

Annual Report 2015  
Siam Makro Public Company Limited



Your Trusted Partner

# VISION

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

# MISSION

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Multi – formats  
expansion  
in ASEAN

Award  
team achievement and  
invest in people

Know the differences  
know and respect  
the local differences

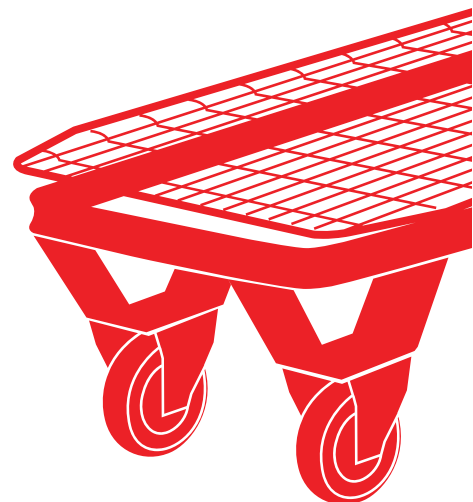
Responsible  
for the society  
and the world

Offer the best  
value & solution  
to customers





Your Trusted Partner



# CONTENTS

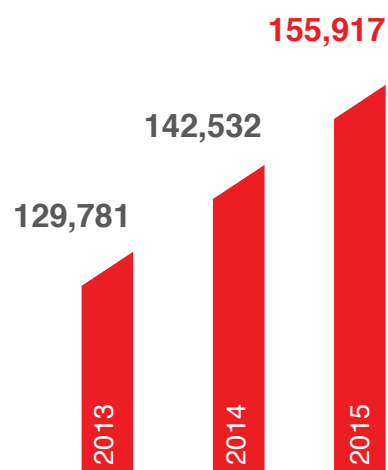
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●	02	Financial Highlights
	04	Message from Chairman and Chief Executive Officer
	06	Makro “Your Trusted Partner”
●	23	2015 Key Milestones
	26	Human Resources and Organizational Development
	28	Environmental, Safety and Occupational Health Management
●	29	Corporate Social Responsibility Way to Sustainable Development
	32	Market Overview and Industry Outlook
	35	Future Projects
●	36	Shareholding and Management Structure
	54	Board of Directors and Executives
	79	Corporate Risk Factors and Risk Management
●	84	Corporate Governance
	94	Corporate Information
	100	Audit Committee’s Report
	102	Management’s Discussion and Analysis of Financial Position and Operating Results
●	107	Related Transactions
	117	Report of the Board of Director’s Responsibilities for Financial Statements
	118	Financial Statements
●	190	Locations

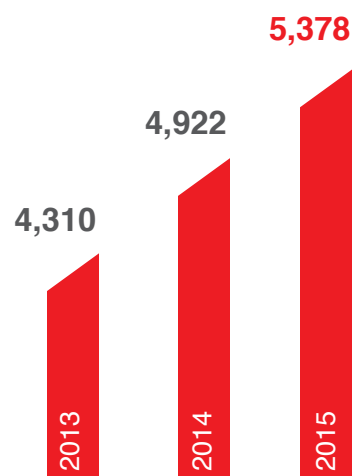




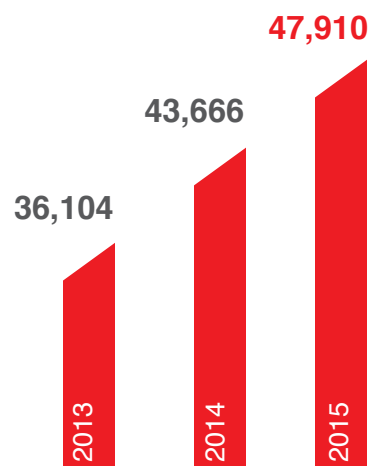
2015  
Total Revenues  
**+9.4%**  
Over 2014



2015  
Net Profit  
**+9.3%**  
Over 2014



2015  
Total Assets  
**+9.7%**  
Over 2014



Remark :

In 2015, the Company has restated 2013 & 2014 financial statements due to the adoption of new and revised TFRS - TAS 19 (revised 2014) Employee Benefits.

# FINANCIAL HIGHLIGHTS

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

	2013 Restated	2014 Restated	2015
<b>Financial Positions (Baht Million)</b>			
Total assets	36,104	43,666	47,910
Total liabilities	25,083	30,879	33,703
Share capital	2,400	2,400	2,400
Shareholders' equity	11,021	12,787	14,207
<b>Operating Performance (Baht Million)</b>			
Sales	126,638	139,271	152,604
Total revenues	129,781	142,532	155,917
Gross profit	10,964	12,500	14,667
Net profit	4,310	4,922	5,378
Earnings per share (Baht)	0.90	1.03	1.12
<b>Financial Ratios (%)</b>			
Net profit margin	3.3	3.5	3.4
Debt to equity ** (times)	0.3	0.4	0.5
Return on equity	39.4	41.3	39.8
Return on total assets	12.6	12.3	11.7
Dividend payout ratio	89.1	75.1	75.9
<b>Stock Data (Baht)</b>			
Par value per share	0.50	0.50	0.50
Book value per share	2.30	2.66	2.96
Dividend per share	0.80	0.77	0.85 *

Remark :

\* Dividend per share includes the followings :

- 1) Interim dividend of Baht 0.40 per share was fully paid on September 4, 2015
- 2) Proposed final dividend of Baht 0.45 per share for shareholders' approval on April 20, 2016  
bringing total dividend for 2015 to Baht 0.85 per share

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

# MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER



**Mr. Arsa Sarasin**  
Chairman



**Mrs. Suchada Ithijarukul**  
Chief Executive Officer

The year 2015 was another year in which the Board of Directors, the management, and employees of Siam Makro PLC can rightfully take great pride. With the progress made in projects and activity implementation, we have laid a firm foundation for future competitiveness and business expansion.

Even though the Thai economy in 2015 only grew by 2.8% due to a number of domestic and international factors such as the enduring drought causing the reduction in purchasing power of the agricultural sector, slowed down industrial production following signs of weaker demand in both domestic and foreign markets in line with the country's reduction in export resulting from stagnant world economy. Nevertheless, it has gradually begun to recover following measures put into place by the government to stimulate the economy and boost financial liquidity for business operators, increase cash flow through Village Funds, and continuous growth of the tourism industry.

Regarding our Company's performance, we have grown satisfactorily thanks to our constant effort in opening new stores since 2014 and throughout 2015. We continue to proactively manage our business according to our business plan and budget laid out to augment our competitiveness and efficiency in business operation. As a result, in 2015, the Company recorded a total revenues of Baht 155,917 million, an increase of 9.4 %, with a net profit of Baht 5,378 million, a growth of 9.3 %, in comparison with 2014.

In 2015, the Company focused on carrying out the development of various business components according to the plan and in a prudent manner, laying down a solid foundation for our business that will support our future growth, both domestically and internationally. We opened the third Fresh and Frozen food Distribution Center in Mueang District of

Samut Sakhon Province. This Distribution Center is vital in further enhancing our distribution capability and fortifying our continuously growing food service business. It also plays a part in fulfilling our vision to become **“the number one food solution provider for professional customers in ASEAN.”**

The Company has invested in a new, state-of-the-art IT system to quickly and sustainably support our expansion. After two years of preparation, installation, and testing the new system, we finally launched it in October. This system will serve as a solid foundation, on which our future domestic and foreign expansions will be built. This new system will be able to efficiently analyze big data to help Makro meet specific requirements of professional customers that differ from location to location.

Our customer-centric approach to business compels the Company to unceasingly strive for excellence in all aspects to truly be the worthy partner of choice for professional customers. The development of diverse types of stores extends our reach to target customer groups. On top of continually establishing new traditional Makro stores, we are committed to increasing the number of Makro Foodservice stores, stepping up into the position of food service industry leader. This year the Company launched a prototype store called Makro Food shop in “Town in Town” area, with a selling space of 800 sq.m., to better meet the demand of HoReCa operators in the vicinity. We also opened two new Siam Frozen shops to service small/medium sized food service professionals in need of good quality frozen foods. As a whole, in 2015 the Company opened 16 new Makro stores including Siam Frozen shops, yielding a total of 91 Makro stores and 7 Siam Frozen shops at the end of the year.



Through the years, our Company has remained committed to helping our professional customers acquire business expertise by sharing our own know-how and creativity through Makro Retailer Alliance (MRA) and “Retail Expo”, while building brand awareness among small retailers at the same time. This year, Makro has developed, improved, and perfected an application that builds a three-dimensional (3D) plan for small retailers; it is even capable of analyzing investments, sales, and profits. This innovation answers every question a small retailer typically poses. We have also promoted knowledge sharing and collaboration among business partners in developing and improving food-safety quality assurance system in compliance with various international standards throughout our supply chain. This provides Makro with differentiation from other competitors as quality and variety of fresh food products helps us gained acceptance from HoReCa operators who value food quality and safety. Additionally, the Company has also emphasized on developing new products, such as seasoning sauce, that increases our member customers’ ability to compete in the market. Tools and activities have been developed with an aim to strengthen the potential of all groups of professionals to grow sustainably with Makro as their trusted partner.

Acquiring and retaining human resources equipped with skills and knowledge needed to be customers’ trusted partner, who can help drive our business toward our goal, is a challenge we face as an organization. The Company has adjusted its approach to human resource development, both qualitatively and quantitatively, by internally training our personnel to step up to a leadership position, supported by our majority shareholder in our retail staff training, alongside recruiting new talents and then instilling **“VICTORY - Makro 7 Values”** into the minds of all staff. This approach will help us step up as the true leader of the food industry.

As equally important as business aspects, Makro consistently pays attention to social and environmental projects and activities. A notable example, as an extension of the “1 Bill 1 Baht” campaign, in which we raised funds

to build poultry houses for 25 schools and instructed their students on how to raise egg-laying hens, so that they may use eggs for lunch, we started “Young Sho Huay” campaign, where we teach students what they need to know about selling and managing a retail business. They can apply knowledge gained to school cooperatives, community minimarts, or their family businesses. By supporting the community, we hope that they become self-sufficient, which serves as a solid foundation for our national economy.

The Thai economy has shown signs of continuous recovery well into 2016. It is anticipated to grow at the rate of 2.8%-3.8%, driven by the government’s investments in infrastructure and the tourism industry that has recently seen steady growth. These attributes will drive the consumption and investment of the private sector forward. Thailand’s export will also gradually recover, following the recovery in world economy. The Company firmly believes in the country’s potential to grow continuously and plan to open more new stores. In the meantime, we continues to explore for opportunities to expand overseas, especially in ASEAN countries, where we can capitalize on our strength and expertise to bring mutual benefit or to create added value in those markets.

Throughout 26 years in business, Makro has proven its dedication to becoming the trusted partner of our professional customers and has always supported our business partners and Thai society. On behalf of Siam Makro Public Company Limited, we would like to express our gratitude toward shareholders, government agencies, and financial institutions who have always lent support to our operations. Moreover, the Company would like to thank the management team and every employee, whose efficiency and effectiveness, has led to our success today. We promise to persevere with our dedication and commitment to prudently and transparently run business, to adhere to good governance, to become a leading organization in the region as proclaimed in our vision, and to bring the Company onto the road of sustainability in years to come.



**Mr. Arsa Sarasin**  
Chairman



**Mrs. Suchada Ithijarukul**  
Chief Executive Officer



## A FULLY INTEGRATED BUSINESS TO BETTER SERVE OUR CUSTOMERS – OUR VIP

Makro's ability to maintain consistent and stable growth stems from our customer centric approach to doing business. Our management and employees are committed to working in a fully integrated way, guided by our organization values - VICTORY - to fulfill the diverse needs of our registered customers who number over 2.8 million today and who put their trust in Makro to be their business partners.

With the wholesale retail industry was in constant flux, customers enjoy more bargaining power and diverse choice. Makro's Customer Development team prioritizes reaching out to each of our target customer groups and understanding their needs and ways of doing business, so that we could develop better offering for them. We do this by providing a complete range of quality goods at the right price, to enable our professional customers to control their costs and generate sufficient profit from the goods they buy. This has given great satisfaction to our professional customers, who are our target and very important customers as always.

Thanks to the efforts of our Customer Development team, who works hard both in-store and on visits to customers to analyze their needs and purchasing power, we obtained useful information for assessing customers' key needs. Using in-depth information and sophisticated analysis tools, we identified high demand for food products in all three of our main target groups - small retailers; hotels, restaurants and catering (HoReCa); and institutional customers including those at hospitals, educational institutions, corporate entities, government agencies and factories. This has given us strong confidence in our current business direction to become the leading food solution provider for professional customers.

One of the foundation stones on which the various components of a business are built is a database from which information about customers' needs can be drawn. Our Customer Development Department works in collaboration with other units to develop our entrepreneurial customer base, with the shared goal of preserving our target customers while growing our high-potential clientele and adding new customers in order to ensure future stability and sustainability for our business.



*Makro Foodservice : a Yes for HoReCa*

## 8

### Multi-Store Formats : A Yes for Diverse Groups of Customer

Throughout 26 years as an operator of membership Cash and Carry Stores, our goal is to realize our vision, “To Be Number One Food Solution Provider For Professional Customers in ASEAN”. To this end, we have expanded our fresh food offerings to meet our customers’ quality and variety requirements and developed a broad range of unique store formats to increase our access to and ability to serve professionals in different areas. Our ultimate goal is to be a true business partner for professionals and to grow alongside them in a sustainable manner.

Makro Foodservice, with smaller sales spaces averaging 1,000-3,000 sq.m., have had great success breaking into the HoReCa market in high-potential tourist destinations

for two reasons : They offer convenience to local food professionals and they fit well with Thailand’s national economic development plan, which emphasizes tourism and food safety development.

Although the Thai economy remained sluggish throughout 2015, Makro continued to see growth due to above-target store expansion, with 16 new store openings in various formats including 7 full-size Makro stores, 4 Makro Foodservice stores, 2 Eco Plus stores, 1 Makro Food shop and 2 Siam Frozen shops. As of year-end 2015, we operated 98 stores throughout Thailand, including 70 Makro stores, 12 Makro Foodservice stores, 8 Eco Plus stores, 1 Makro Food shop and 7 Siam Frozen shops, with total sales space of 630,360 sq.m.





*Makro Food shop : New Format to provide greater convenience to HoReCa*

### **Makro Food shop : Small Store Format, Close to Food Professionals**

In addition to opening new stores to extend our network nationwide and ensure access to our target customers, we introduced Makro Food shop, a new Foodservice format, to provide greater convenience to HoReCa customers as it offers daily use fresh and frozen foods items in a compact set up. Our prototype Makro Food shop, with approximately 800 sq.m. located in Town in Town area, Bangkok, was opened in 2015 to offer HoReCa operators in the area more convenient food shopping and reduce their travel needs. Representing one of our strategies for growing our food service business, Makro Food shop is also a nimble way to achieve our store expansion and we plans to open more Makro Food shops even in areas that already have a Makro store. By doing so, we will be able to better meet the needs of our HoReCa customers, especially in tourist destinations and urban areas with high concentrations of restaurants, and also attract more consumers seeking fresh ingredients for their home cooking.



*Complete product assortment with quality to serve professional customers*





Center of Frozen products : Alternative for quality products with reasonable price

10

### Siam Frozen : Growing with the Frozen Foods Market

Buoyed by the continued growth in fresh and frozen foods sales, during 2015 we opened 2 new Siam Frozen shops, at Chan Road and Nana Charoen Market, with sales space of approximately 80 and 260 sq.m. respectively. Offering mostly frozen foods, the shops provide small and medium sized HoReCa operators in these densely populated areas with more convenient access to Makro's high-quality and safe frozen foods and enable them to better manage their cost all year-round.

### New Online Sales Channel : Makroclick.com

To better serve new generations of traditional grocery store operators and HoReCa operators, we launched Makroclick.com, an online shop offering a variety of goods not being offered at our physical stores.

In 2015, Makroclick.com saw online orders grow 4 times over the preceding year, reflecting customers' confidence in our e-commerce channel and the belief that they can get the best quality and greatest value for money through Makroclick.com. Our nationwide network of physical stores offers another advantage by giving customers the added



More product variety via online channel

confidence that they will have a convenient way to contact us, make inquiries and solve problems involving their online purchases should any occur.

As the number of people with broadband internet access in Thailand now tops 30 million, there is still large room for growth in the Thai e-commerce market. We can draw on our logistics capabilities and databases with in-depth information about our member-customers in developing goods and services for Makroclick.com to satisfy the needs of our existing customers and potentially increase our member customer base.



*Sharing how to create upscale beef dishes*

### **Siam Food Service : Premium Food Product Supplier**

Siam Food Service (SFS) has preserved its position as a leading importer and distributor of premium food products by offering delivery and other related services to its main target customers. Over the years, food service owners, HoReCa operators, high-end restaurants, 4-star and 5-star hotels and Quick Service Restaurants (QSR) have all come to trust the quality and variety of imported foods including meats, seafood and spices provided by SFS.

During 2015, SFS continued to target existing and new customer groups with the highest growth potential. To further differentiate its products and services, SFS developed new meat, dairy products and seafood based menu for restaurants and food vendors who specialized in QSR and added a new category, Live Food, such as live oysters.

Currently, SFS has 3 branches in popular tourist destinations of Pattaya, Koh Samui and Phuket, with head office in Bangkok. Despite the slowdown in domestic economy, SFS's strategy of catering to QSR, combined with continuing new customer development and customer relationship management, has helped SFS to achieve satisfying results in 2015, with Baht 2,026 million in sales and Baht 100 million in net profit, increased from 2014 by 22.1% and 67.1% respectively, thanks in part to the upswing in the number of dining-out customers.



*Delivery quality products to all professionals*

### **Vina Siam Food : Growing Success Abroad**

Vina Siam Food Ltd. (VSF) is a company engaged in the import, export and sales of high quality food products in Vietnam. In 2015, VSF carried out the strategy of developing new, high margin products including frozen beef, Chilean Seabass, duck liver and European dairy products, in order to offer more choice to QSR, Full Service restaurants and 5-star and other hotels in Ho Chi Minh City and Hanoi, the two cities where VSF are located. VSF also continued to grow its customer base, which today includes over 400 HoReCa operators. These efforts resulted in a 20.5% growth in total sales last year.

In addition, VSF created a host of activities to promote good customer relations and provide a platform for exchanging useful knowledge, including Robbin Island Wagyu Dinner, Chef's Table Dinner and Robo Wine Dinner. In order to access new customers, VSF took part in many events and activities hosted by the local chefs' association, including the Village de Chefs and Escoffier Chefs events, during which VSF in cooperation with FHV acted as an exhibitor of high quality food products. All of these activities helped differentiate VSF and supported its rise to become one of Vietnam's leading food service operators and a trusted business partner and supplier of quality goods and services to local businesses.





*Makro Application : 1<sup>st</sup> application for professionals*

### Serving All the Needs of Professionals

Makro is able to source and develop products and create services that best answer the business needs of various customer groups because we prioritize studying and analyzing data to obtain insight into each of our target groups. Our stores, though different in format, all serve as “product warehouses” where professionals can find the right supply for their needs all year around, be it Fresh Food, Dry Food, Chilled Food, Frozen Food or Non Food products.

Pursuing our vision of being the leader in food service business, Makro pays close attention to the needs of HoReCa operators and food professionals, for whom ingredient quality is crucial. To best serve these customers, we have expanded our offerings in the domestically sourced and imported ready-to-cook and packaged foods categories. Only products that meet our quality and freshness standards are sold through our stores, and these are stocked in sufficient quantities for the needs of our food service professional customers. These strengths have placed Makro in a unique market position and served as our core strategy for preserving our HoReCa customer base while expanding into new customer groups.

Committed to developing products that fulfill the needs of modern day businesses, Makro collaborates with the CP Group to develop ready-to-eat meals and ready-to-cook sauces to make kitchen work simpler and more convenient for our HoReCa customers and enable them manage their cost better. Food professionals gain competitive advantage from the consistent quality and standard of our ready-to-cook sauce products and free advice such as recommended menu items for the AEC market provided by our knowledgeable staff. In addition, Makro continues to adopt new innovations to improve our work processes e.g. building ice walls to preserve freshness of fish sold at our stores, a move that not only improves the quality of the food but also reduces our business cost.

In sales promotion, during 2015 we introduced “Makro Application”, the first application of its kind geared towards professional operators. Available alongside our leaflets and Makro Mail, the app serves as a new communications channel through which professional customers can plan their shopping and how to make profit from their purchases. By allowing customers to place bulk orders in advance, Makro is able to make the stock available in time for their visit, helping to save their time and further cement our position as customers’ trusted partner. To date, Makro Application has been downloaded over 50,000 times.



*Cooking demonstration : by using "aro" ready-to-cook sauces*

### More Products Under Our Private Labels

Our private-label products continue to enjoy good acceptance from our entrepreneurial customers. This is because their good quality, consistent standard, variety and reasonable prices help professionals increase their profitability and better manage their cost. Currently, Makro's house brands including "aro", M&K, Savepak and Q-Biz increasingly contributes to the Company's total sales.

Makro prioritizes developing quality products to answer the business needs of each of our professional customer groups. This year, we worked with specialized manufacturers in the CP Group and others to develop products in a wide range of categories. "aro"-brand products continued to be

our flagship goods and were offered to HoReCa operators as ready-to-cook ingredients. These included over 13 sauces, whose key attributes of convenience, hygiene and safety are embodied in the slogan "Tear, Pour, Heat and Serve", and various dipping sauces. Catering to retail operators, we launched new house brand products geared towards this group of customers, including "Jakkapat" steamed buns and "Thai Ruang Kwan" rice, a move that followed the success of the M&K brand of snacks and fruit juices.

These developments helped build confidence in Makro as a trusted partner for professionals of all groups and sizes, always working to offer a full and diverse range of products to help them grow their business.



*Committed to Quality to serve consumers' needs*

### Food Safety for Consumers' Health

Food safety is another issue prioritized by food service professionals, in addition to quality and variety of product offerings, as modern consumers become more and more health conscious. As a leader in food safety, Makro maintains stringent standards while continuing to develop our food safety quality assurance system and supply our entrepreneur customers with goods that meet the standards required under the government's Food Safety strategy.

From upstream to downstream, we maintain international standards including Q Mark, Food Safety, HACCP, GMP Codex, Halal, Global GAP and E-Privilege, enabling business owners to check the traceability of products bought from our stores. At the same time, we continue to work to extend our certification to cover more product categories. This year, more premium produce developed under our Quality Pro program successfully passed our Food Safety standard, including orange, melon, Nam Dok Mai mango, Sainamphueng orange and yellow watermelon.

We have also worked with government agencies on Guideline Daily Amount (GDA) labeling, which required that the amounts of energy, sugar, fat and sodium contained in each food product are fully displayed to help consumers make the right choice for their health needs. In addition,

we participate in the "Q Restaurant" program as a supplier of agricultural and food products with GAP certification under the Q Mark scheme. The program encourages restaurants, hospitals and other businesses to choose fresh, hygienic and safe ingredients and use that as a selling point to help build confidence in members of the dining public. Our efforts in this area earned us to be accredited by the National Bureau of Agricultural Commodity and Food Standards (ACFS) as a qualified distribution center of agricultural products and quality food covering Makro stores nationwide.

Through the years, Makro has maintained strict compliance with relevant laws and regulations and prioritized food safety and consumer rights. All Makro stores have received certification under the Food and Drug Administration (FDA)'s GMP standards. Furthermore, we have consistently pursued food safety improvements to comply with all the recognized standards, even if doing so is not mandatory under the law. This includes earning the Halal certification for meat products on sale at Makro stores, GMP accreditation for our meat sourcing and packing facility, and the clean butcher shop (Clean Butcher Block) certification from the Department of Livestock Development. All of this has further cemented our reputation as a leader in food safety and quality trusted by professionals nationwide.





