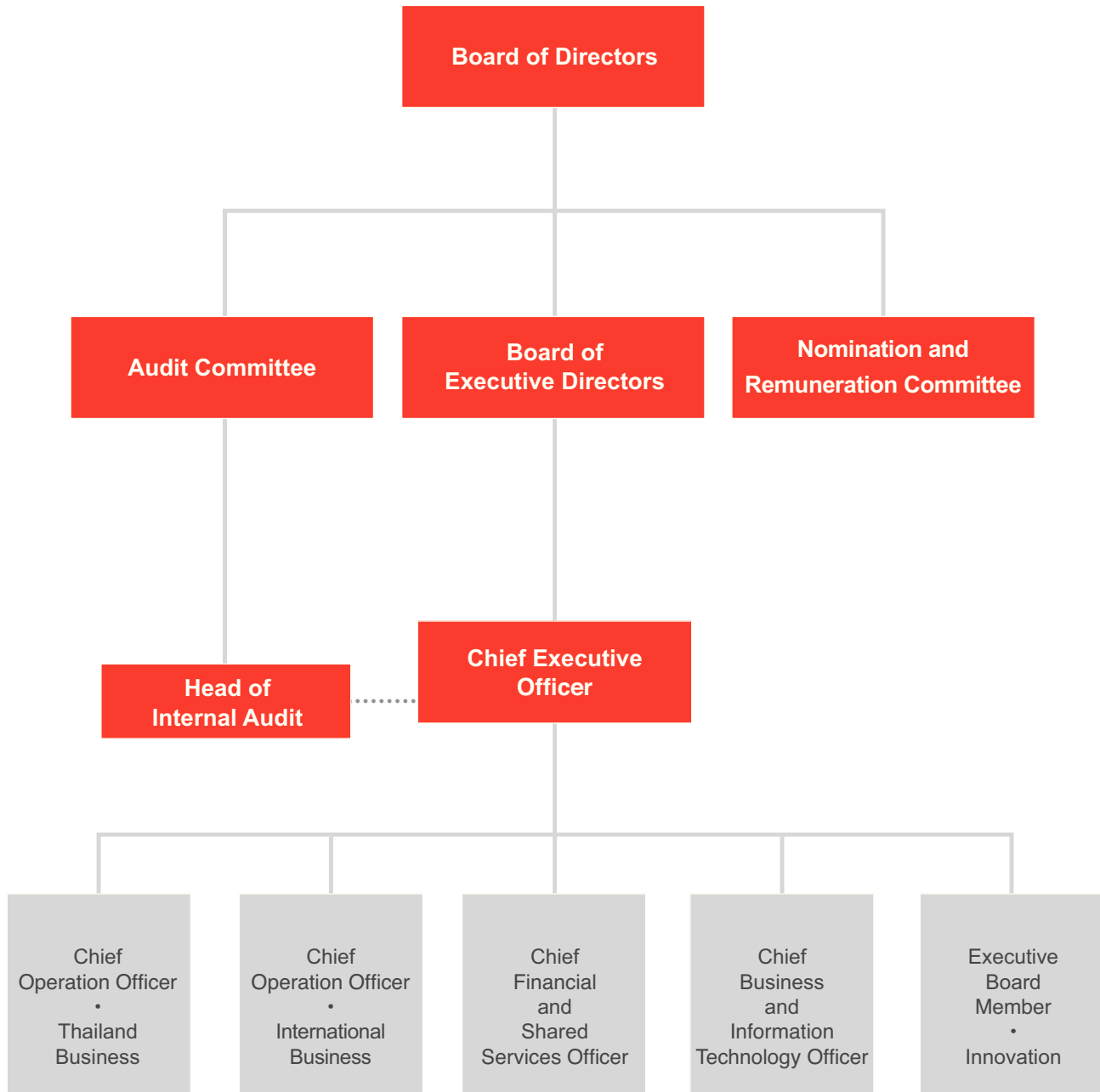
### 1.4 Dividend Payout Information

Year	2013	2012	2011
Earnings per share (Baht per share)	0.90	14.72 (0.74)*	11.06 (0.55)*
Dividend per share (Baht per share)	0.80	12.50 (0.63)*	10.50 (0.53)*
Dividend payout ratio (%)	89.3	84.9	95.0

Remark : \* Earnings per share and Dividend per share for the year 2012 and 2011 showed the value for comparing with the 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. Such ratios were re-adjusted as if the change of par value of ordinary shares was occurred since the beginning of the year.

# Siam Makro Public Company Limited

Organization Structure As at 31 December 2014



## 2. Management

### 2.1 Management Structure

The management structure of Siam Makro Public Company Limited comprises of

- The Board of Directors
- The three Board-Committee supporting the consideration of important issues as assigned by the Board of Directors: the Board of Executive Directors, the Audit Committee, and the Nomination and Remuneration Committee.
- The managements with the Chief Executive Officer as the highest executive of the Company

#### The Board of Directors

At present, the Board of Directors is comprised of 18 directors as follows:

- Ten non-executive directors, 6 of which are independent directors (equivalent to 1/3 of total directors)
- Eight executive directors (who are authorized signatories)

The Board of Directors appoints the Chairman and Vice Chairman. The Chairman or his/her delegate calls the meetings of the Board, having meeting notices sent at least seven days ahead of each meeting so that the directors may have adequate time to study, review, and make proper decisions. The Chairman oversees the meeting unless he/she may lack independence or have a conflict of interest in the meeting. The independent directors also presided over a meeting to consider such item.

#### The Board of Directors as of December 31, 2014 comprised of:

Name-Surname	Position
1. Mr. Arsa Sarasin	Independent Director / Chairman
2. Mr. Athaporn Khaimarn	Independent Director / Chairman of the Audit Committee
3. Mr. Chavalit Uttasart	Independent Director / Member of the Audit Committee
4. Mr. Thira Wipuchanin	Independent Director / Member of the Audit Committee / Chairman of the Nomination and Remuneration Committee
5. Dr. Chaipayat Wibulswasdi	Independent Director / Member of the Audit Committee
6. Mr. Joti Bhokavanij	Independent Director / Member of the Audit Committee
7. Mr. Korsak Chairasmisak	First Vice Chairman / Executive Director
8. Mrs. Suchada Ithijarukul	Second Vice Chairman / Executive Director / Chief Executive Officer
9. Dr. Prasert Jarupanich	Director / Executive Director / Member of the Nomination and Remuneration Committee
10. Mr. Pittaya Jearavisitkul	Director / Executive Director / Member of the Nomination and Remuneration Committee
11. Mr. Piyawat Titasattavorakul	Executive Director
12. Mr. Soopakij Chearavanont	Director
13. Mr. Narong Chearavanont	Executive Director
14. Mr. Suphachai Chearavanont	Director
15. Mr. Adirek Sripratak	Director
16. Mr. Umroong Sanphasitvong	Executive Director
17. Mrs. Saowaluck Thithapant	Director / Executive Director / Chief Financial and Shared Services Officer
18. Mr. Philip William Cox	Director

**Remark:**

- 1) 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.
- 2) 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:
  - (a) 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.

**Shareholding Report of the Board of Directors in 2013 and 2014 (including Spouse and Minor)**

Name-Surname	No. of Shares (shares) as at 31 December		No. of Shares Addition / (Reduction)
	2014	2013	
1. Mr. Arsa Sarasin	-	-	-
2. Mr. Athaporn Khaimarn	-	-	-
3. Mr. Chavalit Uttasart	-	-	-
4. Mr. Thira Wipuchanin	-	-	-
5. Dr. Chaibawat Wibulswasdi	-	-	-
6. Mr. Joti Bhokavanij	-	-	-
7. Mr. Korsak Chairasmisak	-	-	-
8. Mrs. Suchada Ithijarakul	-	-	-
9. Dr. Prasert Jarupanich	200	200	-
10. Mr. Pittaya Jearavisitkul	-	-	-
11. Mr. Piyawat Titasattavorakul	-	-	-
12. Mr. Soopakij Chearavanont	-	-	-
13. Mr. Narong Chearavanont	-	-	-
14. Mr. Suphachai Chearavanont	-	-	-
15. Mr. Adirek Sripratak	-	-	-
16. Mr. Umroong Sanphasitvong	-	-	-
17. Mrs. Saowaluck Thithapant	-	-	-
18. Mr. Philip William Cox	-	-	-

### Structure of the Board of Directors

According to the Company's Articles of Association, the Board of Directors consists of not less than five (5) Directors or any minimum number as required by the laws and the resolution of the Shareholders' Meeting but not more than eighteen (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. Additionally, not less than half of the number of such Directors must reside in the Kingdom of Thailand. A Director needs not be a shareholder of the Company.

### Authorized Directors

The authorized directors whose signatures shall bind the Company must include 2 authorized directors - consisting of either Mr. Korsak Chairasmisak or Mr. Umroong Sanphasitvong or Mr. Narong Chearavanont or Mr. Prasert Jarupanich signing jointly with either Mrs. Suchada Ithjarukul or Mrs. Saowaluck Thithapant or Mr. Pittaya Jearavisitkul or Mr. Piyawat Titasattavorakul, totaling two persons, with the Company's seal be affixed.

### Roles 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

<b>Age</b>	55
<b>Shareholding</b>	None
<b>Relationship with Executives</b>	None
<b>Education</b>	<ul style="list-style-type: none"> <li>• LL.B (Honors), Chulalongkorn University</li> <li>• Barrister - at - law (The Institute of Legal Education, Thailand)</li> <li>• Certificate in Attorney Assistant Training Program, Litigation/Corporation, UCLA Extension, School of Law, Los Angeles, California, U.S.A.</li> <li>• LL.M, Temple University, School of Law, at Philadelphia, Pennsylvania, U.S.A.</li> </ul>
<b>Experiences</b>	
<b>1986 - 1989</b>	Lawyer (In house), B.Grimm&Co
<b>1989 - 2004</b>	Partner, International Legal Counsellors Thailand Ltd.
<b>2005 - present</b>	Director/ Partner, Siam City Law Offices Ltd.
<b>2008 - present</b>	Company Secretary, Siam Makro Plc.

## Board-Committees

The Board of Directors has appointed several committees to scrutinize and supervise the operation of the Company over specific issues, in order to perform their duties efficiently and effectively as well as to ensure that the Company complies with rules and regulations of the SEC and SET. The Board-Committees, as of December 31, 2014 are as follows:

### 1) Board of Executive Directors

**As at December 31, 2014, Members of the Board of Executive Directors consists of 8 directors as follows:**

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

### Roles 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.

### 2) Audit Committee

**As at December 31, 2014, Members of the Audit Committee consists of 5 independent directors as follows:**

1.Mr. Athaporn Khaimarn	Chairman of the Audit Committee (Independent)
2.Mr. Chavalit Uttasart	Member of the Audit Committee (Independent)
3.Mr. Thira Wipuchanin	Member of the Audit Committee (Independent)
4.Dr. Chaiyawat Wibulswasdi	Member of the Audit Committee (Independent)
5.Mr. Joti Bhokavanij	Member of the Audit Committee (Independent)

Remark :The Audit Committee's qualification fully complied by criteria of the SEC and SET, to review business operations, financial reports, and internal control systems, to select independent auditors, and to review conflicts of interest. The members of the Audit Committee have qualified knowledge and experiences to review the reliability of the financial statements.

### **Roles 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.

### **3) Nomination and Remuneration Committee**

**As at December 31, 2014, Members of the Nomination and Remuneration Committee consists of 3 directors as follows:**

1. Mr. Thira Wipuchanin	Chairman of the Nomination and Remuneration Committee (Independent)
2. Dr. Prasert Jarupanich	Member of the Nomination and Remuneration Committee
3. Mr. Pittaya Jearavisitkul	Member of the Nomination and Remuneration Committee

### **Roles and Responsibilities of the Audit 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;
3. 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;
4. Perform other activities as assigned by the Board of Directors.

### **Criteria Selection of Independent Directors**

#### **Qualifications of Independent Directors**

Independent directors must have all the qualifications required by the Capital Market Supervisory Board which are:

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.

To encourage the independent directors and non-executive directors to independently hold meetings to discuss, recommend, and define guidelines to develop the quality of corporate governance, the Company ensures that there is a meeting of the independent directors at least once a year and the meeting of directors without the management at least once a year.

#### **Nomination of Independent Directors**

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

**Details of the Board of Directors and Executives in the Company and its Subsidiaries and/ or Related Company as at December 31, 2014**

Company Name Name - Surname	Siam Makro	Subsidiaries		
		Siam Food Services	Vina Siam Food	Makro ROH
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 Ithijarakul	2, 3, 5	4	4	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	4, 5, 11	4	4	4
Mr. Philip William Cox	4			
Mr. Lin, Chi-Lung	12	4	4	
Mr. Thomas Leslie Hammer	13	4		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 and Shared Services Officer

12 = Chief Operation Officer - Thailand Business

13 = Chief Operation Officer - International Business

## Details of Directors of Subsidiary Companies as at December 31, 2014

Subsidiaries	Siam Food Services	Vina Siam Food	Makro ROH
<b>Director Name</b>			
Mrs. Suchada Ithijarukul	Director	Director	Director
Mrs. Saowaluck Thithapant	Director	Director	Director
Mr. Lin, Chi-Lung	Director	Director	-
Mr. Thomas Leslie Hammer	Director	-	Director
Ms. Thanyamas Vorachart	Director	-	-
Mr. Leong Siew Pong	Director	-	-
Mrs. Sudarat Chomintra	Director	-	-

## 2.2 Nomination and Termination of Directors

### 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 2015.

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.

### Termination of Directors

1. At every annual ordinary shareholder's meeting, one-third of the Directors, or, if the number of Directors cannot be divided exactly into three parts, the number of Directors nearest to one-third shall vacate office. A vacating Director may be eligible to re-election. The Directors who have remained in office for the longest time shall vacate office.
2. Apart from vacating at the end of his office term, a Director shall vacate office upon death, resignation, lack of qualifications or disqualifications under the law pertaining to Public Company Limited and/ or under the Securities and Exchange Act, removal pursuant to resolution passed at the shareholders meeting, or removal pursuant to a court order.
3. To resign from office, a Director has to hand in his/her resignation letter. Such resignation shall become effective on the date when it reaches the Company. The Director who has resigned may also inform the registrar of the facts.
4. The shareholders' meeting may pass a resolution to remove any Director from office prior to retirement by rotation, by a vote of not less than three-fourths of the number of shareholders attending the meeting and having the right to vote and the shares held by them shall, in aggregate, be not less than half of the number of shares held by the shareholders attending the meeting and having the right to vote.
5. In the event that a position of Director becomes vacant for any reason other than the end of his/her office term, the Board of Directors shall on the next Board meeting appoint a qualified person, not having unacceptable qualities under the laws pertaining to Public Limited Company and the Securities and Exchange Act to be a new Director, except if such office term remaining is less than two months. The replacement Director shall hold office only for the remainder of the term of office of the Director whom he/she replaces. The resolution of the Board of Directors must be approved by the votes of not less than three-fourths of the number of the remaining Directors.

## 2.3 Director and Executive Remuneration in 2014

### 1) Financial Remuneration

#### a. Board of Directors

The 18 Board of Directors of the Company received Directors fees totaling Baht 22.38 million. Individual Director's remuneration rates for 2014 are as follows:

Name - Surname	Remuneration Rate (Baht/Month)
1. Mr. Arsa Sarasin	150,000
2. Mr. Athaporn Khaimarn	135,000
3. Mr. Chavalit Uttasart	110,000
4. Mr. Thira Wipuchanin	110,000
5. Dr. Chaiyawat Wibulswasdi	110,000
6. Mr. Joti Bhokavanij	110,000
7. Mr. Korsak Chairasmisak	95,000
8. Mrs. Suchada Ithijarukul	95,000
9. Dr. Prasert Jarupanich	95,000
10. Mr. Pittaya Jearavisitkul	95,000
11. Mr. Piyawat Titasattavorakul	95,000
12. Mr. Soopakij Chearavanont	95,000
13. Mr. Narong Chearavanont	95,000
14. Mr. Suphachai Chearavanont	95,000
15. Mr. Adirek Sripratak	95,000
16. Mr. Umroong Sanphasitvong	95,000
17. Mrs. Saowaluck Thithapant	95,000
18. Mr. Philip William Cox	95,000

#### b. Board of Executive Directors

The 8 Directors of the Board of Executive Directors received remuneration in their capacity as a member of the Board of Directors, details of which are included in clause (a) above.

#### c. Audit Committee

The 5 Directors of the Audit Committee received remuneration in their capacity as a member of the Board of Directors, details of which are included in clause (a) above.

#### d. Nomination and Remuneration Committee

The 3 Directors of the Nomination and Remuneration Committee received remuneration in their capacity as a member of the Board of Directors, details of which are included in clause (a) above.

#### e. Executives

The 8 Executives (Including the executives who resigned and rotated during the year) received remuneration in the form of salaries and bonus totaling Baht 158.99 million.

## 2) Other Remuneration

### a. Board of Directors / Executive Directors / Audit Committee / Nomination and Remuneration Committee

- None -

### b. Executives

In 2014, the Company paid 8 Executives\* (Including the executives who resigned and rotated during the year) other remuneration totaling Baht 57.73 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 2014, 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.

Remark : \* As of July 1, 2014, the Company has restructured the organization and executive position, as a result, the executive of the Company are 6 executives, in accordance with the definition prescribed by the Securities and Exchange.

## 2.4. 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.

## 2.5 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.

## **2.6 The Board of Directors' Opinion Related to Internal Control of the Company and Subsidiaries**

Internal control process is designed with the objectives of providing reasonable assurance on finance, financial reporting and compliance with policies, laws and regulations. Internal control facilitates the correctness, and transparency of the Company's operations including reduction and preventing potential risks that may occur. Furthermore, the Company continues to develop its internal controls to ensure efficiency and effectiveness.

The Board of Directors appointed the Audit Committee which consist of five Independent Directors who are knowledgeable in various sectors such as legal, organizational management, financial, accounting and risks management. The Audit Committee is independent according to the SET's requirements. The Audit Committee has the responsibility to review financial reports, disclosure of the Company's financial information, related party transactions, sufficiency and appropriateness of internal control system, internal audit plan. The Committee is also responsible for considering significant issues related to internal control and to recommend any improvements to the management, to consider nominate independent persons to be the external auditors and to express its opinion to the Board of Directors, including the Company's compliance in accordance with SEC and the Stock Exchange of Thailand's laws and regulations and other legislations relating to the Company's businesses.

The Audit Committee is directly responsible for the Internal Audit Department, which is independent unit from the Company's management. The Internal Audit Department's main duties are to check and review each department's operation within the Company and subsidiaries in order to ensure that each department has performed in accordance with internal control policies and procedures. The Internal Audit Department has evaluated the sufficiency and appropriateness of internal control system under internal control framework as follows;

### **1. Control Environment**

The Company has set clear and appropriate policies, targets and strategies as guidelines for business operation. The organization structure has been set up to correspondence with these targets and strategies together with authorization chart that reflects job classification to ensure that management and staff can perform their jobs efficiently. Furthermore, the Company continues to develop new targets and strategies in order to keep up with business environment changes. The Company also ensure that any new targets are communicated to staff at all level.

### **2. Risk Assessment**

The Company realizes the importance of risks management. Each department is required to evaluate its internal and external risks, likelihood of the risks and the direct and indirect impacts on the Company. The results will define actions to be taken to reduce risks to acceptable level.

### **3. Control Activities**

The Company has clear and appropriate internal control systems including operating procedures and Corporate Governance Policy as a guideline for the Directors and Management. There is a detailed authorization chart which is communicated to all operational level in order to be followed correctly. In addition, there are procedures for connected transactions or transactions that might create conflict of interest; these are to maximize the Company's benefit and for transparency. Internal audit regularly reviews sufficiency and appropriateness of internal controls in significant operation areas.

### **4. Information and Communication**

Information and Communication plays an important roles in the Company. Every staff receives information relating to policies, regulations and announcements through many communication channels, e.g. stores' notice boards, Company's emails and VDO Conference (Broadcast) for correctness, completeness and timeliness of the information. For communication with external parties, the Company uses the Company's website ([www.siammakro.co.th](http://www.siammakro.co.th)) and call center (0 2335 5300) to ensure that external parties can access the Company's information at all time. This will provide understanding about the Company's business to customers, as well as disclose of information to SET. Additionally, the Company has clear policies to control unauthorized access of information and prevent inappropriate use of the Company's information in compliance with the Act on Commission of an Offence Relating to Computer, B.E. 2550 (2007).

### **5. Monitoring**

The Company continues to monitor whether business is operated in accordance with the Company's targets as well as analyzes reasons of any under-performance. In addition, Internal Audit department as an independence unit, will regularly reviews whether operations follow the internal control procedures by emphasizing the risk areas of operations. The audit issues are directly reported to the Audit Committee together with corrective actions. The Audit Committee subsequently reports to the Board of Director for their acknowledgement on a quarterly basis.

**In 2014:** The Audit Committee is of the same opinion with the external auditor that there is no significant issue on internal control. The Company has appropriate internal control which corresponds with the business. Furthermore, all departments have performed the duties in accordance to the determined processes and procedures.

## 2.7 Auditor's Remuneration in 2014

### Audit fees

The Company and its Subsidiaries paid to the Audit Firm the following fees during in the fiscal year 2014:

Company	Audit Firm	Audit Fee (Baht)
Siam Makro	KPMG Phoomchai Audit Limited	5,210,000
Siam Food Services	KPMG Phoomchai Audit Limited	750,000
Makro ROH	KPMG Phoomchai Audit Limited	80,000
Vina Siam Food	KPMG (Vietnam) Limited	159,338*

Remark :

\* Equivalent to 106,225,000 Vietnamese Dong (1 Vietnamese Dong = Baht 0.0015)

### Non-audit fees

The Company and its Subsidiaries also paid to the Audit Firm during fiscal year 2014 non-audit fees, namely, for other consulting engagements not related to audit services, tax & legal 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	Engagement to review and observe specifically agreed procedures and activities (**)	KPMG Phoomchai Audit Limited	-	20,000
Siam Food Services	Engagement to review and observe specifically agreed procedures and activities (**)	KPMG Phoomchai Audit Limited	15,000	-
Vina Siam Food	Tax & Legal Consulting Services	KPMG (Vietnam) Limited ***	54,000	108,000
<b>Total</b>			<b>69,000</b>	<b>128,000</b>

Remark :

\*\* Attendance to observe inventory destruction

\*\*\* These service providers are in the same Group as with the Audit firm. The paid amount and payable in the future are 36,000,000 and 72,000,000 Vietnamese Dong respectively.  
 (1 Vietnamese Dong = Baht 0.0015)

## Biographical Information of the Company's Directors



### Mr. Arsa Sarasin

**Age** 78 years

**Position** Independent Director and Chairman

**Date of Appointment** 26 January 1994

**Relationship with Executives** None

**% of Shareholding** None

### 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 Experiences

#### Companies Listed on the Stock Exchange of Thailand

##### Present

- Chairman  
Padaeng Industry Public Company Limited
- Independent Director, Vice Chairman, and Chairman of the Audit Committee  
Charoen Pokphand Foods Public Company Limited
- Director and Member of The Governance and Nomination Committee  
The Siam Cement Public Company Limited

### Non Listed Companies

##### Present

- Chairman  
Thai Asia Pacific Brewery Company Limited  
Amata City Company Limited  
Mae Sod Clean Energy Company Limited  
Mitsubishi Elevator Asia Company Limited
- Director  
Thainamthip Company Limited
- Chairman of Advisors  
Thai-Laos Friendship Association
- Vice Chairman  
Thai Tapioca Development Institute

##### 2000 - 2012

- His Majesty's Principal Private Secretary  
Office of His Majesty's Principal Private Secretary



## Mr. Athaporn Khaimarn

**Age** 70 years

**Position** Independent Director and Chairman of the Audit Committee

**Date of Appointment** 16 November 1999

**Relationship with Executives** None

**% of Shareholding** None

### Education

- Former member of the Institute of Chartered Accountants in Australia
- Associateship in Accounting from Western Australian Institute of Technology (presently known as Curtin University of Technology)

### Training with Thai Institute of Directors (Thai IOD)

**2004** Director Accreditation Program (DAP)

**2009** Director Certification Program (DCP)

### Working Experiences

#### Companies Listed on the Stock Exchange of Thailand

##### Present

- Independent Director and Chairman of the Audit Committee  
Goodyear (Thailand) Public Company Limited

#### Non Listed Companies

##### 1992 - 1996

- Managing Director  
Price Waterhouse, Bangkok, Thailand



## Mr. Chavalit Uttasart

**Age** 66 years

**Position** Independent Director and Member of the Audit Committee

**Date of Appointment** 16 November 1999

**Relationship with Executives** None

**% of Shareholding** None

### Education

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

### Training with Thai Institute of Directors (Thai IOD)

**2005** Director Accreditation Program (DAP)

**2009** Director Certification Program (DCP)

### Working Experiences

#### Companies Listed on the Stock Exchange of Thailand

##### 2009 - 2013

- Independent Director and Member of the Audit Committee  
Internet Thailand Public Company Limited

#### Non Listed Companies

##### Present

- Managing Director  
SCL Tax Consultants Company Limited  
Chavalit and Associates Company Limited  
Siam City Law Offices Company Limited

##### 1977 - 2005

- Director  
International Legal Counsellors Thailand Company Limited



## Mr. Thira Wipuchanin

**Age** 65 years

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

**Date of Appointment** 14 May 2003

**Relationship with Executives** None

**% of Shareholding** None

### Education

- Bachelor of Economics and Business Administration, University of Wisconsin-Stevens Point, U.S.A.