*Variety of Goods with high quality*



*"aro" dish washing liquid : Environmental friendly product*

### **Makro: Where Quality Goods Are Always Available**

By locating our Distribution Centers in strategic locations and adopting an efficient logistics management system to maintain the quality and variety of our products, Makro is consistently able to fulfill the needs of our customers in a prompt and timely manner, giving customers the confidence that the goods they want are always in stock at their local Makro store. At the same time, we have pursued constant improvements to our operation to maximize effectiveness, increase cost management efficiency and ensure energy and environmental sustainability. This approach to doing business not only sets Makro apart as a business but also enables our professional customers to run their business in a smooth, uninterrupted manner. Until recently, we had Distribution Centers in 3 locations : (1) Distribution Center for Dry Food, Non Food, and Chilled and Frozen products in Wang Noi District, Ayutthaya; (2) Small Distribution Center for Frozen products in Sung Noen District, Nakhon Ratchasima; and (3) Distribution Center for Dry and Non Food product in Bang Sao Thong District, Samut Prakarn.

In late 2015, we opened a new 22,000 sq.m. Distribution Center for Fresh and Frozen food and our new Frozen food depot in Samut Sakorn. It is equipped with an Automated-Storage/Retrieval System (ASRS), one of the most sophisticated, state-of-the-art facilities of its kind in Thailand, to help in the storage and quality preservation of Frozen food, imported fruits and meats ordered in bulk quantities from overseas, which require being kept in

cold-storage rooms at 0 to -20 degrees Celsius. Being the largest ASRS-equipped Fresh food Distribution Center in Thailand, this new facility has increased our capability to efficiently preserve the quality of products, especially fresh fruits, produce and seafood, resulting in lower delivery cost and increased distribution efficiency. It also helps to ensure that our distribution capabilities can keep pace with the rapid growth of our business. The new facility can handle all the cutting, trimming and packing required to turn fresh fruits, vegetables, meats and fish into pre-packed, ready-for-sale, products. We are committed to achieving all the current standards for fresh foods including GMP, GMP Codex and E-Privilege at the upstream end in order to reduce this work at our stores and allow our staff to better attend to customers' needs and provide them with useful advice, creating value-added for our customers while maintaining consistent product quality.

We are also committed to developing a cross-dock distribution system to enhance our ability to manage merchandise distribution to Makro stores in an efficient, time and energy saving manner. We encourage logistics companies to install a truck tracking system on all their trucks to allow us to track their locations and control the temperature of the goods being transported at all time and from end to end. This will ensure that the quality of our products is preserved until they reach our customers and help guarantee the safety and quality of food products throughout the supply chain. Achieving this will set Makro further apart in the marketplace.

**makro**  
มิตรแม่ใจหาย

ที่เดียวเท่านั้น  
ที่ตอบโจทย์ ร้านค้าปลีก

บริการที่คุ้มค่าที่สุด  
การจัดการร้านค้าปลีก

คู่มือการจัดการ  
ร้านค้าปลีก

คู่มือการจัดการ  
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ติดต่อฝ่าย  
โทร

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## FROM CARING TO CREATION GO AND GROW TOGETHER

### Sharing (Not So) Secret Ideas for Success

Makro has gone beyond being a trade partner to become a true business ally trusted by all groups of customers, from first-time professionals who want to open their own retail shop to traditional grocery store operators seeking to expand their business, to long-time retailers looking for ways to increase profitability in the face of intensifying competition. To these business owners, Makro is both the starting point for success and an end-of-the-road shelter where they can find understanding ears and helping hands ready to support them with the know-how and solution sets that have been proven internationally to help entrepreneurs start or reboot their business and achieve sustainable growth.

The successful Makro Retailer Alliance (MRA) project underlines our position as a true ally of small independent retailers. Every year, more and more retailers join the scheme to improve their ability to do business, and today MRA has a membership of over 27,000 retailers.

To answer the needs of small retailers, the MRA team focuses on developing tools and processes to help them give the right advice, and by combining their knowledge with the MRA manuals and an innovative 3-D shop design program, they have achieved just that. This year, the shop

design program reached new heights and could run useful analysis based on customers' cost, sales and profit margin to offer a clear picture of a small retailer's business, something that was unavailable to this group of customers. This service is provided by Makro free of charge.

Currently, MRA offer 3 retailers' manuals: "8 Topics in Retail Shop Management", "Shop Improvement Manual" and "New Retailer's Handbook". Essential tools that retailers can use to open up new perspectives and obtain integrated knowledge specific to the retail business, all three manuals are available free of charge to Makro's members who join our training workshop. They also come with discount offers that can be applied towards purchases of goods and equipment from our trade partners.

Following good feedback from retail shop operators in the provinces, we have taken our training roadshow to more regional cities, including Roi Et in the northeast, Nakhon Sawan in the lower north and Trang in the south, drawing over 600 visitors each time. Meanwhile, Makro stores around the country continued to take turns hosting the popular "Food Retailer Day" featuring highlight activities from "Retail Expo" at IMPACT Muang Thong Thani, which drew a gathering of Makro member-customers everywhere it went.









*"Retail Expo" : Inspired event for Retailers*

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

A key event under the MRA banner this year, the 7<sup>th</sup> "Retail Expo" was held under the theme "ShoHuayThai.com" during March 26-29, 2015 at IMPACT Muang Thong Thani. In addition to traditional retailers who make up the event's regular visitors, the event also attracted young people and would-be retailers who came in search of business tools and ideas.

The highlight of the 7<sup>th</sup> "Retail Expo" was the MRA Center, which offered live retail management demonstrations with the help of a 3-D program, advice on shop design and business analysis with the aid of a multimedia program, all free of charge. Retailers looking for new shop display and shelf stocking ideas found answers in the 7 model shops on display, including the mobile, go-everywhere "ShoHuayOnTheRoad.com" and "ShoHuayWoW.com" which targets the lifestyle



*Retail Shop Development*

needs of the younger generations. Other activities, including talks with winners of the New Generation Retailer and The Charm of Small Retailer contests, seminars and workshops, were also well attended by modern and traditional retailers seeking to enhance their competitive edge.









*Makro HoReCa Challenge : The Professional Chef*

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

To mark a decade of success and further reinforce our position as a professional business partner of food professionals, hotels, restaurants and caterers, the 10<sup>th</sup> Makro HoReCa was held in grand style during October 29 - November 1, 2015 under the theme “The Professional, from professional to professional”. The event brought together a full range of ingredients, equipment and innovations from Makro, including “aro” packaged sauces, plus new products by Makro and over 300 trade partners.

Ideas and knowledge flowed freely through a variety of activities. These included a cooking competition in which professional chefs and students competed for HRH Princess Soamsawali’s trophy and the chance to represent Thailand at FHA2016 in Singapore, cooking demonstrations by legendary chefs, Guru Talk, and seminars and workshops featuring HoReCa experts who brought a wealth of technical



*Celeb joins a cooking demonstration*

knowledge to share with hotel, restaurant and catering service operators to help them grow their business and become successful professional entrepreneurs.

## Developing Our Trade Partners to Become Premium Suppliers

Makro's rapid and stable growth is partly owed to the cooperation of farmers and trade partners who upgraded their farms and packing houses to ensure consistent production and timely delivery of quality goods for sale at Makro stores. In turn, we support our partners by providing information and knowledge to help them develop their business and grow with us to become international players.

To meet the needs of food professionals, especially HoReCa operators who require strict maintenance of quality and food-safety standards throughout the value chain, our purchasing and product quality assurance teams work to promote knowledge dissemination, help analyze risks and provide advice to farmers around Thailand to enable them to produce agricultural products that meet the safety standard for each category e.g. hygienic meat products. We support farmers' quality development and creation of value-added by providing help every step of the way, from seed selection to GMO-free feed to animal welfare, hygienic farm management, humane slaughterhouse practices and packing processes that comply with accepted standards.

To create value-added for fresh fruits and vegetables, Makro works with provincial agriculture chiefs to educate local farmers about seed selection, soil and water assessment, control of chemical use to ensure environmental sustainability, harvest and post-harvest practices to preserve crop quality, etc. All of these processes emphasize traceability to ensure consumer confidence in the safety of the products. In addition, we have consistently worked with a network of northern universities to develop a safe orange production system under the "Return happiness to Thai people, Safe Orange, Smiling Thais" scheme involving a total of 5 growers.

Makro has a policy to increase safe product sources in step with our expansion and to serve as a sales channel for premium-grade produce that has earned Makro Quality Pro (MQP) certification. Currently, the list of MQP-certified produce includes Japanese melon, Kinnaree watermelon, fragrant-juice coconut and golden Cavendish bananas, winner of the CP All President Awards Innovation



*Traceability application : a way to ensure consumer confidence in food safety*

Prize. These premium fruits and vegetables are much-sought after by hospitals and nutritionists. We also consider produce that do not pass our appearance and size criteria for premium produce but meet our food-safety standards, as this provides more options to our professional customers.

The production system and international standards we have developed in cooperation with farmers have helped us gain efficient control over both cost and production quality. The guaranteed access to market also benefits farmers, who are upstream producers in the value chain, providing them with more income, more stability and the ability to be self-reliant, strong and sustainable, and also enhances their competitiveness as the region prepares for the launch of the ASEAN Economic Community (AEC).

Moreover, we work to keep our trade partners informed about legal and regulatory changes affecting products on sale at our stores so that the necessary changes can be made to ensure that all the goods in our stores meet the current quality and safety standards and comply with consumer protection laws. In 2015, for example, new labeling rules were enforced requiring the display of additional essential information and a new regulation was passed requiring temperature control for all trucks used to transport meat products



## 2015 KEY MILESTONES



Makro participating "Cheering Giving Happiness to Public"

### January

- Opened a 3,232 sq.m. Makro Foodservice Kanlaphruek which is the first Foodservice store in Bangkok
- Supported government's policy by participating in the activity **"Cheering Giving Happiness to Public"** offering necessity consumer products more than 600 items in order to reducing cost of living
- ARO Company Limited, wholly owned via Makro ROH Company Limited, was founded with objective to operate the business in marketing and business consultancy services in Myanmar



"aro" dishwashing liquid received the "Green Label"

### March

- Opened a 6,845 sq.m. Makro Maha Sarakham
- Organized the 7<sup>th</sup> "Retail Expo" under the theme "ShoHuayThai.com" emphasizing the leadership of Makro as "Your Trusted Partner" for retailers
- Makro's "aro" dishwashing liquid received the "Green Label" award from the Thailand Environment Institute, recognizing its compliance with environmental standards and eco-friendliness



Makro CEO - The Best CEO Award from IAA

### February

- Opened a 6,979 sq.m. Makro Yasothon
- Established ProMart Company Limited, 100% owned by the Company with objective to sell non-food products
- Received "The Best CEO Award-Service Business" in IAA Awards for Listed Companies 2014 from the Investment Analyst Association



Makro Application Corner

### April

- Opened a 5,073 sq.m. Makro Fang in Chiang Mai
- Launched "Makro Application", 1<sup>st</sup> application for professional operators, to be another channel to communicate to all customers on special promotion, Makro Mail, informative handbook for professional etc



*2 most talented chefs with Bronze medals from HOFEX 2015 Hong Kong*

### May

- Opened a 6,922 sq.m. Makro Nakhon Nayok
- Won the honor of driving the development and promotion of Halal Industry in livestock from Department of Livestock Development
- 2 most talented chefs of Makro Horeca Challenge 2014 representing Thailand to compete in International Cooking Competition won the Bronze medals from HOFEX 2015 in Hong Kong



*A plaque from Prime Minister for participation "Green Card"*

### June

- Opened a 7,000 sq.m. Makro Nakhon In in Nonthaburi
- Received a plaque from Prime Minister Gen Prayut Chan-o-cha, for participating "Green Card" project and signed the MOU concerning reducing the usage of plastic bags between the Ministry of Natural Resources and Environment and private business sectors in the event "World Environment Day 2015"
- Signed a cooperation agreement with Pollution Control Department on Green Business of the Future project "NextGen Compliance" to comply that the quality of wastewater in all Makro's buildings will meet the standards
- Launched "Young Retailers" project built upon a poultry house and egg-laying hen project in order to teach students on retailer management



*Opened 2 new Makro Foodservice to get closer to customers*

### July

- Opened a 2,746 sq.m. Makro Foodservice Ban Phe, Rayong
- Opened a pilot 800 sq.m. Makro Food shop, Town in Town, in Bangkok to meet the needs of HoReCa operators in each area more closely
- Won 4 awards for Outstanding Innovation at CP All President Awards : Shop Management Tool for Retailers, Ice Wall Maker Trolley, Aro Readymade Sauce, and Makro Quality Pro (MQP)
- 37 stores were awarded with the "Excellent Labor and Welfare Award 2014" from Department of Labour Protection and Welfare



*2 new Makro stores : Makro Foodservice Srinakarin 2 and Makro Thung Song, Nakhon Si Thammarat*

### August

- Opened a 6,818 sq.m. Makro Thung Song in Nakhon Si Thammarat
- Opened a 2,912 sq.m. Makro Foodservice Srinakarin 2





*Opened Makro Phayao*

## September

- Opened a 6,973 sq.m. Makro Phayao
- Opened Makro's Fresh and Frozen food Distribution Center (DC) in Samut Sakhon equipped with an automated-storage/retrieval system (ASRS)



*Makro Phitsanulok 2 : a good response from professional customers*

## October

- Opened a 7,002 sq.m. Makro Phitsanulok 2
- Opened Siam Frozen Chan Road in Bangkok
- Organized the 10<sup>th</sup> "Makro HoReCa" event under the theme of "The Professional, from professional to professional" with an aim to enhance competitiveness of HoReCa operators and to offer opportunities for their business growth
- Was certified to be a distributor of quality food and agricultural products according to Q-Mark project from National Bureau of Agricultural Commodity and Food Standards
- Successfully launched new operating system to enhance the efficiency of in-depth inf



*Makro Phrae : over 20,000 product items to serve customers' need*

## November

- Opened a 5,290 sq.m. Makro Phrae



*Siam Frozen Talad Nana Charoen*

## December

- Opened a 1,945 sq.m. Foodservice Ko Chang
- Opened Siam Frozen Talad Nana Charoen in Pathum - Thani



## HUMAN RESOURCES AND ORGANIZATIONAL DEVELOPMENT



*President Awards : a pride of Makro Innovation*

### Organizational Development Striving for Excellence to meet Customer Demand

The continuous business growth of Makro proves a challenge for the Company. In readying and developing quality human resources for the establishment of 25 new branches over the past two years, the Company has hired over 5,000 personnel in 2015 to strengthen the foundation of our business. We have also provided training to our employees according to their line of work and equipped them with business know-how on the demand of each customer group.

This year the Company has restructured our Commercial Department by building an upper management team with diverse experiences and fields of expertise to support our business growth. The Company has also helped Commercial Department's staff members gain expertise through a training program called Commercial Capability. Meanwhile, the Operations team has created and distributed "Your Friend in the Store" general-knowledge manuals to its new staff members. The team has also trained its staff members on general and Makro-specific business know-how through programs such as Own Brand and Food Service Academy with a focus on helping the food service Assistant Store Manager (ASGM) level personnel and Fresh Food Managers acquire food business expertise worthy of being the "Your Trusted

Partner". Learning tools developed under the Makro Academy Everywhere concept allows employees to learn about their jobs regardless of where they are. The tools have proven convenient and effective in quantitative and qualitative development of human resources that will help support the rapid expansion of small Makro Foodservice stores.

Under "Grow Our People for Growth" (G4G), Makro's human resource development principle, many new programs have emerged as a response to our staff's desire to learn, in which meeting the needs of customer is key. Organizational succession plans have been laid out to help them see their career goal more clearly : SAP program focuses on equipping operations staff with general knowledge that readies them for higher positions; SML (Staff>>> Manager>>>Leader) program aims to develop human resources of all levels by training staff to be supervisors, supervisors to be section managers, and section managers to be ASGM level personnel; STAR program develops ASGM level personnel into Store Manager (SGM) level personnel; and talent management prepares Store Managers for higher roles such as Area Managers. Additionally, Basic Management program trains the Top 100 management personnel, while C.P. Leadership Institute trains top executives on leadership skills.

The Company remains committed to unceasingly instilling “VICTORY- Makro 7 Values”, in the hearts of our employees. After raising awareness and increasing acceptance toward the Values throughout 2014, this year the Company has shifted its focus onto more practical aspects of the Values, such as providing excellent customer service under the motto “Cheerful smile, Promote product & service information when customers want, Volunteer to find things” and having the “Praised for Good Deeds” campaign, in which employees of all levels, as well as partners’ staff members working at a Makro store who incorporate the VICTORY Values into their work, are entitled to win some rewards for their work.

Additionally, the Company remains committed to fostering employees’ career growth according to their line of work and retaining them. The Human Resources Department has to also develop to be dependable by the rest of the organization and to gain their trust and become the “Go-to Person”. Since the Company has also planned on recruiting outside talents to support future expansions, we founded an Assessment Center to establish criteria in selecting qualified people to work with us. Additionally, we have also developed a curriculum, in partnership with Panyapiwat Institute of Management (PIM) that fosters quality growth in the retail business for Makro’s human resources.

As for the plan to ready our people to support overseas expansion, a project to equip our personnel with the skills to communicate in the local languages of Makro’s target countries has been under development, in addition to the existing English training. Simultaneously, curricula and manuals are being translated from English to other languages.

### Development toward Innovations

The Company places a great deal of importance on being an organization of innovation, and every employee plays a role in creating an innovation that will increase our competitiveness in the market. We have come up with a concrete 2015-2018 innovation plan, establishing the Innovation Department, whose responsibility is to raise innovation awareness within the organization, equip all members of staff with innovation know-how and help them believe that an innovation is within reach and is a crucial tool that will increase efficiency, save time, reduce costs, and lower the use of resources. At the same time, a good innovation will add value to goods and services that meet the demand of foodservice professionals.

The challenge is instilling this belief within the organization and creating a chance for management teams and other employees, including operations staff at each Makro store location, to partake in all four dimensions of innovation namely process innovation, product innovation, service innovation, and business model innovation. And to incentivize the staff to join in this initiative, rewards were offered.

In 2015, six innovation projects were given the Makro Innovation CEO Award 2015, and among them, four were granted the CP All President Awards from the CP All Group. These awards mark an auspicious beginning in encoding innovation into the DNA of Makro employees and stimulate the creation of new innovations and their continuous participation in internal contests aimed at a collaborative effort in building the future of Makro.

### The CP All President Awards went to the following four innovation projects:

- **Ice Wall Maker Trolley** helps quicken the fish department’s construction of ice walls. It improves efficiency, maintains quality, reduces time, and lowers loss.
- **Makro Retailer Alliance (MRA) Shop Management Tool for Retailer** is a campaign in which Makro gives advice to small retailers, such as mom and pop shops and minimarts, on how to set up a new shop, renovate as well as to manage their store efficiently using the same standards that Makro has laid out for them. There are no costs, and they even get a manual specifically tailored to them.
- **Makro Quality Pro** is a campaign rooted in problems of chemical residue in agricultural goods and the government’s policy. It entails a production development that uplifts standards of farms and packaging houses for quality and safe produce under the concept of “From Farm to Table”.
- **Serve Quick Big Turn by “aro” readymade sauces** allow business owners to sell more in the same amount of time and get higher profits. The 13 variety of sauces are developed with an objective to be convenient, clean, and safe under the concept of “tear, pour, warm, and serve”.

# ENVIRONMENTAL, SAFETY, AND OCCUPATIONAL HEALTH MANAGEMENT

## Environmental Management

At Makro, we value responsible business operations therefore, we concentrate much of our effort on managing our resources to maximize their benefits, running all systems in an environmentally friendly manner, and cooperating with every sector to ascertain the utmost efficient environmental management and sustainability. We do all these things because we are part of the Thai society.

Recognizing the significance of sustainable waste water management, the Company has signed a memorandum of agreement with the Department of Pollution Control on “Green Business of the Future Project: NextGen Compliance” to promote better understanding of waste-water management and maintenance of waste-water treatment systems in the Company’s building or complexes of buildings. Furthermore, our commitment to abide by the Enhancement and Conservation of National Environment Quality Act, B.E. 2535, and our acute awareness of efficient energy consumption have compelled us to make changes and improve our machinery and other necessities to conserve energy, including changing all light bulbs at Makro stores to LED bulbs. This endeavor of ours has been supported by the Department of Alternative Energy Development and Efficiency.

Makro has also continuously run a number of environmental management projects, in collaboration with our customers and the communities around our stores and Distribution Centers. They are as listed below.

- **Effective Micro-Organisms (EM):** Using unsold fruit and vegetables from our stores as raw material, we produce over 546,000 liters of EM each year. We use it within the organization, e.g. using it as a cleaning product, and distribute it to our customers.
- **Recycle Foam Boxes:** Foam boxes used to package fresh foods at our store are returned to our fresh food Distribution Centers, after which they are shipped to a recycling firm. We recycle 41,900 kg of foam boxes, an equivalent of reducing 147,488 kg carbon of carbon dioxide a year.

- We also recycle 32 tons of recyclable waste per year.
- In 2015, we donate over 4.4 tons of food waste from our stores to local District Agricultural Promotion Offices to be turned into bio-fertilizer.

## Occupational Health and Safety Management at Makro Stores

We highly value the well-being and safety of customers shopping at Makro, as such we have implemented safety measures at our stores, such as using store safety scorecards and providing spacious parking lots and walkways to accommodate customers with varying needs, particularly the elderly and customers with special needs. Should any unfortunate accident take place at any of our stores, our Customers Relations and Legal Officers will attend to the customer who is involved in the accident, including attentive follow-ups to see the progress of their recovery. At the same time, we greatly value environmental, safety, and occupational health of our workers and strive to raise awareness among them, instilling occupational health and safety in their mind. This past year, we conducted safety training for all levels of store employees, 650 of whom were supervisorial safety officers, 170 were management level, and 300 were in the Health and Safety Committee. We also conducted basic health and safety training for over 2,000 employees. Our ultimate goal is to have a workplace with zero accident. Additionally, staff members at any given Makro stores are required to report any accident to the management team as part of the common safety awareness procedure across the organization. Such reporting will also provide information necessary for improving our services and security standards. In 2015, the total recordable case frequency (TRCF) of work-related accidents is on average 20.60 times per month. Lost Time Injury Frequency Rate (LTIFR) (of more than a day) is reduced from 2.76 in 2014 to 2.42 in 2015 or a decrease of 14%. Additionally, 37 branches have received the Outstanding Workplace: Occupational Safety, Health, and Environment Award, and 5 stores received the Zero Accident Award.



## THE ROAD TO SUSTAINABILITY ALONGSIDE THAI SOCIETY



*"Young Sho Huay" Campaign*

With the strong commitment to achieve sustainable growth of our business alongside Thai society, we have given much importance to corporate social and environmental responsibility campaigns built on the knowledge and expertise that we have accumulated over the past 26 years. These campaigns are tailored to the various needs of communities, society, and the nation as a whole and we will collaborate in the development of all aspects of Thai society to attain to improve quality, stability, and wealth in a sustainable manner.

### **"Young Sho Huay" Campaign**

The provision of Baht 5 million from the "1 Bill, 1 Baht" campaign, organized in celebration of the 25<sup>th</sup> anniversary of our operations, was used to build poultry houses at 25 schools nationwide. The know-how on farming egg-laying hens properly was passed on to students at these schools. The results of the campaign were satisfactory. In fact, they have created a surplus of eggs, which opened new doors for a new campaign dubbed "Young Sho Huay". This campaign turned the development of eight things to know about a retail business into easy-to-understand learning materials for young learners such as cartoon books and videos. The learners can then apply the knowledge gained in their daily life such as selling the produce from the school such as eggs, vegetables, etc. at the school's cooperative and managing their family's mom and pop's store or a community minimart. This lends support to the foundation of the economy in its quest to becoming sustainably self-sufficient.



*Demonstration corner to make EM*

### **Turning Waste to Wealth : EM Campaign**

The Effective Micro-Organisms or EM campaign is rooted in the idea that even waste can be beneficial. Makro has continuously run this project because we care about the environment. In 2015, on Thai Environment Day, December 4 of every year, Makro was recognized as a leader in knowledge sharing and campaigning for our customers to reduce waste. In addition, we also make EM from wet waste from each store to reduce burden on the environment. We, together with our customers, the Department of Health of the Ministry of Public Health, and the Ministry of Natural Resources and Environment, use EM to reduce undesirable smell of garbage, which greatly benefits the community and environment.

### **"Makro Retailer Alliance"**

In its 7<sup>th</sup> year, Makro, in collaboration with 71 educational institutes around the country, offered retail shop management training to over 3,550 students, who then set out to improve over 710 local retail shops under close supervision of the Makro Retailer Alliance team. This year, eight teams of students who submitted their plans were invited to give a presentation and take a field trip at Makro's headquarters. Retail shop owners were also encouraged to partake in positive opinion sharing. There were three shops chosen for improvement, which led to an evident increase in their sales volume.



*Knowledge sharing on retail - wholesale business by Makro MRA team to students joining the project*

### Scholarship and Cooperative Program

In 2014, the Company gave scholarships to 39 undergraduate students in the Faculty of Food Business Management at Panyapiwat Institute. This year, as they stepped into the second year of their undergraduate program, they partook in an internship program at a Makro as a head of training section. The Company intends for this internship to help these students gain real-world experience.

Additionally, the Company also made a pilot cooperative program curriculum and presented it to four universities. The program gives a chance to fourth-year students from any food and agriculture related faculty to intern at a Makro stores. It was well received, as these educational institutes saw great benefits to the students who will have a job lined up for them after their graduation and who want to progress in their career with a leading organization in the retail wholesale business. Students will begin their internship in 2016.

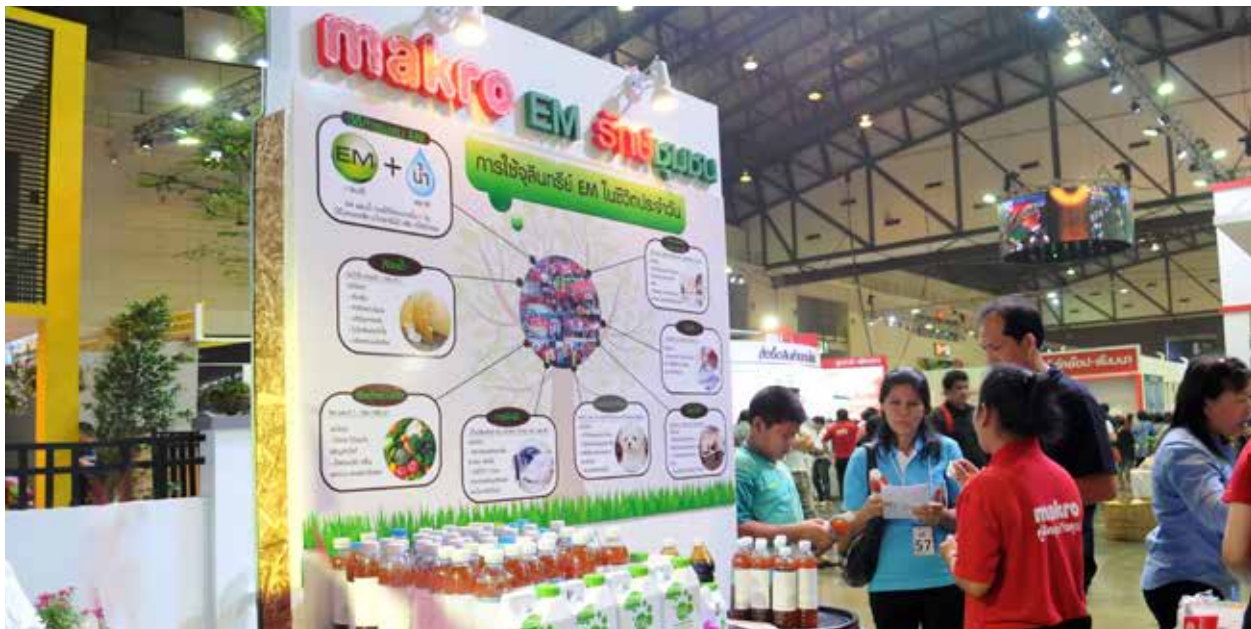
### Thai Farmer Support and Community Enterprise Support Program

To promote a sustainable growth of Thai agriculturalists, the Company cultivates knowledge on the development of quality agricultural produce that is safe throughout the supply chain, as well as sustainable business management, among agriculturalists who have come together to form a cooperative and those in the Royal Projects. Additionally, we have continuously bought dry food, dairy products, and fresh food for sale at Makro.

Whenever Makro opens a store at a new location, the Company places much importance on the development of agricultural produce such as fruit and vegetables, as well as local OTOP products. And we have supported them by selling them at Marko stores under close guidance of the quality assurance team.

### Local Hiring Program

With every new Makro store comes new job opportunities. We have a policy to prioritize hiring the locals through standardized, fair, and transparent interviews and selection procedures to acquire personnel whose qualifications align with available positions. At the same time, the Company also supports staff members who would like to go back and work in their hometown. These are all parts of our efforts in building a good quality of life for Makro's employees.



Exhibition corner - How to make EM from waste vegetables and fruits

### Sustainable Energy Management Program

We believe that sustainable energy management is pivotal at our Makro stores and Distribution Centers, and we ensure it with the “3-R Program”, Reduce, Reuse, and Recycle. Explicit Key Performance Index (KPIs) have been set up to consistently measure the performance.

At our new Distribution Center in Mahachai District, Samut Sakhon, which was opened late of this year, we installed LED lights sources around the premises and ascertained that the insulation is 50% thicker for better efficiency in maintaining the desired temperature and long lasting use. We also invested in 360 forty-five-foot trailers, allowing for more capacity, reducing the number of rounds of transportation, and saving up to 18% on fuel costs. Furthermore, solar power is used to make hot water for cleaning of tools at the Distribution Center.

In 2015, the Company helped the nation reduce 3.0 million liters in energy, lower 8,200 tons in carbon footprint, and reuse 32,811 tons of paper boxes. As for wet waste, 32 tons were turned into 546,000 liters of effective micro-organisms or EM.

The Company has a policy to consider supporting products from trusted sources that do not use illegal labor, have an



eco-friendly production line, and do not encroach upon society. We also share our know-how with our partners, leading to the development of our own environmentally friendly products such as “aro” dish-washing detergents that received the Green Label. Moreover, Makro is participating in the Green Card project in support of goods and services that are friendly to the environment. We are also partaking in the campaign to reduce the use of plastic bags. We are a major force in reducing domestic waste, which is crucial to the government and is currently on Thailand’s national agenda.



## MARKET OVERVIEW AND INDUSTRY OUTLOOK

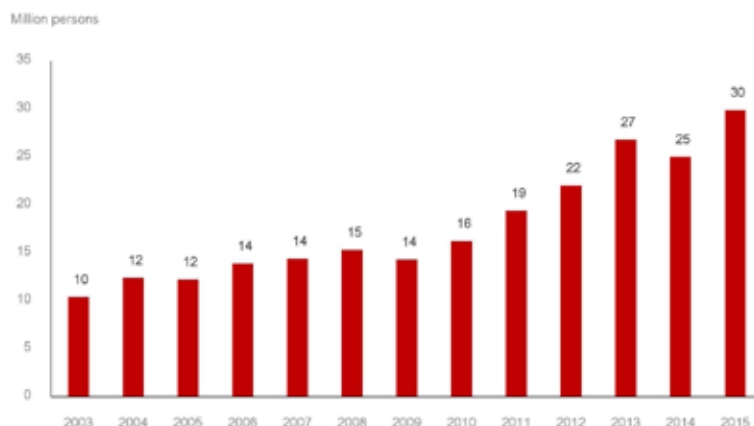
The Thai economy in 2015 has improved, in comparison to the previous year, with an overall growth rate of 2.8%. It was supported by the tourism industry, whose recent growth is attributed to the improvement on political front, martial law being lifted, and continuous effort from the government to put economic stimulus measures into place. However, export and industrial production for export have shrunk following the decline in purchasing power of the domestic and foreign markets caused by stagnant world economy. The agricultural sector has also contracted as produce prices have been falling since the previous year. Additionally, the drought that began toward the end of 2014 and lasted until mid-2015 resulted in stock reduction of crucial commodities such as rice, rubber, and palm oil, and each rain fall has become further apart in many parts of the country. The private sector's consumption power has also been limited due to high household debts.

The aforementioned factors have had significant effects on the retail and wholesale industry since it heads in the same direction as the national economy, being dependent on people's consumption. Even though the retail industry in 2015 has improved, its growth is lower than the 10-year average, nevertheless, it still reflects the country's economic rebound. Purchasing power of middle and low income consumers, as well as consumers from the agricultural sector, was still weak, while the competition between business operators intensified, not only in Bangkok, but also in big cities in many provinces. Retailers have invested more by opening new stores in new locations, renovating existing stores, changing the types of products sold at their stores, and expanding their businesses to new

markets. Regarding consumer behavior, it is noted that consumers have been more careful about their spending therefore, for retail and wholesale business operators to survive in the evolving environment, they have had to change operational strategies, adapting to survive, including introducing goods and services tailored to the target groups, launching promotional campaigns to stimulate consumers to buy more, rearranging products in the store for customers' convenience, efficiently managing and controlling costs, and effectively managing their inventories. Additionally, retail and wholesale business operators have turned to a cross-disciplinary business strategy, focusing on one-stop shopping and niche markets that have a high potential to grow and HoReCa operators who grow alongside tourism, conferences, and seminars. Big retailers have realized they could attempt to satisfy the demands of this group.

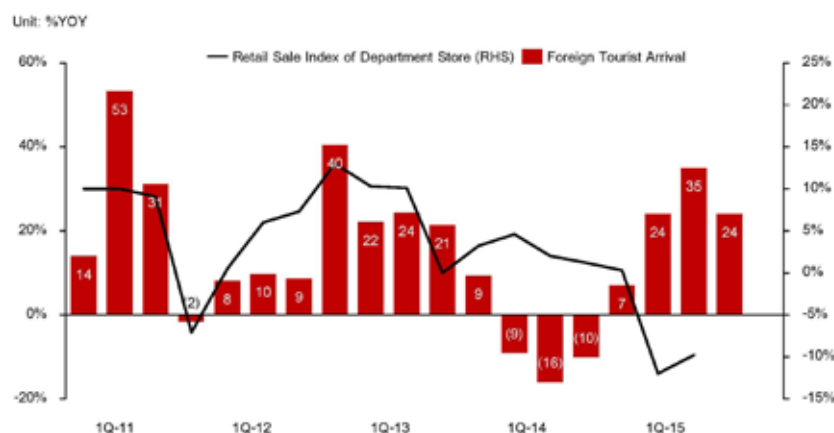
The growth of the tourism industry in Thailand has compelled the domestic retail and wholesale industry to expand, as seen in the positive relation between the growth of the retail index and the growth of the number of foreign visitors. Between 2003 and 2015 the number of foreign visitors to Thailand grew at an average of 9.2% per year, and the World Tourism Organization of the United Nations (UNWTO) forecasts that there will be 1.6 billion travelers in the world in 2020. The average growth for countries in Asia Pacific is expected to be 5.7% per year and there is an inclination that it will continue to grow. Chinese tourists make up a statistically significant group that will support the growth of the tourism industry.

## Foreign Tourists in Thailand during 2003-2015



Source : Ministry of Tourism and Sports' Website (2015)

## Growth of Retail Index and Number of Foreign Tourists



Source : Analysis by SCB EIC from survey of social and economic conditions of households by National Statistics Office

There are two types of operators in Thailand's retail and wholesale industry, traditional trade and modern trade. Traditional trade refers to small retailers, while modern trade refers to hypermarkets, supermarkets, department stores, convenience stores, cash and carry centers, and category killers. In the past 20 years, retailers in Thailand have changed from traditional to modern due to the change in lifestyle, increase in income, and demographic changes that render customer demand more complex.

## The Structure Of Business Operators In The Retail And Wholesale Industry

### 1. Traditional Trade

- Small retailers operating small stores without a network or clear-cut management
- Types and diversity of goods sold convey the local culture and are daily-life essentials

### 2. Modern Trade

- Big retailers operating stores with good management and clear business directions
- Modern stores with a large diversity of products, whose marketing position target customers with different lifestyles and businesses. This can be sorted into the following six categories:

		Important Retailers (Number of Locations at End of 2015)	
1) Hypermarket	<ul style="list-style-type: none"> <li>Operating large retail stores, targeting middle and low income customers</li> <li>Selling diverse goods for customers who focus on value for money</li> </ul>	Tesco Lotus Big C	166 125
2) Department Store	<ul style="list-style-type: none"> <li>Operating large retail stores covering all target groups, depending on marketing position</li> <li>Diverse high quality goods at affordable to high prices</li> </ul>	Robinson Central The Mall	42 29 10 <sup>1</sup>
3) Supermarket	<ul style="list-style-type: none"> <li>Operating middle-size retail stores</li> <li>More selections than mom-and-pop but fewer than hypermarkets</li> <li>Focusing on fresh foods, ready to eat foods, basic consumer products</li> </ul>	Tesco Lotus TOPS Villa Big C Foodland MaxValu	187 114 31 55 18 38
4) Convenience Store	<ul style="list-style-type: none"> <li>Operating small retailer stores in densely populated communities, focusing on selling processed / ready-to-eat foods and basic necessities</li> </ul>	7-Eleven Tesco Lotus Express Family mart Mini Big C MaxValu Tanjai 108 Shop TOPS Daily	8,832 1,429 1,235 391 47 230 39
5) Cash & Carry	<ul style="list-style-type: none"> <li>Operating large retail stores, targeting small retailers and households or professionals who need goods in large quantities</li> <li>Selling diverse types of products</li> </ul>	Makro	98 <sup>2</sup>
6) Category killer	<ul style="list-style-type: none"> <li>Operating large retail stores, leader in their own category, specializing on a niche market</li> </ul>	SUPER Sports HomePro Power Buy	72 76 101

Note : 1. Includes Siam Paragon, The Emporium and The EmQuartier (3 Locations)  
2. Include seven Siam Frozen shops

Reference : 1) Ministry of Tourism and Sports' website 2) IMF's website  
3) Bank of Thailand's website 4) United Nations World Tourism Organization's (UNWTO) website  
5) Information from the website of each retailer or other forms of public information  
6) SCB EIC analysis from survey of social and economic conditions of households of National Statistics Office



## FUTURE PROJECTS

In laying down the strategic investment plans, the Company seeks primarily to foster sustainable growth. We are committed to the promise given to our stakeholders i.e. to drive a rapid domestic growth in a stable and sustainable manner, to seek out overseas investment opportunities according to our vision to become “the Number One Food Solution Provider for Professional Customers in ASEAN”, alongside building brand awareness, “Makro, Your Trusted Partner”, among professional customers, so that the Company continues to achieve growth and business expansion amid increased competition and uncertain economic conditions. We maintain our customer-centric approach by developing business models that meet the varying needs of different customer groups namely retailers and HoReCa customers. Recent developments include new type of store, goods and service improvements, and other projects such as the implementation of a new operating system and the new Distribution Center. These developments support our core business and lay a solid foundation for our organization. Furthermore, as the Company is a subsidiary of CP All Public Company Limited which is part of Charoen Pokphand Group, we can utilize the knowledge, expertise, and experience of the group to strengthen our business, allowing it to grow firmly and sustainably.

### Domestic Store Expansion

Continuous store expansion is one of the key strategies of the Company. We place a great deal of emphasis on developing diverse store formats to meet the demand of each customer group, reiterating to professional customers the fact that we are their trusted partner in terms of the goods sold and the locations of our stores. Furthermore, the Company has focused more on HoReCa customers with the development of Makro Foodservice, Eco Plus and Makro Food shop in high-potential tourist destinations to meet the potential growth of the country’s tourism industry and improve flexibility in expansion, having smaller stores allows the Company to be move closer to HoReCa customers, who, more often than not, are located in tourist areas which usually have limited spaces.

### Human Resource Development

Developing human resources both quantitatively and qualitatively is another challenge in order to serve continuing store expansion in the future. To do this, the Company is committed to retaining quality human

resources, focusing on developing their potential and giving them a chance to advance within their line of work and preparing them to take over leadership positions, readying and finding talents for the expansion of our business abroad, where there are cultural differences, as well as building expertise, especially in food service business. Additionally, the Company commits to strengthening the quality of our brand in the job market, creating incentives for qualified professionals to come to work with us. Most importantly, we are instilling acceptance and compliance toward our “VICTORY-Makro 7 Values” in all levels of employees to guide our business toward a common goal.

### Operating System Improvement

Toward the end of 2015, the Company launched the new operating system to our headquarters to stably and sustainably support the expansion of both domestic and overseas business. This new operating system functions in an integrated manner which will allow further development that will facilitate in-depth analysis of big data, enabling us to better meet customer demand, which differs from location to location. In 2016, the Company will rollout this new operating system to Makro stores nationwide, serving as another fundamental component of our solid foundation for an efficient and effective work system. The ability to analyze big data will increase our efficiency and potential in this competitive market. The expected timeline for completion is about two years.

### Overseas Expansion

Makro’s overseas expansion plan is carefully crafted after opening Makro stores at the border and founding Makro ROH Company Limited. The Company has studied the possibility of conducting business in a neighbouring country and continue to study other AEC countries, considering all aspects such as investment laws and the consumption culture. In parallel, we are preparing the various business components such as teaching our employees foreign languages to improve communication with customers in those countries, making policies and training manuals in English for translation into other languages, as well as developing Makro Academy to instill the local human resources with the “VICTORY-Makro 7 Values” and to prepare them to be able to work right away to ensure continuous and sustainable growth of the Company.

# 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 25, 2015, 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 25, 2015, 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 hold 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

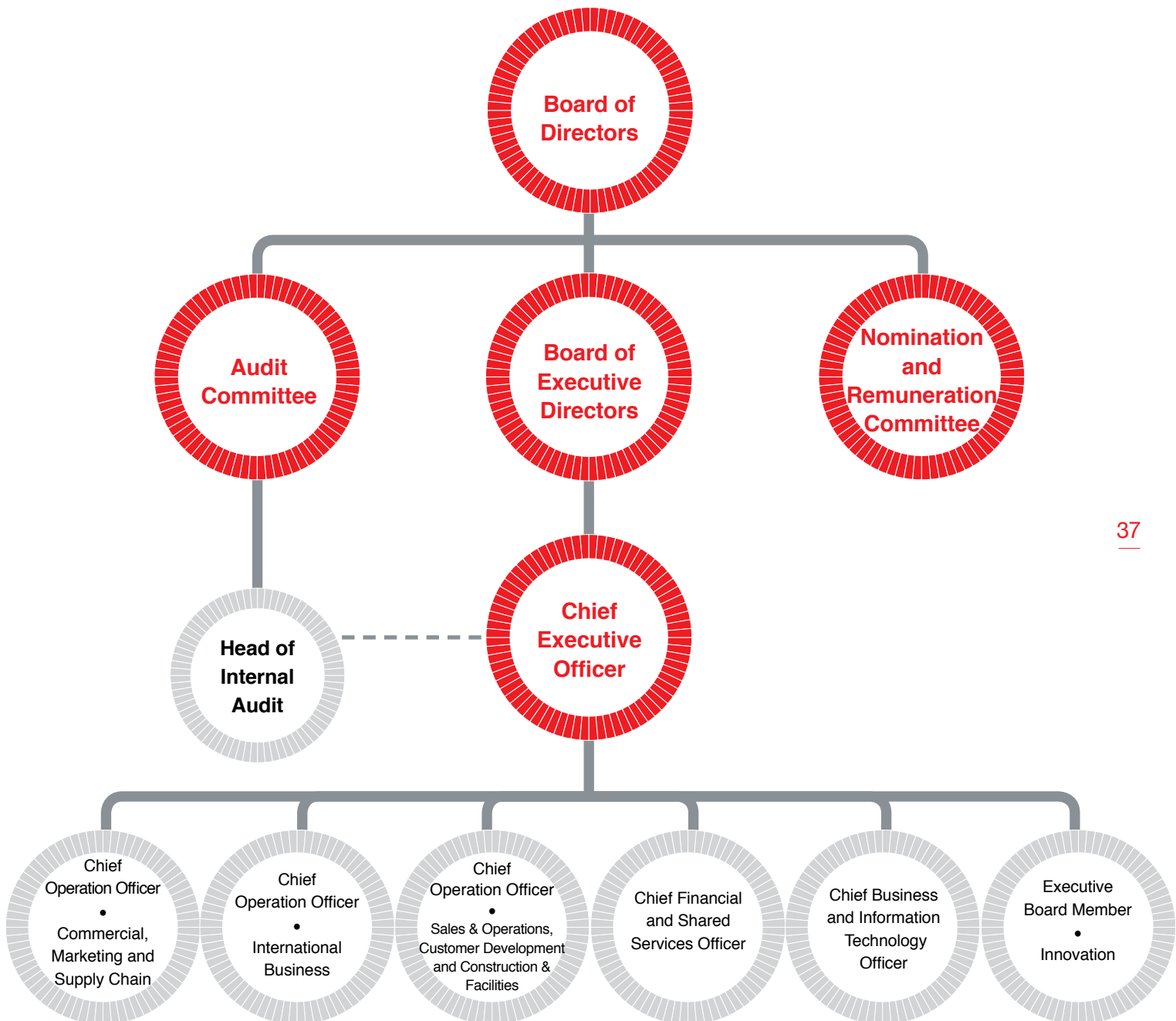
Year	2010	2011	2012	2013**	2014**
Earnings per share (Baht per share)*	0.39	0.55	0.74	0.90	1.03
Dividend per share (Baht per share)*	0.35	0.53	0.63	0.80	0.77
Dividend payout ratio (%)	89.3	95.0	84.9	89.1	75.1

Remark : \* Earnings per share and Dividend per share are calculated from the total shares, 4,800,000,000 shares at the par valued at Baht 0.50 per share in order to the comparison, according to the resolution of the Extraordinary General Shareholders' Meeting of the Company which held on 20 September 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. Dividend per share according to the Board and Shareholders' resolutions for the year 2010, 2011 and 2012 were Baht 7.00 per share, Baht 10.50 per share and Baht 12.50 per share, respectively.

\*\* In 2015, the Company has restated 2013 & 2014 financial statements due to the adoption of new and revised TFRS - TAS 19 (revised 2014) Employee Benefits.