### Training with Thai Institute of Directors (Thai IOD)

**2001** Director Certification Program (DCP)

**2005** Audit Committee Program (ACP)

**2014** Chartered Director Class (CDC)

### Working Experiences

#### Companies Listed on the Stock Exchange of Thailand

##### Present

- Independent Director, Chairman and Chairman of the Audit Committee  
United Palm Oil Industry Public Company Limited
- Independent Director and Chairman  
Precious Shipping Public Company Limited

- Independent Director and Chairman  
Interhides Public Company Limited
- Independent Director and Chairman of the Audit Committee  
Bangkok First Investment & Trust Public Company Limited

##### 2008 - 2009

- Member of the Nomination and Remuneration Committee  
Siam Makro Public Company Limited

#### Non Listed Companies

##### 1990 - 1994

- Thailand Branch Representative  
Prudential Asset Management Asia Limited

##### 1995 - 1997

- Senior Vice President  
Premier Group of Companies

##### 1998 - 2004

- Senior Executive Vice President  
Import Bank of Thailand



## Dr. Chaiyawat Wibulswasdi

**Age** 68 years

**Position** Independent Director and Member of the Audit Committee

**Date of Appointment** 5 July 2013

**Relationship with Executives** None

**% of Shareholding** None

### Education

- Bachelor of Arts, Williams College, U.S.A.
- Ph.D. in Economics, Massachusetts Institute of Technology, U.S.A.

### Training with Thai Institute of Directors (Thai IOD)

**2004** Director Accreditation Program (DAP)

**2006** Director Certification Program (DCP)

### Working Experiences

#### Companies Listed on the Stock Exchange of Thailand

##### Present

- Independent Director and Member of the Audit Committee  
Charoen Pokphand Foods Public Company Limited

##### 2004 - 2010

- Chairman of the Board of Executive Directors  
Krung Thai Bank Public Company Limited

### Non Listed Companies

##### 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 - 2006

- Advisor to Deputy Prime Minister and Minister of Finance

##### 2006 - 2008

- Vice Chairman, The Office of Securities and Exchange Commission



## Mr. Joti Bhokavanij

**Age** 72 years

**Position** Independent Director and Member of the Audit Committee

**Date of Appointment** 5 July 2013

**Relationship with Executives** None

**% of Shareholding** None

### Education

- Fellow of the Association of Chartered Certified Accountants, England
- Programme for Management Development, Harvard Business School, U.S.A.
- Marketing Management Programme, Stanford Graduate School of Business, Stanford University, U.S.A.

### Training with Thai Institute of Directors (Thai IOD)

- 2000** Chairman
- 2003** Director Accreditation Program (DAP)
- 2009** Director Certification Program (DCP)
- 2012** IOD National Director Conference 2012 - Moving Corporate Governance Forward: Challenge for Thai Directors
- 2012** Monitoring the Quality of Financial Reporting (MFR)
- 2012** Successful Formulation & Execution of Strategy (SFE)
- 2012** How to Measure the Success of Corporate Strategy (HMS)
- 2012** Monitoring Fraud Risk Management (MFM)
- 2012** Monitoring the Internal Audit Function (MIA)
- 2012** Monitoring the System of Internal Control and Risk Management (MIR)

### Working Experiences

#### Companies Listed on the Stock Exchange of Thailand

##### Present

- Independent Director, Member of the Audit Committee, Member of the Finance Committee, and Member of the Compensation and Nominating Committee  
True Corporation Public Company Limited

- Independent Director and Member of the Audit Committee  
Loxley Public Company Limited

##### 1992 - 1994

- Managing Director and Consul-General of Denmark for Bangkok  
The East Asiatic (Thailand) Public Company Limited

##### 1994 - 1997

- President & CEO  
Thai Wah Group of Companies

##### 2000 - 2001

- Executive Chairman  
TISCO Finance Public Company Limited (presently known as TISCO Bank Public Company Limited)

### Non Listed Companies

##### Present

- Chairman  
Bangkok Ranch Public Company Limited
- Director  
Kingfisher Holdings Limited  
True Move Company Limited  
Bangkok Inter Teletech Public Company Limited  
Thai Smart Card Company Limited

##### 2004 - 2006

- Chief Executive Officer  
ACL Bank Public Company Limited (presently known as Industrial and Commercial Bank of China (Thai) Public Company Limited)



## Mr. Korsak Chairasmisak

**Age** 62 years

**Position** First Vice Chairman and Executive Director

**Date of Appointment** 5 July 2013

**Relationship with Executives** None

**% of Shareholding** None

### Education

- Certificate of Commerce, Assumption Commerce College
- Bachelor of Economics, Thammasat University
- Honorary Doctorate in Business Administration in Management, Suan Dusit Rajabhat University
- Honorary Doctorate in Arts, North Chiang Mai University
- Honorary Doctorate in Business Administration in Management, Sripatum University
- Honorary Doctorate in Philosophy, Faculty of Accounting, Rajamangala University of Technology Srivijaya

### Training with Thai Institute of Directors (Thai IOD)

**2000** Director Certification Program (DCP)

**2006** The Role of Chairman

### Working Experiences

#### Companies Listed on the Stock Exchange of Thailand

##### Present

- Vice Chairman and Chairman of Executive Committee  
CP All Public Company Limited

#### Non Listed Companies

##### Present

- Vice Chairman  
Charoen Pokphand Group Company Limited

- Chairman  
GO Association of Thailand  
Panyapiwat Association  
Thailand-Korea Friendship Association
- President  
World Chinese Wei Qi Federation  
Bavarian-Thai Academic Cooperation Center : BTACC
- Director  
The International GO Federation : IGF
- Committee  
Songkhlanakarin University  
Thai Smart Card Company Limited  
The Holland Foundation  
Suksapiwat Company Limited
- Council Committee  
Panyapiwat Institute of Management

##### 1973 - 1978

- Feed Ingredient Purchasing Manager  
Charoen Pokphand Group Company Limited

##### 1979 - 1983

- Managing Director  
Bangkok Produce Merchandising Company Limited  
Bangkok Fisheries Company Limited  
C.P. Agro-Industry Company Limited  
C.P. Intertrade Company Limited

##### 1983 - 1987

- Executive Vice President (Trading)  
Charoen Pokphand Group Company Limited (Based in Hong Kong)



## **Mrs. Suchada Ithijarakul**

**Age** 62 years

**Position** Second Vice Chairman, Executive Director and Chief Executive Officer

**Date of Appointment** 29 August 1996

**Relationship with Executives** None

**% of Shareholding** None

### **Education**

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

### **Training with Thai Institute of Directors (Thai IOD)**

**2003** Director Certification Program (DCP)

### **Working Experiences**

#### **Companies Listed on the Stock Exchange of Thailand**

##### **Present**

- Chief Executive Officer  
Siam Makro Public Company Limited

##### **1995 - 2001**

- Finance Director  
Siam Makro Public Company Limited

##### **2001 - 2010**

- President  
Siam Makro Public Company Limited

##### **2001 - 2013**

- Vice Chairman  
Siam Makro Public Company Limited

#### **Non Listed Companies**

##### **Present**

- Director  
Siam Food Services Company Limited  
Vina Siam Food Company Limited  
Makro ROH Company Limited



## Dr. Prasert Jarupanich

**Age** 66 years

**Position** Director, Executive Director, and Member of the Nomination and Remuneration Committee

**Date of Appointment** 7 May 1988

**Relationship with Executives** None

**% of Shareholding** 200 shares

### Education

- Ph.D. in Industrial Engineering and Management, Oklahoma State University, U.S.A.

### Training with Thai Institute of Directors (Thai IOD)

**2004** Director Certification Program (DCP)

**2004** Finance for non-finance director

**2008** Role of the Compensation Committee

### Working Experiences

#### Companies Listed on the Stock Exchange of Thailand

##### Present

- Director  
CP All Public Company Limited

##### 1988

- Director  
CP All Public Company Limited

##### 1988 - 2007

- Director  
Siam Makro Public Company Limited

##### 2007 - 2010

- Independent Director  
Siam Makro Public Company Limited

##### 2008 - 2009

- Chairman of the Nomination and Remuneration Committee  
Siam Makro Public Company Limited

#### Non Listed Companies

-None-



## Mr. Pittaya Jearavisitkul

**Age** 59 years

**Position** Director, Executive Director and Member of the Nomination and Remuneration Committee

**Date of Appointment** 5 July 2013

**Relationship with Executives** None

**% of Shareholding** None

### Education

- Bachelor of Economics (First Class Honour), Thammasat University
- Master of Business Administration, Thammasat University

### Training with Thai Institute of Directors (Thai IOD)

**2000** Director Certification Program (DCP)

### Working Experiences

#### Companies Listed on the Stock Exchange of Thailand

##### Present

- Director and Vice Chairman of Executive Committee  
CP All Public Company Limited

##### 1999

- Director and Deputy Chief Executive Officer  
CP All Public Company Limited

#### Non Listed Companies

##### Present

- Director  
CPRAM Company Limited  
Counter Service Company Limited  
CP Retailink Company Limited

Gosoft (Thailand) Company Limited  
MAM Heart Company Limited  
Dynamic Management Company Limited  
Suksapiwat Company Limited  
Panyatara Company Limited  
All Training Company Limited  
All Corporation Company Limited  
24 Shopping Company Limited

- Council Committee  
Panyapiwat Institute of Management

##### 1984

- Managing Director  
Bangkok Produce Merchandising Company Limited

##### 1985

- Vice President  
C.P. Standard Resources Company Limited  
(Hong Kong)

##### 1987

- Vice President, International Trading Business Group  
Charoen Pokphand Group Company Limited

##### 1993

- Vice President, Marketing and Distribution  
Business Group  
Charoen Pokphand Group Company Limited



## Mr. Piyawat Titasattavorakul

**Age** 61 years

**Position** Director and Executive Director

**Date of Appointment** 5 July 2013

**Relationship with Executives** None

**% of Shareholding** None

### Education

- Bachelor of Business Administration in Marketing, Ramkhamhaeng University
- Honorary Doctorate, Suan Dusit Rajabhat University

### Training with Thai Institute of Directors (Thai IOD)

**2001** Director Certification Program (DCP)

### Working Experiences

#### Companies Listed on the Stock Exchange of Thailand

##### Present

- Vice Chairman of Executive Committee  
CP All Public Company Limited

##### 1990

- General Manager  
CP All Public Company Limited

##### 1993

- Assistant Vice President - Operations  
CP All Public Company Limited

##### 1996 - 1998

- Deputy Vice President - Operations  
CP All Public Company Limited

##### 1999 - 7 August 2014

- Managing Director  
CP All Public Company Limited

### Non Listed Companies

##### Present

- Director  
C.P. Lotus Corporation Company Limited  
CP Retailink Company Limited  
CPRAM Company Limited  
Counter Service Company Limited  
MAM Heart Company Limited  
Panyapiwat Technological College  
Panyapiwat Institute of Management

##### 1978

- Swine Processing Project  
C.P. Food Products Company Limited

##### 1983

- Manager - Grilled Chicken Business  
C.P. Food Products Company Limited

##### 1986

- Manager - Cherry Duck Business  
C.P. Food Products Company Limited

##### 1988

- Deputy General Manager  
C.P. KFC Company Limited



## Mr. Adirek Sripratak

**Age** 68 years

**Position** Director

**Date of Appointment** 5 July 2013

**Relationship with Executives** None

**% of Shareholding** None

### Education

- Certificate of Accounting, Rajamangala Institute of Technology, Bangkok Commercial Campus
- Honorary Doctorate in Science, Maejo University
- Honorary Doctorate in Economics, Chiang Mai University
- Honorary Doctorate in Science, Rajamangala University of Technology Isan
- Honorary Doctorate in Philosophy, Faculty of Agriculture, Ubon Ratchatani University
- Honorary Doctorate in Philosophy, Faculty of Food Technology - Mae Fah Luang University
- Honorary Doctorate in Philosophy, Faculty of Food Science, Kasetsart University

### Training with Thai Institute of Directors (Thai IOD)

**2001** Director Certification Program (DCP)

**2005** Director Accreditation Program (DAP)

### Working Experiences

#### Companies Listed on the Stock Exchange of Thailand

##### Present

- President & Chief Executive Officer  
Charoen Pokphand Foods Public Company Limited

#### 2003 - 2004

- President & Chief Executive Officer  
Charoen Pokphand Foods Public Company Limited

#### 2005

- Director  
CP All Public Company Limited

#### Non Listed Companies

##### Present

- Vice Chairman  
Charoen Pokphand Group Company Limited

#### 1967 - 1976

- Plant Manager, Bangkok Feedmill

#### 1977 - 1981

- General Manager, Northern Area Operation  
(Feed Business)

#### 1982 - 1983

- Vice President, Foods Business

#### 1984 - 1987

- Senior Vice President, Chicken Processing  
and Integration Business

#### 1988 - 1989

- Executive Vice President, Regional Integration  
Business

#### 1990 - 1992

- President, Agro-Industry Business,  
Indonesia, Malaysia, and Singapore

#### 1993 - 2002

- President, Agro-Industry Business,  
Thailand and Indochina



## Mr. Soopakij Chearavanont

**Age** 50 years

**Position** Director

**Date of Appointment** 5 July 2013

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

**% of Shareholding** None

### Education

- Bachelor of Science degree in the College of Business and Public Administration of New York University, U.S.A.

### Training with Thai Institute of Directors (Thai IOD)

**2011** Director Accreditation Program (DAP)

### Working Experiences

#### Companies Listed on the Stock Exchange of Thailand

##### Present

- Director  
CP ALL Public Company Limited
- Director and Member of the Compensation and Nominating Committee  
True Corporation Public Company Limited

#### Non Listed Companies

##### Present

- Chief Executive Officer  
UTV Cable Network Public Company Limited
- Executive Vice Chairman  
Charoen Pokphand Group Company Limited

- Executive Chairman  
True Visions Group Company Limited  
Telecom Holding Company Limited
- Chairman  
True Visions Public Company Limited  
True Visions Cable Public Company Limited  
CT Bright Holdings Company Limited  
Chia Tai Land Holding Company Limited  
Chia Tai Land Property Management Company Limited  
Chia Tai Real Estate Group Company Limited  
Chia Tai Lotus (Shanghai) Company Limited  
Fortune Leasing Company Limited  
Mass Gain Investment Limited  
Beijing Lotus Supermarket Chain Store Company Limited  
SM True Company Limited
- Co-Chairman  
Shanghai Kinghill Limited - Super Brand Mall Company Limited
- Executive Vice Chairman & Chief Executive Officer  
Marketing and Distribution Business (China),  
Charoen Pokphand Group Company Limited  
Shanghai Lotus Supermarket Chain Store Company Limited
- Chief Executive Officer  
Real Estate & Land Development Business (China),  
Charoen Pokphand Group Company Limited

- Executive Chairman & Chief Executive Officer  
C.P. Lotus Corporation Company Limited
- Vice Chairman  
Marketing and Distribution Business (Thailand),  
Real Estate and Land Development Business (Thailand),  
Telecommunication Business, Automotive Industrial  
Business (China), Charoen Pokphand Group  
Company Limited
- Vice Chairman  
Chia Tai Trading (Beijing) Company Limited  
Chia Tai Vision Limited  
Chia Tai International Finance Company Limited  
Shanghai Fortune World Development  
Company Limited
- Director  
Chia Tai Development Investment Company Limited  
Chia Tai Group Company Limited  
CP Pokphand Company Limited  
True Move Company Limited  
Fortune Shanghai Limited  
Lotus-CPF (PRC) Investment Company Limited  
Ping An Insurance (Group) Company of China Limited

#### **Other Positions (from the past 5 years till present)**

##### **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

##### **2014**

- Advisor to the Deputy Minister of Education
- Advisor to the Deputy Minister of Defense



## Mr. Narong Chearavanont

**Age** 49 years

**Position** Director and Executive Director

**Date of Appointment** 5 July 2013

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

**% of Shareholding** None

### Education

- Bachelor of Science, Major in Business Administration, New York University, U.S.A.
- Advance Management Program: Transforming Proven Leaders into Global Executives, Harvard Business School, Harvard University
- Honorary Doctorate in Business Administration, Ramkhamhaeng University

### Training with Thai Institute of Directors (Thai IOD)

**2007** Director Accreditation Program (DAP)

### Working Experiences

#### Companies Listed on the Stock Exchange of Thailand

##### Present

- Director  
CP ALL Public Company Limited  
True Corporation Public Company Limited
- Co-Chairman of Group Development Committee  
True Corporation Public Company Limited

#### Non Listed Companies

##### Present

- Director  
Shanghai Lotus Supermarket Chain Store Company Limited  
Business Development Bank  
Tai'an Lotus Supermarket Chain Store Company Limited  
Beijing Lotus Supermarket Chain Store Company Limited

Xi'an Lotus Supermarket Chain Store Company Limited  
Shantou Lotus Supermarket Chain Store Company Limited  
Qingdao Lotus Supermarket Chain Store Company Limited  
CPPC Company Limited  
Beston Action Utility Wear (Lianyungang) Company Limited  
Jiangsu CP Lotus Supermarket Chain Store Company Limited  
Beijing CP Lotus Supermarket Chain Store Company Limited  
Zhejiang CP Trading Company Limited  
Cineplex Company Limited  
Satellite Services Company Limited  
Wuxi Ailian Supermarket Chain Store Company Limited  
Wuxi Yilian Supermarket Company Limited  
Taizhou Yilian Supermarket Company Limited  
Hefei Ailian Supermarket Company Limited  
Changsha Chulian Supermarket Company Limited  
Wuhan Yichu Ailian Supermarket Company Limited  
Guangzhou Lotus Supermarket Chain Store Company Limited  
Shanghai Yilian Supermarket Company Limited  
Shanghai Ailian Supermarket Company Limited  
Shanghai Songlian Supermarket Company Limited  
Wenzhou Yichu Ailian Supermarket Company Limited  
Shanghai Cailian Supermarket Company Limited  
Nantong Tonglian Supermarket Company Limited  
Kunshan Tailian Supermarket Company Limited  
C.P. Zonglian (Shanghai) Management Company Limited  
Shantou Lotus Supermarket Chain Store Company Limited

- Guangzhou Lotus Supermarket Chain Store Company Limited
- Beijing Lotus Supermarket Chain Store Company Limited
- Shanghai Changfa Shopping Center Company Limited
- Shanghai Cailian Supermarket Company Limited
- Shanghai Yalian Supermarket Company Limited
- Shanghai Jialian Supermarket Company Limited
- Kunshan Tailian Supermarket Company Limited
- Nantong Tonglian Supermarket Company Limited
- C.P. Lotus Corporate Management Company Limited
- Zhengzhou Lotus Supermarket Chain Store Company Limited
- Foshan Nanhai Huanantong Trading Development Company Limited
- Guangdong Huanantong Trading Development Company Limited
- Foshan C.P. Lotus Management Consulting Company Limited
- Zhanjiang C.P. Lotus Supermarket Company Limited
- Wuhan Lotus Supermarket Chain Store Company Limited
- Shanghai Xinlian Supermarket Company Limited
- C.P. Zonglian (Shanghai) Management Company Limited
- Chairman
- Yangtze Supermarket Investment Company Limited
- Executive Vice Chairman
- C.P. Lotus Corporation Company Limited
- Chia Tai (China) Investment Company Limited
- True Visions Cable Public Company Limited
- Chia Tai Qingdao Holdings (Hong Kong) Company Limited
- Chia Tai Xiangyang Holdings (Hong Kong) Company Limited
- Chia Tai Qingdao Holdings Company Limited
- Chia Tai Xiangyang Holdings Company Limited
- The ICONSIAM Superlux Residences Corporation Limited (formerly Grand River Park Corporation Company Limited)
- The ICONSIAM Residences Corporation Company Limited (formerly Grand River Place Corporation Company Limited)
- The ICONSIAM Company Limited (formerly Grand River Front Corporation Company Limited)
- President
- CP Corporate University
- Vice Chairman
- Panther Entertainment Company Limited
- Marketing and Distribution Business (Thailand)
- Marketing and Distribution Business (China)
- Real Estate & Land Development Business (China)
- Shanghai Kinghill Company Limited
- SM True Company Limited
- Senior Executive Assistant to Chairman
- Charoen Pokphand Group “Global Talent Recruitment”
- Chief Executive Officer
- Shanghai Litai Logistics Company Limited
- Governance Committee
- Leadership Development Institute
- 1995 - 1997**
- President
- Ex-Chor Distribution (Thailand) Company Limited
- 1997 - 2002**
- President
- Ex-Chor Trading (Shanghai) Company Limited
- 2007 - 2010**
- Director
- CP Pokphand Company Limited
- 2008 - 2010**
- Director
- True Visions Public Company Limited



## Mr. Suphachai Chearavanont

**Age** 47 years

**Position** Director

**Date of Appointment** 5 July 2013

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

**% of Shareholding** None

### Education

- Bachelor of Business Administration in Financial Management, Boston University, U.S.A.

### Training with Thai Institute of Directors (Thai IOD)

**2011** Director Accreditation Program (DAP)

### Working Experiences

#### Companies Listed on the Stock Exchange of Thailand

##### Present

- Director, President and Chief Executive Officer  
True Corporation Public Company Limited

##### 1992

- Senior Officer, the President's Office  
True Corporation Public Company Limited

##### 1993

- Vice President, the Operation Room  
True Corporation Public Company Limited

##### 1994

- Senior Vice President, Planning and Project Coordination & Support  
True Corporation Public Company Limited

##### 1995

- General Manager, East Region  
True Corporation Public Company Limited

##### 1996

- Executive Vice President, Business Operations  
True Corporation Public Company Limited

##### 1997

- Senior Executive Vice President  
True Corporation Public Company Limited

#### Non Listed Companies

##### Present

- Chairman  
Freewill Solutions Company Limited
- Director  
Pantavanij Company Limited
- Chief Executive Officer  
True Move Company Limited
- Director and Chief Executive Officer  
True Vision Group Company Limited
- Director  
Bangkok Inter Teletech Public Company Limited
- Director  
K.I.N (Thailand) Company Limited

#### 1989

- Management Trainee (1 Year)  
Siam Makro Company Limited  
Soltex Federal Credit Union, U.S.A.

#### 1991

- Senior Finance Officer, Petrochemical (2 years)  
Vinythai Company Limited

#### 1995

- Managing Director  
Wire & Wireless Company Limited

#### 1996

- President  
Asia Multimedia Company Limited

#### 1999 - 2013

- Chairman  
Wire & Wireless Company Limited

#### Other Positions

##### Present

- Director & Advisor of the Telecommunications Association of Thailand under the Royal Patronage (TCT)
- Chairman of the Sub Committee for Fund Raising, Thai Red Cross Eye Bank

- Member of the Thai Red Cross Eye Bank Committee
- Member of Management Committee on Nation-wide Strategic Approach Eye Provisioning Project
- Board Member of Board of Trustees, Bangkok University
- Advisor to Executive Chairman of Rajaprajanugroh Foundation
- Member of the Honorary Board of Directors, 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

#### 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

#### 2010 - 2011

- Director of National Electronics and Computer Technology Center



## Mr. Umroong Sanphasitvong

**Age** 61 years

**Position** Director and Executive Director

**Date of Appointment** 5 July 2013

**Relationship with Executives** None

**% of Shareholding** None

### Education

- Bachelor Degree in Accounting, Thammasat University
- Master Degree in Accounting, Thammasat University

### Training with Thai Institute of Directors (Thai IOD)

- 2001** Director Certification Program (DCP)
- 2003** Company Secretary
- 2006** Board Performance Evaluation
- 2006** DCP Refresher
- 2007** Role of the Compensation Committee

### Working Experiences

#### Companies Listed on the Stock Exchange of Thailand

##### Present

- Director  
CP All Public Company Limited  
True Corporation Public Company Limited

### Non Listed Companies

##### Present

- Director  
Allianz C.P. Insurance Company Limited  
Vina Siam Bank (Vietnam)  
CPPC Public Company Limited  
C.P. Lotus Corporation
- Deputy Group CFO  
Charoen Pokphand Group Company Limited

##### 1976 - 1980

- Project Analyst  
The Industrial Finance Corporation of Thailand

##### 1980

- Deputy Division Manager, Accounting and Finance  
Charoen Pokphand Group Company Limited



## Mrs. Saowaluck Thithapant

**Age** 59 years

**Position** Director, Executive Director, and Chief Financial and Shared Services Officer

**Date of Appointment** 15 December 2004

**Relationship with Executives** None

**% of Shareholding** None

### Education

- Bachelor Degree in Accountancy (with Second Class Honors), Thammasat University
- Bachelor Degree in Laws, Thammasat University
- Master Degree in Accountancy, Thammasat University

### Training with Thai Institute of Directors (Thai IOD)

**2005** Director Accreditation Program (DAP)

### Working Experiences

#### Companies Listed on the Stock Exchange of Thailand

##### Present

- Chief Financial and Shared Services Officer  
Siam Makro Public Company Limited

##### 1997 - 1999

- Vice President - Accounting and Finance  
Premier Enterprise Public Company Limited

##### 2002 - 2010

- Finance Director  
Siam Makro Public Company Limited

#### Non Listed Companies

##### Present

- Director  
Siam Food Services Company Limited  
Vina Siam Food Company Limited  
Makro ROH Company Limited

##### 1999 - 2002

- Senior Vice President - Accounting and Finance  
Premier Group of Companies



## Mr. Philip William Cox

**Age** 69 years

**Position** Director

**Date of Appointment** 25 April 2013

**Relationship with Executives** None

**% of Shareholding** None

### Education

- Attended the Sydney University to study Business Administration

### Training with Thai Institute of Directors (Thai IOD)

-None-

### Working Experiences

#### Companies Listed on the Stock Exchange of Thailand

##### 1997 - 2007

- Commercial Director (Dry Food)  
Siam Makro Public Company Limited

##### 2007 - 2010

- Executive Commercial Director  
(Dry Food and Supply Chain Management)  
Siam Makro Public Company Limited

### Non Listed Companies

##### 1989 - 1997

- Managing Director  
Mah Boonkrong Sirichai Supermarket  
Company Limited

##### 2005 - 2010

- Director  
Siam Food Services Company Limited

##### 2011 - March 2013

- Chief Commercial Officer and Member of the  
Executive Board of Directors  
Makro South America

## Biographical Information of the Company's Executives



### Mr. Lin, Chi-Lung

**Age** 50 years

**Position** Chief Operation Officer - Thailand Business

**Date of Appointment** 15 May 2003

**Relationship with Executives** None

**% of Shareholding** None

### Education

- Business Management Courses,  
Chung-Shin University, Taiwan

### Training with Thai Institute of Directors (Thai IOD)

**2010** Director Certification Program (DCP)

### Working Experiences

#### Companies Listed on the Stock Exchange of Thailand

##### Present

- Chief Operation Officer - Thailand Business  
Siam Makro Public Company Limited

##### 2003 - 2010

- Commercial Director (Fresh Food)  
Siam Makro Public Company Limited

##### 2010 - June 2014

- Chief Executive Officer - Food Service Business  
Siam Makro Public Company Limited

#### Non Listed Companies

##### Present

- Director and Executive Director  
Siam Food Services Company Limited
- Director  
Vina Siam Food Company Limited

##### 1990 - 2001

- Fresh Food Manager  
Wellcome Taiwan Dairy Farm

##### 2001 - 2003

- Commercial Director (Food)  
Makro Taiwan



## Mr. Jean-Michel de Geyer

**Age** 56 years

**Position** Executive Board Member- Innovation

**Date of Appointment** 1 September 2010

**Relationship with Executives** None

**% of Shareholding** None

### Education

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

### Training with Thai Institute of Directors (Thai IOD)

-None-

### Working Experiences

#### Companies Listed on the Stock Exchange of Thailand

##### Present

- Executive Board Member - Innovation  
Siam Makro Public Company Limited

##### 2010 - June 2014

- Chief Commercial Officer  
Siam Makro Public Company Limited

### Non Listed Companies

##### 1996 - 2005

- Marketing and Merchandise Director  
Carrefour

##### 2005 - 2007

- CEO Giant Hypermarket  
Dairy Farm Company Limited

##### 2009 - 2010

- Offer Director  
Kingfisher Group



## Mr. Thomas Leslie Hammer

**Age** 60 years

**Position** Chief Operation Officer - International Business

**Date of Appointment** July 17, 2009

**Relationship with Executives** None

**% of Shareholding** None

### Education

- Business Administration, San Diego College

### Training with Thai Institute of Directors (Thai IOD)

-None-

### Working Experiences

#### Companies Listed on the Stock Exchange of Thailand

##### Present

- Chief Operation Officer - International Business  
Siam Makro Public Company Limited

##### 2009 - 2010

- Sales & Operation Director  
Siam Makro Public Company Limited

##### 2011 - June 2014

- Chief Operation Officer  
Siam Makro Public Company Limited

### Non Listed Companies

##### Present

- Director  
Siam Food Services Company Limited  
Makro ROH Company Limited

##### 2000 - 2003

- Executive Vice President  
Price Smart China Enterprises, China

##### 2003 - 2005

- Vice President and Business Unit General Manager  
China Resource Vanguard Company Limited, China

##### 2006 - 2008

- Executive Director/ Retail Business Unit General Manager  
Great Dreams Cartoon Group Company Limited, China



## Mr. Paul Stephen Howe

**Age** 49 years

**Position** Chief Business and  
Information Technology Officer

**Date of Appointment** 2 September 2013

**Relationship with Executives** None

**% of Shareholding** None

### Education

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

### Training with Thai Institute of Directors (Thai IOD)

-None-

### Working Experiences

#### Companies Listed on the Stock Exchange of Thailand

##### Present

- Chief Business and Information Technology Officer  
Siam Makro Public Company Limited

##### 2013 - June 2014

- Chief Information Officer (CIO)  
Siam Makro Public Company Limited

#### Non Listed Companies

##### 1999 - 2013

- Oracle Enterprise Architect  
Oracle Corporation

## Corporate Risk Factors and Risk Management

The risks facing a corporation could arise from a number of factors, including its planning strategy, operation, financial standing, compliance with laws and regulations, legal and regulatory changes, economic and political uncertainty and natural disasters. Not only do we take all of these factors into account in carrying out our business activities, we have also crafted necessary measures to eliminate these risks or reduce them to an acceptable level. Risk management is therefore a process vital to the fulfillment of our objectives and goals, leading to the creation of added value for the Company, our shareholders and all stakeholders and helping to ensure Makro's sustainable growth.

### Economic and Political Uncertainties and Natural Disasters

As the operator of Cash & Carry and food service businesses, we have been affected to varying degrees by external factors. During the past several years, we have weathered the impact of negative economic factors ranging from severe weather changes, including drought and floods, to domestic political unrest to a global economy slowdown that has yet to recover. However, Makro has suffered limited effect from these factors due to the fact that the majority of goods sold at our stores, including fresh-food items, constitute basic necessities, and that our stores are located throughout Thailand.

As further protection, we have set up a Business Continuity Management Framework to ensure that vital operating functions will be able to continue under any possible crisis scenario. Following the Great Flood of late 2011, several measures under this framework were deployed and further improvements were made to enhance the program. In 2014, Makro opened the second Distribution Center for Dry Food and Non Food in Samut Prakarn's Bang Sao Thong District, which is far from the existing Distribution Center in Ayutthaya's Wang Noi District. Additionally, we

are preparing to open our new Distribution Center for Fresh and Frozen food in Samut Sakorn's Mahachai District. Not only will the new DC play an important risk-mitigating role should any one of our other DCs needs to temporarily suspend operation for any reason, it will also increase our transport and distribution capabilities and facilitate Makro's future store expansion.

### Compliance with Rules, Regulations and Laws

As an operator in the wholesale and retail industry, we need to comply with government rules and regulations as well as the requirements of over 30 different business laws. Current trends favor even stricter government oversight and more laws and regulations look likely to be imposed in the future. Major laws governing our operation, including the City and Town Planning Act, the Building Control Act and the requirement for permits to operate, could all affect our business expansion plan. Moreover, legislation and regulations promulgated in recent years place heavier emphasis on matters of consumer rights and benefits including food safety and hygiene. These include the Prices of Goods and Services Act, which covers a large number of goods and thus affects our profitability; the Alcohol Control Act; the Product Liability Act; and the Ministerial Regulations on Criteria, Methods and Form for Collecting Statistics and Data, and Preparation of Record and Report of Performance of Wastewater Treatment Systems (B.E. 2555).

Care and prudence is required to ensure that we operate in strict compliance with relevant laws and regulations and, as Makro is a publicly listed company, the rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission. This entails more complex work processes and higher cost of operation. Moreover, our planned overseas expansion requires in-depth study of, and strict compliance with, the pertinent laws and regulations of all the countries we plan to enter.

### Proportion of Shares Held by Majority Shareholder

As of November 21, 2013, our majority shareholder, CP ALL Plc., and related entities held a total of 97.88 percent of all publicly traded shares in Makro. As in all cases where the majority shareholder controls over 75 percent of shares, other investors face the possible risk that the majority shareholder could control the vote on all matters including the extraordinary vote of a shareholders' meeting, preventing minority shareholders from gathering sufficient votes to initiate a checks-and-balances proceeding on an issue proposed by the majority shareholder.

In the interest of good corporate governance, however, Makro's Board of Directors offers minority shareholders the opportunity to propose, in advance of the Annual Shareholders' General Meeting, issues to be included in the agenda of the Meeting and nominate individuals to serve on the Board of Directors. In addition, Makro has appointed 6 individuals of professional and social renown to serve as Independent Directors, 5 of whom also serve on the Audit Committee. Responsible for matters assigned to it by the Board of Directors, the Audit Committee helps to enhance efficiency, ensure the maintenance of a system of checks-and-balances and foster transparency in the running of the Company. Moreover, all matters involving the majority shareholder which could potentially create conflict with the interests of Makro must be conducted in strict compliance with stipulated procedures for related transactions and in accordance with applicable laws.

### Human Resources Management

Human resources are a key component in the running of a business, and a shortage of skilled workers and high-caliber personnel constitutes a risk for all corporations. Swift expansion by local retail operators has led to heated competition for high-caliber personnel, and Makro's well-trained and experienced employees are likely to draw

attractive offers from other companies as an incentive to join them. To minimize this type of personnel risk and ensure the retention of high-caliber personnel, Makro prioritize such matters as providing suitable remuneration, personnel development training and occupational safety while also encouraging our people to express their creativity and implement their own initiatives within the scope of their responsibilities, providing suitable training and fostering a family-like team environment. We believe that a good work environment and atmosphere helps build a bond between people and organization and supports the retention of employees who have the potential to grow with us as part of our internal promotion and succession planning.

At the same time, we are prepared to recruit over 5,000 new employees every year to support Makro's nationwide store expansion. Under this expansion plan, employees are encouraged to move back to their hometowns while continuing to work for Makro, and opportunities for gainful employment are created for local workers, reducing the need to migrate to big cities in search of work. These undertakings will help reduce personnel risks while ensuring that we have enough high-caliber personnel to sustainably support our expansion as envisioned in our strategic planning.

### Food Hygiene and Safety

An issue of growing interest to consumers, food hygiene and safety is governed by a range of increasingly stricter laws and regulations. The majority of goods sold at our stores are food items, and as such, their sales could suffer from consumer scares and loss of confidence triggered by a disease breakout or chemical contamination affecting the food supply, for example, an incident of bird flu or the discovery of chemical contaminants in food products.

To reduce these risks and take responsibility for consumers' safety, we require that all food items destined for Makro stores go through a testing and certification process at both Distribution Center and destination stores to ensure compliance with international standards for food hygiene and safety. In addition, we source our food products only from reputable suppliers who follow food safety guidelines and work with suppliers to produce quality products under the Quality Pro label.

### Competitive Environment

During the past several years, the retail sector has seen high growth and intense competition, and electronic commerce has grown by leaps and bounds especially in the developed world. In Thailand, the swift growth of electronic commerce could pose a threat to both traditional and modern retailers including Makro. Since the launch of our e-commerce website, [www.makroclick.com](http://www.makroclick.com), we have used the site as an additional sales channel while continuing to improve our products and services to ensure maximum customer satisfaction. Combined with our nationwide store expansion strategy, these undertakings have served to mitigate the risk mentioned above.

In our digital era, the use of online social media has become widespread and users have gotten used to exercising their freedom to comment and criticize, making social media a powerful communications tool that businesses cannot afford to ignore. In response, we have formed a team to monitor our online image and reputation and communicate correct and complete information in a timely manner to ensure a positive image of the Makro brand. We have also published a Crisis Communication Workshop manual for use as a tool for swift and efficient risk management.

### Business Operation System

To fulfill our goal of being an Innovation Organization, we have implemented an enterprise-wide IT system as a tool for efficient operation and business continuity. Since all the major systems in our day-to-day operation are computerized, damage to our IT system resulting from a computer virus, a glitch in the power system or a natural disaster could have a severe impact on our operation.

In 2014, we were in a process of implementing a new Retail Merchandising System to improve internal efficiencies, better serve our customers and support future expansion. To minimize the impact of any unforeseen circumstances that could arise during the transition to the new system, we created measures to deal with any adverse impact in a systematic and efficient manner. We also appointed executives with pertinent experience to oversee the overall transition and ensure on-schedule execution; hired a reputable agency to conduct test and assessment at every stage; provided training for IT personnel; and most importantly, managed the ensuing organizational change to ensure that both personnel at headquarters and those working at stores share a clear understanding of the change and become equipped to adjust their thinking and improve their knowledge and creativity in line with the new system, which will drive Makro forward and create value-added for our organization well into the future. 🍀

# Corporate Governance

## Corporate Governance Policy

**T**he Company recognizes the importance of Corporate Governance and is confident that having 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 clearly written policy of Corporate Governance by adhering to the guidelines relating to the principles of Corporate Governance of the Organization for Economic Co-operation and Development (OECD). The Company also ensures that it is the duty and responsibility of directors, executives, all employees, and its subsidiaries to acknowledge the policy and comply with it. The policy covers all five core elements, i.e. rights of shareholders, equitable treatment of shareholders, roles of stakeholders, disclosure of information and transparency, and responsibilities of the Boards. The Company disseminated its corporate governance policy via its website at [www.siammakro.co.th](http://www.siammakro.co.th), allowing interested persons to view. The details of the policy are as follows:

### 1. Rights of Shareholders

- (1) The Board of Directors has defined the Company's policies relating to Good Corporate Governance, which has recognized 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 emphasizes and respects the Rights of Shareholders by complying with the criteria as prescribed by the law. During 2014, the Company held 2 shareholders' meetings - the Annual General

Shareholders' Meeting on April 23, 2014, the Extraordinary General Meeting of Shareholders no. 1/2014 on September 26, 2014, at Chaturathit and Wassana Room, Golden Tulip Sovereign Hotel, 92, Rama 9 Road, Bangkok Subdistrict, Huay Kwang District, Bangkok. For the year 2014, the Company provided minority Shareholders the opportunity to propose any additional agenda items in advance before the 2015 Annual General Shareholders' Meeting (2015-AGM) as well as to nominate, in advance between October 17, 2014 through to January 30, 2015, 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](http://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 authorized the Thailand Securities Depository Co., Ltd., in its capacity as the Company's Share Registrar, to send out to the Shareholders 15 days in advance, invitation notices for the 2014 Annual General Shareholders' Meeting (2014-AGM), Extraordinary General Meeting of Shareholders no. 1/2014 (EGM-1/2014) 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 2014- AGM, EGM-1/2014 on the Company's website ([www.siammakro.co.th](http://www.siammakro.co.th)) 34 days and 17 days respectively prior to the 2014-AGM date and EGM-1/2014 date; and again notified through the online news system of the Stock Exchange of Thailand about the 2014-AGM and EGM-1/2014 notice that appeared on the Company's website. Minutes of the 2014-AGM and EGM-1/2014 were also published on this website 13 and 14 days respectively after the 2014-AGM and EGM-1/2014 took place.

- (5) The 2014-AGM and EGM-1/2014 were attended by the Company's 13 and 11 Directors respectively, including members of the Audit Committee, the Company's external Auditor and legal counselor. At the start of the 2014-AGM and EGM-1/2014, the Chairman announced to the meeting the number and proportion of Shareholders, their proxies attending the 2014-AGM and EGM-1/2014, the voting and votes counting procedures for each of the proposed agenda items in the order as announced in the 2014-AGM and EGM-1/2014 notice. There was no "other agenda item" tabled during the 2014-AGM and EGM-1/2014, 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 2014-AGM and EGM-1/2014.
- (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.
- (7) The Company's policy to encourage institutional investors to participate in the AGM, the Company has made contact with institutional investors. In order to facilitate the registration process at least 1 day prior to the AGM.
- (8) The Company shall not obstruct or cause obstacle to communication opportunities among shareholders.
- (9) The Company shall arrange persons to verify vote counting in the shareholders meeting, and disclose them in the minutes of the shareholders meeting.

## 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 2014, the Company provided the opportunity for minority Shareholders to propose any additional agenda items in advance before the 2015 Annual General Shareholders' Meeting (AGM) as well as to nominate, in advance between October 17, 2014 through to January 30, 2015, 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](http://www.siammakro.co.th)) as well as the online news system of the Stock Exchange of Thailand.
- (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 2014-AGM and EGM-

1/2014. 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 2014-AGM and EGM-1/2014 notices. And for the 2014-AGM and EGM-1/2014 a total of 50 and 47 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 2014-AGM and EGM-1/2014, 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". In 2014, the Company's directors and executives have no securities trading by using of inside information and no violation of the trading rules under the SEC regulations.
- (6) In 2014, the Company did not conduct transactions which provided financial assistance to companies which were not subsidiaries of the Company.
- (7) The Company adopted measures and steps for granting approvals of related transactions as prescribed by law and in accordance with standards prescribed in the requirements of the Capital Market Supervisory Board and SET. The Company strictly complied with laws, requirements as well as regulations on related party transactions. Up to present, the Company has never made any connected transaction by violating or failing to comply with relevant laws and requirements.

In 2014, the Company made connected transactions which required approval from shareholder meeting prior thereto, which the Company presented said matter to the EGM No. 1/2014 for approval. The Company

disclosed information on such transactions in the letter of invitation to the meeting, e.g. names and relationships of related parties, nature of the transactions, the transaction pricing and valuation policy, reasons for making such transactions including opinions of the Board of Directors and the independent financial advisor on such transactions, etc., and delivered the letter of invitation to the meeting within such time as fixed, and properly and completely fulfilled all relevant obligations in accordance with requirements of the Capital Market Supervisory Board and SET in all respects.

As for other types of related transactions, the Company did them fairly with prices and conditions in accordance with the normal course of trade (fair and at arms' length).

### 3. Roles of Stakeholders

#### 3.1 Prescription of policy on treatment of stakeholders and compliance with the policy

- (1) The Company emphasizes 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

- a) 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 labor market within the same industry.
- b) The Company has focused on safety and occupational health at work by putting in place its “Occupational Safety and Workplace Environmental Management” where consists of:
  - 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 organizations.
  - Provide safety instructions for employees so they put them into practice.
  - Continually promotes various work safety related activities together with associated official or Government organizations.

## 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 realizes 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”. 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 established Anti-corruption Policy as well as roles, responsibilities, guidelines, and measures as follows:

- 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.

As part of this Anti-corruption Policy, the Company has already put in place multiple communication channels for staff members and stakeholders to report any possible misconduct or act of corruption.

(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.

### 3.2 Corporate Social Responsibilities Policy and Strategy

The Company is committed to continuing its operations, taking into account balanced co-existence between economy, the society, and environment. Valuing socially responsible business conduct, the Company has defined our CSR policy and strategy by integrating strengths and expertise in the business and employees' volunteering spirit into a driving force for CSR activities toward a sustainable organization. The Company also enhanced the communication of our policy and CSR activities to our stakeholders in a systematic and continuous way. To achieve the goals, the Company has appointed the 3R's Sustainability Committee is responsible for CSR activities including proposing action plan as well as quarterly and annual basis reporting the progress and achievement to the Board of Directors.

The Company has crafted our Corporate Social Responsibility policy based on the following: (the detail of the policy is posted on the Company's website [www.siammakro.co.th](http://www.siammakro.co.th)).

1. Fairness in business operation
2. Anti-corruption practices
3. Respect for human rights
4. Fair treatment of labor
5. Responsibility to consumers
6. Environmental conservation and protection
7. Contribution to community and social development
8. Creation and dissemination of innovations with responsible regard for stakeholders, society and the environment

The detail of Key CSR activities of the Company shown in the section of "Corporate Social Responsibility".

#### 4. Disclosure 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 recognizes the importance of disclosing both financial and non-financial information, in an accurate, complete, transparent, timely manner and equitable access 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 organizes investors and analysts meetings every quarter after disclosing the Company's quarterly operating performance results to the Stock Exchange of Thailand.

The Company has formed the SET & Investor Relations Section as a focal point in conducting proactive investor relations activities according to best practices of leading international organizations. A number channels are available to communicate effectively with shareholders, investors, analysts and other interested persons through 4 channels as follows:

Telephone : 0 2723 1768 / 1704 (Direct Line) or

0 2723 1000 ext. 1768 / 1704

Fax : 0 2375 2927 or 0 2374 2406

E-mail : [ir@siammakro.co.th](mailto:ir@siammakro.co.th)

Address : SET & Investor Relations  
 Siam Makro Public Company Limited  
 Office of Chief Financial and Shared  
 Services Officer  
 615 Jit-Uthai Building 6/F, Ramkhamhaeng  
 Road, Huamark, Bangkok, 10240

- (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 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. Responsibilities of the Board of Directors

- (1) Board Structure
- (1.1) The structure of the Board, consisting of the composition, nomination and qualifications of directors, qualifications of independent directors, is found under the "Management Structure - The Board of Directors" section.

As at 31 December 2014, 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 authorized 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 person   |
| - Independent Directors (who are also Audit Committee)        | 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 the “Management Structure - The Board of Directors” section. 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”.
- (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” and on the “Audit Committee”.
- (2.2) Nomination and Remuneration Committee, as described in the section on “Nomination and Remuneration Committee”.
- (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”. 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 re-election.

- (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". 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 Associate Director - Business Process and Risk Management, 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
  - (4.1) The Board of Directors' Meeting is held once every quarter. The dates of the Board of Directors' Meetings are predetermined one year in advance so that directors can arrange their schedule to attend the meeting. However, additional meetings may be called if there are special matters that require the Board's approval. The agenda for these meetings are clearly specified in advance, with consideration of the Audit Committee Report and financial statements being regular agenda items.
  - (4.2) CEO, CFO and the Company Secretary jointly review the agenda prior to Chairman of the Board endorses the agenda for each Board meeting. Moreover, each Board member is free to suggest agenda items.
  - (4.3) 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.
  - (4.4) In 2014, there was a total of 5 Board of Directors' Meetings - both ordinary and extraordinary and 2 shareholders' meeting, 2014 Annual General Meeting and Extra Ordinary General Meeting 1/2014. A summary of the attendance record of each Director is given below:

### Meeting Attendance of the Board of Directors and Annual General Meeting in 2014

Name - Surname	Position	Term of Service	Board Meeting (5 times)	AGM (1 time)	EGM (1 time)
1. Mr. Arsa Sarasin	Independent Director / Chairman	Apr 2014 - Apr 2017	5/5	1/1	1/1
2. Mr. Athaporn Khaimarn	Independent Director / Chairman of the Audit Committee	Apr 2013 - Apr 2015	5/5	1/1	1/1
3. Mr. Chavalit Uttasart	Independent Director / Member of the Audit Committee	Apr 2013 - Apr 2015	5/5	1/1	1/1
4. Mr. Thira Wipuchanin	Independent Director / Member of the Audit Committee / Chairman of the Nomination and Remuneration Committee	Apr 2013 - Apr 2015	5/5	1/1	1/1
5. Dr. Chaiyawat Wibulswasdi	Independent Director / Member of the Audit Committee	Jul 2013 - Apr 2015	5/5	1/1	1/1
6. Mr. Joti Bhokavanij	Independent Director / Member of the Audit Committee	Jul 2013 - Apr 2015	4/5	1/1	0/1
7. Mr. Korsak Chairasmisak	First Vice Chairman / Executive Director	Jul 2013 - Apr 2015	5/5	1/1	0/1
8. Mrs. Suchada Ithijarakul	Second Vice Chairman / Executive Director / Chief Executive Officer	Apr 2014 - Apr 2017	5/5	1/1	1/1
9. Dr. Prasert Jarupanich	Director / Executive Director / Member of the Nomination and Remuneration Committee	Apr 2014 - Apr 2017	5/5	0/1	0/1
10. Mr. Pittaya Jearavisitkul	Director / Executive Director / Member of the Nomination and Remuneration Committee	Apr 2014 - Apr 2017	5/5	1/1	1/1
11. Mr. Piyawat Titasattavorakul	Executive Director	Apr 2014 - Apr 2017	4/5	1/1	1/1
12. Mr. Soopakij Chearavanont	Director	Jul 2013 - Apr 2016	2/5	0/1	0/1
13. Mr. Narong Chearavanont	Executive Director	Jul 2013 - Apr 2016	4/5	0/1	0/1
14. Mr. Suphachai Chearavanont	Director	Jul 2013 - Apr 2016	0/5	0/1	0/1
15. Mr. Adirek Sripratak	Director	Jul 2013 - Apr 2016	3/5	1/1	1/1
16. Mr. Umroong Sanphasitvong	Executive Director	Jul 2013 - Apr 2016	3/5	0/1	0/1
17. Mrs. Saowaluck Thithapant	Director / Executive Director / Chief Financial and Shared Services Officer	Apr 2014 - Apr 2017	5/5	1/1	1/1
18. Mr. Philip William Cox	Director	Jul 2013 - Apr 2016	5/5	1/1	1/1

(4.5) 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.