# SIAM MAKRO PUBLIC COMPANY LIMITED

Organization Structure as at 31 December 2015





## 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

- 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

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)

#### The Board of Directors as of December 31, 2015 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/ Member of the Nomination and Remuneration Committee
4. Mr. Thira Wipuchanin	Independent Director/ Member of the Audit Committee/ Chairman of the Nomination and Remuneration Committee
5. Dr. Chaiyawat 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
11. Mr. Piyawat Titasattavorakul	Director/ Executive Director
12. Mr. Soopakij Chearavanont	Director
13. Mr. Narong Chearavanont	Director/ Executive Director
14. Mr. Suphachai Chearavanont	Director
15. Mr. Adirek Sripratak	Director
16. Mr. Umroong Sanphasitvong	Director/ Executive Director
17. Mrs. Saowaluck Thithapant	Director/ Executive Director/ Chief Financial and Shared Services Officer
18. Mr. Philip William Cox	Director

**Shareholding Report of the Board of Directors and Executives in 2015 and 2014  
(including Spouse and Minor)**

Name-Surname	No. of Shares (shares) as at 31 December		No. of Shares Addition/ (Reduction)
	2015	2014	
1. Mr. Arsa Sarasin	-	-	-
2. Mr. Athaporn Khaimarn	-	-	-
3. Mr. Chavalit Uttasart	-	-	-
4. Mr. Thira Wipuchanin	-	-	-
5. Dr. Chaiyawat 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	-	-	-
19. Mr. Lin, Chi-Lung	-	-	-
20. Mr. Jean-Michel de Geyer	-	-	-
21. Mr. Paul Stephen Howe	-	-	-
22. Mr. David Poussier	-	N/A	-

**Structure of the Board of Directors**

According to the Company's Articles of Association, the Board of Directors must consist 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 Ithijarakul 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 Chairman of the Board**

- 1) 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.
- 2) Jointly with the Chief Executive Officer, decides the agenda of each meeting.
- 3) Ensure each meeting's efficiency by allocating enough time for the management to present data, encouraging and allowing directors' queries and expression of free views, controlling the issues under discussion, and summarizing the meeting's resolutions.
- 4) Play a key role in encouraging the Board's conformance to corporate governance principles, including identifying oneself, refraining from voting, and leaving the meeting when agenda items of his/her conflicts of interest are up for discussion.
- 5) Inform the Board of all significant matters.
- 6) Encourage the Board to attend shareholders' meetings and presides over such meetings to ensure the meetings' efficiency and address shareholders' queries.
- 7) Encourage the Board to do their duties under their scope of authority under the law and corporate governance.

### **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

Age	56
Shareholding	None
Relationship with Executives	None
Education	<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>
Experiences	
1986 - 1989	Lawyer (In house), B.Grimm&Co
1989 - 2004	Partner, International Legal Counsellors Thailand Ltd.
2005 - present	Director/ Partner, Siam City Law Offices Ltd.
2008 - present	Company Secretary, Siam Makro Plc.

## Board-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, 2015 are as follows:

### 1) Board of Executive Directors

As at December 31, 2015, Members of the Board of Executive Directors consists of 8 directors as follows :	
1. Mrs. Suchada Ithijarukul	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.

#### Roles and Responsibilities of the Chief Executive Officer

Assigned by the Board of Directors to conduct the Company's business under the approved business plan and budget with stringency, integrity, maintaining good corporate governance with fairness, to achieve maximum benefits for all stakeholders including controlling the disclosure of the Company's general and financial information in accordance with the best practices while protecting the best interests of the Company and its shareholders, the Chief Executive Officer must not be engaged in any conflicts of interest with the Company and its subsidiaries.

## 2) Audit Committee

As at December 31, 2015, 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

- To review the Company's financial reporting process in order to ensure that it is accurate and adequate;
- 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;
- 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;
- To consider, select, nominate and remove 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;
- 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/SEC as well as that such transactions are reasonable and undertaken for the fullest benefit of the Company;
- 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:
  - an opinion on the accuracy, completeness and reliability of the Company's financial report,
  - an opinion on the adequacy of the Company's internal controls system,
  - 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,
  - an opinion on the suitability of an auditor,
  - an opinion on the transactions that may lead to conflict of interests situations,
  - the number of the Audit Committee meetings and the attendance record at such meetings by each member of the Audit Committee,
  - any opinions or comments that are received by the Audit Committee in performing its duties in accordance with its Charter, and
  - 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
- 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, 2015, 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. Chavalit Uttasart	Member of the Nomination and Remuneration Committee (Independent)

#### 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. Perform other activities as assigned by the Board of Directors.
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.

#### 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;

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, 2015

Company Name	Siam Makro	Subsidiaries				
Name-Surname		Siam Food Services	Vina Siam Food	Makro ROH	ARO	ProMart
Mr. Arsa Sarasin	1, 6					
Mr. Athaporn Khaimarn	6, 7					
Mr. Chavalit Uttasart	6, 8, 10					
Mr. Thira Wipuchanin	6, 8, 9					
Dr. Chaityawat Wibulswasdi	6, 8					
Mr. Joti Bhokavanij	6, 8					
Mr. Korsak Chairasmisak	2, 5					
Mrs. Suchada Ithijarukul	2, 3, 5, 16	4	4	4	4	
Dr. Prasert Jarupanich	4, 5, 10					
Mr. Pittaya Jearavisitkul	4, 5					
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	4	
Mr. Philip William Cox	4					
Mr. Lin, Chi-Lung	12	4	4	4	4	4
Mr. Jean-Michel de Geyer	13					
Mr. Paul Stephen Howe	14					
Mr. David Poussier	15					
Mrs. Pornthip Lawsup						4
Mrs. Aree Wongrasmee						4
Mrs. Siriporn Dechsingha						4
Mr. Ricardo Boarotto						4
Mrs. Sudarat Chomintra		4				
Mrs. Thanyamas Vorachart		4				
Mr. Leong Siew Pong		4				
Mr. Jirawat Daechasatien					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-Commercial, Marketing and Supply Chain
- 13 = Executive Board Member-Innovation
- 14 = Chief Business and Information Technology Officer
- 15 = Chief Operation Officer-Sales & Operations, Customer Development and Construction & Facilities
- 16 = Chief Operation Officer - International Business

## 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 2016 is as described in the section on "Equitable Treatment of Shareholders".

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 by considering their qualifications, knowledge, competency, experience, 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. A shareholder shall have a number of votes which is equivalent to the number of shares held by him;
- b. 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;
- c. 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 2015

#### 1) Financial Remuneration

##### a. Board of Directors

In 2015, the remuneration of 18 Board of Directors as of 31 December 2015 was Baht 22.38 million which was conformed to the 2015 Annual General of Shareholders' Meeting held on 24 April 2015. The remuneration is considered through the comparison with organizations with the equal size in the same industry, as well as the Company's performance, achievement, responsibilities of the Board of Directors, and overall business circumstances. Individual Directors' remuneration rate for the year 2015 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 Ithijarakul	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 7 Executives (Including the executives who resigned and rotated during the year) received remuneration in the form of salaries and bonus totaling Baht 129.13 million.



## 2) Other Remuneration

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

- None -

### b. Executives

In 2015, the Company paid 7 Executives (Including the executives who resigned and rotated during the year) other remuneration totaling Baht 47.27 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 2015, 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.

## 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.

## 2.4 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.

## 2.6 The Board of Directors' opinion related to Internal Control of the Company and Subsidiaries

The Company recognizes the importance of internal control system and risk management as a tool for driving efficiency and effectiveness in business operations as well as achieving business goals. Additionally, internal control process is designed with the objective 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 consists of five Independent Directors who are knowledgeable in various areas 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, sufficient 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 evaluate internal control system 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. Internal Environment

The Company has properly structured itself in a good internal environment. Corporate Governance Policy has clearly define Roles and Responsibilities of Directors, Management and Employee. The Company also formulated Code of Conducts to be fundamental of internal control processes for operating business. Furthermore, the Company has established the suitable organizational structure, in consideration of efficiency on following strategy and business goals.

### 2. Objective Setting

The Company has clearly defined its measurable business goals, long-term and short-term strategies in order to be an operating guideline. The aforementioned business goals and strategies are structured in accordance with risks occurrence, risks appetite and risk management.

### 3. Event Identification

The Company identified potential events of risks which may occur from internal and external sources; for example personnel, operation, finance, information technology, accounting system, laws and regulations in order for management to consider policy and guideline to manage those risks.

### 4. Risk Assessment

The Company structured its risk assessment processes by applying both internal and external factors as well as evaluating direct and indirect impacts on the Company's business including assessment of the likelihood of the risks that may occur.

### 5. Risk Response

The Company structured risk management processes considering the likelihood and impact of each risk in order to mitigate risks to acceptable level. Moreover, the Company recognized changes in business environment and reviewed both long-term and short-term strategies in order to correspond with those changes.

## 6. Control Activities

The Company has clear and appropriate internal control systems including operation procedures for each store, detailed authorization chart and Corporate Governance Policy as a guideline for the Directors and Management and employee to operate the business. Furthermore, check and balance system is a mechanism to embed in the Company's operation, which has been communicated throughout the Company.

In addition, there are procedures for connected transactions or transactions that might create conflict of interest to maximize the Company's benefit and to be transparent. Internal audit has been assigned to review sufficiency and appropriateness of internal controls in significant operation areas.

## 7. Information and Communication

Information and communication plays an important roles in the Company. Information technology has been developed in order to manage information and analyze data to support management's decision. Every staff received information relating to policies, regulations and announcements through many communication channels, e.g. stores' notice board, Company's emails and VDO Conference (Broadcast) for correctness, completeness and timeliness of the information.

For communicating 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 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).

## 8. Monitoring

The Company continues to monitor whether business is operated in accordance with the Company's targets as well as analyze reasons of any under-performance as well as re-organized in accordance with circumstance changes. In addition, Internal Audit department as an independence unit, will regularly reviews whether operations follow the appropriate internal control procedures by emphasizing the risk areas of operations according to the approved audit plan by the Audit Committee. The audit issues are directly reported to the Audit Committee together with corrective actions on a quarterly basis

**In 2015 :** 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 business. Furthermore, all departments have performed the duties in accordance to the determined processes and procedures.



## 2.7 Auditor's Remuneration in 2015

### Audit fees

The Company and its Subsidiaries paid to the Audit Firm the following fees during in the fiscal year 2015 :

Company	Audit Firm	Audit Fee (Baht)
Siam Makro	KPMG Phoomchai Audit Limited	5,410,000
Siam Food Services	KPMG Phoomchai Audit Limited	750,000
Makro ROH	KPMG Phoomchai Audit Limited	100,000
Vina Siam Food	KPMG (Vietnam) Limited	262,400*
ProMart	KPMG Phoomchai Audit Limited	50,000
ARO	Khin Su Htay & Associates Limited	19,759

Remark :

\* Equivalent to 164,000,000 Vietnamese Dong (1 Vietnamese Dong = Baht 0.0016)

### Non-audit fees

The Company and its Subsidiaries also paid to the Audit Firm during fiscal year 2015 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	-	-
Siam Makro	IT consulting service**	KPMG Phoomchai Business Advisory Limited	-	550,000
Siam Food Services	Engagement to review and observe specifically agreed procedures and activities*	KPMG Phoomchai Audit Limited	-	30,000
Vina Siam Food	Tax & Legal Consulting Services	KPMG (Vietnam) Limited ***	86,400	310,400
<b>Total</b>			<b>86,400</b>	<b>890,400</b>

Remark :

\* Attendance to observe inventory destruction

\*\* To review the transfer of stock from old retail system to new retail system

\*\*\* These service providers are in the same Group as with the Audit firm. The paid amount and payable in the future are 54,000,000 and 194,000,000 Vietnamese Dong respectively. (1 Vietnamese Dong = Baht 0.0016)

\*\*\*\* Contingent expenses as at 31 December 2015

# BIOGRAPHICAL INFORMATION OF THE COMPANY'S DIRECTORS



## Mr. Arsa Sarasin

**Age** 79 Years

**Nationality** Thai

**Position** Chairman and Independent Director

**Date of Appointment** 26 January 1994

**Relationship with Executives** None

### Education

B.A. in Business Administration, Boston University, USA

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

**2013** Role of Chairman Program (RCP)

**2008** Finance for Non-Finance Director (FND)

**2007** Audit Committee Program (ACP)

**2003** Director Accreditation Program (DAP)

### Working Experiences

#### Working Experiences in Listed Company

<b>Present</b>	Chairman of Board of Director Dusit Thani Public Company Limited
<b>2013 - Present</b>	Vice Chairman/ Chairman of Audit Committee Charoen Pokphand Foods Public Company Limited
<b>2007 - Present</b>	Independent Director Siam Makro Public Company Limited
<b>2001 - Present</b>	Director/ Member of the Governance and Nomination Committee Siam Cement Public Company Limited
<b>1999 - Present</b>	Chairman Siam Makro Public Company Limited
<b>1999 - Present</b>	Independent Director Charoen Pokphand Foods Public Company Limited
<b>1998 - Present</b>	Chairman Padaeng Industry Public Company Limited

#### Working Experiences in Non Listed Company

<b>2013 - Present</b>	Chairman Mitsubishi Elevator (Thailand) Company Limited
<b>2006 - Present</b>	Chairman Mae Sod Clean Energy Company Limited
<b>2005 - Present</b>	Vice Chairman Thai Tapioca Development Institute
<b>2004 - Present</b>	Chairman of Advisors Thai - Laos Friendship Associate
<b>2003 - Present</b>	Director Thainamthip Company Limited
<b>1995 - Present</b>	Chairman Amata City Company Limited
<b>1993 - Present</b>	Chairman Thai Asia Pacific Brewery Company Limited

#### Shareholding in the Company

<b>Director/ Executive (Shares)</b>	-
<b>Spouse (Shares)</b>	-
<b>Minor (Shares)</b>	-



## Mr. Athaporn Khaimarn

**Age** 71 Years

**Nationality** Thai

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

**Date of Appointment** 16 November 1999

**Relationship with Executives** 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)

**2009** Director Certification Program (DCP)

**2004** Director Accreditation Program (DAP)

### Working Experiences

#### Working Experiences in Listed Company

**2005 - Present** Chairman of Audit Committee/  
Independent Director  
Goodyear (Thailand)  
Public Company Limited

**1999 - Present** Chairman of the Audit Committee/  
Independent Director  
Siam Makro Public Company Limited

#### Working Experiences in Non Listed Company

**1992 - 1996** Managing Director  
Price Waterhouse, Bangkok

### Shareholding in the Company

**Director/ Executive (Shares)** -

**Spouse (Shares)** -

**Minor (Shares)** -



## Mr. Chavalit Uttasart

**Age** 67 Years

**Nationality** Thai

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

**Date of Appointment** 16 November 1999

**Relationship with Executives** 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)

**2009** Director Certification Program (DCP)

**2005** Director Accreditation Program (DAP)

### Working Experiences

#### Working Experiences in Listed Company

**2015 - Present** Member of the Nomination and Remuneration Committee  
Siam Makro Public Company Limited

**1999 - Present** Member of the Audit Committee/  
Independent Director  
Siam Makro Public Company Limited

**2009 - 2013** Member of the Audit Committee/  
Independent Director  
Internet Thailand  
Public Company Limited

#### Working Experiences in Non Listed Company

**2013 - Present** Director  
SCL Tax Consultants  
Company Limited

**2005 - Present** Managing Director  
Siam City Law Offices  
Company Limited

**2005 - Present** Managing Director  
Chavalit and Associates  
Company Limited

**1977 - 2005** Director  
International Legal  
Counselors Thailand

#### Shareholding in the Company

**Director/ Executive (Shares)** -

**Spouse (Shares)** -

**Minor (Shares)** -





## Mr. Thira Wipuchanin

**Age** 66 Years

**Nationality** Thai

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

**Date of Appointment** 14 May 2003

**Relationship with Executives** None

### Education

Bachelor of Economics and Business Administration,  
University of Wisconsin-Stevens Point, USA

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

**2014** Chartered Director Class (CDC)

**2005** Audit Committee Program (ACP)

**2001** Director Certification Program (DCP)

### Working Experiences

#### Working Experiences in Listed Company

<b>2010 - Present</b>	Chairman of the Nomination and Remuneration Committee/ Independent Director Siam Makro Public Company Limited
<b>2008 - 2009</b>	Member of the Nomination and Remuneration Committee Siam Makro Public Company Limited
<b>2005 - Present</b>	Chairman of the Audit Committee/ Independent Director Bangkok First Investment & Trust Public Company Limited
<b>2005 - Present</b>	Chairman/ Independent Director Interhides Public Company Limited
<b>2003 - Present</b>	Member of the Audit Committee/ Independent Director Siam Makro Public Company Limited
<b>2000 - Present</b>	Chairman/ Independent Director Precious Shipping Public Company Limited
<b>1995 - Present</b>	Chairman/ Chairman of the Audit Committee/ Independent Director United Palm Oil Industry Public Company Limited

### Working Experiences in Non Listed Company

<b>1998 - 2004</b>	Senior Executive Vice President Export - Import Bank of Thailand
<b>1995 - 1997</b>	Senior Vice President Premier Group of Companies
<b>1990 -1994</b>	Thailand Branch Representative Prudential Asset Management Asia Limited

### Shareholding in the Company

<b>Director/ Executive (Shares)</b>	-
<b>Spouse (Shares)</b>	-
<b>Minor (Shares)</b>	-



## Dr. Chaiyawat Wibulswasdi

**Age** 69 Years

**Nationality** Thai

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

**Date of Appointment** 5 July 2013

**Relationship with Executives** None

### Education

- Bachelor of Economics, Williams College, USA
- Ph.D. in Economics, Massachusetts Institute of Technology, USA

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

**2006** Director Certification Program (DCP)

**2004** Director Accreditation Program (DAP)

### Working Experiences

#### Working Experiences in Listed Company

<b>2013 - Present</b>	Member of the Audit Committee/ Independent Director Siam Makro Public Company Limited
<b>2010 - Present</b>	Chairman of Audit Committee/ Independent Director Charoen Pokphand Foods Public Company Limited
<b>2004 - 2010</b>	Chairman of the Board of Executive Directors Krung Thai Bank Public Company Limited

#### Working Experiences in Non Listed Company

-

#### Present positions in other organizations / institutions

<b>Present</b>	Chairman The Stock Exchange of Thailand
<b>Present</b>	Economic Advisor to Deputy Prime Minister
<b>2006 - 2008</b>	Vice Chairman The Office of Securities and Exchange Commission
<b>2001 - 2006</b>	Advisor to Deputy Prime Minister and Minister of Finance
<b>1997 - 1998</b>	Governor Bank of Thailand
<b>1996</b>	Deputy Minister of Finance and Acting Minister of Finance
<b>1995 - 1996</b>	Economic Advisor to the Prime Minister

#### Shareholding in the Company

<b>Director/ Executive (Shares)</b>	-
<b>Spouse (Shares)</b>	-
<b>Minor (Shares)</b>	-



## Mr. Joti Bhokavanij

**Age** 73 Years

**Nationality** Thai

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

**Date of Appointment** 5 July 2013

**Relationship with Executives** None

### Education

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

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

- 2012** IOD National Director Conference - 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)
- 2009** Director Certification Program (DCP)
- 2003** Director Accreditation Program (DAP)
- 2000** Chairman

### Working Experiences

#### Working Experiences in Listed Company

- 2013 - Present** Member of the Audit Committee/  
Independent Director  
Siam Makro Public Company Limited
- 2013 - Present** Chairman  
Bangkok Ranch Public Company Limited
- 2012 - Present** Member of Finance Committee/  
Member of Remuneration Committee  
True Corporation Public Company Limited

- 2012 - Present** Member of Audit Committee/  
Independent Director  
Loxley Public Company Limited
- 2000 - 2001** Executive Chairman  
TISCO Finance Public Company  
Limited (presently known as TISCO  
Bank Public Company Limited)
- 1999 - Present** Member of Audit Committee/  
Independent Director  
True Corporation Public Company Limited
- 1994 - 1997** President  
Thai Wah Group of Companies

#### Working Experiences in Non Listed Company

- 2009 - Present** Director  
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)
- 2002 - Present** Director  
Bangkok Inter Teletech  
Public Company Limited
- 2002 - Present** Director  
True Move Company Limited
- 1999 - Present** Director  
Kingfisher Holdings Limited
- 1992 - 1994** Consul-General of Denmark  
for Bangkok Embassy of Denmark  
(Bangkok, Thailand)

### Shareholding in the Company

- Director/ Executive (Shares)** -
- Spouse (Shares)** -
- Minor (Shares)** -



## Mr. Korsak Chairasmisak

**Age** 63 Years

**Nationality** Thai

**Position** First Vice Chairman and Executive Director

**Date of Appointment** 5 July 2013

**Relationship with Executives** 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)

**2006** The Role of Chairman

**2000** Director Certification Program (DCP)

### Working Experiences

#### Working Experiences in Listed Company

<b>2013 - Present</b>	First Vice Chairman/ Executive Director Siam Makro Public Company Limited
<b>1990 - Present</b>	Vice Chairman/ Chairman of Executive Committee CP All Public Company Limited

#### Working Experiences in Non Listed Company

<b>1990 - Present</b>	Vice Chairman Charoen Pokphand Group Company Limited
<b>1983 - 1987</b>	Executive Vice President (Trading) Charoen Pokphand Group Company Limited (Based in Hong Kong)

<b>1979 - 1983</b>	Managing Director C.P. Intertrade Company Limited
<b>1979 - 1983</b>	Managing Director C.P. Agro-Industry Company Limited
<b>1979 - 1983</b>	Managing Director Bangkok Fisheries Company Limited
<b>1979 - 1983</b>	Managing Director Bangkok Produce Merchandising Company Limited
<b>1973 - 1978</b>	Feed Ingredient Purchasing Manager Charoen Pokphand Group Company Limited

### Present positions in other organizations / institution

- Chairman - Thailand-Korea Friendship Association
- Chairman - Panyapiwat Institute of Management Council
- Council Committee - Panyapiwat Institute of Management
- Committee - Songklanakarin University
- President - World Chinese Wei Qi Federation
- Chairman - Go Association of Thailand

### Shareholding in the Company

<b>Director/ Executive (Shares)</b>	-
<b>Spouse (Shares)</b>	-
<b>Minor (Shares)</b>	-





## Mrs. Suchada Ithijarukul

**Age** 63 Years

**Nationality** Thai

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

**Date of Appointment** 29 August 1996

**Relationship with Executives** 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

#### Working Experiences in Listed Company

<b>2013 - Present</b>	Second Vice Chairman Siam Makro Public Company Limited
<b>2010 - Present</b>	Chief Executive Officer Siam Makro Public Company Limited
<b>2001 - 2013</b>	Vice Chairman Siam Makro Public Company Limited
<b>2001 - 2010</b>	President Siam Makro Public Company Limited
<b>1995 - 2001</b>	Finance Director Siam Makro Public Company Limited

#### Working Experiences in Non Listed Company

<b>2014 - Present</b>	Director ARO Company Limited
<b>2014 - Present</b>	Director Makro ROH Company Limited
<b>2012 - Present</b>	Director Vina Siam Food Company Limited
<b>2005 - Present</b>	Director Siam Food Services Company Limited

### Shareholding in the Company

<b>Director/ Executive (Shares)</b>	-
<b>Spouse (Shares)</b>	-
<b>Minor (Shares)</b>	-



## Mr. Prasert Jarupanich

**Age** 67 Years

**Nationality** Thai

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

**Date of Appointment** 7 May 1988

**Relationship with Executives** None

### Education

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

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

**2008** Role of the Compensation Committee

**2004** Director Certification Program (DCP)

**2004** Finance for non-finance director

### Working Experiences in Non Listed Company

-

### Shareholding in the Company

**Director/ Executive (Shares)** 200

**Spouse (Shares)** -

**Minor (Shares)** -

### Working Experiences

#### Working Experiences in Listed Company

**2013 - Present** Executive Director  
Siam Makro Public Company Limited

**2008 - 2009** Chairman of the Nomination and  
Remuneration Committee  
Siam Makro Public Company Limited

**2007 - 2010** Independent Director  
Siam Makro Public Company Limited

**1988 - Present** Director  
CP All Public Company Limited

**1988 - 2007** Director  
Siam Makro Public Company Limited



## Mr. Pittaya Jearavisitkul

**Age** 60 Years

**Nationality** Thai

**Position** Executive Director and Director

**Date of Appointment** 5 July 2013

**Relationship with Executives** 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

#### Working Experiences in Listed Company

<b>2013 - Present</b>	Vice Chairman of Executive Committee/ Director CP All Public Company Limited
<b>2013 - Present</b>	Executive Director/ Director Siam Makro Public Company Limited
<b>2013 - 2015</b>	Member of the Nomination and Remuneration Committee Siam Makro Public Company Limited
<b>1999</b>	Director/ Deputy Chief Executive Officer CP All Public Company Limited