(4.6) In 2014, the Audit Committee of the Company, comprising of all Independent Directors, also attended the meetings with the Company's auditors without the management team attendance.

(5) Board of Directors Self-Assessment

The Company determine to annually assess the performance of the Board of directors as a whole in a format of Individual Director Assessment (Self-Assessment). The scores as well as opinions of the directors in each category form was presented to the Board meeting which were useful for improving the performance of Board in the future. The 2014 Board Self-Assessment covers six major criteria as follows:

- 1) Structure and characteristics of the Board
- 2) Roles and responsibilities of the Board
- 3) Board meetings
- 4) The Board's performance of duties
- 5) Relationship with management and
- 6) Self-development of directors and executive development

The overall scores of Board performance assessment for the year 2014 is at 93% increased from 87% in 2013.

(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 2014

Details are given in the section on "Director and Executive Remuneration in 2014".

(7) Development of Directors and Executives

(7.1) The Company encourages and facilitates training for all internal parties who have a role in corporate governance, including directors, members of the Audit Committee, executives, the Company Secretary, etc. Training - either internal or external - enables them to continuously update their knowledge for performing their duties.

(7.2) Prior to 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.

(7.3) The Company has a work development and succession plan by initiating various programs such as the Leadership Development Program, Rising Star project, and Star Plus project to ensure that the business continues to operate smoothly. Details of the Executive Development Program can be found under the "People and Human Resources Development" Section. 

## Corporate Information

### General Information of the Company, its Subsidiaries, Associated Company and References

#### Siam Makro Public Company Limited ("the Company")

**Company registration No. :** 0107537000521  
 (Former no. Bor Mor Jor. 299)

**Date of incorporation :** 10 May 1988

**Head office :** 3498 2<sup>nd</sup> Floor, Lardprao  
 Road, Klongchan, 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

#### Subsidiary and Associated Companies

##### Subsidiary Companies

##### (1) Siam Food Services Company Limited (SFS)

**Company registration No. :** 0105527032739  
 (Former no. 3276/2527)

**Date of incorporation :** 7 September 1984

**Head office :** 2439 Old Paknam Railway  
 Road, Prakhonong, Klongtoey,  
 Bangkok 10110

**Tel :** 0 2620 6000

**Fax :** 0 2620 6001

**Website :** www.siamfoodservices.com

**Type of business :** 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.

**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 (VSF)

**Company registration No. :** 411043002045  
**Date of incorporation :** 15 October 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 2,500,000  
**Paid-up capital :** USD 2,500,000

### (3) Makro ROH Company Limited (Makro ROH)

**Company registration No. :** 010557153364  
**Date of incorporation :** 14 October 2014  
**Head office :** 3498 2<sup>nd</sup> Floor, Lardprao  
 Road, Klongchan, Bangkok,  
 Bangkok 10240  
**Tel :** 0 2723 1000  
**Fax :** 0 2375 2927  
**Type of business :** Investing in foreign countries  
 as well as to provide  
 management and technical  
 consultancy, and to support  
 services to the Company's  
 subsidiaries  
**Type and No. of shares :** Registered ordinary shares,  
 totaling 1,250,000 shares  
**Registered capital :** Baht 125,000,000 with  
 1,250,000 shares at a par  
 value of Baht 100 each  
**Issued and  
 paid-up capital :** Baht 31,250,000 with  
 1,250,000 shares at a par  
 value of Baht 25 each

### References

**Securities Registrar :** Thailand Securities Depository  
 Company Limited (TSD)  
 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. Charoen Phosamritlert  
 C.P.A. Reg. No. 4068  
 Mrs. Munchupa Singsuksawat  
 C.P.A. Reg. No. 6112  
 Mr. Veerachai Ratanajaratkul  
 C.P.A. Reg. No. 4323

**Legal Counsel :** KPMG Phoomchai Audit Limited  
 50<sup>th</sup> - 51<sup>st</sup> Floor, Empire Tower  
 1 South Sathorn Road,  
 Yannawa, Sathorn, Bangkok 10120  
**Tel :** 0 2677 2000  
**Fax :** 0 2677 2222

**Legal Counsel :** Siam City Law Offices Limited  
 20<sup>th</sup> Floor, Rajanakarn Building  
 3 South Sathorn Road,  
 Yannawa, Sathorn, Bangkok 10120  
**Tel :** 0 2676 6667 8  
**Fax :** 0 2676 6188 9

**Legal Counsel :** Chavalit & Associates Limited  
 20<sup>th</sup> Floor, Rajanakarn Building  
 3 South Sathorn Road,  
 Yannawa, Sathorn,  
 Bangkok 10120  
**Tel :** 0 2676 6667 8  
**Fax :** 0 2676 6188 9

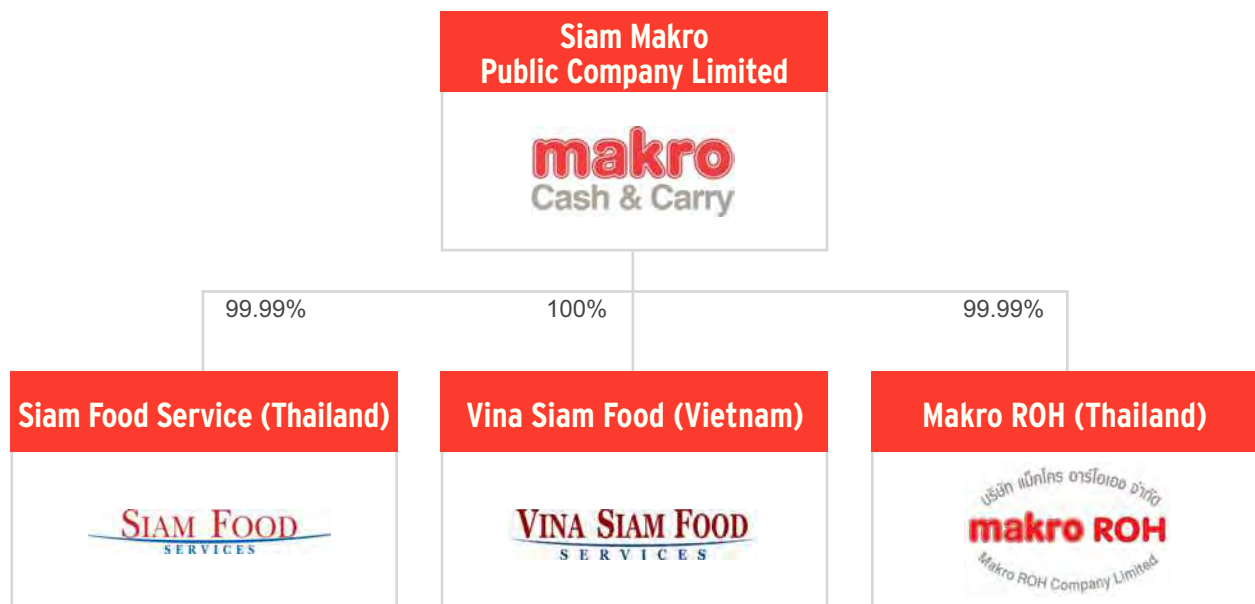
### Associated Companies

- None -

## Nature of Business

The Company was established in Thailand in May 1988, and its shares were listed on the Stock Exchange of Thailand in August 1994. The principal business of the Company is the operation of membership based Cash & Carry trade centers, registered under the name of “Makro”, that are located throughout Thailand. As at the end of 2014, there were a total of 77 Makro stores and 5 Siam Frozen Shops. Moreover, the Company has also engaging in the

import, export and distribution of frozen and temperature controlled food both in Thailand and Vietnam through its subsidiaries. In addition, the Company has set up a new company being a vehicle to invest foreign countries as well as to provide management and technical consultancy, and to support services to the Company’s subsidiaries. As at the end of 2014, the Company’s business structure can be shown as below:



Import and distribution of temperature controlled, high quality specification meats, seafood, poultry, potato, dairy and both international and domestic ethnic food brand products.

Trading and distribution, and import and export business, of high quality food product including butchery, seafood, potato, dairy, seasoning, etc.

Investing in foreign countries as well as to provide management and technical consultancy, and to support services to the Company’s subsidiaries.

## Revenue Structure

The Company's core earnings were derived from Makro Cash & Carry business. Other revenue contributors were importing and distributing frozen and chilled food products as well as logistics services.

(Unit: Million Baht)

Activities/Products/ Services	Operated by	% Shareholding of the Company	Fiscal year ended 31 December					
			2014		2013		2012	
			Amount	%	Amount	%	Amount	%
1. <u>Makro Cash and Carry</u> Sales of consumer goods and other income	Siam Makro	-	140,769	98.8	128,295	98.9	113,746	98.9
2. <u>Providing management, technical consultancy and support services</u> Sales of goods and services and other income <sup>(1)</sup>	Makro ROH	99.99	-	-	-	-	-	-
3. <u>Importing and trading of frozen and chilled foods</u> Sales of goods and services and other income <sup>(1)</sup>	Siam Food Services	99.99	1,587	1.1	1,422	1.1	1,206	1.1
4. <u>Importing, exporting and trading of frozen and chilled foods</u> Sales of goods and services and other income <sup>(1)</sup>	Vina Siam Food	100.0	176	0.1	64	0.0	4	0.0
<b>Grand Total</b>			<b>142,532</b>	<b>100.0</b>	<b>129,781</b>	<b>100.0</b>	<b>114,956</b>	<b>100.0</b>

Remark:

<sup>(1)</sup> Revenue net of inter group transaction

## Audit Committee's Report

**S**iam Makro Public Company Limited's Audit Committee consisting of the five independent Directors who are knowledgeable and have experience in various sectors such as legal affairs, organization management, financial, accounting and risks management including independent in compliance with the SET's requirements. The members of the Audit Committee are Mr. Athaporn Khaimarn, Chairman, Mr. Chavalit Uttasart, Mr. Thira Wipuchanin, Dr. Chaibawat Wibulswasdi and Mr. Joti Bhokavanij.

The Audit Committee had performed the duty independently and had freedom according to roles and responsibilities specified in Corporate Governance Policy. Additionally, the Company's management and Internal Auditors have provided the good cooperation.

During the year 2014, 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. Dr. Chaibawat Wibulswasdi	5
5. Mr. Joti Bhokavanij	4

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

1. Review the quarterly and annual financial statements and consolidated financial statements of the Company and its subsidiaries for the year 2014 with executives management and external auditors to ensure that financial statements of both the Company and its subsidiaries were in accordance with generally accepted financial reporting standard and that information was adequately and completely disclosed in a reliable manner including benefits to the shareholders and the user of the financial statements.

The Audit Committee has the opinion that the financial statements were essentially correct according to financial reporting standard and in compliance with the Auditor's opinions.

2. Review the disclosure and related party transactions between the Company and related companies to ensure that the Company complied with business criteria required by the Stock Exchange of Thailand. Moreover, the Audit Committee assigned the internal auditors to emphasize in reviewing the related transactions between the Company and report those transactions to the Audit Committee on a quarterly basis.

The Audit Committee has the opinion that disclosure is appropriate and complete in a reliable manner. Furthermore, related party transactions between the Company and related companies were applied the same commercial conditions as external parties.

3. Review the sufficiency and appropriateness of the Company's internal control systems to reasonably ensure the Company's operations adhered to appropriateness and efficiency of control environment.

The Audit Committee has the opinion that the Company's operation is compliance with Corporate Governance Policy, which reflect to the appropriateness of internal control system and no significant deficiency being found.

4. Review internal audit plan and consider material issues relating to internal controls and operations procedures, including recommendations jointly consider with the external auditors, internal auditors and the Company's management.

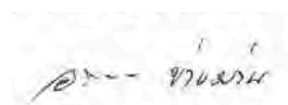
The Audit Committee has the opinion that the Company's internal audit was independently carried out the operation. Additionally, the audit findings and recommendations were taken actions in accordance with Corporate Governance Policy and appropriateness of internal control.

5. Nominate independent persons to be the external auditors and express the Audit opinion to the Board of Directors for further endorsement at the shareholders' meeting. It was approved at the shareholders' meeting the appointment of KPMG Phoomchai Audit Ltd. as the Company's external auditors for the year 2014.
6. Nominate an Independent Financial Advisor (IFA) and carefully acknowledge the report from the IFA to express their opinion to the Shareholders for approval in entering into a purchase of land and building transaction with a related party.

7. Consider the Company's compliance in accordance with 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 has the opinion that the Company has not deliberately refrained from or worked against the significant laws.

In summary, the Audit Committee performed their duties as specified with caliber, prudence, and adequate independence in equitable interests of stakeholders. The Audit Committee has the opinion that the Company's Board of Directors, the Executive Directors as well as Management performed their duties in accordance with Corporate Governance Policy to achieve the goals with professional quality and working efficiently and effectively with transparency. The risk management and internal control systems were appropriate and circumspective.



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

## Management's Discussion and Analysis of Financial Position and Operating Results

In 2014, Thailand's overall economic growth declined significantly due to several factors, for example, political situation, consumption and investment from private and government sectors, tourism and export especially a reduction in price of agricultural products. Nevertheless, Thailand economy has started to stabilize as expected since the third quarter thanks to resumed private investment and accelerated government spending. Furthermore, tourism industry in Thailand tended to recover in accordance with increased foreign tourists' confidence in situation in Thailand. In spite of the aforementioned facts, Makro still performed satisfactorily as a consequence of its commitment on integrated management, product development and service delivery to continue to exceed customer expectations.

### Revenue

Total 2014 consolidated sales was Baht 139,271 million, an increase of 10.0% year-on-year compared to 2013. This was driven by a 9.9% increase in total sales from Makro stores and an increase in sales from Siam Food Services Ltd. (SFS) and Vina Siam Food Co., Ltd. (VSF) at 11.8% and 173.9% respectively. The improvement in Makro's sales was attributed to the continuous focus on being a business partner for the targeted professional customers with emphasis on customer development, assortment development in term of consistency in high quality and range as well as format development. During the year, we opened total 13 new Makro stores with various formats in new provinces especially tourist destination and border provinces which allowed us to reach out our targeted customer. As a result, at the end of 2014, the Company has 77 Makro stores and 5 Siam Frozen shops. Total consolidated revenue was Baht 142,532 million, an increase of 9.8% from the same period last year of Baht 129,781 million.

### Gross Profit

The consolidated gross profit of 2014 was Baht 12,500 million, or 9.0% to total sales. This represents an improvement from 8.7% in 2013 or an increase of 14.0% in absolute amount. The gross profit improvement has been derived from lower participation of product with low margin as well as increasing in sale participation of Makro's own brand product. The constant effort to develop and improve customer base focusing food professional customers and assortment development has also contributed to this improvement.

### Selling & Administrative Expenses

Consolidated Selling and Administrative expenses totaled Baht 9,433 million, an increase of Baht 835 million or 9.7% from 2013. There was an increase of 11.2% in selling expenses, resulting from the new stores opening. Administrative expenses increased by 4.4% mainly due to business development cost associated with new system which continued from last year as well as consultant cost for new project development expenses.

### Net Profit

The consolidated income before financing costs and taxation was Baht 6,328 million, increased by 14.9% from 2013. Aggregating with finance costs of Baht 168 million, 99.8% increased mainly from borrowing which was required for the Company's business. Consequently, the Company and its subsidiaries had net profit of Baht 4,885 million or Baht 1.02 per share, surged by 13.6% from the year 2013.

## Statement of Financial Position

**Total Assets:** Consolidated Total Assets as at the end of 2014 was Baht 43,666 million, an increase of Baht 7,561 million, or 20.9%, over 2013 level of Baht 36,104 million. This was mostly contributed by net increase in property, plant and equipment (PPE) of Baht 5,557 million, increase in inventory value of Baht 836 million and leasehold right of Baht 628 million. The net increase in property, plant and equipment (PPE) was a result of investment in 13 new stores, 7 new sites for 2015 expansion, equipment replacement and investment in land and property to be developed for new head office building totaling Baht 6,967 million. The higher inventory value was in line with stock for new stores. Reduction in cash and cash equivalents of Baht 447 million was the offset of cash generated from operating activities of Baht 7,661 million, net loan of Baht 1,980 million and the above mentioned fixed assets spending and dividend payment of Baht 3,120 million.

**Current Liabilities:** As at the end of 2014 was Baht 27,975 million, an increase of Baht 3,436 million, or 14.0%, over 2013 level of Baht 24,540 million. This was a result of higher Trade accounts payable and construction payable. The increase in Trade accounts payable was from increased purchase of inventory resulting for the 13 new stores opening during the year.

**Non-Current Liabilities:** As at the end of 2014 was Baht 2,903 million, an increase of Baht 2,360 million over 2013 as a result of additional long-term loan from financial institutions of Baht 2,000 million for the Company's business operation. The increase in liabilities under financial lease was Baht 312 million was due to financial lease agreement for new 2<sup>nd</sup> DC and equipment which was opened during the year.

**Total Shareholders' Equity:** As at 31 December 2014 was Baht 12,787 million, an increase of Baht 1,765 million or 16% from as at the end of 2013 Baht 11,021 million. Book value per share was Baht 2.66 per share.

**Debt to Equity (D/E) ratio:** Slightly increased from 2.3 as at the end of 2013 to 2.4 at the end of 2014, which was a result of the increase in trade accounts payable and long-term loans from financial institutions. Interest bearing debt to equity ratio was at 0.4 compared with ratio at 0.3 in 2013.

## Statement of Cash Flows

**Cash Flows from Operating Activities:** For 2014, net cash flow from operating activities totaled Baht 7,661 million, an increase of Baht 2,355 million or 44.4% from 2013. The increase was mainly from higher Profit before income tax and efficiency in working capital management.

**Cash Flows from Investing Activities:** In 2014, net cash flow used in investing activities amounted to Baht 6,967 million. This was used for investment in expansion which included new store expansion in 2014 as well as land acquisition and land lease for stores to be opened in 2015. The increase was also from purchase of land and property to be developed as new head office and the new retail merchandising system software which was continued from last year.

**Cash Flows from Financing Activities:** Net cash flow used in financing activities in 2014 was Baht 1,140 million, representing mainly dividend payment of Baht 3,120 million and this was mostly offset by increase in long term loan from financial institutions of Baht 2,000 million.

## Dividend Payment

On February 16, 2015, the Board of Directors of the Company has unanimously resolved to propose the 2015 Annual General Meeting of Shareholders for approval of the Company to declare final dividend of Baht 0.42 per share or equaling Baht 2,016 million. The said amount of the final dividend is in addition to that of the interim dividend declared by the resolution of the Board of Directors' Meeting No. 3/2014 held on August 5, 2014 and paid on September 4, 2014 at the rate of Baht 0.35 per share, totaling Baht 1,680 million. Therefore, the total dividend payment for 2014 will be Baht 0.77 per share or equaling Baht 3,696 million. This dividend is subject to the approval of the Company's shareholders at the Annual General Meeting to be held on 24 April 2015.

## Share Price

The closing price of Siam Makro shares on the Stock Exchange of Thailand as at 31 December 2014 was Baht 36.25 per share. Thus, the Company was capitalized at Baht 174,000 million, an increase of Baht 34,800 million from Baht 139,200 million at the end of 2013, representing an increase of 25%. 📈

## Related Transactions

In 2014, the Company and its subsidiaries conducted several transactions with related parties, which these inter-company transactions were made and agreed as a normal business transaction at general market prices and commercial terms, as provided in Note 5: “Related party” of the Company’s financial statements for the year ended December 31, 2014 is shown on page 149. The Audit Committee has reviewed that all transactions were reasonable and transparent and complied with the rules and regulations under the Notification of the Stock Exchange of Thailand regarding related transactions of a listed company. The related transactions incurred in 2014 were summarized as follows:

### 1. Trade Accounts Receivable

As at December 31, 2014, the Company and its subsidiaries had a trade accounts receivable balance with related parties in the amount of Baht 8.4 million or 2.7 percent of the Company and its subsidiaries’ total trade accounts receivable.

### 2. Other Accounts Receivable

As at December 31, 2014, the Company and its subsidiaries had a other accounts receivable balance with related parties in the amount of Baht 2.8 million or 5.8 percent of the Company and its subsidiaries’ total other accounts receivable.

### 3. Trade Accounts Payable

As at December 31, 2014, the Company and its subsidiaries had a trade accounts payable balance with related parties in the amount of Baht 360.4 million or 1.7 percent of the Company and its subsidiaries’ total trade accounts payable. Details are as follows:

Company Name	Nature of Relationship	Amount (Baht Mil.)
CPF Trading Co., Ltd.	Affiliated company	133.7
C.P. Food Store Co., Ltd.	Affiliated company	67.8
CPRAM Co., Ltd.	Affiliated company	41.7
CP-Meiji Co., Ltd.	Affiliated company	37.0
Perfect Companion Group Co., Ltd.	Affiliated company	36.3
C.P. Consumer Product Co., Ltd.	Affiliated company	35.7
Other	Affiliated company	8.2
<b>Total</b>		<b>360.4</b>

#### 4. Other Accounts Payable

As at December 31, 2014, the Company and its subsidiaries had other accounts payable balance with related parties in the amount of Baht 116.3 million or 6.7 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	89.2
Gosoft (Thailand) Co., Ltd.	Affiliated company	12.1
Freewill Solutions Co., Ltd.	Affiliated company	7.0
Other	Affiliated company	8.0
<b>Total</b>		<b>116.3</b>

#### 5. Sales of Goods and Services

In 2014, the transactions for sales of goods and services with the Company and its subsidiaries' 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, 2014 amounted to Baht 81.7 million or 0.06 percent of the Company and its subsidiaries' total income. Details are as below:

Company Name	Nature of Relationship	Amount (Baht Mil.)
C.P. Food Store Co., Ltd.	Affiliated company	17.8
C.P. Consumer Product Co., Ltd.	Affiliated company	17.0
CPRAM Co., Ltd.	Affiliated company	14.4
CPF Trading Co., Ltd.	Affiliated company	10.7
CPF (Thailand) Plc.	Affiliated company	9.0
Perfect Companion Group Co., Ltd.	Affiliated company	7.5
Other	Affiliated company	5.3
<b>Total</b>		<b>81.7</b>

## 6. Purchase of Goods

In 2014, the transactions for purchase of goods with the Company and its subsidiaries' 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, 2014 amounted to Baht 1,973.8 million or 1.6 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	907.3
C.P. Food Store Co., Ltd.	Affiliated company	276.9
Perfect Companion Group Co., Ltd.	Affiliated company	224.1
CP-Meiji Co., Ltd.	Affiliated company	188.3
CPRAM Co., Ltd.	Affiliated company	167.2
C.P. Consumer Product Co., Ltd.	Affiliated company	130.3
Charoen Pokphand Foods Plc.	Affiliated company	76.4
Other	Affiliated company	3.3
<b>Total</b>		<b>1,973.8</b>

## 7. Purchase of Fixed Assets, Leasehold Right and other Intangible Assets

In 2014, the transactions for purchase of fixed assets, leasehold right and other intangible assets with the Company and its subsidiaries' 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, 2014 amounted to Baht 618.7 million or 1.4 percent of the Company and its subsidiaries' total assets. Details are as below:

Company Name	Nature of Relationship	Amount (Baht Mil.)
CP ALL Public Company Limited <sup>1)</sup>	Parent company	470.0
Gosoft (Thailand) Co., Ltd.	Affiliated company	76.6
Pokphand Enterprise Co., Ltd.	Affiliated company	60.0
Freewill Solutions Co., Ltd.	Affiliated company	12.0
Other	Affiliated company	0.1
<b>Total</b>		<b>618.7</b>

<sup>1)</sup> The abovementioned transaction has been approved by shareholders in the Extraordinary General Shareholders' Meeting No. 1/2014 dated 26 September 2014 in accordance with the Notification of the Board of Governors of the Stock Exchange of Thailand regarding of information and other acts of listed companies concerning the connected transactions B.E. 2546.

## 8. Service Expenses

In 2014, the transactions for service expenses with the Company and its subsidiaries' related parties were determined under the prices and terms as agreed among the parties concerned. These transactions for the fiscal year ended December 31, 2014 amounted to Baht 245.1 million or 2.6 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	182.2
Panyapiwat Institution of Management	Affiliated company	14.0
Allianz C.P. General Insurance Co., Ltd.	Affiliated company	13.6
Freewill Solutions Co., Ltd.	Affiliated company	13.0
True Universal Convergence Co., Ltd.	Affiliated company	7.2
True Distribution & Sales Co., Ltd.	Affiliated company	4.0
Other	Affiliated company	11.1
<b>Total</b>		<b>245.1</b>

## Necessity and Reasons for these Related Transactions

1. The purchase of fixed asset, leasehold right and other intangible assets were determined and carried out under commercial terms and conditions as agreed among the parties concerned. The aforesaid connected transactions are reasonable and beneficial to the Company.
2. Service expenses with related companies are software license fees, royalty fees for the use of such trademarks relating to the Company's core business operations. They were determined under the prices and conditions as agreed among the parties concerned. The aforesaid connected transactions are reasonable and beneficial to the Company.

## 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 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, leasehold right 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 shall be documented and specified in relevant Agreements, which shall also be undertaken on a fair and reasonable basis.

## 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 2014 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 2014 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 in the notes to the financial statements.

The Board of Directors has provided and maintained efficient internal control system to ensure that the

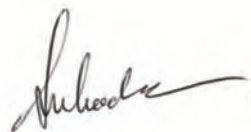
accounting records are accurate, complete and sufficiently adequate to protect its assets as well as to uncover any weaknesses in order to prevent possible fraud or materially irregular operations.

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 ended 31 December 2014.



**Mr. Arsa Sarasin**  
Chairman of the Board of Directors



**Mrs. Suchada Ithijarakul**  
Chief Executive Officer

**Siam Makro Public Company Limited and its Subsidiaries**

# **Financial statements for the year ended**

**31 December 2014 and Independent Auditor's Report**

## Independent Auditor's Report

### To the Shareholders of Siam Makro Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Siam Makro Public Company Limited and its subsidiaries, and of Siam Makro Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2014, the consolidated and separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Consolidated and Separate Financial Statements

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

### Auditor's Responsibility

My responsibility is to express an opinion on these consolidated and separate 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 consolidated and separate 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 separate financial statements referred to above present fairly, in all material respects, the financial position of Siam Makro Public Company Limited and its subsidiaries, and of Siam Makro Public Company Limited, respectively, as at 31 December 2014 and the financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Other Matter

The consolidated and separate financial statements of Siam Makro Public Company Limited and its subsidiaries, and of Siam Makro Public Company Limited, respectively, for the year ended 31 December 2013 were audited by another auditor who expressed an unmodified opinion on those statements on 19 February 2014.



**(Charoen Phosamritlert)**  
Certified Public Accountant  
Registration No. 4068

KPMG Phoomchai Audit Ltd.  
Bangkok  
16 February 2015

Siam Makro Public Company Limited and its Subsidiaries

## Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Assets	Note	2014	2013	2014	2013
		(in Baht)			
<i>Current assets</i>					
Cash and cash equivalents	6	4,564,232,944	5,010,819,816	4,482,255,014	4,974,234,426
Trade accounts receivable	5, 7	311,797,198	278,302,941	75,741,107	39,513,833
Short-term loans to subsidiary	5	-	-	16,410,000	35,948,000
Inventories	5, 8	10,627,814,797	9,791,948,824	10,147,876,169	9,441,386,538
Purchase discount receivables		1,161,020,844	835,303,013	1,161,020,844	835,303,013
Accrued income		433,608,391	342,761,948	433,608,391	342,761,948
Current portion of leasehold rights	11	56,285,624	35,418,098	56,285,624	35,418,098
Other current assets	5	250,931,192	141,208,171	238,620,796	133,644,378
<b>Total current assets</b>		<b>17,405,690,990</b>	<b>16,435,762,811</b>	<b>16,611,817,945</b>	<b>15,838,210,234</b>
<i>Non-current assets</i>					
Investments in subsidiaries	9	-	-	379,268,829	315,403,429
Property, plant and equipment	5, 10	23,654,582,232	18,097,735,528	23,632,147,912	18,082,454,158
Investment properties		112,866,009	112,866,009	112,866,009	112,866,009
Leasehold rights	5, 11	1,335,527,375	728,788,377	1,335,527,375	728,788,377
Goodwill		167,384,412	167,384,412	-	-
Other intangible assets	5, 12	680,265,632	341,298,175	669,296,244	330,525,576
Deferred tax assets	13	286,603,608	207,145,441	279,843,006	202,633,877
Other non-current assets		22,605,789	13,360,376	18,612,813	10,905,813
<b>Total non-current assets</b>		<b>26,259,835,057</b>	<b>19,668,578,318</b>	<b>26,427,562,188</b>	<b>19,783,577,239</b>
<b>Total assets</b>		<b>43,665,526,047</b>	<b>36,104,341,129</b>	<b>43,039,380,133</b>	<b>35,621,787,473</b>

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

Siam Makro Public Company Limited and its Subsidiaries

## Statement of financial position

		Consolidated financial statements		Separate financial statements	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
<b>Liabilities and equity</b>	<i>Note</i>				
<i>(in Baht)</i>					
<b>Current liabilities</b>					
Short-term borrowings from financial institutions	14	3,226,390,374	3,166,649,001	3,000,000,000	3,000,000,000
Trade accounts payable to other parties		20,268,901,049	17,885,897,976	20,102,940,647	17,764,098,804
Trade accounts payable to related parties	5	360,407,391	291,020,015	379,772,227	301,072,337
Other payables to other parties		1,630,552,455	967,145,121	1,616,080,444	958,125,160
Other payables to related parties	5	116,312,137	139,561,610	116,295,017	139,548,770
Income tax payable		604,620,214	484,333,341	596,920,816	478,157,326
Accrued expenses		1,392,663,301	1,326,100,181	1,376,545,295	1,306,586,837
Current portion of finance lease liabilities	14	60,800,249	27,870,154	60,800,249	27,870,154
Other current liabilities		314,838,659	251,404,264	310,156,624	249,258,728
<b>Total current liabilities</b>		<b>27,975,485,829</b>	<b>24,539,981,663</b>	<b>27,559,511,319</b>	<b>24,224,718,116</b>
<b>Non-current liabilities</b>					
Long-term borrowings from financial institution	14	2,000,000,000	-	2,000,000,000	-
Finance lease liabilities	14	477,979,201	165,512,440	477,979,201	165,512,440
Employee benefit obligations	15	391,540,297	344,305,502	383,602,023	337,013,171
Other non-current liabilities		33,807,203	33,143,631	33,644,745	33,143,630
<b>Total non-current liabilities</b>		<b>2,903,326,701</b>	<b>542,961,573</b>	<b>2,895,225,969</b>	<b>535,669,241</b>
<b>Total liabilities</b>		<b>30,878,812,530</b>	<b>25,082,943,236</b>	<b>30,454,737,288</b>	<b>24,760,387,357</b>

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

Siam Makro Public Company Limited and its Subsidiaries  
**Statement of financial position**

		Consolidated financial statements		Separate financial statements	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
<b>Liabilities and equity</b>	<i>Note</i>				
<b>(Continued)</b>					
		<i>(in Baht)</i>			
<b>Equity</b>					
Share capital	16				
Authorised share capital		2,400,000,000	2,400,000,000	2,400,000,000	2,400,000,000
Issued and paid-up share capital		2,400,000,000	2,400,000,000	2,400,000,000	2,400,000,000
Additional paid-in capital	16				
Premium on ordinary shares		3,290,152,068	3,290,152,068	3,290,152,068	3,290,152,068
Retained earnings					
Appropriated					
Legal reserve	17	240,000,000	240,000,000	240,000,000	240,000,000
Unappropriated		6,855,770,056	5,090,879,132	6,654,490,777	4,931,248,048
Other components of equity		791,393	366,693	-	-
<b>Total equity</b>		<b>12,786,713,517</b>	<b>11,021,397,893</b>	<b>12,584,642,845</b>	<b>10,861,400,116</b>
<b>Total liabilities and equity</b>		<b>43,665,526,047</b>	<b>36,104,341,129</b>	<b>43,039,380,133</b>	<b>35,621,787,473</b>

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

Siam Makro Public Company Limited and its Subsidiaries

## Statement of income

		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		For the year ended 31 December		For the year ended 31 December	
	<i>Note</i>	2014	2013	2014	2013
		<i>(in Baht)</i>			
<b>Income</b>	<b>5</b>				
Revenue from sale of goods		139,270,834,765	126,637,747,399	137,725,576,676	125,266,902,655
Revenue from rendering of services		2,557,528,318	2,448,877,586	2,559,042,336	2,450,801,586
Other income	19	703,562,777	694,093,732	708,053,827	694,187,475
<b>Total Income</b>		<b>142,531,925,860</b>	<b>129,780,718,717</b>	<b>140,992,672,839</b>	<b>128,411,891,716</b>
<b>Expenses</b>	<b>5</b>				
Cost of sale of goods	8	126,771,211,923	115,673,257,443	125,521,474,176	114,594,426,381
Selling expenses		7,466,072,657	6,713,240,004	7,403,988,586	6,652,185,219
Administrative expenses		1,966,567,037	1,884,562,817	1,802,049,463	1,713,387,512
<b>Total expenses</b>	<b>21</b>	<b>136,203,851,617</b>	<b>124,271,060,264</b>	<b>134,727,512,225</b>	<b>122,959,999,112</b>
<b>Profit before finance costs and income tax expense</b>		<b>6,328,074,243</b>	<b>5,509,658,453</b>	<b>6,265,160,614</b>	<b>5,451,892,604</b>
Finance costs	22	167,668,836	83,931,323	161,915,528	80,087,170
<b>Profit before income tax expense</b>		<b>6,160,405,407</b>	<b>5,425,727,130</b>	<b>6,103,245,086</b>	<b>5,371,805,434</b>
Income tax expense	23	1,275,514,483	1,127,148,632	1,260,002,357	1,110,707,579
<b>Profit for the year</b>		<b>4,884,890,924</b>	<b>4,298,578,498</b>	<b>4,843,242,729</b>	<b>4,261,097,855</b>
<b>Basic earnings per share</b>	<b>24</b>	<b>1.02</b>	<b>0.90</b>	<b>1.01</b>	<b>0.89</b>

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

Siam Makro Public Company Limited and its Subsidiaries  
**Statement of comprehensive income**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	For the year ended 31 December		For the year ended 31 December	
	2014	2013	2014	2013
	<i>(in Baht)</i>			
<b>Profit for the year</b>	<b>4,884,890,924</b>	<b>4,298,578,498</b>	<b>4,843,242,729</b>	<b>4,261,097,855</b>
<b>Other comprehensive income</b>				
Currency translation differences				
from foreign entity	424,700	225,809	-	-
<b>Other comprehensive income for the year</b>	<b>424,700</b>	<b>225,809</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>4,885,315,624</b>	<b>4,298,804,307</b>	<b>4,843,242,729</b>	<b>4,261,097,855</b>

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

Siam Makro Public Company Limited and its Subsidiaries

## Statement of changes in equity

	Consolidated financial statements					
	Retained earnings				Other components of equity	
	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated retained earnings	Currency translation differences from foreign entity	
					Total equity	
Note	(in Baht)					
	2,400,000,000	3,290,152,068	240,000,000	5,090,879,132	366,693	11,021,397,893
25	-	-	-	(3,120,000,000)	-	(3,120,000,000)
	-	-	-	(3,120,000,000)	-	(3,120,000,000)
	-	-	-	4,884,890,924	-	4,884,890,924
	-	-	-	-	424,700	424,700
	-	-	-	4,884,890,924	424,700	4,885,315,624
	2,400,000,000	3,290,152,068	240,000,000	6,855,770,056	791,393	12,786,713,517

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

Siam Makro Public Company Limited and its Subsidiaries

## Statement of changes in equity

	Consolidated financial statements					
	Retained earnings			Other components of equity		
	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated retained earnings	Currency translation differences from foreign entity	Total equity
Note				(in Baht)		
For the year ended 31 December 2013						
<b>Balance at 1 January 2013</b>	<b>2,400,000,000</b>	<b>3,290,152,068</b>	<b>240,000,000</b>	<b>4,932,300,634</b>	<b>140,884</b>	<b>10,862,593,586</b>
Transactions with equity holders, recorded directly in equity						
Dividends	-	-	-	(4,140,000,000)	-	(4,140,000,000)
<b>Total transactions with equity holders, recorded directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,140,000,000)</b>	<b>-</b>	<b>(4,140,000,000)</b>
Comprehensive income for the year						
Profit	-	-	-	4,298,578,498	-	4,298,578,498
Other comprehensive income	-	-	-	-	225,809	225,809
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,298,578,498</b>	<b>225,809</b>	<b>4,298,804,307</b>
<b>Balance at 31 December 2013</b>	<b>2,400,000,000</b>	<b>3,290,152,068</b>	<b>240,000,000</b>	<b>5,090,879,132</b>	<b>366,693</b>	<b>11,021,397,893</b>

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

Siam Makro Public Company Limited and its Subsidiaries

## Statement of changes in equity

	Note	Separate financial statements				Total equity
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		
				Unappropriated retained earnings	Legal reserve	
					(in Baht)	
For the year ended 31 December 2014						
<b>Balance at 1 January 2014</b>		<b>2,400,000,000</b>	<b>3,290,152,068</b>	<b>4,931,248,048</b>	<b>240,000,000</b>	<b>10,861,400,116</b>
Transactions with equity holders, recorded directly in equity						
Dividends	25	-	-	(3,120,000,000)	-	(3,120,000,000)
<b>Total transactions with equity holders, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>(3,120,000,000)</b>	<b>-</b>	<b>(3,120,000,000)</b>
Comprehensive income for the year						
Profit		-	-	4,843,242,729	-	4,843,242,729
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>4,843,242,729</b>	<b>-</b>	<b>4,843,242,729</b>
<b>Balance at 31 December 2014</b>		<b>2,400,000,000</b>	<b>3,290,152,068</b>	<b>6,654,490,777</b>	<b>240,000,000</b>	<b>12,584,642,845</b>

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

Siam Makro Public Company Limited and its Subsidiaries

## Statement of changes in equity

Separate financial statements						
		Retained earnings				
		Issued and paid-up share capital	Premium on ordinary shares	Legal reserve <i>(in Baht)</i>	Unappropriated retained earnings	Total equity
<i>Note</i>						
For the year ended 31 December 2013						
Balance at 1 January 2013		2,400,000,000	3,290,152,068	240,000,000	4,810,150,193	10,740,302,261
Transactions with equity holders, recorded directly in equity						
Dividends	25	-	-	-	(4,140,000,000)	(4,140,000,000)
Total transactions with equity holders, recorded directly in equity		-	-	-	(4,140,000,000)	(4,140,000,000)
Comprehensive income for the year						
Profit		-	-	-	4,261,097,855	4,261,097,855
Total comprehensive income for the year		-	-	-	4,261,097,855	4,261,097,855
Balance at 31 December 2013		2,400,000,000	3,290,152,068	240,000,000	4,931,248,048	10,861,400,116

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

Siam Makro Public Company Limited and its Subsidiaries

## Statement of cash flows

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2014	2013	2014	2013
(in Baht)					
<b>Cash flows from operating activities</b>					
Profit for the year		4,884,890,924	4,298,578,498	4,843,242,729	4,261,097,855
<i>Adjustments for</i>					
Depreciation	10	1,337,806,533	1,259,976,688	1,330,919,132	1,253,672,209
Amortisation of leasehold rights	11	50,048,231	35,027,592	50,048,231	35,027,592
Amortisation of other intangible assets	12	53,121,137	35,912,419	48,405,033	31,670,981
Interest income		(38,477,841)	(74,141,838)	(39,824,907)	(74,579,517)
Finance costs	22	167,668,836	83,931,323	161,915,528	80,087,170
Income tax expense	23	1,275,514,483	1,127,148,632	1,260,002,357	1,110,707,579
Provision for employees' severance pay	15	87,223,466	58,685,296	86,276,907	57,954,140
Allowance (reversal of allowance) for losses on obsolete and shrinkage inventories	8	114,273,748	(19,276,094)	102,550,170	(17,901,123)
Allowance (reversal of allowance) for losses on decline in value of inventories adjusted to net realisable value	8	(1,048,408)	874,496	-	-
Reversal of allowance for impairment losses on property, plant and equipment	10	(10,375,000)	(20,012,110)	(10,375,000)	(20,012,110)
Unrealised loss on exchange		2,768,882	5,608,763	561,303	3,670,423
(Gain) loss on disposal and write-off of property, plant and equipment		(1,495,498)	30,185,777	(894,118)	30,188,580
Currency translation differences from foreign entity		605,500	1,083,527	-	-
Other		969,130	(1,209,669)	1,044,410	(1,498,077)
		<u>7,923,494,123</u>	<u>6,822,373,300</u>	<u>7,833,871,775</u>	<u>6,750,085,702</u>

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

Siam Makro Public Company Limited and its Subsidiaries  
**Statement of cash flows (Continued)**

		Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2014	2013	2014	2013
		(in Baht)			
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		(33,420,338)	(43,651,527)	(36,227,274)	5,301,575
Inventories		(949,091,313)	(2,498,039,352)	(809,039,801)	(2,375,151,580)
Purchase discount receivables		(325,717,831)	(182,739,722)	(325,717,831)	(182,739,722)
Accrued income		(90,846,443)	(22,340,017)	(90,846,443)	(22,340,017)
Other current assets		(109,750,754)	(22,890,901)	(104,998,662)	(18,553,260)
Other non-current assets		(9,245,413)	5,297,983	(7,707,000)	2,647,485
Trade accounts payable to other parties		2,380,239,080	2,152,286,359	2,338,313,230	2,148,722,754
Trade accounts payable to related parties		69,387,376	291,020,015	78,699,890	292,835,541
Other payables to other parties		67,727,037	(25,519,702)	62,713,447	(24,652,184)
Other payables to related parties		(23,249,473)	51,370,880	(23,253,753)	51,494,054
Accrued expenses		67,913,993	(5,698,834)	71,365,582	(13,941,474)
Other current liabilities		62,389,985	(42,075,639)	59,853,486	(40,922,413)
Employee benefit obligations paid	15	(39,988,671)	(2,992,820)	(39,688,055)	(2,942,820)
Other non-current liabilities		663,572	(1,074,878)	501,115	(1,021,149)
Cash generated from operating activities		8,990,504,930	6,475,325,145	9,007,839,706	6,568,822,492
Interest received		38,502,046	74,132,745	39,849,111	74,570,424
Interest paid		(133,439,555)	(77,576,893)	(127,742,498)	(73,737,041)
Income tax paid		(1,234,685,777)	(1,165,629,389)	(1,218,447,996)	(1,149,769,793)
<b>Net cash provided by operating activities</b>		<b>7,660,881,644</b>	<b>5,306,251,608</b>	<b>7,701,498,323</b>	<b>5,419,886,082</b>
<i>Cash flows from investing activities</i>					
Purchase of property, plant and equipment	27	(5,929,193,510)	(2,725,638,314)	(5,915,342,134)	(2,718,701,914)
Sale of property, plant and equipment		16,895,292	9,246,175	16,276,424	9,243,371
Purchase of leasehold rights	11	(677,654,755)	(236,886,460)	(677,654,755)	(236,886,460)
Purchase of intangible assets	27	(377,459,390)	(285,900,854)	(372,597,694)	(280,139,568)
Cash outflow on short-term loans to subsidiary	5	-	-	(27,344,000)	(34,773,300)
Cash inflow on short-term loans to subsidiary	5	-	-	46,847,350	-
Cash paid for investment in subsidiaries	9	-	-	(63,865,400)	(36,429,050)
<b>Net cash used in investing activities</b>		<b>(6,967,412,363)</b>	<b>(3,239,179,453)</b>	<b>(6,993,680,209)</b>	<b>(3,297,686,921)</b>

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

Siam Makro Public Company Limited and its Subsidiaries  
**Statement of cash flows (Continued)**

		Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2014	2013	2014	2013
		(in Baht)			
<b>Cash flows from financing activities</b>					
Finance lease payment		(79,797,526)	(38,943,551)	(79,797,526)	(38,943,551)
Increase in short-term borrowings					
from financial institutions	14	59,741,373	1,066,862,416	-	1,000,000,000
Increase in long-term borrowings					
from financial institutions	14	2,000,000,000	-	2,000,000,000	-
Dividends paid	25	(3,120,000,000)	(4,140,000,000)	(3,120,000,000)	(4,140,000,000)
<b>Net cash used in financing activities</b>		<b>(1,140,056,153)</b>	<b>(3,112,081,135)</b>	<b>(1,199,797,526)</b>	<b>(3,178,943,551)</b>
<b>Net decrease in cash and cash equivalents</b>					
		<b>(446,586,872)</b>	<b>(1,045,008,980)</b>	<b>(491,979,412)</b>	<b>(1,056,744,390)</b>
Cash and cash equivalents at 1 January		5,010,819,816	6,055,828,796	4,974,234,426	6,030,978,816
<b>Cash and cash equivalents at 31 December</b>		<b>4,564,232,944</b>	<b>5,010,819,816</b>	<b>4,482,255,014</b>	<b>4,974,234,426</b>

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

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Changes in accounting policies
4	Significant accounting policies
5	Related parties
6	Cash and cash equivalents
7	Trade accounts receivable
8	Inventories
9	Investments in subsidiaries
10	Property, plant and equipment
11	Leasehold rights
12	Other intangible assets
13	Deferred income tax
14	Interest-bearing liabilities
15	Employee benefit obligations
16	Share capital
17	Reserves
18	Segment information
19	Compensation income
20	Employee benefit expenses
21	Expenses by nature
22	Finance costs
23	Income tax expense
24	Basic earnings per share
25	Dividends
26	Financial instruments
27	Supplemental disclosures of cash flows information
28	Commitments with non-related parties
29	Events after the reporting period
30	Thai Financial Reporting Standards not yet adopted
31	Reclassification of accounts

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 16 February 2015.

### 1 General information

Siam Makro Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 3498, 2<sup>nd</sup> Floor, Lard Prao Road, Kwang Klongchan, Khet Bangkok, Bangkok 10240, Thailand.

The Company was listed on the Stock Exchange of Thailand on 11 August 1994.

The immediate and ultimate parent companies of the Company and its subsidiaries (together referred to as the “Group”) during the financial year were CP All Public Company Limited and Charoen Pokphand Group Company Limited. Both were incorporated in Thailand.

The principal business of the Company 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 sectors and institutions.

As at 31 December 2014 the Company operated 77 Makro stores (2013: 64 Makro stores) and 5 frozen shops (2013: 5 frozen shops).

Details of the Company’s subsidiaries as at 31 December 2014 and 2013 are given in Note 9 to the financial statements.

### 2 Basis of preparation of the financial statements

#### (a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

The FAP has issued the following new and revised TFRS relevant to the Group's operations and effective for annual accounting periods beginning on or after 1 January 2014:

<b>TFRS</b>	<b>Topic</b>
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 Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets
TFRS 3 (revised 2012)	Business Combinations
TFRS 8 (revised 2012)	Operating Segments
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 13	Customer Loyalty Programmes
TIC 15	Operating Leases-Incentives
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease

Siam Makro Public Company Limited and its Subsidiaries  
**Notes to the financial statements**

The initial application of these new and revised TFRS has resulted in changes in certain of the Group's accounting policies, which did not have any material effect on the financial performance or position of the Group, as disclosed in note 3 to the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2015 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 30 to the financial statements.

**(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis unless otherwise stated in these accounting policies.

**(c) Functional and presentation currency**

The financial statements are prepared and presented in Thai Baht, which is the Company's functional currency. All financial information has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

**(d) Use of estimates and judgements**

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes to the financial statements:

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

Notes 4 (j) and 4 (k)	Property, plant and equipment and intangible assets
Note 4 (m)	Impairment
Note 4 (u)	Current and deferred taxation
Note 15	Measurement of employee benefit obligations
Note 26	Valuation of financial instruments

### 3 Changes in accounting policies

#### (a) Overview

From 1 January 2014, consequent to the adoption of new and revised TFRS as set out in note 2 to the financial statements, the Group has changed its accounting policies in the following areas:

- Accounting for determining whether an arrangement contains a lease
- Accounting for customer loyalty programmes

The other issued and revised TFRS did not have any impact on the accounting policies, financial position and performance of the Group. Details of these new accounting policies adopted by the Group are included in notes 3(b) to 3(c) to the financial statements.