#### Working Experiences in Non Listed Company

<b>Present</b>	Council Committee Panyapiwat Institute of Management
<b>Present</b>	Director All Corporation Limited
<b>Present</b>	Director All Training Company Limited
<b>Present</b>	Director Panyatara Company Limited
<b>Present</b>	Director Suksapiwat Company Limited

<b>Present</b>	Director Dynamic Management Company Limited
<b>Present</b>	Director MAM Heart Company Limited
<b>Present</b>	Director Gosoft (Thailand) Company Limited
<b>Present</b>	Director CP Retailink Company Limited
<b>Present</b>	Director Counter Service Company Limited
<b>Present</b>	Director CPRAM Company Limited
<b>1993</b>	Vice President, Marketing and Distribution Business Group Charoen Pokphand Group Company Limited
<b>1987</b>	Vice President, International Trading Business Group Charoen Pokphand Group Company Limited
<b>1985</b>	Vice President C.P. Standard Resources Company Limited (Hong Kong)
<b>1984</b>	Managing Director Bangkok Produce Merchandising Company Limited

### Shareholding in the Company

<b>Director/ Executive (Shares)</b>	-
<b>Spouse (Shares)</b>	-
<b>Minor (Shares)</b>	-



## Mr. Piyawat Titasattavorakul

**Age** 62 Years

**Nationality** Thai

**Position** Executive Director and Director

**Date of Appointment** 5 July 2013

**Relationship with Executives** 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

#### Working Experiences in Listed Company

<b>2013 - Present</b>	Vice Chairman of Executive Committee CP All Public Company Limited
<b>2013 - Present</b>	Executive Director/ Director Siam Makro Public Company Limited
<b>1999 - 2014</b>	Managing Director CP All Public Company Limited
<b>1996 - 1998</b>	Deputy Vice President - Operations CP All Public Company Limited
<b>1993</b>	Assistant Vice President - Operations CP All Public Company Limited
<b>1990</b>	General Manager CP All Public Company Limited

#### Working Experiences in Non Listed Company

<b>Present</b>	Director Panyapiwat Institute of Management
<b>Present</b>	Director Panyapiwat Technological College
<b>Present</b>	Director MAM Heart Company Limited
<b>Present</b>	Director Counter Service Company Limited
<b>Present</b>	Director CPRAM Company Limited
<b>Present</b>	Director CP Retailink Company Limited
<b>Present</b>	Director CP Lotus Corporation Company Limited
<b>1988</b>	Deputy General Manager C.P. KFC Company Limited
<b>1986</b>	Manager - Cherry Duck Business C.P. Food Products Company Limited
<b>1983</b>	Manager - Grilled Chicken Business C.P. Food Products Company Limited
<b>1978</b>	Swine Processing Project C.P. Food Products Company Limited

### Shareholding in the Company

<b>Director/ Executive (Shares)</b>	-
<b>Spouse (Shares)</b>	-
<b>Minor (Shares)</b>	-





## Mr. Adirek Sripratak

**Age** 69 Years

**Nationality** Thai

**Position** Director

**Date of Appointment** 5 July 2013

**Relationship with Executives** None

### Education

- 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
- Certificate of Accounting, Rajamangala Institute of Technology, Bangkok Commercial Campus

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

**2005** Director Accreditation Program (DAP)

**2001** Director Certification Program (DCP)

### Working Experiences

#### Working Experiences in Listed Company

<b>2013 - Present</b>	Director Siam Makro Public Company Limited
<b>2005 - Present</b>	Director CP All Public Company Limited
<b>2003 - Present</b>	President & Chief Executive Officer Charoen Pokphand Foods Public Company Limited

#### Working Experiences in Non Listed Company

<b>2005 - Present</b>	Vice Chairman Charoen Pokphand Group Company Limited
<b>1993 - 2002</b>	President Agro - Industry Business, Thailand and Indochina
<b>1990 - 1992</b>	President Agro - Industry Business, Indonesia, Malaysia and Singapore
<b>1988 - 1989</b>	Executive Vice President Regional Integration Business
<b>1984 - 1987</b>	Senior Vice President Chicken Processing and Integration Business
<b>1982 - 1983</b>	Vice President Food Business
<b>1977 - 1981</b>	General Manager Northern Area Operation (Feed Business)
<b>1967 - 1976</b>	Plant Manager Bangkok Feedmill Company Limited

### Shareholding in the Company

<b>Director/ Executive (Shares)</b>	-
<b>Spouse (Shares)</b>	-
<b>Minor (Shares)</b>	-



## Mr. Soopakij Chearavanont

**Age** 51 Years

**Nationality** Thai

**Position** Director

**Date of Appointment** 5 July 2013

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

### Education

Bachelor of Science, College of Business Public  
Administration of New York University, USA

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

**2011** Director Accreditation Program (DAP)

### Working Experiences

#### Working Experiences in Listed Company

**Present** Member of the Compensation  
and Nominating Committee/ Director  
True Corporation  
Public Company Limited

**Present** Director  
CP All Public Company Limited

**2013 - Present** Director  
Siam Makro Public Company Limited

#### Working Experiences in Non Listed Company

**Present** Director  
Ping An Insurance  
(Group) Company of China Limited

**Present** Director  
Lotus-CPF (PRC) Investment  
Company Limited

**Present** Director  
Fortune Shanghai Limited

**Present** Director  
True Move Company Limited

**Present** Director  
CP Pokphand Company Limited

**Present** Director  
Chia Tai Group Company Limited

**Present** Director  
Chia Tai Development Investment  
Company Limited

**Present** Vice Chairman  
Shanghai Fortune World Development  
Company Limited

**Present** Vice Chairman  
Chia Tai International Finance  
Company Limited

**Present** Vice Chairman  
Chia Tai Vision Limited

**Present** Vice Chairman  
Chia Tai Trading (Beijing)  
Company Limited

**Present** 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

**Present** Executive Chairman &  
Chief Executive Officer  
C.P. Lotus Corporation  
Company Limited

**Present** Chief Executive Officer  
Real Estate & Land Development  
Business (China), Charoen Pokphand  
Group Company Limited

**Present** Executive Vice Chairman &  
Chief Executive Officer  
Marketing and Distribution Business  
(China), Charoen Pokphand  
Group Company Limited

<b>Present</b>	Executive Vice Chairman & Chief Executive Officer Shanghai Lotus Supermarket Chain Store Company Limited
<b>Present</b>	Co-Chairman Shanghai Kinghill Limited - Super Brand Mall Company Limited
<b>Present</b>	Chairman SM True Company Limited
<b>Present</b>	Chairman Beijing Lotus Supermarket Chain Store Company Limited
<b>Present</b>	Chairman Mass Gain Investment Limited
<b>Present</b>	Chairman Fortune Leasing Company Limited
<b>Present</b>	Chairman Chia Tai Lotus (Shanghai) Company Limited
<b>Present</b>	Chairman Chia Tai Real Estate Group Company Limited
<b>Present</b>	Chairman Chia Tai Land Property Management Company Limited
<b>Present</b>	Chairman Chia Tai Land Holding Company Limited
<b>Present</b>	Chairman CT Bright Holdings Company Limited
<b>Present</b>	Chairman True Visions Cable Public Company Limited
<b>Present</b>	Chairman True Visions Public Company Limited
<b>Present</b>	Executive Chairman Telecom Holding Company Limited
<b>Present</b>	Executive Chairman True Visions Group Company Limited
<b>Present</b>	Executive Vice Chairman Charoen Pokphand Group Company Limited
<b>Present</b>	Chief Executive Officer UTV Cable Network Public Company Limited

#### Present Positions In Other Organizations/ Institutions

<b>2013</b>	Advisor to the Deputy Minister of Defence
<b>2013</b>	Advisor to Minister of Culture
<b>2012</b>	Expert to the Committee on Labour and Social Welfare Group
<b>2011</b>	Vice Chairman of Youth Committee of China Overseas Chinese Investment Enterprises Association
<b>2010</b>	Chairman of China Thailand Chamber of Commerce
<b>2009</b>	Advisor to Minister of Culture
<b>2009</b>	Advisor to the Committee on Education, The House of Representatives
<b>2009</b>	Committee Members of the Build Foundation

#### Shareholding in the Company

<b>Director/ Executive (Shares)</b>	-
<b>Spouse (Shares)</b>	-
<b>Minor (Shares)</b>	-



## Mr. Narong Chearavanont

**Age** 50 Years

**Nationality** Thai

**Position** Executive Director and Director

**Date of Appointment** 5 July 2013

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

### Education

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

#### Working Experiences in Listed Company

<b>2013 - Present</b>	Executive Director/ Director Siam Makro Public Company Limited
<b>2008 - Present</b>	Director True Corporation Public Company Limited
<b>1999 - Present</b>	Director CP All Public Company Limited

#### Working Experiences in Non Listed Company

<b>2013 - Present</b>	Director Shanghai Yilian Supermarket Company Limited
<b>2013 - Present</b>	Director Shanghai Ailian Supermarket Company Limited
<b>2013 - Present</b>	Director Shanghai Songlian Supermarket Company Limited
<b>2013 - Present</b>	Director Wenzhou Yichu Ailian Supermarket Company Limited
<b>2012 - Present</b>	Director Shanghai Callian Supermarket Company Limited

<b>2012 - Present</b>	Director Nantung Tonglian Supermarket Company Limited
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<b>2012 - Present</b>	Director Kunshan Tailian Supermarket Company Limited
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<b>2012 - Present</b>	Director C.P. Zonglian (Shanghai) Management Company Limited
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<b>2012 - Present</b>	Director Shantou Lotus Supermarket Chain Store Company Limited
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<b>2012 - Present</b>	Director Beijing Lotus Supermarket Chain Store Company Limited
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<b>2011 - Present</b>	Director Charoen Pokphand Group "Global Talent Recruitment"
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<b>2011 - Present</b>	Director SM True Company Limited
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<b>2011 - Present</b>	Director Chia Tai Qingdao Holdings (Hong Kong) Company Limited
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<b>2011 - Present</b>	Director Chia Tai Xiangyang Holdings (Hong Kong) Company Limited
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<b>2011 - Present</b>	Director Chia Tai Qingdao Holdings Company Limited
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<b>2011 - Present</b>	Director The IconSiam Superlux Residences Corporation Limited
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<b>2011 - Present</b>	Director The ICONSIAM Residences Corporation Company Limited
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<b>2011 - Present</b>	Director The ICONSIAM Company Limited
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<b>2010 - Present</b>	Director True Visions Cable Public Company Limited
<b>2010 - Present</b>	Vice Chairman Panther Entertainment Company Limited
<b>2010 - Present</b>	Vice Chairman Marketing and Distribution Business (Thailand)
<b>2010 - Present</b>	Vice Chairman Marketing and Distribution Business (China)
<b>2010 - Present</b>	Vice Chairman Real Estate & Land Development Business (China)
<b>2010 - Present</b>	Vice Chairman Shanghai Kinghill Company Limited
<b>2010 - Present</b>	Vice Chairman CP Lotus Corporate Management Company Limited
<b>2010 - Present</b>	President CP Corporate University
<b>2009 - Present</b>	Director Cineplex Company Limited
<b>2009 - Present</b>	Director Satellite Services Company Limited
<b>2009 - Present</b>	Director Wuxi Ailian Supermarket Chain Store Company Limited
<b>2009 - Present</b>	Director Wuxi Yilian Supermarket Company Limited
<b>2009 - Present</b>	Director Taizhou Yilian Supermarket Company Limited
<b>2009 - Present</b>	Director Hefei Ailian Supermarket Company Limited
<b>2009 - Present</b>	Director Changsha Chulian Supermarket Company Limited
<b>2009 - Present</b>	Director Wuhan Yichu Ailian Supermarket Company Limited
<b>2009 - Present</b>	Director Changsha Ailian Supermarket Company Limited
<b>2009 - Present</b>	Director Guangzhou Lotus Supermarket Chain Store Company Limited
<b>2008 - Present</b>	Director CPPC Company Limited
<b>2008 - Present</b>	Director Beston Action Utility Wear (Lianyungang) Company Limited
<b>2008 - Present</b>	Director Jiangsu CP Lotus Supermarket Chain Store Limited

<b>2008 - Present</b>	Director Beijing CP Lotus Supermarket Chain Store Company Limited
<b>2008 - Present</b>	Director Zhejiang CP Trading Company Limited
<b>2008 - 2010</b>	Director True Visions Public Company Limited
<b>2007 - Present</b>	Executive Vice Chairman Chia Tai (China) Investment Company Limited
<b>2007 - Present</b>	Executive Vice Chairman CP Lotus Corporation Company Limited
<b>2007 - 2010</b>	Director CP Pokphand Company Limited
<b>2005 - Present</b>	Director Qingdao Lotus Supermarket Chain Store Company Limited
<b>2004 - Present</b>	Director Shantou Lotus Supermarket Chain Store Company Limited
<b>2004 - Present</b>	Director Xi'an Lotus Supermarket Chain Store Company Limited
<b>2003 - Present</b>	Director Tai'an Lotus Supermarket Chain Store Company Limited
<b>2003 - Present</b>	Director Beijing Lotus Supermarket Chain Store Company Limited
<b>2002 - Present</b>	Director Business Development Bank
<b>2001 - Present</b>	Executive Director Wuhan Lotus Supermarket Chain Store Company Limited
<b>2001 - Present</b>	Director Yangtze Supermarket Investment Company Limited
<b>2000 - Present</b>	Director Shanghai Lotus Supermarket Chain Store Company Limited
<b>1997 - 2002</b>	President Ex-Chor Trading (Shanghai) Company Limited
<b>1995 - 1997</b>	President Ex-Chor Distribution (Thailand) Company Limited

### Shareholding in the Company

<b>Director/ Executive (Shares)</b>	-
<b>Spouse (Shares)</b>	-
<b>Minor (Shares)</b>	-



## Mr. Suphachai Chearavanont

**Age** 48 Years

**Nationality** Thai

**Position** Director

**Date of Appointment** 5 July 2013

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

### Education

Bachelor of Business Administration in Financial Management, Boston University, USA

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

**2011** Director Accreditation Program (DAP)

### Working Experiences

#### Working Experiences in Listed Company

**2013 - Present** Director  
Siam Makro Public Company Limited

**2013 - Present** Director/ President/  
Chief Executive Officer  
True Corporation  
Public Company Limited

**1997** Senior Executive Vice President  
True Corporation  
Public Company Limited

**1996** Executive Vice President,  
Business Operations  
True Corporation  
Public Company Limited

**1995** General Manager, East Region  
True Corporation  
Public Company Limited

**1994** Senior Vice President, Planning  
and Project Coordination & Support  
True Corporation  
Public Company Limited

**1993** Vice President, the Operation Room  
True Corporation  
Public Company Limited

**1992** Senior Officer, the President's Office  
True Corporation  
Public Company Limited

#### Working Experiences in Non Listed Company

**2015 - Present** Vice Chairman  
Charoen Pokphand  
Group Company Limited

**2002 - Present** Chief Executive Officer  
True Move Company Limited

**2001 - Present** Director  
Pantavanij Company Limited

**2000 - Present** Chairman  
Freewill Solutions Company Limited

**1999 - 2013** Chairman  
Wire & Wireless Company Limited

**1996** President  
Asia Multimedia Company Limited

**1995** Managing Director  
Wire & Wireless Company Limited

**1991** Senior Finance Officer,  
Petrochemical (2 years)  
Vinythai Company Limited

**1990** Management Trainee Year (1 year)  
Soltex Federal Credit Union, USA

**1989** Management Trainee (1 Year)  
Siam Makro Company Limited

#### Present Positions In Other Organizations/ Institutions

<b>2015 - Present</b>	Director & Advisor of the Telecommunications Association of Thailand under the Royal Patronage (TCT)
<b>2010 - Present</b>	Advisor to Executive Chairman of Rajapranugroh Foundation
<b>2010 - Present</b>	Committee of Ramathibodi Foundation
<b>2010 - Present</b>	Committee of Bangkok Art and Culture Centre Foundation
<b>2010 - Present</b>	Director and Advisor of Master of Science Program and Doctor of Philosophy Program in Technopreneurship and Innovation Management (TIP), Chulalongkorn University
<b>2010 - 2011</b>	Director of National Electronics and Computer Technology Center
<b>2009 - Present</b>	Board Member of Board of Trustees, Bangkok University
<b>2008 - Present</b>	Member of Management Committee on Nation-wide Strategic Approach Eye Provisioning Project

<b>2008 - 2009</b>	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 Equipment
<b>2006 - Present</b>	Member of the Thai Red Cross Eye Bank Committee, Thai Red Cross Society
<b>2006 - Present</b>	Chairman of the Sub Committee for Fund Raising, Thai Red Cross Eye Bank
<b>2005 - 2007</b>	Member of the Thai Listed Companies Association (TLCA)

#### Shareholding in the Company

<b>Director/ Executive (Shares)</b>	-
<b>Spouse (Shares)</b>	-
<b>Minor (Shares)</b>	-



## Mr. Umroong Sanphasitvong

**Age** 62 Years

**Nationality** Thai

**Position** Executive Director and Director

**Date of Appointment** 5 July 2013

**Relationship with Executives** None

### Education

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

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

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

### Working Experiences

#### Working Experiences in Listed Company

<b>2013 - Present</b>	Executive Director/ Director Siam Makro Public Company Limited
<b>2001 - Present</b>	Director True Corporation Public Company Limited
<b>1999 - Present</b>	Director CP All Public Company Limited

#### Working Experiences in Non Listed Company

<b>Present</b>	Deputy Group CFO Charoen Pokphand Group Company Limited
<b>2005 - Present</b>	Director C.P. Lotus Corporation
<b>2004 - Present</b>	Director CPPC Public Company Limited
<b>2003 - Present</b>	Director Vina Siam Bank (Vietnam)
<b>1999 - Present</b>	Director Allianz C.P. Insurance Public Company Limited
<b>1980</b>	Deputy Division Manager, Accounting and Finance Charoen Pokphand Group Company Limited
<b>1976 - 1980</b>	Project Analyst The Industrial Finance Corporation of Thailand

### Shareholding in the Company

<b>Director/ Executive (Shares)</b>	-
<b>Spouse (Shares)</b>	-
<b>Minor (Shares)</b>	-





## Mrs. Saowaluck Thithapant

**Age** 60 Years

**Nationality** Thai

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

**Date of Appointment** 15 December 2004

**Relationship with Executives** None

### Education

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

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

**2005** Director Accreditation Program (DAP)

### Working Experiences

#### Working Experiences in Listed Company

<b>2010 - Present</b>	Chief Financial and Shared Services Officer Siam Makro Public Company Limited
<b>2004 - Present</b>	Executive Director Siam Makro Public Company Limited
<b>2002 - 2010</b>	Finance Director Siam Makro Public Company Limited
<b>1997 - 1999</b>	Vice President - Accounting and Finance Premier Enterprise Public Company Limited

#### Working Experiences in Non Listed Company

<b>Present</b>	Director Charoen Pokphand Capital Company Limited
<b>2014 - Present</b>	Director ARO Company Limited
<b>2014 - Present</b>	Director Makro ROH Company Limited
<b>2012 - Present</b>	Director Vina Siam Food Company Limited
<b>2005 - Present</b>	Director Siam Food Services Company Limited
<b>1999 - 2002</b>	Senior Vice President - Accounting and Finance Premier Group of Companies

### Shareholding in the Company

<b>Director/ Executive (Shares)</b>	-
<b>Spouse (Shares)</b>	-
<b>Minor (Shares)</b>	-



## Mr. Philip William Cox

**Age** 70 Years

**Nationality** Australian

**Position** Director

**Date of Appointment** 25 April 2013

**Relationship with Executives** None

### Education

Attended the Sydney University to study Business Administration

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

-

### Working Experiences

#### Working Experiences in Listed Company

<b>2013 - Present</b>	Director Siam Makro Public Company Limited
<b>2007 - 2010</b>	Executive Commercial Director (Dry Food and Supply Chain Management) Siam Makro Public Company Limited
<b>1997 - 2007</b>	Commercial Director (Dry Food) Siam Makro Public Company Limited

#### Working Experiences in Non Listed Company

<b>2011 - 2013</b>	Chief Commercial Officer and Member of the Executive Board of Directors Makro South America
<b>2005 - 2010</b>	Director Siam Food Services Company Limited
<b>1989 - 1997</b>	Managing Director Mah Boonkrong Sirichai Supermarket Company Limited

### Shareholding in the Company

<b>Director/ Executive (Shares)</b>	-
<b>Spouse (Shares)</b>	-
<b>Minor (Shares)</b>	-

# BIOGRAPHICAL INFORMATION OF THE COMPANY'S EXECUTIVES



**Mr. Lin, Chi-Lung**

**Age** 51 Years

**Nationality** Chinese Taipei

**Position** Chief Operation Officer - Commercial,  
Marketing and Supply Chain

**Date of Appointment** 15 May 2003

**Relationship with Executives** None

## Education

Business Management Courses,  
Chung-Shin University, Taiwan

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

**2010** Director Certification Program (DCP)

## Working Experiences

### Working Experiences in Listed Company

<b>Present</b>	Chief Operation Officer - Commercial, Marketing and Supply Chain Siam Makro Public Company Limited
<b>2014 - 2015</b>	Chief Operation Officer - Thailand Siam Makro Public Company Limited
<b>2010 - 2014</b>	Chief Executive Officer - Food Service Business Siam Makro Public Company Limited
<b>2003 - 2010</b>	Commercial Director (Fresh Food) Siam Makro Public Company Limited

### Working Experiences in Non Listed Company

<b>2015 - Present</b>	Director Promart Company Limited
<b>2015 - Present</b>	Director ARO Company Limited
<b>2014 - Present</b>	Director Makro ROH Company Limited
<b>2012 - Present</b>	Director Vina Siam Food Company Limited
<b>2007 - Present</b>	Director/ Executive Director Siam Food Services Company Limited
<b>2001 - 2003</b>	Commercial Director (Food) Makro Taiwan
<b>1990 - 2001</b>	Fresh Food Manager Wellcome Taiwan Dairy Farm

## Shareholding in the Company

<b>Director/ Executive (Shares)</b>	-
<b>Spouse (Shares)</b>	-
<b>Minor (Shares)</b>	-



## Mr. Jean-Michel de Geyer

**Age** 57 Years

**Nationality** French

**Position** Executive Board Member - Innovation

**Date of Appointment** 1 September 2010

**Relationship with Executives** None

### Education

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

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

-

### Working Experiences

#### Working Experiences in Listed Company

<b>2014 - Present</b>	Executive Board Member - Innovation Siam Makro Public Company Limited
<b>2010 - 2014</b>	Chief Commercial Officer Siam Makro Public Company Limited

### Working Experiences in Non Listed Company

<b>2009 - 2010</b>	Offer Director Kingfisher Group
<b>2005 - 2007</b>	CEO Giant Hypermarket Giant Hypermarket, Dairy Farm
<b>1996 - 2005</b>	Marketing and Merchandise Director Carrefour

### Shareholding in the Company

<b>Director/ Executive (Shares)</b>	-
<b>Spouse (Shares)</b>	-
<b>Minor (Shares)</b>	-





## Mr. Paul Stephen Howe

**Age** 50 Years

**Nationality** British

**Position** Chief Business and Information  
Technology Officer

**Date of Appointment** 2 September 2013

**Relationship with Executives** None

### Education

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

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

-

### Working Experiences

#### Working Experiences in Listed Company

<b>2014 - Present</b>	Chief Business and Information Technology Officer Siam Makro Public Company Limited
<b>2013 - 2014</b>	Chief Information Officer (CIO) Siam Makro Public Company Limited

#### Working Experiences in Non Listed Company

<b>1999 - 2013</b>	Oracle Enterprise Architect Oracle Corporation
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### Shareholding in the Company

<b>Director/ Executive (Shares)</b>	-
<b>Spouse (Shares)</b>	-
<b>Minor (Shares)</b>	-



## Mr. David Poussier

**Age** 45 Years

**Nationality** French

**Position** Chief Operation Officer - Sales & Operations,  
Customer Development and Construction & Facilities

**Date of Appointment** 1 September 2015

**Relationship with Executives** None

### Education

University of Caen Lower Normandy,  
Economics Caen, France

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

-

### Working Experiences

#### Working Experiences in Listed Company

**2015 - Present** Chief Operation Officer - Sales &  
Operations, Customer Development  
and Construction & Facilities  
Siam Makro Public Company Limited

**2006 - 2008** Operations and Sales Director  
Siam Makro Public Company Limited

#### Working Experiences in Non-Listed Company

**2015** Chief Executive Officer  
Makro Atacadista  
S.A. Sao Paulo, Brazil

**2010 - 2014** Chief Executive Officer  
Makro Supermayorista  
S.A. Lima, Peru

**2009 - 2010** Regional Customer Development  
Director  
Makro South America, Sao Paulo,  
Brazil Covering Brazil, Venezuela,  
Peru, Colombia, Argentina

**2005** Operations Manager  
Makro Asia, Bangkok, Thailand,  
Covering China, Thailand, Philippines,  
Malaysia, Indonesia, Pakistan

**1999 - 2005** Store Manager  
Makro, (Cascais, Coimbra, Palmela),  
Portugal

#### Shareholding in the Company

**Director/ Executive (Shares)** -

**Spouse (Shares)** -

**Minor (Shares)** -

## CORPORATE RISK FACTORS AND RISK MANAGEMENT

The Company is aware of the elements of risks involved in conducting business attributable to a number of factors such as strategies, finance, compliance with laws and regulations, legal and regulatory changes, economic conditions, political situations, and even natural disasters. Not only have we carefully and thoroughly considered these risk factors before carrying out every business activity, but also we have crafted mitigation measures and concrete plans to manage a multitude of scenarios. Should a situation arise, we would be able to limit its impact on all important activities of every department to an acceptable level.

### Operational Risks

#### **Economic Conditions, Political Uncertainties, and Natural Disasters**

Economic conditions, political situations, and natural disasters constitute external factors that affect the operations of Cash and Carry business, as well as food service business. In the past several years, the Company have withstood negative economic factors, Thailand's ever-fluctuating climate conditions such as droughts and floods, political unrest, and the world's economy which has yet to recover from its recent downturn. Fortunately, the fact that the majority of our goods are essential to the people's day-to-day life (i.e. fresh food items) and that the Company's stores are located across the nation have lessened their impact; the Company's targeted profits were not jeopardized.

In addition, we have set up a Business Continuity Management framework to ascertain that, despite crises, vital operations will be able to continue. Following the Great Floods of 2011, we deployed many of the framework's measures and were able to improve them, rendering the framework even more effective. It now covers management of new scenarios such as the recent severe and enduring drought that has affected operations at our stores and Distribution Centers, where water is greatly needed for food products' hygiene and safety. In 2015, we have further studied droughts and made operational plans such as treating waste water and using the treated water suitably, as well as finding clean water resources in the nearby areas. In addition, opening a Distribution Center for Fresh and Frozen food at Mueang District in Samut Sakhon also minimizes the risk of having a Distribution Center temporarily suspend operations for any reason, increases our distribution capability, and facilitates our future expansions.

Furthermore, our expansion plan could suffer from economic conditions, political uncertainties, and natural disasters, as they could delay the plan to open a new store or derail it. The said delay or derailment could significantly affect our business growth, financial standing, and performance. Nevertheless, we have studied and analyzed our expansion plan thoroughly to ensure execution and minimize possible effects of the aforementioned risk factors.

### Compliance with Rules, Regulations, and Laws

Changes in a governmental policy and promulgation of new laws and regulations may affect our operations. Being in the retail and wholesale business, Makro must comply with innumerable measures, rules, regulations, and laws. Current trend sees related rules and regulations, not to mention those that may take effect in the future, becoming more stringent. There is also a possibility that the existing laws will be interpreted in a stricter manner and that the government will see that they be strictly implemented, such as the Business Competition Act, which may impact our expansion. Many drafts under consideration may also affect the plan-including the retail and wholesale business law, the City and Town Planning Act, and Building Control Act that will govern the development of large commercial buildings and retail and wholesale businesses. If the areas where we are expanding to fall under any of these laws, we may not be able to establish a new store or have our expansion plan delayed.

Additionally, our business falls under the Product Liability Act and related regulations. There is a risk that the Company may be liable for damage to our customers caused by unsafe goods or services. The extent of this liability includes compensation for the damage suffered, recall of goods from customers, recall of unsold goods, and putting their sales on hold. To prevent these scenarios from happening, the Company has put into place a team

of quality control for food products at our Distribution Centers and stores who comply with international hygiene and safety protocols. We have studied new laws and collaborated with our partners to ensure strict compliance such as showing food label on the container, implementing the HACCP system in the Frozen food industry, showing premium phrases on the label of ready-to-eat cut and trimmed fruit and vegetables, and complying with the Animal Epidemic Act. We source our products from standardized and trusted producers, and we have developed quality products under the brand "Quality Pro". Additionally, we require that sellers of goods to us be responsible for compensation that may arise from unsafe products and that they get an insurance for possible damage to reduce the risk.

Moreover, we have managed legal risks that could prevent us from following through with our business plan or delay our store expansion by forming a committee to analyze all related laws and regulations, as well as carefully crafting plans and collaborating with governmental agencies by participating in meetings and seminars to keep ourselves up to date with all the legal changes. Furthermore, the Company's plan to expand overseas needs a thorough legal revision and study to ensure equal benefits among the three parties: target countries, local population, and the Company.



**Supply Risk**

The highly-competitive nature of the retail and wholesale industry means consumers have more choices now than ever. As such, we recognize the importance of having products that will satisfy all aspects of customer demand, taking into account the diversity of goods and their quality and quantity. Failure in thoroughly and efficiently meeting consumer demand could have a negative impact on our business, financial position, and performance.

However, the Company orders from and has signed contracts with various producers and distributors, minimizing reliance on one sole partner and lessening chances of having insufficient quantities. Additionally, we have an excellent quality control system to check the quality of products at the moment of receipt. Our storage and logistics are under the supervision of experts, using standardized procedures. We guarantee that products sold by us are of good quality and are safe to consume. Furthermore, we are able to obtain products at good prices and in sufficient quantities thanks to our good relations with a number of producers and distributors, great reputation, and excellent sales growth.

**Transportation and Distribution**

With a multi-format store, Makro Classic, Makro Foodservice, Eco Plus, Makro Food shop, and Siam Frozen shops throughout the country to cover all customer bases, transportation and distribution of goods play a vital role in our business. At the end of 2015, the Company has 4 Distribution Centers namely (1) Distribution Center for Dry Food, Non Food, Chilled and Frozen food in Wang Noi District, Ayutthaya, (2) small Distribution Center for Frozen food in Sung Noen District, Nakhon Ratchasima, (3) Distribution Center for Dry Food and Non Food products in Bang Sao Thong District, Samut Prakan, and (4) new Distribution Center for Fresh food, Chilled and Frozen products in Mueang District, Samut Sakhon, which began operations late 2015.

The effectiveness in transportation and distribution depends on a variety of factors. While internal factors are controllable, external ones, such as natural disasters, are often not in our hands. Toward the end of 2011, the Company was faced with problems in transportation and distribution as a direct result of the Great Floods which rendered many roads unpassable. A number of producers and distributors could not deliver goods to our Distribution Centers; however, thanks to our management capability, as well as help from them, we have survived the crisis.

## Management Risks

### Majority Shareholder with Over 75% of Issued Shares

As of August 25, 2015, our majority shareholder, CP All Public Company Limited and its related entities, held 97.88% of all publicly traded shares in Makro. In cases where the majority shareholder controls over 75% of all shares, other investors face the possible risk that the majority shareholders could control the vote on all matters including the extraordinary vote of a shareholders' meeting, preventing minority shareholders from gathering sufficient vote to initiate a checks-and-balance proceeding on an issue proposed by the majority shareholder.

In the interest of good governance, the Board of Directors offers minority shareholders the opportunity to propose, in advance, issues to be included in the agenda of the shareholders' general meeting. Additionally, the Company has appointed 6 individuals to serve as Independent Directors, 5 of whom also serve on the Audit Committee. All members of the Audit Committee are professionally and socially renowned individuals. Responsible for tasks assigned by the Board of Directors, they help enhance efficiency and create a system of checks and balances, as well as transparency, in the Company's management. Additionally, all matters involving the majority shareholder

that could potentially create conflict of interest for the Company must be handled in strict compliance with stipulated transaction measures or procedures in accordance with applicable laws.

### Human Resource Management

The Company recognizes that human resources are a key component in the running business, as the shortage of skilled workers and high-caliber personnel poses a risk to any organization. Swift expansion of retailers has led to heated competition for high-caliber personnel among businesses, and Makro's well-trained employees are likely to draw attractive offers from other companies as an incentive to join them. To reduce this kind of human resource risk and retain our high-caliber personnel, we provide suitable remuneration, personal development training, and safety management. We also encourage and give them a chance to show creativity and take initiatives within the scope of their responsibilities, on top of providing suitable training and fostering a family-like team environment. We believe that a good work environment and atmosphere helps build a bond between employees and our organization, contributing to the retention of employees with a potential to grow with us as part of our internal succession plan.

At the same time, we are prepared to recruit new employee every year to support our nationwide expansion, which serves as a good opportunity for employees who wish to move back to their hometown and still want to work with us. It also creates job opportunities for the locals, who would otherwise have to seek jobs elsewhere. These factors contribute to the reduction of human resource risks and ascertain that we have a sufficient qualified workforce to sustainably support our expansion as we have envisioned it.

#### **Reliance on Business Operation System**

Since it is our goal to become an organization of innovations, the implementation of a company-wide IT system is necessary as it is the foundation of an effective and sustainable business. But because our systems and day-to-day operations are computerized, we are vulnerable to a number of risks such as computer viruses, electrical malfunctions, and natural disasters.

In 2015, the Company began replacing our old system with the new Oracle Retail Merchandising System to increase efficiency in our intra-organization management, better

serve customers, and support future expansion. To minimize the impact of undesirable circumstances that could arise during the transition period, we have come up with measures to prevent and deal with any adverse impact. We have appointed an executive with pertinent experience to oversee the transition and ensure on-schedule execution. We have hired a reputable independent agency to assess every stage of the project. And most importantly we have created a unit to manage these changes. They will analyze new information and ensure that it is communicated, so that everyone will adapt their knowledge and creativity to the new way of working under the new IT system that will drive our business forward and add value to our organization.

# CORPORATE GOVERNANCE

## Corporate Governance Policy

The 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 2015, the Company held 1 shareholders' meeting - the Annual General Shareholders' Meeting on April 24, 2015 at Wassana Room, Golden Tulip Sovereign Hotel, 92, Rama 9 Road, Bangkapi Subdistrict, Huay Kwang District,

Bangkok. For the year 2015, the Company provided minority Shareholders the opportunity to propose any additional agenda items in advance before the 2016 Annual General Shareholders' Meeting (2016-AGM) as well as to nominate, in advance between October 26, 2015 through to January 29, 2016, 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 21 days in advance, invitation notices for the 2015 Annual General Shareholders' Meeting (2015-AGM) 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 2015-AGM on the Company's website ([www.siammakro.co.th](http://www.siammakro.co.th)) 38 days prior to the 2015-AGM date; and again notified through the online news system of the Stock Exchange of Thailand about the 2015-AGM notice that appeared on the Company's website. Minutes of the 2015-AGM was also published on this website 14 days after the 2015-AGM took place.
- (5) The 2015-AGM was attended by the Company's 9 Directors including members of the Audit Committee, the Company's external Auditor and legal counselor. At the start of the 2015-AGM, the Chairman announced to the meeting the number and proportion of Shareholders, their proxies attending the 2015-AGM, the voting and votes counting procedures for each of the proposed agenda items in the order as announced in the 2015-AGM notice. There was no "other agenda item" tabled during the 2015-AGM, 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 2015-AGM.

- (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 2015, the Company provided the opportunity for minority Shareholders to propose any additional agenda items in advance before the 2016 Annual

General Shareholders' Meeting (2016-AGM) as well as to nominate, in advance between October 26, 2015 through to January 29, 2016, 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 proxies in attending the 2015-AGM. The Company recommended that Shareholders appoint those Independent Directors who are also members of the Audit Committee as their proxies. Details relating to the Audit Committee members were provided together with the 2015-AGM notice. And for the 2015-AGM a total of 13 shareholders 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 2015-AGM, 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 2015, 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 2015, 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.

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) Head of Internal Audit; 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/ 1347 (Direct Line) or  
0 2723 1000 ext. 1768 / 1347
- Fax : 0 2375 2927 or 0 2374 2406
- e-mail : 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 Ramkham-  
haeng Road, Huamark, Bangkapi,  
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 "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 2015, 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 2015, there was a total of 4 Board of Directors’ Meetings, 1 Nomination and Remuneration Committee’s Meeting and 1 shareholders’ meeting, 2015 Annual General Meeting. A summary of the attendance record of each Director is given below :

## Meeting Attendance of the Board of Directors and Annual General Meeting in 2015

Name	Position	Period	Board of Directors' Meeting (4 times)	Nomination and Remuneration Committee's Meeting (1 time)	Annual General of Shareholders' Meeting (1 time)
1. Mr. Arsa Sarasin	Independent Director/ Chairman	Apr 2014 - Apr 2017	4/4	-	1/1
2. Mr. Athaporn Khaimarn	Independent Director/ Chairman of the Audit Committee	Apr 2015 - Apr 2018	4/4	-	1/1
3. Mr. Chavalit Uttasart <sup>(1)</sup>	Independent Director/ Member of the Audit Committee/ Member of the Nomination and Remuneration Committee	Apr 2015 - Apr 2018	3/4	-	1/1
4. Mr. Thira Wipuchanin	Independent Director/ Member of the Audit Committee / Chairman of the Nomination and Remuneration Committee	Apr 2015 - Apr 2018	3/4	1/1	0/1
5. Dr. Chaiyawat Wibulswasdi	Independent Director/ Member of the Audit Committee	Apr 2015 - Apr 2018	4/4	-	1/1
6. Mr. Joti Bhokavanij	Independent Director/ Member of the Audit Committee	Apr 2015 - Apr 2018	4/4	-	0/1
7. Mr. Korsak Chairasmisak	First Vice Chairman/ Executive Director	Apr 2015 - Apr 2018	3/4	-	0/1
8. Mrs. Suchada Ithijarakul	Second Vice Chairman/ Executive Director/ Chief Executive Officer	Apr 2014 - Apr 2017	4/4	-	1/1
9. Dr. Prasert Jarupanich	Director/ Executive Director/ Member of the Nomination and Remuneration Committee	Apr 2014 - Apr 2017	4/4	1/1	0/1
10. Mr. Pittaya Jearavisitkul <sup>(2)</sup>	Director/ Executive Director	Apr 2014 - Apr 2017	4/4	1/1	1/1
11. Mr. Piyawat Titasattavorakul	Director/ Executive Director	Apr 2014 - Apr 2017	4/4	-	1/1
12. Mr. Soopakij Chearavanont	Director	Jul 2013 - Apr 2016	1/4	-	0/1
13. Mr. Narong Chearavanont	Director/ Executive Director	Jul 2013 - Apr 2016	4/4	-	0/1
14. Mr. Suphachai Chearavanont	Director	Jul 2013 - Apr 2016	0/4	-	0/1
15. Mr. Adirek Sripratak	Director	Jul 2013 - Apr 2016	2/4	-	0/1
16. Mr. Umroong Sanphasitvong	Director/ Executive Director	Jul 2013 - Apr 2016	4/4	-	0/1
17. Mrs. Saowaluck Thithapant	Director/ Executive Director	Apr 2014 - Apr 2017	4/4	-	1/1
18. Mr. Philip William Cox	Director	Apr 2013 - Apr 2016	4/4	-	1/1

Remark :

- (1) Appointed as a member of the Nomination and Remuneration Committee in the Board of Directors' Meeting No. 1/2015 effective on 16 February 2015
- (2) Resigned from the Nomination and Remuneration Committee on 16 February 2015

- (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 2015, 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 2015 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 2015 is at 91% decreased from 93% in 2014
- (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 2015  
Details are given in the section on "Director and Executive Remuneration in 2015"
- (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

## CORPORATE INFORMATION

### 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,  
Bangkapi, 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 under "Makro" name in order to sell food and non-food products for all customers nationwide. Key Makro customers are small to medium sized professional operators i.e. small retailers, HoReCa, institutes, and services operators

#### Type and No. of shares :

Registered ordinary shares, totaling 4,800,000,000 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 temperature controlled, frozen, high quality food products from Thailand and overseas with delivery service i.e. meat, seafood, poultry, potato, dairy, pastry and ethnic food products, to meet the demand of food service professionals i.e. hotels, restaurants (both full service and quick service), airlines, caterers, institutions, manufacturers, and food traders

#### 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** : 44B Phan Xich Long Street, Ward 3, Phu Nhuan District, Ho Chi Minh City, Vietnam  
**Tel.** : (848) 7309 1188  
**Fax.** : (848) 3995 6756  
**Website:** : www.vinasiamfood.com.vn  
**Type of business** :  
 Import and distribution of temperature controlled, frozen, high quality food products from Thailand and overseas with delivery service i.e. meat, seafood, poultry, potato, dairy, pastry and ethnic food products, to meet the demand of food service professionals in Vietnam i.e. hotels, restaurants (both full service and quick service), caterers  
**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, 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

## (4) ARO Company Limited

**Company registration No.** : 889 FC/2014-2015  
**Date of incorporation** : 28 November 2014  
**Head Office** : Room No. 202 Condo A, Shwe Hinthar Condominium, Pyay Road, Hlaing Township, Yangon, Myanmar  
**Type of Business** :  
 Providing marketing and business consultancy services in Myanmar  
**Registered capital** : USD 500,000  
**Issued and paid-up capital** : USD 90,000

## (5) ProMart Company Limited

**Company registration No.** : 0105558034130  
**Date of incorporation** : 23 February 2015  
**Head Office** : 3498 2<sup>nd</sup> Floor, Lardprao Road, Klongchan, Bangkok, 10240  
**Tel.** : 0 2723 1000  
**Fax.** : 0 2375 2927  
**Type of Business** : Selling non-food products  
**Type and No. of shares** :  
 Registered ordinary shares, totaling 100,000 shares  
**Registered capital** :  
 Baht 10,000,000 with 100,000 shares at par value of Baht 100 each  
**Issued and paid-up capital** :  
 Baht 2,500,000 with 100,000 shares at a par value of Baht 25 each  
**Associate Company**

- None -

**Reference persons**

**Securities Registrar** : Thailand Securities  
Depository Company  
Limited (TSD)  
The Stock Exchange  
of Thailand Building  
93 Ratchadaphisek Road,  
Dindaeng, Dindaeng,  
Bangkok 10400

**Tel.** : 0 2009 9000, 0 2009 9999  
**Fax.** : 0 2009 9991

**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

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

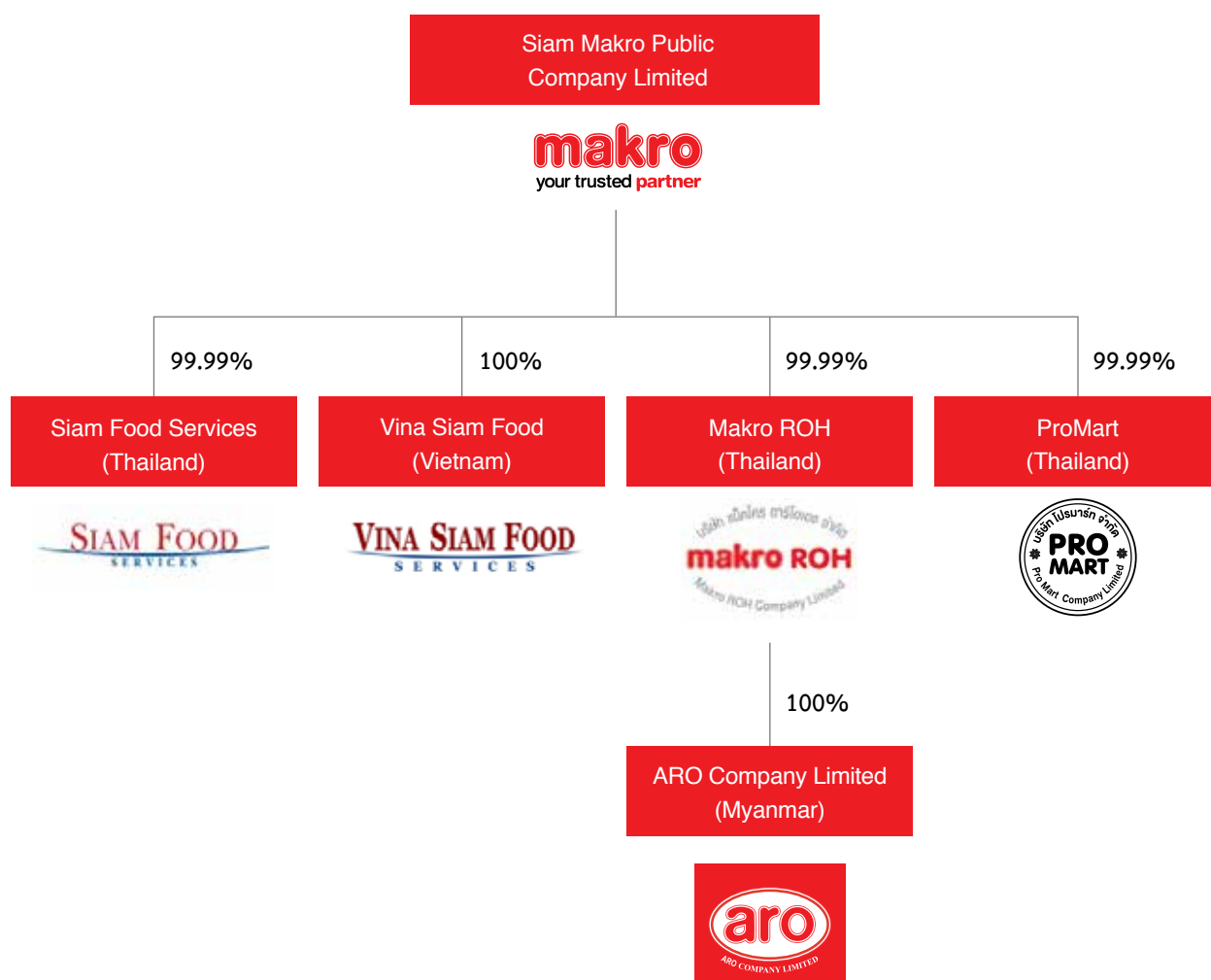
Chavalit & Associates Limited  
20<sup>th</sup> Floor, Rajanakarn Building  
3 South Sathorn Road,  
Yannawa, Sathorn, Bangkok  
10120

**Tel.** : 0 2676 6667-8  
**Fax.** : 0 2676 6188-9

### 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 Siam Makro Public Company Limited ("the Company") is the operation of membership based Cash & Carry trade centers, registered under the name of "Makro", that are located throughout Thailand. As at the end of

2015, there were a total of 91 Makro stores and 7 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 including other relevant businesses which support the core business of the Company. As at the end of 2015, the Company's business structure can be shown as below :



Company	Type of Business
Siam Makro Public Company Limited	Operating a cash and carry wholesale business under “Makro” name in order to sell food and non-food products for all customers nationwide. Key Makro customers are small to medium sized professional operators i.e. small retailers, HoReCa, institutes, and services operators
Siam Food Services Company Limited	Import and distribution of temperature controlled, frozen, high quality food products from Thailand and overseas with delivery service i.e. meat, seafood, poultry, potato, dairy, pastry and ethnic food products, to meet the demand of food service professionals i.e. hotels, restaurants (both full service and quick service), airlines, caterers, institutions, manufacturers, and food traders
Vina Siam Food Company Limited	Import and distribution of temperature controlled, frozen, high quality food products from Thailand and overseas with delivery service i.e. meat, seafood, poultry, potato, dairy, pastry and ethnic food products, to meet the demand of food service professionals in Vietnam i.e. hotels, restaurants (both full service and quick service), caterers
Makro ROH Company Limited	Investing in foreign countries as well as to provide management and technical consultancy, and to support services to the Company’s subsidiaries
ARO Company Limited	Providing marketing and business consultancy services in Myanmar
ProMart Company Limited	Selling non-food products

### Revenue Structure

The Company's core earnings were derived from Makro Cash and Carry business. Other revenue contributors were importing and distributing frozen and chilled food products as well as logistics services. The details of revenue structure (the revenue after revised the connected transaction) are as follows :

(Unit : Million Baht)

Activities/ Products/ Services	Operated by	% Shareholding of the Company	Fiscal year ended 31 December					
			2013		2014		2015	
			Amount	%	Amount	%	Amount	%
1. <b><u>Makro Cash and Carry/ Makro Foodservice/ Eco Plus/ Makro Food shop / Siam Frozen</u></b> Sales of consumer goods and other income	<b>Siam Makro</b>	-	128,295	98.8	140,769	98.8	153,799	98.6
2. <b><u>Providing management, technical consultancy and support services</u></b> Sales of goods, services and other income*	<b>Makro ROH**</b>	99.99	-	-	-	-	-	-
	<b>ARO**</b>	100.00	-	-	-	-	-	-
	<b>ProMart**</b>	99.99	-	-	-	-	-	-
3. <b><u>Importing and trading of frozen and chilled foods</u></b> Sales of goods, services and other income*	<b>Siam Food Services</b>	99.99	1,422	1.1	1,587	1.1	1,870	1.2
4. <b><u>Importing, exporting and trading of frozen and chilled foods</u></b> Sales of goods and services and other income*	<b>Vina Siam Food</b>	100.0	64	0.0	176	0.1	248	0.2
<b>Grand Total</b>			<b>129,781</b>	<b>100.0</b>	<b>142,532</b>	<b>100.0</b>	<b>155,917</b>	<b>100.0</b>

Remark :

\* Revenue net of inter group transaction

\*\* currently in the process of preparing to run a business



# AUDIT COMMITTEE'S REPORT

Siam 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. Chaipayat 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 2015, 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	4
3. Mr. Thira Wipuchanin	5
4. Dr. Chaipayat Wibulswasdi	5
5. Mr. Joti Bhokavanij	5

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 2015, including disclose the significant information and consider external auditor's report in collaboration with the executives Management and external auditor. The Audit Committee expressed its observations, provided recommendations 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 information being sufficiently and completely disclosed 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 and the Securities and Exchange Commission. Moreover, the Audit Committee assigned the internal auditors to review the commercial transactions between the Company and report those transactions to the Audit Committee. Based on the review of related parties' transactions undertaken in the normal course of business, no unusual transactions considered material were found.