#### (b) Accounting for determining whether an arrangement contains a lease

From 1 January 2014, the Group has adopted TFRIC 4 - *Determining whether an Arrangement contains a Lease*.

TFRIC 4 addresses arrangements that do not take the legal form of a lease, but convey rights to use items for agreed periods of time in return for a payment or series of payments. TFRIC 4 provides guidance for evaluating whether such arrangements are, or contain, leases that should be accounted for under TAS 17 Leases. If an agreement is determined to contain a lease, then TFRIC 4 requires TAS 17 to be applied to classify and account for the lease.

Management has reviewed and determined that the adoption of TFRIC 4 has no impact on the accounting policies, financial position or performance of the Group.

Siam Makro Public Company Limited and its Subsidiaries  
**Notes to the financial statements**

**(c) Accounting for customer loyalty programmes**

From 1 January 2014, the Group has adopted TFRIC 13 - *Customer Loyalty Programmes*.

TFRIC 13 addresses the accounting for an entity's obligation to provide free or discounted goods or services ('awards') in the future under a customer loyalty programme. TFRIC 13 requires that award credits are accounted for as a separately identified component of the sales transactions in which they are granted (the 'initial sale'). The fair value of the consideration received or receivable in respect of the initial sale is allocated between the award credits and the other components of the sale. The revenue and costs ascribed to the awards are only recognised when the award credits are redeemed or the entity otherwise fulfils its obligations in respect of the awards.

The Group has a customer loyalty programme whereby customers get discount from accumulated purchased volume. The fair value of the consideration received or receivable in respect of the initial sale is allocated between the discount and the other components of the sale. The amount allocated to the discount is estimated by reference to the fair value of the right to purchase products at a discount. The fair value is estimated based on the amount of the discount adjusted to take into account the expected forfeiture rate. Such amount is deferred and revenue is recognised only when the purchase volumes are redeemed. The amount of revenue recognised in those circumstances is based on the number of purchase volume that have been redeemed in exchange for discounted products, relative to the total number of purchase volume that is expected to be redeemed. Deferred revenue is also released to profit or loss when it is no longer considered probable that the purchase volume will be redeemed.

Management has reviewed and determined that the adoption of TFRIC 13 has no material impact on the accounting policies, financial position or performance of the Group.

**4 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3 to the financial statements, which addresses changes in accounting policies.

**(a) Basis of consolidation**

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group").

Siam Makro Public Company Limited and its Subsidiaries  
**Notes to the financial statements**

*Business combinations*

The Group applies the acquisition method for all business combinations other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred is measured as the fair values of the assets transferred, liabilities incurred by the Group to the previous equity holders of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

*Subsidiaries*

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Siam Makro Public Company Limited and its Subsidiaries  
**Notes to the financial statements**

*Loss of control*

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investment or as an available-for-sale financial asset depending on the level of influence retained.

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

**(b) Foreign currencies**

*Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Siam Makro Public Company Limited and its Subsidiaries  
**Notes to the financial statements**

*Foreign entity*

The assets and liabilities of a foreign entity are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

Goodwill and fair value adjustments arising on the acquisition of foreign entity are stated at exchange rates ruling on the transaction dates.

The revenues and expenses of foreign entity are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the currency translation differences reserve in equity until disposal of the investments.

When the settlement of a monetary item receivable from or payable to a foreign entity is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign entity and are recognised in other comprehensive income, and presented in the currency translation differences in equity until disposal of the investment.

**(c) Derivative financial instruments**

Derivative financial instruments are used to manage exposure to foreign exchange arising from operational activities. Derivative financial instruments are not used for trading purposes.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Siam Makro Public Company Limited and its Subsidiaries  
**Notes to the financial statements**

**(d) Hedging**

*Hedge of future foreign currency transactions*

Gains and losses from forward exchange contracts used to hedge anticipated future currency transactions are deferred until the forecasted transaction occurs. Where the hedged item is a recognised asset or liability, it is translated at the contracted forward rates.

Foreign currency assets and liabilities hedged by forward exchange contracts are translated to Thai Baht at the contracted forward exchange rates.

**(e) Cash and cash equivalents**

Cash and cash equivalents in the statement of cash flows comprise cash balances, cash at financial institutions and highly liquid short-term investments with maturity period not over 3 months from the acquisition date.

**(f) Trade and other accounts receivable**

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

**(g) Inventories**

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

Costs of inventories are calculated using the first in first out principle and comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

An allowance for losses is made for deteriorated, damaged, obsolete and slow-moving inventories.

Siam Makro Public Company Limited and its Subsidiaries  
**Notes to the financial statements**

**(h) Investments**

*Investments in subsidiaries*

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method.

*Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

**(i) Investment properties**

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

**(j) Property, plant and equipment**

*Recognition and measurement*

*Owned assets of the Group*

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Siam Makro Public Company Limited and its Subsidiaries  
**Notes to the financial statements**

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income or other expense in profit or loss.

*Leased assets*

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and accumulated impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

*Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

*Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

Depreciation is charged to profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings, building improvements and leasehold improvements	3 to 31 years
Machinery and equipment	3 to 10 years
Furniture, fixtures and office equipment	2 to 10 years
Vehicles	5 years

No depreciation is provided on freehold land and assets under construction and installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(k) Intangible assets**

*Goodwill*

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 4(a) to the financial statements. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

*Other intangible assets*

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

*Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

Siam Makro Public Company Limited and its Subsidiaries  
**Notes to the financial statements**

*Amortisation*

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives of computer software is 2 to 10 years.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(l) Leasehold rights**

Leasehold rights, acquired by the Group, have finite useful lives and are stated at cost less accumulated amortisation and accumulated impairment losses.

*Amortisation*

Amortisation is recognised in the profit or loss. The Company amortises the cost of leasehold rights on a straight line basis over the periods of the lease agreements between 10 to 31 years.

Siam Makro Public Company Limited and its Subsidiaries  
**Notes to the financial statements**

**(m) Impairment**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

*Calculation of recoverable amount*

The recoverable amount of a non-financial assets is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversals of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(n) Interest-bearing liabilities**

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

**(o) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

Siam Makro Public Company Limited and its Subsidiaries  
**Notes to the financial statements**

**(p) Employee benefits**

*Post-employment benefit - defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

*Post-employment benefit - defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs is deducted. The discount rate is similar to the interest rate of long term government bond that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plans and all expenses related to defined benefit plans in profit or loss.

*Other long-term employee benefits*

The Group provides for long-service awards as a lump sum payment to employees who work for the specified year of service. The amount payable in the future depends on the year of service of the respective employees.

Siam Makro Public Company Limited and its Subsidiaries  
**Notes to the financial statements**

*Termination benefits*

Termination benefits are recognised in profit or loss when the Group is committed demonstrably, without realistic possibility of withdrawal or a formal detailed plan to terminate employment before the normal retirement date and the obligation can be estimated reliably.

*Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

**(q) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

**(r) Revenues**

Revenue excludes value added taxes or other sales taxes and is arrived at after deduction of trade discounts.

*Sales of goods and services rendered*

Revenue from the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. The Group will not recognise revenue if there is continuing control or management involvement with the goods sold or there are significant risks regarding uncertainties of future economic benefits, unreliable measurement of consideration due and associated costs, or the probable return of goods. Service income is recognised as services are provided.

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

### *Other income*

Other operating income and interest income are recognised in profit or loss as it accrues. Dividend income is recognised in profit or loss on the date that the Group's right to receive payments is established.

### **(s) Finance costs**

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

### **(t) Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

### *Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

Siam Makro Public Company Limited and its Subsidiaries  
**Notes to the financial statements**

**(u) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

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

**(v) Earnings per share**

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss for the years attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

**(w) Segment reporting**

Segment results that are reported to the chief executive officer (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly finance costs, income tax expenses, goodwill and other assets.

### **5 Related parties**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

SHV Group, the former major shareholder of the Group, had control over business plans and policies of the Group. Subsequently on 26 June 2013 SHV Group sold its shareholdings in the Group to CP ALL Public Company Limited (“CP ALL”), resulting in the end of the related party relationship with SHV Group since then. CP ALL is the immediate parent company of the Group and has control over the Group. The Group has classified transactions with CP ALL’s group as related party transactions since 26 June 2013 onwards.

Relationships with subsidiaries are described in note 9 to the financial statements. Relationships with key management and other related parties were as follows:

Name of parties	Country of incorporation/ nationality	Nature of relationships
Charoen Pokphand Group Company Limited	Thailand	Ultimate parent company of the Group
CP ALL Public Company Limited	Thailand	Immediate parent company of the Group
CPRAM Co., Ltd.	Thailand	Subsidiary of the immediate parent company
Gosoft (Thailand) Co., Ltd.	Thailand	Subsidiary of the immediate parent company
Panyatara Co., Ltd.	Thailand	Subsidiary of the immediate parent company
C.P. Retailing Co., Ltd.	Thailand	Subsidiary of the immediate parent company
Panyapiwat Institute of Management	Thailand	Subsidiary of the immediate parent company
24 Shopping Co., Ltd.	Thailand	Subsidiary of the immediate parent company
MAM Heart Co., Ltd.	Thailand	Subsidiary of the immediate parent company
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
Pokphand Enterprise 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
CP Interfood (Thailand) Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

Name of parties	Country of incorporation/ nationality	Nature of relationships
C.P. Land Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
C.P. Poly-Industry Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
C.P. Packaging Industry Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
CPPC Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Bakehouse Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Leadership Development Charoen Pokphand Group Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Advance Pipe Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Pantavanij Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
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
True Distribution & Sales Co. Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Digital Content and Media Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Visions Group Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Key management personnel	Thai/ Foreigners	Persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

Siam Makro Public Company Limited and its Subsidiaries  
**Notes to the financial statements**

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Sale of goods	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies
Revenue from rendering of services and other income	Contract prices determined by the terms and conditions used in the normal course of business
Interest income	Finance costs plus administrative expenses
Purchase of goods and services	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies
Rental and service fees	Rates advised by the lessors and service providers
Technical service fees	Contract prices determined by the terms and conditions used in the normal course of business
Insurance premiums	Standard rates as specified by the insurers
Interest expense	Agreed rates stipulated in the agreements
Purchase of property, plant and equipment/ leasehold rights/other intangible assets	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies

Significant transactions for the years ended 31 December 2014 and 2013 with related parties were as follows:

<i>Year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
<b><i>Immediate parent company</i></b>				
Selling and administrative expenses	182	100	182	98
Purchase of property, plant and equipment	470	-	470	-
<b><i>Former immediate parent company</i></b>				
Selling and administrative expenses	-	83	-	83



Siam Makro Public Company Limited and its Subsidiaries  
**Notes to the financial statements**

*Other receivables*

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Subsidiaries	-	-	4	-
Related parties	3	-	3	-
<b>Total</b>	<b>3</b>	<b>-</b>	<b>7</b>	<b>-</b>
<b>Bad and doubtful debts expense for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

*Short-term loans to subsidiary*

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Vina Siam Food Co., Ltd.	-	-	16	36
<b>Total</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>36</b>

Short-term loans to a subsidiary of the Company as at 31 December 2014 and 2013 were denominated in U.S. Dollars.

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

Movements during the year ended 31 December 2014 and 2013 were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
At 1 January	-	-	36	-
Increases	-	-	27	35
Decreases	-	-	(47)	-
Unrealised gain on exchange rates from translation of outstanding of U.S. Dollar to Thai Baht	-	-	-	1
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>36</b>

As at 31 December 2014 the Company had short-term loans to a subsidiary of USD 0.5 million or equivalent to approximately Baht 16 million (2013: USD 1.1 million or equivalent to approximately Baht 36 million). The interest rate was referenced to the borrowing interest rate that financial institutions charged to the Company plus related tax and management charges. The loan principal will be repaid in March 2015.

### *Trade accounts payable*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Subsidiaries	-	-	20	10
Related parties	360	291	360	291
<b>Total</b>	<b>360</b>	<b>291</b>	<b>380</b>	<b>301</b>

### *Other payables*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Related parties	116	140	116	140
<b>Total</b>	<b>116</b>	<b>140</b>	<b>116</b>	<b>140</b>

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

### Significant agreements with related parties

As at 31 December 2014 the Company had significant agreements with CP ALL Public Company Limited, the immediate parent company. Details are as follows:

- The Company obtained the right to use trademarks under conditions stipulated in the agreement. In consideration thereof, the Company is committed to pay to the immediate parent company a fee calculated as a percentage of its sales. This agreement is effective for a period of 1 year and is renewable for additional periods of 1 year each.
- The Company obtained the use of software under conditions stipulated in the agreement. In consideration thereof, the Company is committed to pay a fee to the immediate parent company as stipulated in the agreement. This agreement is effective for a period of 1 year and is renewable for additional periods of 1 year each.

### 6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Cash on hand	1,582	2,625	1,581	2,624
Cash at financial institutions	2,982	2,386	2,901	2,350
<b>Total</b>	<b>4,564</b>	<b>5,011</b>	<b>4,482</b>	<b>4,974</b>

### 7 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		<i>(in million Baht)</i>			
Related parties	5	8	2	37	9
Other parties		304	276	39	31
<b>Total</b>		<b>312</b>	<b>278</b>	<b>76</b>	<b>40</b>
<b>Bad and doubtful debts expense for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Siam Makro Public Company Limited and its Subsidiaries  
**Notes to the financial statements**

Aging analyses for trade accounts receivable are as follows:

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2014	2013	2014	2013
		<i>(in million Baht)</i>			
<b>Related parties</b>					
Within credit terms		8	2	37	9
<b>Total</b>	5	<u>8</u>	<u>2</u>	<u>37</u>	<u>9</u>
<b>Other parties</b>					
Within credit terms		236	192	33	26
Overdue:					
Less than 3 months		66	83	4	5
3 - 6 months		2	-	2	-
6 - 12 months		-	1	-	-
<b>Total</b>		<u>304</u>	<u>276</u>	<u>39</u>	<u>31</u>
<b>Grand total</b>		<u>312</u>	<u>278</u>	<u>76</u>	<u>40</u>

The normal credit terms granted by the Group range from 7 days to 60 days.

## 8 Inventories

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Finished goods	10,648	9,823	10,369	9,596
Goods in transit	263	139	36	-
<b>Total</b>	<u>10,911</u>	<u>9,962</u>	<u>10,405</u>	<u>9,596</u>
Less - allowance for losses on obsolete and shrinkage inventories	(283)	(169)	(257)	(155)
- allowance for losses on decline in value of inventories adjusted to net realisable value	-	(1)	-	-
<b>Net</b>	<u>10,628</u>	<u>9,792</u>	<u>10,148</u>	<u>9,441</u>

Siam Makro Public Company Limited and its Subsidiaries  
**Notes to the financial statements**

The cost of inventories, which is recognised as an expense and presented in the account “Cost of sale of goods” in the statements of income for the years ended 31 December 2014 and 2013, are detailed as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Cost of sales	126,658	115,691	125,418	114,612
Write-down (reversal of write-down) of obsolete and shrinkage inventories	114	(19)	103	(18)
Write-down (reversal of write-down) to net realisable value	(1)	1	-	-
<b>Total</b>	<b>126,771</b>	<b>115,673</b>	<b>125,521</b>	<b>114,594</b>

**9 Investments in subsidiaries**

Movements during the years ended 31 December 2014 and 2013 were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
At 1 January	-	-	315	279
Increases	-	-	64	36
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>379</b>	<b>315</b>

Details of the additional investments in subsidiaries as at 31 December 2014 and 2013 were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Vina Siam Food Co., Ltd.	-	-	33	36
Makro ROH Co., Ltd.	-	-	31	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>64</b>	<b>36</b>

## Notes to the financial statements

Investments in subsidiaries as at 31 December 2014 and 2013, and dividend income for the years then ended were as follows:

Name of parties	Type of business	Country of incorporation	Ownership interest		Paid-up capital		At cost		Dividend income	
			2014	2013	2014	2013	2014	2013	2014	2013
			(%)				(in million Baht)			
<i>Local subsidiaries</i>										
Siam Food Services Co., Ltd.	Importing and trading of food products from international and domestic sources and providing freight, delivery rental and storage services	Thailand	99.99	99.99	45	45	270	270	-	-
Makro ROH Co., Ltd.	Providing technical and supporting services to the Group	Thailand	99.99	-	31	-	31	-	-	-
<b>Total</b>							<b>301</b>	<b>270</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements

### Separate financial statements

Name of parties	Type of business	Country of incorporation	Ownership interest		Paid-up capital		At cost		Dividend income	
			2014	2013	2014	2013	2014	2013	2014	2013
			(%)		(in million U.S. Dollar)		(in million Baht)			
<b>Foreign subsidiary</b>										
Vina Siam Food Co., Ltd.	Trading and distribution, and import and export food products	Vietnam	100	100	2.5	1.5	78	45	-	-
<b>Total</b>							<b>78</b>	<b>45</b>		
<b>Grand total</b>							<b>379</b>	<b>315</b>		

### Acquisitions

On 20 August 2014 the Company's board of directors approved to set up a local subsidiary, Makro ROH Co., Ltd., with an initial authorised share capital of Baht 125 million and to call for paid-up share capital at 25% of Baht 31.3 million. In this regard, the Company has a 99.9% investment in the subsidiary's paid-up share capital. The registration of the subsidiary with the Ministry of Commerce was completed on 14 October 2014.

On 5 August 2014 the Company's board of directors approved to increase its investment in a foreign subsidiary, Vina Siam Food Co., Ltd., amounting to Baht 33 million, by increasing the authorised share capital from U.S. Dollar 1.5 million to U.S. Dollar 2.5 million. The registration of the increase in share capital was completed in October 2014.

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

### 10 Property, plant and equipment

#### Consolidated financial statements

	Land	Buildings, building improvements and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment (in million Baht)	Vehicles	Assets under construction and installation	Total
<b>Cost</b>							
At 1 January 2013	7,986	8,821	7,729	1,229	65	279	26,109
Additions	533	166	657	192	16	1,315	2,879
Transfers	-	705	574	52	-	(1,331)	-
Disposals	-	(46)	(176)	(124)	(4)	-	(350)
Write-off	-	(8)	(17)	(4)	-	-	(29)
Currency translation differences from foreign entity	-	-	-	(1)	-	-	(1)
<b>At 31 December 2013 and 1 January 2014</b>	<b>8,519</b>	<b>9,638</b>	<b>8,767</b>	<b>1,344</b>	<b>77</b>	<b>263</b>	<b>28,608</b>
Additions	1,573	335	1,372	268	4	3,348	6,900
Transfers	-	1,694	994	131	2	(2,821)	-
Disposals	-	(5)	(215)	(31)	(21)	-	(272)
Write-off	-	(5)	(31)	(9)	-	-	(45)
<b>At 31 December 2014</b>	<b>10,092</b>	<b>11,657</b>	<b>10,887</b>	<b>1,703</b>	<b>62</b>	<b>790</b>	<b>35,191</b>

## Notes to the financial statements

### Consolidated financial statements (Continued)

	Land	Buildings, building improvements and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment (in million Baht)	Vehicles	Assets under construction and installation	Total
<b>Accumulated depreciation and accumulated impairment losses</b>							
At 1 January 2013	-	(3,734)	(4,951)	(877)	(48)	-	(9,610)
Depreciation charge for the year	-	(300)	(785)	(168)	(7)	-	(1,260)
Disposal	-	30	160	123	4	-	317
Write-off	-	3	10	10	-	-	23
Allowance (reversal of allowance) for impairment losses	-	37	(17)	-	-	-	20
<b>At 31 December 2013 and 1 January 2014</b>	-	<b>(3,964)</b>	<b>(5,583)</b>	<b>(912)</b>	<b>(51)</b>	-	<b>(10,510)</b>
Depreciation charge for the year	-	(344)	(800)	(185)	(9)	-	(1,338)
Disposals	-	3	206	30	21	-	260
Write-off	-	4	29	9	-	-	42
Reversal of allowance for impairment losses	-	1	9	-	-	-	10
<b>At 31 December 2014</b>	-	<b>(4,300)</b>	<b>(6,139)</b>	<b>(1,058)</b>	<b>(39)</b>	-	<b>(11,536)</b>

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

### Consolidated financial statements (Continued)

	Land	Buildings, building improvements and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment (in million Baht)	Vehicles	Assets under construction and installation	Total
<i>Net book value</i>							
At 1 January 2013	7,986	5,087	2,778	352	17	279	16,499
At 31 December 2013 and 1 January 2014	8,519	5,674	3,184	432	26	263	18,098
At 31 December 2014	10,092	7,357	4,748	645	23	790	23,655

## Notes to the financial statements

**Cost**  
At 1 January 2013  
Additions  
Transfers  
Disposals  
Write-off

**At 31 December 2013 and  
1 January 2014**  
Additions  
Transfers  
Disposals  
Write-off

**At 31 December 2014**

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

### Separate financial statements (Continued)

	Land	Buildings, building improvements and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment (in million Baht)	Vehicles	Assets under construction and installation	Total
<b>Accumulated depreciation and accumulated impairment losses</b>							
At 1 January 2013	-	(3,710)	(4,940)	(860)	(40)	-	(9,550)
Depreciation charge for the year	-	(300)	(783)	(166)	(5)	-	(1,254)
Disposals	-	30	160	122	4	-	316
Write-off	-	3	10	10	-	-	23
Allowance (reversal of allowance) for impairment losses	-	37	(17)	-	-	-	20
<b>At 31 December 2013 and 1 January 2014</b>	-	<b>(3,940)</b>	<b>(5,570)</b>	<b>(894)</b>	<b>(41)</b>	-	<b>(10,445)</b>
Depreciation charge for the year	-	(343)	(798)	(183)	(7)	-	(1,331)
Disposals	-	3	204	30	18	-	255
Write-off	-	4	29	9	-	-	42
Reversal of allowance for impairment losses on	-	1	9	-	-	-	10
<b>At 31 December 2014</b>	-	<b>(4,275)</b>	<b>(6,126)</b>	<b>(1,038)</b>	<b>(30)</b>	-	<b>(11,469)</b>

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

### Separate financial statements (Continued)

	Land	Buildings, building improvements and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment (in million Baht)	Vehicles	Assets under construction and installation	Total
<i>Net book value</i>							
At 1 January 2013	7,986	5,085	2,774	347	12	279	16,483
At 31 December 2013 and 1 January 2014	8,519	5,672	3,180	427	23	261	18,082
At 31 December 2014	10,092	7,346	4,747	639	19	789	23,632

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

As at 31 December 2014 the Group had assets under finance leases with a net book value amounting to Baht 514 million (2013: Baht 179 million).

The gross amount of the Group's and the Company's fully depreciated plant and equipment that were still in use as at 31 December 2014 amounted to Baht 4,454 million (2013: Baht 4,115 million) in the consolidated financial statements and Baht 4,404 million (2013: Baht 4,072 million) in the separate financial statements respectively.

### 11 Leasehold rights

	<b>Consolidated/ Separate financial statements</b>	
	2014	2013
	<i>(in million Baht)</i>	
<b>Cost</b>		
At 1 January	1,161	924
Additions	678	237
<b>At 31 December</b>	<b>1,839</b>	<b>1,161</b>
<b>Accumulated amortisation</b>		
At 1 January	(397)	(362)
Amortisation charge for the year	(50)	(35)
<b>At 31 December</b>	<b>(447)</b>	<b>(397)</b>
<b>Net book value</b>		
<b>At 1 January</b>		
- Current portion	35	33
- Non-current portion	729	529
	<b>764</b>	<b>562</b>
<b>At 31 December</b>		
- Current portion	56	35
- Non-current portion	1,336	729
<b>Total</b>	<b>1,392</b>	<b>764</b>

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

### 12 Other intangible assets

	Consolidated financial statements		
	Computer software	Computer software under development (in million Baht)	Total
<b>Cost</b>			
At 1 January 2013	202	12	214
Additions	49	258	307
Transfers	6	(6)	-
Disposals	(2)	-	(2)
<b>At 31 December 2013 and 1 January 2014</b>	<b>255</b>	<b>264</b>	<b>519</b>
Additions	29	363	392
Transfers	51	(51)	-
<b>At 31 December 2014</b>	<b>335</b>	<b>576</b>	<b>911</b>
<b>Accumulated amortisation</b>			
At 1 January 2013	(144)	-	(144)
Amortisation charge for the year	(36)	-	(36)
Disposals	2	-	2
<b>At 31 December 2013 and 1 January 2014</b>	<b>(178)</b>	<b>-</b>	<b>(178)</b>
Amortisation charge for the year	(53)	-	(53)
<b>At 31 December 2014</b>	<b>(231)</b>	<b>-</b>	<b>(231)</b>
<b>Net book value</b>			
At 1 January 2013	58	12	70
At 31 December 2013 and 1 January 2014	77	264	341
At 31 December 2014	104	576	680

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

	Separate financial statements		
	Computer software	Computer software under development (in million Baht)	Total
<b>Cost</b>			
At 1 January 2013	178	12	190
Additions	44	258	302
Transfers	6	(6)	-
Disposals	(2)	-	(2)
<b>At 31 December 2013 and 1 January 2014</b>	<b>226</b>	<b>264</b>	<b>490</b>
Additions	27	359	386
Transfers	51	(51)	-
<b>At 31 December 2014</b>	<b>304</b>	<b>572</b>	<b>876</b>
<b>Accumulated amortisation</b>			
At 1 January 2013	(129)	-	(129)
Amortisation charge for the year	(32)	-	(32)
Disposals	2	-	2
<b>At 31 December 2013 and 1 January 2014</b>	<b>(159)</b>	<b>-</b>	<b>(159)</b>
Amortisation charge for the year	(48)	-	(48)
<b>At 31 December 2014</b>	<b>(207)</b>	<b>-</b>	<b>(207)</b>
<b>Net book value</b>			
<b>At 1 January 2013</b>	<b>49</b>	<b>12</b>	<b>61</b>
<b>At 31 December 2013 and 1 January 2014</b>	<b>67</b>	<b>264</b>	<b>331</b>
<b>At 31 December 2014</b>	<b>97</b>	<b>572</b>	<b>669</b>

The gross amount of the Group's and the Company's fully amortised other intangible assets that were still in use as at 31 December 2014 amounted to Baht 161 million (2013: Baht 116 million) in the consolidated financial statements and Baht 141 million (2013: Baht 111 million) in the separate financial statements respectively.