The Audit Committee has the opinion that disclosure is appropriate and complete in a reliable manner that those transactions were executed pursuant to normal business practice. Moreover, connected and related party transactions among the Company and its group were found that such information was adequately and correctly disclosed.

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 in order to assess the appropriateness and sufficiency of the Company's internal control system, including recommendations jointly consider with the external auditors, internal auditors and the Company's management. Furthermore, the Audit committee also considered the annual performance evaluation for the Head of Internal Audit.

The Audit Committee has the opinion that the Company's internal audit was independently carried out the operation in order to enhance the Company's good governance.

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 Year 2015.

6. 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 there is no significant matter concerning non-compliance of the aforesaid rules, regulations and laws.

In summary, the Audit Committee performed their duties in accordance with the Audit Committee Charter 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. Furthermore, the Company is compliance with laws, regulations and commitments, accurate disclosure of related transactions. In this regard, the Company has managed an operation that is consistent with adequate, transparent and credible corporate governance. The Company also has an accurate financial and operation report, an appropriate and effective internal control system and internal audit.



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

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND OPERATING RESULTS

## Analysis of Consolidated Results

### Consolidated Operating Results

		2014	2015	Increase (+)/ Decrease (-)
Sales	million Baht	139,271	152,604	+ 13,333
Total revenues	million Baht	142,532	155,917	+ 13,385
Gross profit	million Baht	12,500	14,667	+ 2,167
EBITDA	million Baht	7,816	8,920	+ 1,104
<b>Net profit</b>	<b>million Baht</b>	<b>4,922</b>	<b>5,378</b>	<b>+ 456</b>
Earnings per share	Baht per share	1.03	1.12	+ 0.09

In 2015, Thailand's economy began to recover gradually. It was attributed to a stable political situation, the boost from government fiscal stimulus measures, anticipated improvement of domestic consumption and investment from private sector as well as the increasing number of tourists. Nevertheless, the Company continues to perform and grow satisfactorily as a result of its competitiveness and effective strategies to consistently develop a wide range of quality products and services that best meet the business needs of various customer groups.

In the past year, the Company continues to focus on the store expansion by opening 16 new stores in various formats resulting in, at the end of 2015, we operated 98 stores nationwide with total sales space of 630,360 sq.m. We also launched the new store format, namely "Makro Food shop" - a small foodservice format, to get the upper hand in handling the needs of HoReCa operators in each area effectively, and provide them with greater convenience. Representing one of our strategies for growing our food service business, Makro Food shop is also a nimble way to achieve our store expansion. Furthermore, the Company opened a new Distribution Center for Fresh and Frozen food and our new Frozen food depot in Mueang District, Samut Sakorn. It is equipped with an Automated-Storage/Retrieval System (ASRS) to enhance its distribution capability as well as being a foundation for future store expansion.

To support its future expansion, the Company set up 2 new subsidiaries, namely ARO Company Limited in Myanmar on 28 November 2014, which wholly owned by Makro ROH Company Limited, which is a subsidiary of the Company, to operate the business in marketing and business consultancy services in Myanmar. ARO has the registered capital of US\$ 500,000 and the paid-up capital of US \$ 90,000. Secondly, Promart Company Limited has been set up on 23 February 2015 which wholly owned by the Company. The primary purpose is to sell non-food products. Promart has the registered capital of Baht 10,000,000 and the paid-up capital of Baht 2,500,000. At present, these two companies are still in the process of preparing to carry out business in the future.

### Revenues

In 2015, The Company's consolidated total sales were Baht 152,604 million, grew by 9.6% from the previous year. This was driven by a 9.4% increase in total sales from Makro stores owing to a continuous store expansion. In the past year, we opened 16 new stores in various formats including 7 Makro stores, 4 Makro Foodservice stores, 2 Eco Plus stores, 1 Makro Food shop and 2 Siam Frozen shops. As a result, at the end of 2015, we operated 98 stores nationwide, including 70 Makro stores, 12 Makro Foodservice stores, 8 Eco Plus stores, 1 Makro Food shop and 7 Siam Frozen shops. By geography, there were 17 and 81 stores located in Bangkok & greater Bangkok and

provincial respectively. In addition, the increase in sales from Siam Food Services and Vina Siam Food at 17.2% and 42.6% respectively are also the attributes to the sale growth.

It was also attributed to the continuous emphasis on customer development by expanding to attract HoReCa customers in different areas by developing unique store formats, Makro Foodservice with sales spaces averaging 1,000-3,000 sq.m. and smaller foodservice store. It is in line with the country's economic development plan focusing on tourism development as well as the continued growth and expansion of food industry including the change of consumer behavior which eating out has become increasingly more popular. By doing this, Makro has gained trust from HoReCa operators as proved by the growth in revenue participation to total revenue of this group of customers from only 4% to 24% over the past decade.

Aggregating with Baht 2,613 million and Baht 700 million from revenue from rendering of services and other income, respectively, the Company registered total income at Baht 155,917 million, surged by Baht 13,385 million or 9.4% from the prior year.

### Gross Profit

The consolidated gross profit of 2015 was Baht 14,667 million increased Baht 2,167 million from 2014 or an increase of 17.3%. The gross profit percentage to total sales was improved from 9.0% in 2014 to be 9.6% in 2015. This was derived from customer development focusing increase in market share of food service professional customers, assortment development in term of consistency in high quality and range as well as an increase in sales participation of products with a higher margin as evidenced by an improvement in sale participation of Makro's private brand products and growing fresh food sales.

### Selling & Administrative Expenses

In 2015, the Company had selling and administrative expenses of Baht 10,930 million or equivalent to 7.0% of total revenue, surged by Baht 1,544 million or 16.4% from the year 2014. This was derived from

**Selling Expenses :** In 2015, selling expenses registered at Baht 8,858 million, grew by 18.6% from the year earlier mainly due to the continuous new store openings which were the 13 stores and 16 stores opened in 2014 and 2015 respectively.

**Administrative Expenses :** In 2015, administrative expenses registered at Baht 2,072 million, grew by 7.9% from the previous year owing to business development cost associated with new retail system which has been launched since late 2015 and other project costs to support the Company's business expansion.

### Finance Costs

In 2015, the Company had finance costs of Baht 237 million, surged by Baht 69 million from the year earlier. This was derived from an increase of long-term borrowings which was required for the new store expansion and to support the continuing Company's business growth.

### Net Profit

In 2015, the Company posted a net profit of Baht 5,378 million or Baht 1.12 per share which is 3.4% to total revenues. It rose by 9.3% from the year 2014. This was derived from higher sales, better gross profit margin and the effective cost and expense management.

## Analysis of Financial Position

### Consolidated Financial Position

		As at 31 December		Increase (+) / Decrease (-)
		2014	2015	
Total assets	million Baht	43,666	47,910	+ 4,244
Total liabilities	million Baht	30,879	33,703	+ 2,824
Shareholders' equity	million Baht	12,787	14,207	+ 1,420

### Total Assets

As at the end of 2015, the Company recorded Baht 47,910 million in total assets, an increase of Baht 4,244 million, or 9.7%, over last year. This increase in total assets was mostly contributed by net increase in property, plant and equipment (PPE) as a result of investment in new stores during the year, new opening of the third Fresh and Frozen food Distribution Center and increase in inventory aligned with an increasing number of stores.

**Current Assets** : As at the end of 2015, the Company's current assets was Baht 17,326 million, dropped from Baht 17,406 million in 2014 or down by 0.5%. This was mainly due to lower cash and cash equivalents, purchase discount receivables and accrued income while inventory balance was increased in-line with higher number of stores. Current assets to total assets ratio was 36.2% of which current assets comprised mostly of cash and cash equivalent and inventories.

**Non-Current Assets** : As at the end of 2015, the Company's non-current assets was Baht 30,584 million, soared from Baht 26,260 million in 2014 or up by 16.5%. This was attributed to land and leasehold right acquisition for new store expansion, equipment replacement and investment in new retail system.

### Total Liabilities

As of year-end 2015, the Company posted Baht 33,703 million in total liabilities, a rise of Baht 2,824 million from an increase in long-term borrowings from financial institution for the investment in new stores to continue business growth and increase in trade account payable to other parties in line with business expansion and increasing number of stores.

**Current Liabilities** : As at the end of 2015, the consolidated current liabilities was Baht 28,684 million, an increase of Baht 708 million, or 2.5%, over 2014 which was Baht 27,976 million. This was a result of higher trade accounts payable in line with the increase of 16 new stores opened during 2015.

**Non-Current Liabilities** : As at the end of 2015, the Company had Baht 5,019 million, or 14.9% of total liabilities, grew from the prior year by Baht 2,116 million. This was derived from the additional long-term loan from financial institutions of Baht 2,000 million for the Company's business operation such as store expansion and supporting on-going business growth.



### Shareholder's Equity

Total Shareholders' Equity as at end of 2015 was Baht 14,207 million, an increase of Baht 1,420 million or 11.1% from as at the end of 2014 which was Baht 12,787 million.

This was in line with net profit and dividend payment of Baht 3,936 million in 2015. Book value per share was Baht 2.96 per share.

### Analysis of Cash Flow

Statements of Cash Flows-Consolidated

		2014	2015
Cash flows from operating activities	million Baht	7,661	6,701
Cash flows from investing activities	million Baht	(6,968)	(6,370)
Cash flows from financing activities	million Baht	(1,140)	(2,665)
<b>Net Increase / (Decrease) in Cash and cash equivalents</b>	<b>million Baht</b>	<b>(447)</b>	<b>(2,334)</b>

As at the end of 2015, the Company has cash and cash equivalents of Baht 2,230 million, a decline of Baht 2,334 million from the year 2014. This was mainly due to cash outflow for the investment in store expansion and payment of dividend.

in new store expansion during the year which included land acquisition and lease for stores opened in 2015 and to be opened in 2016. The increase was also from the new retail merchandising system investment and property development for new head office building.

### Cash flows from operating activities

For 2015, net cash flow from operating activities totaled Baht 6,701 million, a decrease of Baht 960 million or 12.5% from 2014 due to an increase in inventory balance.

### Cash flows from financing activities

Net cash flow used in financing activities in 2015 was Baht 2,665 million, representing dividend payment of Baht 3,936 million and this was mostly offset by increase in long term loan from financial institutions of Baht 2,000 million.

### Cash flows from investing activities

Net cash flow used in investing activities during 2015 amounted to Baht 6,370 million. This was used for investment

## Financial Ratios

		2014	2015
<b>Liquidity Ratio</b>			
Current ratio	(times)	0.6	0.6
Quick ratio	(times)	0.2	0.1
<b>Profitability Ratio</b>			
Gross profit margin ratio	(%)	9.0	9.6
Net profit margin ratio	(%)	3.5	3.4
Return on equity	(%)	41.3	39.8
<b>Efficiency Ratio</b>			
Return on total assets	(%)	12.3	11.7
Fixed asset turnover	(%)	30.0	28.0
Total assets turnover	(times)	3.6	3.4
<b>Financial Policy Ratio</b>			
Total debt to equity ratio	(times)	2.4	2.4
Interest coverage ratio	(times)	67.7	44.6
Dividend payout ratio	(%)	75.1	75.9

Remark :

In 2015, the Company has restated 2014 financial statements due to the adoption of new and revised TFRS - TAS 19 (revised 2014) Employee Benefits.

## RELATED PARTY TRANSACTIONS

### Details on Related Party Transactions

In 2014 and 2015, the Company and its Subsidiaries conducted transactions with related parties, which are summarized as follows :

#### Related Party Transactions in 2014 and 2015

Related Parties and the Nature of Relationships	Nature of Transaction	Amount (Million Baht)		Necessity and Reasons for the Transaction
		2014	2015	
<b>CP All Plc. (“CP All”)</b> <b>Nature of Relationship<sup>1)</sup></b> CP All, a major shareholder of the Company, holds direct and indirect shares of the Company amounting to 97.88% of total issued and paid-up shares.	<b>1. Service Expenses</b> The Company disbursed CP All for the use of software licenses and trademarks	182.2	177.6	The use of software licenses and trademarks from CP All is regarded as technical assistance for the Company’s core business operation. The software is used for recording sales transactions, goods receiving, stock movement and customer information system of the Company’s stores. The said software can be used for recording information of new stores and for consolidation of information of all stores. The costs of software are cheaper than local system development. In addition, the Company was granted, by CP All, the right to use trademarks and servicemarks 3 including the use of trademarks such as “Makro”, “ARO” etc. in operating the businesses including the store layout, product display, and the business management. Whenever there is any development of new store format of “Makro” in other country, the Company will obtain knowledge and technique of the business operation resulting in efficiency in the business operation. The rights to use software license, trademark and service mark are considered as transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>2. Other Accounts Payable</b> The Company was granted, by CP All, the right to use trademarks and service marks including the use of trademarks such as “Makro”, “ARO” etc.	89.2	84.5	

Related Parties and the Nature of Relationships	Nature of Transaction	Amount (Million Baht)		Necessity and Reasons for the Transaction
		2014	2015	
	<b>3. Fixed Assets Expenses</b> The Extraordinary General Shareholders' Meeting No. 1/2014 held on September 26, 2014 adopted the resolutions approving the investment in assets for establishing the new head office and the connected transaction between the Company and CP All to purchase land of Land Title Deed Nos. 38439-38463, 74346, 85240, 155179 and 210414, total land area of approximately 9 rai - ngarn 47 square wa with a 5-storey building (including 1 deck floor and 1 basement floor), having area of approximately 27,459 square meters, including structure and component parts, located on Phatthanakan Road, Suan Luang Subdistrict, Prakhonong District, Bangkok Metropolis at the amount of Baht 470.0 million.	470.0	-	<p>Regarding the purchase of fixed assets for establishing the new head office from CP All, the Company finds it necessary to obtain a new headquarter building that is appropriate for the current business, which is one method to improve performance. The current three headquarter offices are insufficient in accommodating current employees. In addition, since all three headquarter offices are in separate locations, various managements cannot operate effectively which led to increased cost. In addition, the Company plans to open new Makro stores domestically and is looking for opportunities in neighboring countries.</p> <p><u>Opinion of the Audit Committee</u>            The Company's Audit Committee has no different opinion from the Board of Directors. The Company's Board of Directors (excluding interested directors) considered and viewed that the land and building purchase price is reasonable by referring to appraisal price of land and building by 2 independent appraisers approved by the office of SEC. In addition, price and conditions are fair and not causing transfer of benefit. In this connection, the sale and purchase price is in the range of appraisal price by 2 independent appraisers (Baht 476.15 million and Baht 480 million)</p>

Related Parties and the Nature of Relationships	Nature of Transaction	Amount (Million Baht)		Necessity and Reasons for the Transaction
		2014	2015	
<b>CPRAM Co., Ltd. (“CPRAM”)</b> <b>Nature of Relationship<sup>1)</sup></b> Subsidiary of CP All, CP All holds shares of CPRAM amounting to 99.99% of total issued and paid-up shares.	<b>1. Revenue from Sales of Goods and Services</b>	14.4	62.4	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>2. Purchase of Goods</b>	167.2	208.1	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>3. Trade Accounts Receivable</b>	6.6	13.6	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>4. Trade Accounts Payable</b>	41.7	51.3	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
<b>Gosoft (Thailand) Co., Ltd. (“Gosoft”)</b> <b>Nature of Relationship<sup>1)</sup></b> Subsidiary of CP All, CP All holds shares of Gosoft amounting to 99.99% of total issued and paid-up shares.	<b>1. Fixed Assets and Intangible Assets Expenses</b> The Company and its Subsidiaries purchased fixed assets and intangible assets, namely computer equipment and software, from Gosoft	76.6	17.7	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>2. Service Expenses</b>	1.8	8.5	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>3. Other Accounts Payable</b>	12.1	3.7	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
<b>Panyapiwat Institute of Management</b> <b>Nature of Relationship<sup>1)</sup></b> Subsidiary of CP All, CP All holds shares of Panyapiwat Institute of Management amounting to 99.99% of total issued and paid-up shares.	<b>1. Service Expenses</b>	14.0	11.4	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>



Related Parties and the Nature of Relationships	Nature of Transaction	Amount (Million Baht)		Necessity and Reasons for the Transaction
		2014	2015	
<b>C.P. Retailing Co., Ltd. (“Retailing”)</b> <b>Nature of Relationship<sup>1)</sup></b> Subsidiary of CP All, CP All holds shares of Retailing amounting to 99.99% of total issued and paid-up shares.	<b>1. Revenue from Sales of Goods and Services</b>	0.7	12.7	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>2. Purchase of Goods</b>	-	2.2	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
<b>Charoen Pokphand Foods Plc. (“Charoen Pokphand Foods”)</b> <b>Nature of Relationship<sup>2)</sup></b> Charoen Pokphand Group is a major shareholder and holds direct and indirect shares of Charoen Pokphand Foods amounting to 43.72% of total issued and paid-up shares.	<b>1. Purchase of Goods</b>	76.4	141.1	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>2. Trade Accounts Payable</b>	5.7	20.2	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
<b>CPF Trading Co., Ltd. (“CPF Trading”)</b> <b>Nature of Relationship<sup>2)</sup></b> Subsidiary of Charoen Pokphand Food, Charoen Pokphand Food holds shares of CPF Trading amounting to 99.97% of total issued and paid-up shares.	<b>1. Revenue from Sales of Goods and Services</b>	10.7	14.9	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>2. Purchase of Goods</b>	907.3	1,769.3	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>3. Trade Accounts Payable</b>	133.7	271.3	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
<b>CPF (Thailand) Plc. (“CPF (Thailand)”)</b> <b>Nature of Relationship<sup>2)</sup></b> Subsidiary of Charoen Pokphand Food Charoen Pokphand Food holds shares of CPF (Thailand) amounting to 99.98% of total issued and paid-up shares.	<b>1. Revenue from Sales of Goods and Services</b>	9.0	12.3	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>2. Purchase of Goods</b>	-	2.0	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>

Related Parties and the Nature of Relationships	Nature of Transaction	Amount (Million Baht)		Necessity and Reasons for the Transaction
		2014	2015	
<b>CP-Meiji Co., Ltd. (“CP-Meiji”)</b> <b>Nature of Relationship<sup>2)</sup></b> CP-Meiji is a joint venture with Charoen Pokphand Food, Charoen Pokphand Food holds shares of CP-Meiji amounting to 59.99% of total issued and paid-up shares.	<b>1. Purchase of Goods</b>	188.3	266.6	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>2. Trade Accounts Payable</b>	37.0	51.8	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
<b>C.P. Food Store Co., Ltd. (“C.P. Food Store”)</b> <b>Nature of Relationship<sup>2)</sup></b> Chearavanont family is a major shareholder of C.P. Food Store.	<b>1. Revenue from Sales of Goods and Services</b>	17.8	17.9	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>2. Purchase of Goods</b>	276.9	295.0	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>3. Trade Accounts Payable</b>	67.8	49.4	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
<b>Pokphand Enterprise Co., Ltd. (“Pokphand Enterprise”)</b> <b>Nature of Relationship<sup>4)</sup></b> Chearavanont family is a major shareholder of Pokphand Enterprise.	<b>1. Leasehold Right Expenses</b> Reference is made to the Board of Director’s Meeting No. 3/2014 of the Company on August 5, 2014, which approved the Company to enter into a land lease agreement with Pokphand Enterprise. The Company has entered into the land lease agreement of 2 title deeds located on Srinakarin Road, Nhong Bon Sub-district, Prawet District, Bangkok with aggregate area of approximately 6 rai 3 ngarn 43 square wah for a lease term of 25 years. The total value throughout the lease term is Baht 272.7 million. Such transaction is considered as connected transaction to be disclosed to the SET, however the size of transaction does not require the shareholders’ meeting approval.	60.0	-	The Company entered into the land lease agreement of 2 title deeds with Pokphand Enterprise to open new Makro store. The total value throughout the lease term was calculated using a market - based valuation.  <u>Opinions of the Audit Committee</u> The Company’s Audit Committee has no different opinion from the Board of Directors. The Company’s Board of Directors (excluding interested directors) considered and viewed that this connected transaction is reasonable and beneficial to the Company.
	<b>2. Other Accounts Receivable</b>	-	5.4	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>