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

### 13 Deferred income tax

Deferred tax assets and liabilities as at 31 December 2014 and 2013 were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Deferred tax assets	390	243	383	239
Deferred tax liabilities	(103)	(36)	(103)	(36)
<b>Net deferred tax assets</b>	<b>287</b>	<b>207</b>	<b>280</b>	<b>203</b>

Movements in deferred tax assets and liabilities during the years ended 31 December 2014 and 2013 were as follows:

	<b>Consolidated financial statements</b>		
	<b>At 1 January 2014</b>	<b>(Charged)/ credited to profit or loss (Note 23)</b>	<b>At 31 December 2014</b>
	<i>(in million Baht)</i>		
<b>Deferred tax assets</b>			
Inventories	83	67	150
Property, plant and equipment	43	-	43
Finance lease liabilities	39	69	108
Employee benefit obligations	69	9	78
Other	9	2	11
<b>Total</b>	<b>243</b>	<b>147</b>	<b>390</b>
<b>Deferred tax liabilities</b>			
Property, plant and equipment	(36)	(67)	(103)
<b>Total</b>	<b>(36)</b>	<b>(67)</b>	<b>(103)</b>
<b>Net</b>	<b>207</b>	<b>80</b>	<b>287</b>

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

<b>Consolidated financial statements</b>			
	<b>At 1 January 2013</b>	<b>(Charged)/ credited to profit or loss (Note 23) (in million Baht)</b>	<b>At 31 December 2013</b>
<b><i>Deferred tax assets</i></b>			
Inventories	76	7	83
Property, plant and equipment	43	-	43
Finance lease liabilities	26	13	39
Employee benefit obligations	58	11	69
Other	26	(17)	9
<b>Total</b>	<b>229</b>	<b>14</b>	<b>243</b>
<b><i>Deferred tax liabilities</i></b>			
Property, plant and equipment	(23)	(13)	(36)
<b>Total</b>	<b>(23)</b>	<b>(13)</b>	<b>(36)</b>
<b>Net</b>	<b>206</b>	<b>1</b>	<b>207</b>

<b>Separate financial statements</b>			
	<b>At 1 January 2014</b>	<b>(Charged)/ credited to profit or loss (Note 23) (in million Baht)</b>	<b>At 31 December 2014</b>
<b><i>Deferred tax assets</i></b>			
Inventories	81	63	144
Property, plant and equipment	43	-	43
Finance lease liabilities	39	69	108
Employee benefit obligations	67	10	77
Other	9	2	11
<b>Total</b>	<b>239</b>	<b>144</b>	<b>383</b>

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

	Separate financial statements (Charged)/ credited to		
	At 1 January 2014	profit or loss (Note 23) (in million Baht)	At 31 December 2014
<b>Deferred tax liabilities</b>			
Property, plant and equipment	(36)	(67)	(103)
<b>Total</b>	<b>(36)</b>	<b>(67)</b>	<b>(103)</b>
<b>Net</b>	<b>203</b>	<b>77</b>	<b>280</b>
	Separate financial statements (Charged)/ credited to		
	At 1 January 2013	profit or loss (Note 23) (in million Baht)	At 31 December 2013
<b>Deferred tax assets</b>			
Inventories	73	8	81
Property, plant and equipment	43	-	43
Finance lease liabilities	26	13	39
Employee benefit obligations	56	11	67
Other	26	(17)	9
<b>Total</b>	<b>224</b>	<b>15</b>	<b>239</b>
<b>Deferred tax liabilities</b>			
Property, plant and equipment	(23)	(13)	(36)
<b>Total</b>	<b>(23)</b>	<b>(13)</b>	<b>(36)</b>
<b>Net</b>	<b>201</b>	<b>2</b>	<b>203</b>

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

### 14 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
<b>Current</b>				
Short-term borrowings from financial institutions				
Liabilities under trust receipts				
- unsecured	131	107	-	-
Promissory notes - unsecured	3,060	3,060	3,000	3,000
Short-term borrowings - unsecured	35	-	-	-
<b>Total</b>	<b>3,226</b>	<b>3,167</b>	<b>3,000</b>	<b>3,000</b>
Current portion of liabilities under finance leases	61	28	61	28
<b>Total</b>	<b>61</b>	<b>28</b>	<b>61</b>	<b>28</b>
<b>Total current</b>	<b>3,287</b>	<b>3,195</b>	<b>3,061</b>	<b>3,028</b>
<b>Non-current</b>				
Long-term borrowings - unsecured	2,000	-	2,000	-
Liabilities under finance leases	478	166	478	166
<b>Total non-current</b>	<b>2,478</b>	<b>166</b>	<b>2,478</b>	<b>166</b>
<b>Grand total</b>	<b>5,765</b>	<b>3,361</b>	<b>5,539</b>	<b>3,194</b>

Siam Makro Public Company Limited and its Subsidiaries  
**Notes to the financial statements**

The periods to maturity of interest-bearing liabilities, excluding liabilities under finance leases, as at 31 December 2014 and 2013 were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Within one year	3,226	3,167	3,000	3,000
After one year but within five years	2,000	-	2,000	-
<b>Total</b>	<b>5,226</b>	<b>3,167</b>	<b>5,000</b>	<b>3,000</b>

**Short-term borrowings from financial institutions**

Movements during the years ended 31 December 2014 and 2013 were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
At 1 January	3,167	2,100	3,000	2,000
Increases	59	1,067	-	1,000
<b>At 31 December</b>	<b>3,226</b>	<b>3,167</b>	<b>3,000</b>	<b>3,000</b>

As at 31 December 2014 the Group had liabilities under trust receipts with local financial institutions which bear interest rates ranging from 2.80% to 2.85% per annum (2013: ranging from 2.95% to 3.11% per annum).

As at 31 December 2014 the Group had promissory notes issued to local financial institutions denominated in Thai Baht which bear interest rates ranging from 2.80% to 2.98% per annum (2013: ranging from 2.78% to 3.53% per annum) and mature within September 2015.

As at 31 December 2014 the Group had short-term borrowings from a foreign financial institution denominated in U.S. Dollar which bear interest at the rate of 2.70% per annum (2013: nil) and mature within March 2015.

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

### Finance lease liabilities

Details of finance leases liabilities as at 31 December 2014 and 2013 were as follows:

	Consolidated/ Separate financial statements					
	2014			2013		
	Future minimum lease payments	Interest	Present value of minimum Lease payments (in million Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	107	(46)	61	44	(16)	28
After one year but within 5 years	390	(124)	266	147	(41)	106
After 5 years	256	(44)	212	71	(11)	60
<b>Total</b>	<b>753</b>	<b>(214)</b>	<b>539</b>	<b>262</b>	<b>(68)</b>	<b>194</b>

As at 31 December 2014 the Company entered into finance lease contracts and the Company must comply with certain conditions as stipulated in the contracts.

### Long-term borrowings from financial institution

Movements during the years ended 31 December 2014 and 2013 were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(in million Baht)			
At 1 January	-	-	-	-
Increases	2,000	-	2,000	-
<b>At 31 December</b>	<b>2,000</b>	<b>-</b>	<b>2,000</b>	<b>-</b>

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

In the fourth quarter of 2014, the Company entered into two unsecured long-term borrowing agreements with a local branch of a foreign financial institution amounting to Baht 1,000 million each (2013: nil). The interest rates of the borrowings are fixed as stipulated in the agreements. The entire principal of borrowings mature in November and December 2017 for the first and second agreement respectively. In this regard, the Company must comply with the specified covenants, such as to maintain debt to equity ratio and the shareholdings of the immediate parent company as stipulated in the agreements, etc.

### 15 Employee benefit obligations

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
<b>As at 31 December</b>				
<b>Statement of financial position</b>				
<b>Obligations for:</b>				
Define benefit plans	392	313	384	306
Other benefits	-	31	-	31
<b>Total</b>	<b>392</b>	<b>344</b>	<b>384</b>	<b>337</b>
<b>Year ended 31 December</b>				
<b>Statement of income</b>				
<b>Recognised in profit or loss:</b>				
Define benefit plans	87	48	86	47
Other benefits	-	11	-	11
<b>Total</b>	<b>87</b>	<b>59</b>	<b>86</b>	<b>58</b>

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

Movements in the present value of the defined benefit obligations are detailed as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Defined benefit obligations				
at 1 January	344	288	337	282
Benefits paid by the plan	(40)	(3)	(40)	(3)
Current service costs and interest	41	44	40	43
Defined benefit plan actuarial losses	47	15	47	15
<b>Defined benefit obligations at</b>				
<b>31 December</b>	<b>392</b>	<b>344</b>	<b>384</b>	<b>337</b>

Details of employee benefit expenses recognised as part of the accounts “Selling expenses” and “Administrative expenses” in the statements of income for the years ended 31 December 2014 and 2013 are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Current service costs	28	34	27	34
Interest costs	12	10	12	9
Defined benefit plan actuarial losses	47	15	47	15
<b>Total</b>	<b>87</b>	<b>59</b>	<b>86</b>	<b>58</b>

Principal actuarial assumptions at the reporting date:

	<b>Consolidated/Separate financial statements</b>	
	2014	2013
Discount rate (%)	3.4	4.1
Retirement age (year)	60	60

Assumptions regarding future mortality are based on published statistics and mortality tables. Discount rate is similar to the interest rate of long term government bond and future salary increases rate was determined by the average rate of salary increases in prior year.

Siam Makro Public Company Limited and its Subsidiaries  
**Notes to the financial statements**

**16 Share capital**

	<i>Par value per share (in Baht)</i>	<i>Number of shares</i>	<b>Consolidated financial statements/ Separate financial statements</b>		<i>Number of shares</i>	<i>Baht</i>
			2014	2013		
			<i>Baht (in million)</i>			
<b>Authorised</b>						
At 1 January						
- ordinary shares	10	-	-	240	2,400	
- ordinary shares	0.50	4,800	2,400	-	-	
Reduction in par value						
- from Baht 10 to Baht 0.50		-	-	4,560	-	
<b>At 31 December</b>						
- ordinary shares	0.5	<b>4,800</b>	<b>2,400</b>	<b>4,800</b>	<b>2,400</b>	
<b>Issued and paid-up</b>						
At 1 January						
- ordinary shares	10	-	-	240	2,400	
- ordinary shares	0.50	4,800	2,400	-	-	
Reduction in par value						
- from Baht 10 to Baht 0.50		-	-	4,560	-	
<b>At 31 December</b>						
- ordinary shares	0.50	<b>4,800</b>	<b>2,400</b>	<b>4,800</b>	<b>2,400</b>	

At the extraordinary general shareholders' meeting of the Company held on 20 September 2013, the Company's shareholders 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 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 the 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.

Siam Makro Public Company Limited and its Subsidiaries  
**Notes to the financial statements**

***Share premium***

Section 51 of the Public Limited Company Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

**17 Reserves**

Reserves comprise:

***Appropriations of profit and/or retained earnings***

***Legal reserve***

Section 116 of the Public Limited Company Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

The Company's legal reserve as at 31 December 2014 and 2013 was equal to 10% of the registered authorised capital.

***Other components of equity***

***Currency translation differences from foreign entity***

The currency translation differences from foreign entity recognised in equity relate to foreign exchange differences arising from translation of the financial statements of foreign entity to Thai Baht.

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

### 18 Segment information

Segment information is taken from internal reports of the Group which are reviewed by the Chief Operating Decision Maker (CODM). CODM is the Chief Executive Officer, who makes decisions about resource allocation and assesses the segment performance.

The CODM considers the following to be the group's reporting segments:

Segment 1: Cash and carry divided by geographic:

- Bangkok and boundaries
- Other provinces
- Head office

Segment 2: Food services

The CODM considers the monthly performance of each reporting segment based upon profit before finance costs and income tax expense.

Cash and carry

Siam Makro Public Company Limited

## Notes to the financial statements

Details of assets, based on segments, in the consolidated financial statements as at 31 December 2014 and 2013 were as follows:

Cash and carry														
	Bangkok and boundaries		Other provinces		Head office		Total		Food services		Eliminate/Unallocated		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013		
							(in million Baht)							
Property, plant and equipment	5,003	3,920	17,314	13,726	1,315	437	23,632	18,083	23	15	-	-	23,655	18,098
Goodwill							-	-	-	-	167	167	167	167
Other assets							19,407	17,539	864	674	(427)	(374)	19,844	17,839
Total assets							43,039	35,622	887	689	(260)	(207)	43,666	36,104

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

### 19 Compensation income

During the year 2014, the Company received the compensation relating to 2011 Thailand flood from the insurance companies, which the Company recorded the compensation income as part of the account "Other income" in the statement of income for the year ended 31 December 2014 totaling Baht 45 million (2013: Baht 93 million).

### 20 Employee benefit expenses

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		(in million Baht)			
Salaries, wages and bonus		3,143	2,966	3,060	2,879
Staff welfares		99	88	94	84
Employee benefit expenses	15	87	59	86	58
Contribution to social security fund		78	56	75	54
Contribution to provident fund		53	46	52	45
Other		47	44	43	41
<b>Total</b>		<b>3,507</b>	<b>3,259</b>	<b>3,410</b>	<b>3,161</b>

The Company and its local subsidiaries have established a contributory registered provident fund to which the Company, subsidiaries and employees each contribute monthly at the rate of 3% of the employees' basic salaries. The Company's and the subsidiaries' contributions to the provident fund are recorded as expenses in the statement of income as incurred. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

Siam Makro Public Company Limited and its Subsidiaries  
**Notes to the financial statements**

**21 Expenses by nature**

The statements of income include an analysis of expenses by function. Expenses by nature are as follows:

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		(in million Baht)			
Changes in inventories of finished goods		(836)	(2,516)	(706)	(2,393)
Purchase of finished goods and other related costs		127,607	118,189	126,227	116,987
Depreciation	10	1,338	1,260	1,331	1,254
Amortisation - leasehold rights	11	50	35	50	35
Amortisation - other intangible assets	12	53	36	48	32
Employee benefit expenses	20	3,507	3,259	3,410	3,161
Utilities expenses		1,534	1,349	1,519	1,335
Advertising and sale promotion expenses		777	791	769	777
Maintenance and repair expenses		183	180	179	176
Trademark fees		162	188	162	188
Computer expenses		155	108	151	105
Land rental fees		76	64	76	64
Other		1,598	1,328	1,512	1,239
<b>Total cost of sale of goods, selling expenses and administrative expenses</b>		<b>136,204</b>	<b>124,271</b>	<b>134,728</b>	<b>122,960</b>

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

### 22 Finance costs

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
<b>Finance costs paid to:</b>				
Financial institutions	132	70	126	66
Other parties under finance lease contracts	36	14	36	14
<b>Total</b>	<b>168</b>	<b>84</b>	<b>162</b>	<b>80</b>

### 23 Income tax expense

	Consolidated financial statements		Separate financial statements	
Note	2014	2013	2014	2013
	<i>(in million Baht)</i>			
<b>Current tax</b>				
Current year	1,361	1,130	1,342	1,115
Over provided in prior years	(5)	(2)	(5)	(2)
	<b>1,356</b>	<b>1,128</b>	<b>1,337</b>	<b>1,113</b>

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		(in million Baht)			
<b>Deferred income tax</b>					
Movements in temporary differences	13	(80)	(1)	(77)	(2)
		<u>(80)</u>	<u>(1)</u>	<u>(77)</u>	<u>(2)</u>
<b>Total</b>		<u><b>1,276</b></u>	<u><b>1,127</b></u>	<u><b>1,260</b></u>	<u><b>1,111</b></u>

### Reconciliation of effective tax rate

		Consolidated financial statements			
		2014		2013	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	
Profit before income tax expense		<u>6,160</u>		<u>5,426</u>	
Income tax using the Thai corporation tax rate	20.0	1,232	20.0	1,085	
Income not subject to tax	-	-	(0.2)	(12)	
Expense not deductible for tax purpose	0.7	45	0.9	51	
Over provided in prior years	(0.1)	(5)	-	(2)	
Recognition of previously unrecognised tax losses	0.1	4	0.1	5	
<b>Total</b>	<b>20.7</b>	<u><b>1,276</b></u>	<b>20.8</b>	<u><b>1,127</b></u>	

		Separate financial statements			
		2014		2013	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	
Profit before income tax expense		<u>6,103</u>		<u>5,372</u>	
Income tax using the Thai corporation tax rate	20.0	1,221	20.0	1,074	
Income not subject to tax	-	-	(0.2)	(12)	
Expense not deductible for tax purpose	0.7	44	0.9	51	
Over provided in prior years	(0.1)	(5)	-	(2)	
<b>Total</b>	<b>20.6</b>	<u><b>1,260</b></u>	<b>20.7</b>	<u><b>1,111</b></u>	

### Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014 respectively. Royal Decree No. 577 B.E. 2557 dated 10 November 2014 extends the reduction to 20% for the accounting period 2015 which begins on or after 1 January 2015.

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

The Company and its local subsidiaries has applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2014 and 2013 in accordance with the clarification issued by the FAP in 2012.

### 24 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2014 and 2013 are based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(in million Baht /in million share)			
<b>Profit for the year attributable to equity holders of the Company</b>	<b>4,885</b>	<b>4,299</b>	<b>4,843</b>	<b>4,261</b>
<b>Weighted average number of ordinary shares outstanding during the year</b>	<b>4,800</b>	<b>4,800</b>	<b>4,800</b>	<b>4,800</b>
<b>Basic earnings per share (in Baht)</b>	<b>1.02</b>	<b>0.90</b>	<b>1.01</b>	<b>0.89</b>

### 25 Dividends

At the annual general meeting of the shareholders of the Company held on 23 April 2014, the Company's shareholders approved a resolution to pay the 2013 annual dividend of Baht 0.30 per share for 4,800 million ordinary shares, totaling Baht 1,440 million, from the profit attributable to equity holders of the Company for the year 2013. The dividends were paid to the Company's shareholders on 23 May 2014.

At the board of directors' meeting of the Company held on 5 August 2014, the Company's board of directors approved a resolution to pay the interim dividend of Baht 0.35 per share for 4,800 million ordinary shares, totaling Baht 1,680 million, from the profit attributable to equity holders of the Company for the six-month period ended on 30 June 2014. The dividends were paid to the Company's shareholders on 4 September 2014.

At the annual general meeting of the shareholders of the Company held on 25 April 2013, the Company's shareholders approved a resolution to pay the 2012 annual dividend of Baht 7.25 per share for 240 million ordinary shares, totaling Baht 1,740 million, from the profit attributable to equity holders of the Company for the year 2012. The dividends were paid to the Company's shareholders on 23 May 2013.

At the board of directors' meeting of the Company held on 6 November 2013, the Company's board of directors approved a resolution to pay the interim dividend of Baht 0.50 per share for 4,800 million ordinary shares, totaling Baht 2,400 million, from the profit attributable to equity holders of the Company for the nine-month period ended on 30 September 2013. The dividends were paid to the Company's shareholders on 4 December 2013.

Siam Makro Public Company Limited and its Subsidiaries  
**Notes to the financial statements**

**26 Financial instruments**

***Financial risk management policies***

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

***Capital management***

The objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns to the Company's shareholders and benefits to other stakeholders. The management sets strategies to support the Company's operations for more efficiency, and better performance and stronger financial status, including dividend and capital management policies to maintain the optimal capital structure and cost of capital.

***Interest rate risk***

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group's exposure to changes in interest rate relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group managed the interest rate risk of financial assets and financial liabilities by considering fixed and floating rates depending on the market situation.

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

The effective interest rates of financial assets as at 31 December 2014 and 2013 and the periods in which the financial assets mature were as follows:

	Effective interest rate (%)	Consolidated financial statements	
		Within 1 year (in million Baht)	Total
<b>2014</b>			
<b>Current</b>			
- Cash at financial institutions	0.10 - 2.07	2,982	2,982
<b>Total</b>		<b>2,982</b>	<b>2,982</b>

<b>2013</b>			
<b>Current</b>			
- Cash at financial institutions	0.20 - 1.75	2,386	2,386
<b>Total</b>		<b>2,386</b>	<b>2,386</b>

	Effective interest rate (%)	Separate financial statements	
		Within 1 year (in million Baht)	Total
<b>2014</b>			
<b>Current</b>			
- Cash at financial institutions	0.10 - 2.07	2,901	2,901
- Short-term loans to subsidiary	Fixed rate	16	16
<b>Total</b>		<b>2,917</b>	<b>2,917</b>

<b>2013</b>			
<b>Current</b>			
- Cash at financial institutions	0.20 - 1.75	2,350	2,350
- Short-term loans to subsidiary	Fixed rate	36	36
<b>Total</b>		<b>2,386</b>	<b>2,386</b>

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

The effective interest rates of interest-bearing liabilities as at 31 December 2014 and 2013 and the periods in which interest-bearing liabilities mature were as follows:

	Consolidated financial statements				
	Effective interest rate (%)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2014					
Current					
- Liabilities under trust receipts	2.80 - 2.85	131	-	-	131
- Promissory notes	2.80 - 2.98	3,060	-	-	3,060
- Short-term borrowings from financial institution	2.70	35	-	-	35
- Current portion of finance leases liabilities	9.00	61	-	-	61
Total		3,287	-	-	3,287
Non-current					
- Long-term borrowings from financial institution	Fixed rate	-	2,000	-	2,000
- Finance lease liabilities	9.00	-	266	212	478
Total		-	2,266	212	2,478
2013					
Current					
- Liabilities under trust receipts	2.95 - 3.11	107	-	-	107
- Promissory notes	2.78 - 3.53	3,060	-	-	3,060
- Current portion of finance leases liabilities	9.00	28	-	-	28
Total		3,195	-	-	3,195
Non-current					
- Finance lease liabilities	9.00	-	106	60	166
Total		-	106	60	166

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

	Effective interest rate (%)	Within 1 year	Separate financial statements		Total
			After 1 year but within 5 years (in million Baht)	After 5 years	
2014					
Current					
- Promissory notes	2.80 - 2.98	3,000	-	-	3,000
- Current portion of finance leases liabilities	9.00	61	-	-	61
Total		3,061	-	-	3,061
Non-current					
- Long-term borrowings from financial institution	Fixed rate	-	2,000	-	2,000
- Finance lease liabilities	9.00	-	266	212	478
Total		-	2,266	212	2,478
2013					
Current					
- Promissory notes	2.78 - 3.53	3,000	-	-	3,000
- Current portion of finance leases liabilities	9.00	28	-	-	28
Total		3,028	-	-	3,028
Non-current					
- Finance lease liabilities	9.00	-	106	60	166
Total		-	106	60	166

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

### Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales of goods which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales of goods, denominated in foreign currencies, for the subsequent period.

At 31 December 2014 and 2013 the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		Consolidated financial statements		Separate financial statements	
Foreign currency		2014	2013	2014	2013
(in million Baht)					
<b>Cash and cash equivalents</b>					
Foreign currency	U.S. Dollar	5	6	-	-
	Vietnamese Dong	4	5	-	-
<b>Trade and other accounts receivable</b>					
Foreign currency	U.S. Dollar	-	4	-	-
	Vietnamese Dong	17	11	-	-
<b>Short-term loans to subsidiary</b>					
Foreign currency	U.S. Dollar	-	-	16	36
<b>Other current assets</b>					
Foreign currency	Vietnamese Dong	6	6	-	-
<b>Short-term borrowings from financial institutions</b>					
Foreign currency	U.S. Dollar	35	-	-	-

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

		Consolidated financial statements		Separate financial statements	
Foreign currency		2014	2013	2014	2013
(in million Baht)					
Trade and other accounts payable					
Foreign currency	U.S. Dollar	376	294	267	239
	Pound Sterling	26	14	-	-
	Australian Dollar	19	29	13	3
	Euro	17	10	9	-
	Vietnamese Dong	6	5	-	-
Forward currency contracts	U.S. Dollar	217	146	161	108
	Pound Sterling	35	2	-	-
	Australian Dollar	26	50	4	11
	Euro	1	-	1	-
Other current liabilities					
Foreign currency	Vietnamese Dong	4	6	-	-

### ***Credit risk***

Credit risk is the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, management does not anticipate material losses from its debt collection.

### ***Liquidity risk***

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Siam Makro Public Company Limited and its Subsidiaries  
**Notes to the financial statements**

***Determination of fair values***

The Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Group estimates the fair value of financial instruments; cash and cash equivalents, trade accounts receivable and payable, other accounts receivable and payable, and short-term borrowings, equal to their amounts carried in the statement of financial position because of the short-term maturity of those financial instruments.

The fair value of non-current loans to subsidiaries is considered to be the carrying value because they bear interest at market rates.

The fair value of forward exchange contracts approximates the expected amounts that can be traded in the current exchange rate market.

The fair value of long-term debts and long-term borrowings is taken to approximate the carrying value because most of these financial instruments bear interest rates at close to market rates.

**27 Supplemental disclosures of cash flows information**

Details of property, plant and equipment paid by cash during the years ended 31 December 2014 and 2013 were as follows:

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2014	2013	2014	2013
		<i>(in million Baht)</i>			
Increases during the year	10	6,900	2,879	6,885	2,872
Less - changes in payables		(581)	(63)	(580)	(63)
- finance lease liabilities		(390)	(90)	(390)	(90)
<b>Paid by cash</b>		<b>5,929</b>	<b>2,726</b>	<b>5,915</b>	<b>2,719</b>

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

Details of other intangible assets paid by cash during the years ended 31 December 2014 and 2013 were as follows:

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2014	2013	2014	2013
		<i>(in million Baht)</i>			
Increases during the year	12	392	307	386	302
Less - changes in payables		(15)	(21)	(13)	(22)
<b>Paid by cash</b>		<b>377</b>	<b>286</b>	<b>373</b>	<b>280</b>

### 28 Commitments with non-related parties

#### *Capital commitments*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Property, plant and equipment	1,657	1,521	1,657	1,521
Computer software	366	515	363	515
<b>Total</b>	<b>2,023</b>	<b>2,036</b>	<b>2,020</b>	<b>2,036</b>

#### *Non-cancellable operating lease commitments*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Within one year	302	247	289	236
After one year but within five years	1,087	993	1,066	977
After five years	2,974	1,621	2,974	1,621
<b>Total</b>	<b>4,363</b>	<b>2,861</b>	<b>4,329</b>	<b>2,834</b>

The Group has lease agreements covering leases of land, buildings, vehicles and other assets for periods of 1 to 31 years, which will expire between 2015 to 2045.

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

### Foreign currencies exchange forward contracts

Forward exchange contracts for foreign currencies on importing goods from foreign countries are as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(in Million)			
U.S. Dollar	5	3	5	3
<b>Total</b>	<b>5</b>	<b>3</b>	<b>5</b>	<b>3</b>

### Letters of guarantee

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(in million Baht)			
Letters of guarantee issued by financial institutions (mainly for guarantees of electricity, rental and service agreements and sale of goods)	137	123	134	122
<b>Total</b>	<b>137</b>	<b>123</b>	<b>134</b>	<b>122</b>

### Other commitments

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(in million Baht)			
Unused letters of credit for purchases of goods and supplies	5	22	5	22
<b>Total</b>	<b>5</b>	<b>22</b>	<b>5</b>	<b>22</b>

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

### 29 Events after the reporting period

In January 2015, the Company set up a foreign subsidiary, ARO Company Limited (registered in Myanmar), which is owned 100% by Makro ROH Co., Ltd. (99.99% owned subsidiary). The main business of this subsidiary is providing marketing and consulting services in Myanmar. The subsidiary would have the registered authorised share capital of U.S. Dollar 500,000 and would call for the initial paid-up share capital of U.S. Dollar 25,000. The registration will be completed in February 2015.

At the board of directors' meeting of the Company held on 16 February 2015, the Company's board of directors approved to propose to the annual general shareholders' meeting of the Company for approval to declare the final dividends from the net profit after tax for the year 2014 of Baht 0.42 per share for 4,800 million ordinary shares, totaling Baht 2,016 million. Such declaration of final dividend payment must be approved by the shareholders' meeting.

### 30 Thai Financial Reporting Standards not yet adopted

A number of new and revised Thai Financial Reporting Standards ("TFRS") have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated, are set out below. (The Group does not plan to adopt these TFRS early.)

TFRS	Topic	Year effective
TAS 1 (revised 2014)	Presentation of Financial Statements	2015
TAS 2 (revised 2014)	Inventories	2015
TAS 7 (revised 2014)	Statement of Cash Flows	2015
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors	2015
TAS 10 (revised 2014)	Events after the Reporting Period	2015
TAS 12 (revised 2014)	Income Taxes	2015
TAS 16 (revised 2014)	Property, Plant and Equipment	2015

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

TAS 17 (revised 2014)	Leases	2015
TAS 18 (revised 2014)	Revenue	2015
TAS 19 (revised 2014)	Employee Benefits	2015
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates	2015
TAS 23 (revised 2014)	Borrowing Costs	2015
TAS 24 (revised 2014)	Related Party Disclosures	2015
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans	2015
TAS 27 (revised 2014)	Separate Financial Statements	2015
TAS 29 (revised 2014)	Financial Reporting in Hyperinflationary Economies	2015
TAS 33 (revised 2014)	Earnings per Share	2015
TAS 34 (revised 2014)	Interim Financial Reporting	2015
TAS 36 (revised 2014)	Impairment of Assets	2015
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets	2015
TAS 38 (revised 2014)	Intangible Assets	2015
TAS 40 (revised 2014)	Investment Property	2015
TFRS 3 (revised 2014)	Business Combinations	2015
TFRS 8 (revised 2014)	Operating Segments	2015
TFRS 10	Consolidated Financial Statements	2015
TFRS 12	Disclosure of Interests in Other Entities	2015
TFRS 13	Fair Value Measurement	2015
TSIC 15 (revised 2014)	Operating Leases - Incentives	2015
TSIC 25 (revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	2015

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

TSIC 27 (revised 2014)	Evaluating the Substance of Transactions involving the Legal Form of a Lease	2015
TSIC 31 (revised 2014)	Revenue - Barter Transactions Involving Advertising Services	2015
TFRIC 1 (revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2015
TFRIC 4 (revised 2014)	Determining whether an Arrangement contains a Lease	2015
TFRIC 7 (revised 2014)	Applying the Restatement Approach under TAS 29 (revised 2014) Financial Reporting in Hyperinflationary Economies	2015
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment	2015
TFRIC 13 (revised 2014)	Customer Loyalty Programmes	2015
TFRIC 14	TAS 19 (revised 2014) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	2015

The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

Siam Makro Public Company Limited and its Subsidiaries

## Notes to the financial statements

### 31 Reclassification of accounts

Certain accounts in 2013 financial statements have been reclassified to conform to the presentation of 2014 financial statements as follows:

	Consolidated financial statements			Separate financial statements		
	Before reclassi- fication	Reclassi- fication	After reclassi- fication	Before reclassi- fication	Reclassi- fication	After Reclassi- fication
	(in million Baht)					
<b>Statement of financial position</b>						
Trade accounts receivable	-	-	-	31	9	40
Amounts due from related parties and short-term loan to related parties	-	-	-	45	(45)	-
Short-term loan to subsidiary	-	-	-	-	36	36
Accrued income	-	343	343	-	343	343
Other current assets	484	(343)	141	477	(343)	134
		<u>-</u>			<u>-</u>	
<b>Statement of income</b>						
Administrative expenses	1,679	206	1,885	1,507	206	1,713
Management benefit expenses	206	(206)	-	206	(206)	-
		<u>-</u>			<u>-</u>	

# HEAD OFFICE • MAKRO CASH & CARRY • MAKRO FOODSERVICE • SIAM FROZEN • SIAM FOOD SERVICES • VINA SIAM FOOD • MAKRO ROH

## HEAD OFFICE

### Siam Makro Public Company Limited

3498 2<sup>nd</sup> Fl., Lardprao Rd., Klongchan,  
Bangkapi, Bangkok 10240  
Tel: 0 2723 1000 Fax: 0 2375 2927

## MAKRO CASH & CARRY

### 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: 0 3827 9201 Fax: 0 3827 9200

### 6. Makro Chiang Mai Branch

152 Moo 6, T.Nong-Pa-Krung,  
A.Mueang Chiang Mai, Chiang Mai 50000  
Tel: 0 5311 6200-10 Fax: 0 5311 6217

### 7. Makro Nakhon Ratchasima Branch

523 Mittraphap-Nongkai Rd., T.Naimueang,  
A.Mueang Nakhon Ratchasima,  
Nakhon Ratchasima 30000  
Tel: 0 4423 0477-90 Fax: 0 4423 0471

### 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: 0 7442 8320-37 Fax: 0 7421 0969

### 10. Makro Udon Thani Branch

207/3 Moo 14, T.Makkhang,  
A.Mueang Udon Thani, Udon Thani 41000  
Tel: 0 4232 2922 Fax: 0 4232 2944

### 11. Makro Phitsanulok Branch

1199 Boromtriokkanart 2 Rd., T.Naimueang,  
A.Mueang Phitsanulok, Phitsanulok 65000  
Tel: 0 5521 8765 Fax: 0 5521 8764

### 12. Makro Khon Kaen Branch

195 Moo 12, Mittraphap Rd., T.Mueang Kao,  
A.Mueang Khon Kaen, Khon Kaen 40000  
Tel: 0 4332 5050 Fax: 0 4332 5065

**13. Makro Surat Thani Branch**

216 Moo 4, Chonkasem Rd., T.Makamtey,  
A.Mueang Surat Thani, Surat Thani 84000  
Tel: 0 7721 9877 Fax: 0 7721 9866

**14. Makro Ubon Ratchathani Branch**

333 Moo 15, T.Khamyai,  
A.Mueang Ubon Ratchathani, Ubon Ratchathani 34000  
Tel: 0 4528 1670-80 Fax: 0 4528 1688

**15. Makro Rayong Branch**

8/2 Moo 3, T.Tubma,  
A.Mueang Rayong, Rayong 21000  
Tel: 0 3887 5290-300 Fax: 0 3887 5301

**16. Makro Nakhon Sawan Branch**

67/15 Moo 6, T.Nakhon Sawan East,  
A.Mueang Nakhon Sawan, Nakhon Sawan 60000  
Tel: 0 5632 5200-9 Fax: 0 5632 5210

**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: 0 3420 0711-23 Fax: 0 3420 0729

**20. Makro Surin Branch**

4/3 Lakmueang Rd., T.Naimueang,  
A.Mueang Surin, Surin 32000  
Tel: 0 4453 1759-66 Fax: 0 4453 1777

**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: 0 7531 6680-90 Fax: 0 7531 6698

**23. Makro Chiang Rai Branch**

12 Moo 17, T.Bandoo,  
A.Mueang Chiang Rai, Chiang Rai 57100  
Tel: 0 5370 3688 Fax: 0 5370 3679

**24. Makro Sakon Nakhon Branch**

459 Moo 3, Bankoksomhong Rd., T.Thatchoengchum,  
A.Mueang Sakon Nakhon, Sakon Nakhon 47000  
Tel: 0 4273 1078-97 Fax: 0 4273 1076-7

**25. Makro Suphan Buri Branch**

290/2 Moo 4, T.Sanam-Chai,  
A.Mueang Suphan Buri, Suphan Buri 72000  
Tel: 0 3554 7250-65 Fax: 0 3554 7271

**26. Makro Chanthaburi Branch**

21/11 Moo 11, T.Plubpla,  
A.Mueang Chanthaburi, Chanthaburi 22000  
Tel: 0 3935 5240-54 Fax: 0 3935 5257

**27. Makro Phuket Branch**

77 Moo 5, T.Vichit,  
A.Mueang Phuket, Phuket 83000  
Tel: 0 7624 9791-800 Fax: 0 7624 9801

**28. Makro Roi Et Branch**

32/1 Taewapiban Rd., T.Naimueang,  
A.Mueang Roi Et, Roi Et 45000  
Tel: 0 4352 5680-90 Fax: 0 4352 5692-3

**29. Makro Trang Branch**

89 Moo 2, T.Khok-Lo,  
A.Mueang Trang, Trang 92000  
Tel: 0 7522 8050-60 Fax: 0 7522 8061

**30. Makro Sakaeo Branch**

1000 Suwannasorn Rd., T.Sakaeo,  
A.Mueang Sakaeo, Sakaeo 27000  
Tel: 0 3722 0801-18 Fax: 0 3722 0822-3

**31. Makro Buri Ram Branch**

151 Moo 7, T.Isan,  
A.Mueang Buri Ram, Buri Ram 31000  
Tel: 0 4469 0300-28 Fax: 0 4469 0329

**32. Makro Sisaket Branch**

112 Moo 6, T.Po,  
A.Mueang Sisaket, Sisaket 33000  
Tel: 0 4561 3838 Fax: 0 4561 7648

**33. Makro Lamphun Branch**

204 Moo 4, T.Banklang,  
A.Mueang Lamphun, Lamphun 51000  
Tel: 0 5358 1285 Fax: 0 5358 1333-4

**34. Makro Phetchaburi Branch**

103 Moo 1, T.Huasaphan,  
A.Mueang Phetchaburi, Phetchaburi 76000  
Tel: 0 3277 1616 Fax: 0 3277 1612-3

**35. Makro Chaiyaphum Branch**

999 Moo 1, T.Bungkhall,  
A.Mueang Chaiyaphum, Chaiyaphum 36000  
Tel: 0 4481 8288 Fax: 0 4481 8292

**36. Makro Saraburi Branch**

66/3 Moo 2, T.Talingchan,  
A.Mueang Saraburi, Saraburi 18000  
Tel: 0 3673 1100 Fax: 0 3673 1111

**37. Makro Pran Buri Branch**

567 Moo 3, T.Wangpong,  
A.Pran Buri, Prachuap Khiri Khan 77120  
Tel: 0 3263 0100 Fax: 0 3263 0000-1

**38. Makro Chachoengsao Branch**

21/4 Moo 5, T.Wangtakhean,  
A.Mueang Chachoengsao, Chachoengsao 24000  
Tel: 0 3851 1518 Fax: 0 3851 5174

**39. Makro Chiang Mai 2 Branch**

191 Moo 7, T.Maehia,  
A.Mueang Chiang Mai, Chiang Mai 50100  
Tel: 0 5344 7799 Fax: 0 5344 7804-5

**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: 0 7765 8700 Fax: 0 7765 8706-7

**42. Makro Pattaya Branch**

22/24 Moo 11, T.Nong Prue,  
A.Bang Lamung, Chonburi 20150  
Tel: 0 3805 3400 Fax: 0 3805 3427

**43. Makro Kamphangphet Branch**

889 Ratchadamnoen 1 Rd., T.Naimueang,  
A.Mueang Kamphangphet, Kamphangphet 62000  
Tel: 0 5571 7777 Fax: 0 5571 7912

**44. Makro Kanchanaburi Branch**

102 Moo 2, T.Tha Lor,  
A.Tha Muang, Kanchanaburi 71000  
Tel: 0 3469 9609 Fax: 0 3469 9629

**45. Makro Lop Buri Branch**

227 Moo 5, T.Thu Sala,  
A.Mueang Lop Buri, Lop Buri 15000  
Tel: 0 3678 4884 Fax: 0 3678 4908-9

**53. Makro Phetchabun Branch**

300 Moo 10, T.Chon Phrai,  
A.Mueang Phetchabun, Phetchabun 67000  
Tel: 0 5671 9219 Fax: 0 5671 9229

**46. Makro Nong Khai Branch**

232 Moo 12, T.Pho Chai,  
A.Mueang Nong Khai, Nong Khai 43000  
Tel: 0 4299 0818 Fax: 0 4299 0553

**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

**47. Makro Ratchaburi Branch**

249 Moo 11, T.Jadeehak,  
A.Mueang Ratchaburi, Ratchaburi 70000  
Tel: 0 3233 2249 Fax: 0 3232 5349

**55. Makro Mukdahan Branch**

4/9 Chayangkun Kor Rd., T.Mukdahan,  
A.Mueang Mukdahan, Mukdahan 49000  
Tel: 0 4266 1199 Fax: 0 4266 1198

**48. Makro Mae Rim Branch**

212 Moo 4, T.Mae Sa,  
A.Mae Rim, Chiang Mai 50180  
Tel: 0 5329 8212 Fax: 0 5329 8928

**56. Makro Satun Branch**

889 Moo 6, T.Khlong Khut,  
A.Mueang Satun, Satun 91000  
Tel: 0 7472 5475 Fax: 0 7472 5476

**49. Makro Ayutthaya Branch**

222 Moo 2, T.Kan Ham,  
A.Uthai, Phra Nakhon Siayutthaya 13210  
Tel: 0 3570 6406 Fax: 0 3570 6404

**57. Makro Trat Branch**

1138 Moo 1, T.Wang Krachae,  
A.Mueang Trat, Trat 23000  
Tel: 0 3951 3900 Fax: 0 3951 3929

**50. Makro Lampang Branch**

110/3 Highway Lampang-Ngao Rd., T.Phra Bat,  
A.Mueang Lampang, Lampang 52000  
Tel: 0 5423 0111 Fax: 0 5423 1767

**58. Makro Chum Phae Branch**

201 Moo 2, T.Nong Phai,  
A.Chum Phae, Khon Kaen 40130  
Tel: 0 4331 3961 Fax: 0 4331 3959

**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

**59. Makro Nakhon Phanom Branch**

405 Nittayo Road, T.Nong Yat,  
A.Mueang Nakhon Phanom, Nakhon Phanom 48000  
Tel: 0 4253 1663 Fax: 0 4253 1661

**52. Makro Loei Branch**

118 Moo 11, T.Na An,  
A.Mueang Loei, Loei 42000  
Tel: 0 4284 4655 Fax: 0 4284 4666

**60. Makro Bueng Kan Branch**

680 Moo 7, T.Wisit,  
A.Mueang Bueng Kan, Bueng Kan 38000  
Tel: 0 4249 2600 Fax: 0 4249 2601

#### 61. Makro Mae Sai Branch

740 Moo 9, T.Wiang Phang Kham,  
A.Mae Sai, Chiang Rai 57130  
Tel: 0 5202 1701 Fax: 0 5202 1721

#### 62. Makro Salaya Branch

87/18 Moo 3, T.Salaya,  
A.Phutthamonthon, Nakhon Pathom 73170  
Tel: 0 3410 8734 Fax: 0 3410 8735

#### 63. Makro Phatthalung Branch

207 Moo 9, T.Tha Miram,  
A.Mueang Phatthalung, Phatthalung 93000  
Tel: 0 7482 1100 Fax: 0 7482 1101

#### 64. Makro Samut Sakhon Branch

99/555 Moo 4, T.Khok Kham,  
A.Mueang Samut Sakhon, Samut Sakhon 74000  
Tel: 0 3411 8634 Fax: 0 3411 8635

#### 65. Makro Mae Sot Branch

98/1 Asian Highway Rd., T.Mae Sot,  
A.Mae Sot, Tak 63110  
Tel: 0 5503 2155 Fax: 0 5503 2156

#### 66. Makro Sukhothai Branch

236 Moo 4, T.Ban Lum,  
A.Mueang Sukhothai, Sukhothai 64000  
Tel: 0 5501 3130 Fax: 0 5501 3131

#### 67. Makro Pak Chong Branch

889 Moo 8, T. Nong Nam Daeng,  
A.Pak Chong, Nakhon Ratchasima 30130  
Tel: 0 4400 8498 Fax: 0 4400 8497

#### 68. Makro Thalang Branch

365 Moo 1, T.Thep Krasattri,  
A.Thalang, Phuket 83110  
Tel: 0 7668 8300 Fax: 0 7666 8310

#### 69. Makro Ranong Branch

86/9 Moo 2, T.Bang Rin,  
A.Mueang Ranong, Ranong 85000  
Tel: 0 7798 2580 Fax: 0 7798 2590

### MAKRO FOODSERVICE

#### 1. Makro foodservice Ko Samui Branch

115/52 Moo 6, T.Bo Phut,  
A.Ko Samui, Surat Thani 84320  
Tel: 0 7796 0140-60 Fax: 0 7796 0161-2

#### 2. Makro foodservice Krabi Branch

119 Moo 1, T.Saitai,  
A.Mueang Krabi, Krabi 81000  
Tel: 0 7570 0100 Fax: 0 7570 0122

#### 3. Makro foodservice Hua Hin Branch

58/164 Soi Moobaan Bor Fai, T.Hua Hin,  
A.Hua Hin, Prachuap Khiri Khan 77110  
Tel: 0 3252 2255 Fax: 0 3252 2235

#### 4. Makro foodservice Patong Branch

140/35 Nanai Rd., T.Patong,  
A.Krathu, Phuket 83150  
Tel: 0 7651 2380 Fax: 0 7651 2300

#### 5. Makro foodservice Rawai Branch

5/47 Moo 5, T.Rawai,  
A.Mueang Phuket, Phuket 83130  
Tel: 0 7638 1571 Fax: 0 7638 1551

#### 6. Makro foodservice Ko Pha-ngan Branch

114/5 Moo 1, T.Ko Pha-ngan,  
A.Ko Pha-ngan, Surat Thani 84280  
Tel: 0 7737 7370 Fax: 0 7737 7339

#### 7. Makro foodservice North Pattaya Branch

555/1 Moo 6, T.Na Kluea,  
A.Bang Lamung, Chonburi 20150  
Tel: 0 3300 8938 Fax: 0 3300 8939

#### 8. Makro foodservice Lamai Branch

199 Moo 3, T.Maret,  
A.Ko Samui, Surat Thani 84310  
Tel: 0 7796 9280 Fax: 0 7796 9282

## 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: 0 5323 5536 Fax: 0 5323 5537

### 2. Siam Frozen, Udon Thani Branch

64, 66 Surakan Rd., T.Makhaeng,  
A.Mueang Udon Thani, Udon Thani 41000  
Tel: 0 4224 1822 Fax: 0 4224 1826

### 3. Siam Frozen, Thung Song Branch

169/1 Nikon Bamrung Rd., T.Pak Phraek,  
A.Thung Song, Nakhon Si Thammarat 80110  
Tel: 0 7542 3833 Fax: 0 7542 3256

### 4. Siam Frozen, Talad Yamo Branch

551/140-141 Mittraphap Rd., T.Naimueang,  
A.Mueang Nakhon Ratchasima,  
Nakhon Ratchasima 30000  
Tel: 0 4425 6339-40 Fax: 0 4425 6341

### 5. Siam Frozen, Si Racha Branch

198/14-15 Choem Chomphon Rd., T.Si Racha,  
A.Si Racha, Chonburi 20110  
Tel: 0 3831 4148-9 Fax: 0 3831 4150

## 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: 0 7796 0420-2 Fax: 0 7796 0423

### 3. Siam Food Services, Pattaya Branch

22/24 Moo 11, T.Nong Prue,  
A.Bang Lamung, Chonburi 20150  
Tel: 0 3805 3430-2 Fax: 0 3805 3433

### 4. Siam Food Services, Phuket Branch

77 Moo 5, T.Vichit,  
A.Mueang Phuket, Phuket 83000  
Tel: 0 7661 2892 Fax: 0 7661 2893

## VINA SIAM FOOD

### Vina Siam Food Company Limited (Ho Chi Minh City Branch)

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

### Vina Siam Food Company Limited (Hanoi City Branch)

838 Bach Dang, Thanh Luong Ward, Hai Ba Trung District,  
Hanoi City,  
Vietnam  
Tel: (844) 7309 1188 Fax: (844) 3984 1767

## MAKRO ROH

### Makro ROH Company Limited

3498 2<sup>nd</sup> Fl., Lardprao Rd., Klongchan,  
Bangkapi, Bangkok 10240  
Tel: 0 2723 1000 Fax: 0 2375 2927





SIAM MAKRO PUBLIC COMPANY LIMITED

3498 2<sup>nd</sup> Fl., Lardprao Rd.,

Klongchan, Bangkok, Bangkok 10240

Tel : 0 2723 1000 Fax : 0 2734 2141