Related Parties and the Nature of Relationships	Nature of Transaction	Amount (Million Baht)		Necessity and Reasons for the Transaction
		2014	2015	
<b>C.P. Consumer Product Co., Ltd.</b> <b>(“C.P. Consumer Product”)</b> <u><b>Nature of Relationship<sup>2)</sup></b></u> Charoen Pokphand Group is a major shareholder of C.P. Consumer Product.	<b>1. Revenue from Sales of Goods and Services</b>	17.0	19.1	Transactions / supporting transactions related to the normal course of business <sup>5)</sup>
	<b>2. Purchase of Goods</b>	130.3	155.5	Transactions / supporting transactions related to the normal course of business <sup>5)</sup>
	<b>3. Trade Accounts Payable</b>	35.7	42.5	Transactions / supporting transactions related to the normal course of business <sup>5)</sup>
<b>Perfect Companion Group Co., Ltd. (“Perfect Companion Group”)</b> <u><b>Nature of Relationship<sup>2)</sup></b></u> Charoen Pokphand Group is a major shareholder of Perfect Companion Group.	<b>1. Revenue from Sales of Goods and Services</b>	7.5	9.4	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>2. Purchase of Goods</b>	224.1	247.4	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>3. Trade Accounts Payable</b>	36.3	46.4	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
<b>Freewill Solutions Co., Ltd. (“Freewill Solutions”)</b> <u><b>Nature of Relationship<sup>2)</sup></b></u> Charoen Pokphand Group is a major shareholder of Freewill Solutions.	<b>1. Intangible Assets Expenses</b> The Company and its Subsidiaries purchased intangible assets, namely computer software, from Freewill Solutions.	12.0	19.5	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>2. Service Expenses</b>	13.0	10.2	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>3. Other Accounts Receivable</b>	0.3	3.0	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>4. Other Accounts Payable</b>	7.0	8.3	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>

Related Parties and the Nature of Relationships	Nature of Transaction	Amount (Million Baht)		Necessity and Reasons for the Transaction
		2014	2015	
<b>Allianz C.P. General Insurance Plc. (“Allianz C.P. General Insurance”)</b> <b>Nature of Relationship<sup>2)</sup></b> Charoen Pokphand Group is a major shareholder of Allianz C.P. General Insurance.	1. Service Expenses	13.6	12.0	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
<b>True Universal Convergence Co., Ltd. (“True Universal Convergence”)</b> <b>Nature of Relationship<sup>3)</sup></b> True Universal Convergence is a subsidiary of True Corporation Plc. which Charoen Pokphand Group is a major shareholder.	1. Service Expenses	7.2	21.3	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	2. Other Accounts Payable	5.1	4.9	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
<b>True Distribution &amp; Sales Co., Ltd. (“True Distribution &amp; Sales”)</b> <b>Nature of Relationship<sup>3)</sup></b> True Distribution & Sales is a subsidiary of True Corporation Plc. which Charoen Pokphand Group is a major shareholder.	1. Purchase of Goods	3.1	11.3	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	2. Trade Accounts Payable	2.1	4.6	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	3. Service Expenses	4.0	-	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
<b>True Leasing Co., Ltd. (“True Leasing”)</b> <b>Nature of Relationship<sup>4)</sup></b> Charoen Pokphand Group is a major shareholder of True Leasing.	1. Service Expenses	-	17.2	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	2. Other Accounts Payable	-	4.1	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>

Related Parties and the Nature of Relationships	Nature of Transaction	Amount (Million Baht)		Necessity and Reasons for the Transaction
		2014	2015	
<b>Other related parties in CP All's Group</b>	<b>1. Revenue from Sales of Goods and Services</b>	4.6	8.2	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>2. Trade Accounts Receivable</b>	1.8	3.4	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>3. Purchase of Goods</b>	0.2	4.6	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>4. Trade Accounts Payable</b>	0.4	5.6	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>5. Fixed Assets and Intangible Assets Expenses</b>	0.1	4.0	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>6. Service Expenses</b>	9.3	11.0	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>7. Other Accounts Payable</b>	2.9	6.8	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>
	<b>8. Other Accounts Receivable</b>	2.5	2.1	Transactions/ supporting transactions related to the normal course of business <sup>5)</sup>

## Notes :

- 1) Information from CP All Public Company Limited's form 56 -1 year 2014
- 2) Information from Charoen Pokphand Foods Public Company Limited's form 56-1 year 2014
- 3) Information from True Corporation Public Company Limited's form 56-1 year 2014
- 4) Notes for the Company's financial statements, fiscal year ending 31 December 2015
- 5) Necessity and reasons for transactions and supporting transactions related to the normal course of business
  1. Revenue from sales of goods and services  
The price and condition for sales of goods and services were determined by the terms and conditions used in the normal course of business comparable to those for non-related companies and market price.
  2. Purchase of goods The price and condition for purchase of goods were determined by the terms and conditions used in the normal course of business comparable to those for non-related companies and market price.
  3. Service expenses The price and condition for service expenses were determined by the terms and conditions used in the normal course of business comparable to those for non-related companies and market price.
  4. Fixed assets, leasehold right and other intangible assets expenses The price and condition for the purchase of fixed assets, leasehold right and other intangible assets were determined by the terms and conditions used in the normal course of business comparable to those for non-related companies and market price.



## Procedures for Approving Related Party Transactions and Policies for Future Transactions

Related party 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 party transactions are approved by the Board of Directors in accordance with the Company's Article of Association, before they are undertaken.

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 party 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 shares 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 transactions 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, leasehold right 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 licenses and trademarks shall be documented and specified in relevant Agreements, which shall also be undertaken on a fair and reasonable basis.

Regarding the policies for future related party transactions, the Company and its Subsidiaries have a policy for future related party transactions that all related party transactions will only be undertaken when required by normal business operations. Further, the terms and conditions of all such related party transactions will be treated in the exact same manner as any other transactions undertaken with third-parties. Nevertheless, any related party transaction must be approved or ratified by the Board of Directors. The entering into the connected transactions relating to the transactions with the general commercial terms is possible 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 as aforementioned. The Company and its Subsidiaries can enter into such transactions if the Company's Board of Directors has approved in principle, nevertheless the necessity of such transactions have to correspond to the growth of the Company's normal business operations. Additionally, the Company will comply with The Securities and Exchange Commission's policies, The Stock Exchange of Thailand's policies, as well as the Company's aforementioned policies.

## 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 2015 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 2015 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 the 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 2015.



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



**Mrs. Suchada Ithijarukul**  
Chief Executive Officer

**SIAM MAKRO PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES**

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Financial statements for the year ended  
31 December 2015  
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 (the "Group"), and of Siam Makro Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2015, the consolidated and separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### 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 the Group and the Company, respectively, as at 31 December 2015 and the financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

#### Emphasis of Matter

Without qualifying my opinion, I draw attention to note 3 to the financial statements describing the effect of the Group's adoption from 1 January 2015 of certain new accounting policy. The corresponding figures presented are based on the audited financial statements as at and for the year ended 31 December 2014 after making the adjustments described in note 3 to the financial statements.



**(Charoen Phosamritlert)**

Certified Public Accountant

Registration No. 4068

KPMG Phoomchai Audit Ltd.

Bangkok

19 February 2016



## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**STATEMENT OF FINANCIAL POSITION**

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2015	2014	2015	2014
(in Baht)					
Current assets					
Cash and cash equivalents	6	2,229,533,001	4,564,232,944	2,179,696,702	4,482,255,014
Trade accounts receivable	5, 7	394,235,958	311,797,198	45,607,860	75,741,107
Short-term loans to subsidiary	5	-	-	-	16,410,000
Inventories	5, 8	12,953,701,151	10,627,814,797	12,360,541,597	10,147,876,169
Purchase discount receivables		1,000,957,522	1,161,020,844	1,000,957,522	1,161,020,844
Accrued income		401,907,368	433,608,391	401,907,368	433,608,391
Current portion of leasehold rights	11	77,674,873	56,285,624	77,674,873	56,285,624
Other current assets	5	267,672,367	250,931,192	247,399,561	238,620,796
Total current assets	-	17,325,682,240	17,405,690,990	16,313,785,483	16,611,817,945
Non-current assets					
Investments in subsidiaries	9	-	-	381,768,829	379,268,829
Property, plant and equipment	5, 10	27,038,712,124	23,654,582,232	27,019,562,159	23,632,147,912
Investment properties		112,866,009	112,866,009	112,866,009	112,866,009
Leasehold rights	5, 11	1,835,478,518	1,335,527,375	1,835,478,518	1,335,527,375
Goodwill		167,384,412	167,384,412	-	-
Other intangible assets	5, 12	1,095,389,163	680,265,632	1,086,141,944	669,296,244
Deferred tax assets	13	266,614,852	286,603,608	259,654,808	279,843,006
Other non-current assets		67,676,789	22,605,789	62,687,477	18,612,813
Total non-current assets		30,584,121,867	26,259,835,057	30,758,159,744	26,427,562,188
Total assets		47,909,804,107	43,665,526,047	47,071,945,227	43,039,380,133

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

## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# STATEMENT OF FINANCIAL POSITION

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2015	2014	2015	2014
<i>(in Baht)</i>					
<b>Current liabilities</b>					
Short-term borrowings from financial institutions	14	2,614,115,031	3,226,390,374	2,180,000,000	3,000,000,000
Trade accounts payable to other parties		21,620,698,784	20,268,901,049	21,461,951,571	20,102,940,647
Trade accounts payable to related parties	5	543,136,532	360,407,391	584,719,821	379,772,227
Other payables to other parties		1,332,735,241	1,630,552,455	1,317,229,782	1,616,080,444
Other payables to related parties	5	112,334,420	116,312,137	112,249,155	116,295,017
Short-term borrowing from subsidiary	5, 14	-	-	25,000,000	-
Income tax payable		586,494,111	604,620,214	573,927,783	596,920,816
Accrued expenses		1,491,248,108	1,392,663,301	1,463,792,758	1,376,545,295
Current portion of finance lease liabilities	14	80,187,197	60,800,249	80,187,197	60,800,249
Other current liabilities		302,881,913	314,838,659	301,802,234	310,156,624
<b>Total current liabilities</b>		<b>28,683,831,337</b>	<b>27,975,485,829</b>	<b>28,100,860,301</b>	<b>27,559,511,319</b>
<b>Non-current liabilities</b>					
Long-term borrowings from financial institution	14	4,000,000,000	2,000,000,000	4,000,000,000	2,000,000,000
Finance lease liabilities	14	524,822,451	477,979,201	524,822,451	477,979,201
Employee benefit obligations	15	461,815,530	391,540,297	451,878,947	383,602,023
Other non-current liabilities		32,380,230	33,807,203	32,380,230	33,644,745
<b>Total non-current liabilities</b>		<b>5,019,018,211</b>	<b>2,903,326,701</b>	<b>5,009,081,628</b>	<b>2,895,225,969</b>
<b>Total liabilities</b>		<b>33,702,849,548</b>	<b>30,878,812,530</b>	<b>33,109,941,929</b>	<b>30,454,737,288</b>

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

## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**STATEMENT OF FINANCIAL POSITION**

Liabilities and equity (Continued)	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2015	2014	2015	2014
		(in Baht)			
<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		8,273,610,750	6,855,770,056	8,031,851,230	6,654,490,777
Other components of equity		3,191,741	791,393	-	-
<b>Total equity</b>		<b>14,206,954,559</b>	<b>12,786,713,517</b>	<b>13,962,003,298</b>	<b>12,584,642,845</b>
<b>Total liabilities and equity</b>		<b>47,909,804,107</b>	<b>43,665,526,047</b>	<b>47,071,945,227</b>	<b>43,039,380,133</b>

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

## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# STATEMENT OF INCOME

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2015	2014	2015	2014
			(Restated)		(Restated)
		(in Baht)			
<b>Income</b>	5				
Revenue from sale of goods		152,604,320,307	139,270,834,765	150,568,158,642	137,725,576,676
Revenue from rendering of services		2,613,011,984	2,557,528,318	2,614,525,378	2,559,042,336
Other income	19	699,858,364	703,562,777	735,688,768	708,053,827
<b>Total income</b>		<b>155,917,190,655</b>	<b>142,531,925,860</b>	<b>153,918,372,788</b>	<b>140,992,672,839</b>
<b>Expenses</b>	5				
Cost of sale of goods	8	137,937,015,662	126,771,211,923	136,304,071,948	125,521,474,176
Selling expenses		8,858,138,161	7,466,072,657	8,787,978,998	7,403,988,586
Administrative expenses		2,071,724,835	1,919,899,322	1,850,759,153	1,755,025,764
<b>Total expenses</b>	21	<b>148,866,878,658</b>	<b>136,157,183,902</b>	<b>146,942,810,099</b>	<b>134,680,488,526</b>
<b>Profit before finance costs and income tax expense</b>		<b>7,050,311,997</b>	<b>6,374,741,958</b>	<b>6,975,562,689</b>	<b>6,312,184,313</b>
Finance costs	22	237,155,798	167,668,836	228,604,229	161,915,528
<b>Profit before income tax expense</b>		<b>6,813,156,199</b>	<b>6,207,073,122</b>	<b>6,746,958,460</b>	<b>6,150,268,785</b>
Income tax expense	23	1,434,674,515	1,284,848,026	1,409,167,700	1,269,407,097
<b>Profit for the year</b>		<b>5,378,481,684</b>	<b>4,922,225,096</b>	<b>5,337,790,760</b>	<b>4,880,861,688</b>
<b>Basic earnings per share</b>	24	<b>1.12</b>	<b>1.03</b>	<b>1.11</b>	<b>1.02</b>

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

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF COMPREHENSIVE INCOME

		Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
Note		2015	2014	2015	2014
			(Restated)		(Restated)
		(in Baht)			
Profit for the year		5,378,481,684	4,922,225,096	5,337,790,760	4,880,861,688
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Actuarial losses	15	(30,801,238)	(46,667,715)	(30,537,884)	(47,023,699)
Income tax income of other comprehensive income on actuarial losses	23	(6,160,248)	(9,333,543)	(6,107,577)	(9,404,740)
		(24,640,990)	(37,334,172)	(24,430,307)	(37,618,959)
Item that is or may be reclassified to profit or loss					
Currency translation differences from foreign entities		2,400,348	424,700	-	-
		2,400,348	424,700	-	-
Other comprehensive income for the year, net of income tax income		(22,240,642)	(36,909,472)	(24,430,307)	(37,618,959)
Total comprehensive income for the year		5,356,241,042	4,885,315,624	5,313,360,453	4,843,242,729

*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

	Note	Retained earnings					Other components of equity		Total equity
		Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated reserve	(in Baht)	Currency translation differences from foreign entities		
For the year ended 31 December 2015									
Balance at 1 January 2015		2,400,000,000	3,290,152,068	240,000,000	6,855,770,056		791,393		12,786,713,517
Transactions with equity holders, recorded directly in equity									
Dividends	25	-	-	-	(3,936,000,000)		-		(3,936,000,000)
Total transactions with equity holders, recorded directly in equity		-	-	-	(3,936,000,000)		-		(3,936,000,000)
Comprehensive income for the year									
Profit		-	-	-	5,378,481,684		-		5,378,481,684
Other comprehensive income		-	-	-	(24,640,990)		2,400,348		(22,240,642)
Total comprehensive income for the year		-	-	-	5,353,840,694		2,400,348		5,356,241,042
Balance at 31 December 2015		2,400,000,000	3,290,152,068	240,000,000	8,273,610,750		3,191,741		14,206,954,559

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 (Restated)

	Note	Retained earnings				Other components of equity		Total equity
		Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated reserve (in Baht)	Currency translation differences from foreign entities		
For the year ended 31 December 2014								
Balance at 1 January 2014		2,400,000,000	3,290,152,068	240,000,000	5,090,879,132	366,693		11,021,397,893
Transactions with equity holders, recorded directly in equity								
Dividends	25	-	-	-	(3,120,000,000)	-		(3,120,000,000)
Total transactions with equity holders, recorded directly in equity		-	-	-	(3,120,000,000)	-		(3,120,000,000)
Comprehensive income for the year								
Profit		-	-	-	4,922,225,096	-		4,922,225,096
Other comprehensive income		-	-	-	(37,334,172)	424,700		(36,909,472)
Total comprehensive income for the year		-	-	-	4,884,890,924	424,700		4,885,315,624
Balance at 31 December 2014		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.

## STATEMENT OF CHANGES IN EQUITY

### Separate financial statements

	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total equity
				Legal reserve (in Baht)	Unappropriated	
For the year ended 31 December 2015						
<b>Balance at 1 January 2015</b>		<b>2,400,000,000</b>	<b>3,290,152,068</b>	<b>240,000,000</b>	<b>6,654,490,777</b>	<b>12,584,642,845</b>
<b>Transactions with equity holders, recorded directly in equity</b>						
Dividends	25	-	-	-	(3,936,000,000)	(3,936,000,000)
<b>Total transactions with equity holders, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,936,000,000)</b>	<b>(3,936,000,000)</b>
<b>Comprehensive income for the year</b>						
Profit		-	-	-	5,337,790,760	5,337,790,760
Other comprehensive income		-	-	-	(24,430,307)	(24,430,307)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>5,313,360,453</b>	<b>5,313,360,453</b>
<b>Balance at 31 December 2015</b>		<b>2,400,000,000</b>	<b>3,290,152,068</b>	<b>240,000,000</b>	<b>8,031,851,230</b>	<b>13,962,003,298</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 (Restated)				
	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings	
				Legal reserve (in Baht)	Total equity
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>240,000,000</b>	<b>10,861,400,116</b>
<b>Transactions with equity holders, recorded directly in equity</b>					
Dividends	25	-	-	-	(3,120,000,000)
<b>Total transactions with equity holders, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,120,000,000)</b>
<b>Comprehensive income for the year</b>					
Profit		-	-	-	4,880,861,688
Other comprehensive income		-	-	-	(37,618,959)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</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>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 CASH FLOWS**

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2015	2014 (Restated)	2015	2014 (Restated)
		(in Baht)			
<b>Cash flows from operating activities</b>					
Profit for the year		5,378,481,684	4,922,225,096	5,337,790,760	4,880,861,688
<b>Adjustments for</b>					
Depreciation	10	1,724,570,956	1,337,806,533	1,716,237,036	1,330,919,132
Amortisation of leasehold rights	11	72,742,289	50,048,231	72,742,289	50,048,231
Amortisation of other intangible assets	12	72,594,733	53,121,137	70,310,555	48,405,033
Dividend income	9	-	-	(39,999,967)	-
Interest income		(18,808,997)	(38,477,841)	(19,459,440)	(39,824,907)
Finance costs	22	237,155,798	167,668,836	228,604,229	161,915,528
Income tax expense	23	1,434,674,515	1,284,848,026	1,409,167,700	1,269,407,097
Provision for employees' severance pay	15	53,646,556	40,555,751	51,871,601	39,253,208
Allowance for losses on obsolete and shrinkage inventories	8	2,185	114,273,748	5,070,559	102,550,170
Allowance (reversal of allowance) for losses on decline in value of inventories adjusted to net realisable value	8	1,668,571	(1,048,408)	-	-
Reversal of allowance for impairment losses on plant and equipment	10	(3,840,000)	(10,375,000)	(3,840,000)	(10,375,000)
Allowance (reversal of allowance) for doubtful accounts		5,379,777	(75,280)	1,100,000	-
Unrealised (gain) loss on exchange		(5,746,410)	2,768,882	(1,267,424)	561,303
(Gain) loss on disposal and write-off of plant and equipment		11,435,863	(1,495,498)	11,488,337	(894,118)
Loss on write-off of other intangible assets		2,468	-	2,468	-
Currency translation differences from foreign entities		1,767,224	605,500	-	-
Other		-	1,044,410	-	1,044,410
		8,965,727,212	7,923,494,123	8,839,818,703	7,833,871,775

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		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2015	2014	2015	2014
			(Restated)		(Restated)
		(in Baht)			
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		(86,736,121)	(33,420,338)	30,133,247	(36,227,274)
Inventories		(2,327,557,110)	(949,091,313)	(2,217,735,987)	(809,039,801)
Purchase discount receivables		160,063,322	(325,717,831)	160,063,322	(325,717,831)
Accrued income		31,701,023	(90,846,443)	31,701,023	(90,846,443)
Other current assets		(17,843,617)	(109,750,754)	(9,881,826)	(104,998,662)
Other non-current assets		(45,071,000)	(9,245,413)	(44,074,664)	(7,707,000)
Trade accounts payable to other parties		1,360,044,760	2,380,239,080	1,360,278,348	2,338,313,230
Trade accounts payable to related parties		182,729,141	69,387,376	204,947,594	78,699,890
Other payables to other parties		6,583,466	67,727,037	7,115,621	62,713,447
Other payables to related parties		(3,977,717)	(23,249,473)	(4,045,862)	(23,253,753)
Accrued expenses		97,169,468	67,913,993	85,946,594	71,365,582
Other current liabilities		(11,956,746)	62,389,985	(8,354,390)	59,853,486
Employee benefit obligations paid	15	(14,172,561)	(39,988,671)	(14,132,561)	(39,688,055)
Other non-current liabilities		(1,426,973)	663,572	(1,264,515)	501,115
Cash generated from operating activities		8,295,276,547	8,990,504,930	8,420,514,647	9,007,839,706
Interest received		18,812,058	38,502,046	19,462,501	39,849,111
Interest paid		(186,316,633)	(133,439,555)	(177,879,534)	(127,742,498)
Income tax paid		(1,426,651,614)	(1,234,685,777)	(1,405,864,958)	(1,218,447,996)
<b>Net cash provided by operating activities</b>		<b>6,701,120,358</b>	<b>7,660,881,644</b>	<b>6,856,232,656</b>	<b>7,701,498,323</b>
<i>Cash flows from investing activities</i>					
Dividend received		-	-	39,999,967	-
Purchase of property, plant and equipment	27	(5,471,853,835)	(5,929,193,510)	(5,467,394,910)	(5,915,342,134)
Sale of plant and equipment		8,405,986	16,895,292	8,353,446	16,276,424
Purchase of leasehold rights	11	(594,082,681)	(677,654,755)	(594,082,681)	(677,654,755)
Purchase of other intangible assets	27	(313,231,469)	(377,459,390)	(314,277,481)	(372,597,694)
Cash outflow on short-term loans to subsidiary	5	-	-	(16,448,000)	(27,344,000)
Cash inflow on short-term loans to subsidiary	5	-	-	32,858,000	46,847,350
Cash paid for investments in subsidiaries	9	-	-	(2,500,000)	(63,865,400)
<b>Net cash used in investing activities</b>		<b>(6,370,761,999)</b>	<b>(6,967,412,363)</b>	<b>(6,313,491,659)</b>	<b>(6,993,680,209)</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		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2015	2014	2015	2014
			(Restated)		(Restated)
		(in Baht)			
<b>Cash flows from financing activities</b>					
Finance lease payment		(114,299,309)	(79,797,526)	(114,299,309)	(79,797,526)
Increase (decrease) in short-term borrowings from financial institutions	14	(614,758,993)	59,741,373	(820,000,000)	-
Increase in short-term borrowing from subsidiary	5	-	-	25,000,000	-
Increase in long-term borrowings from financial institution	14	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000
Dividends paid	25	(3,936,000,000)	(3,120,000,000)	(3,936,000,000)	(3,120,000,000)
<b>Net cash used in financing activities</b>		<b>(2,665,058,302)</b>	<b>(1,140,056,153)</b>	<b>(2,845,299,309)</b>	<b>(1,199,797,526)</b>
<b>Net decrease in cash and cash equivalents</b>					
		<b>(2,334,699,943)</b>	<b>(446,586,872)</b>	<b>(2,302,558,312)</b>	<b>(491,979,412)</b>
Cash and cash equivalents at 1 January		4,564,232,944	5,010,819,816	4,482,255,014	4,974,234,426
<b>Cash and cash equivalents at 31 December</b>	6	<b>2,229,533,001</b>	<b>4,564,232,944</b>	<b>2,179,696,702</b>	<b>4,482,255,014</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 policy
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	Event after the reporting period
30	Thai Financial Reporting Standards not yet adopted

# 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 19 February 2016.

### 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 as to 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 2015 the Company operated 91 Makro stores (2014: 77 Makro stores) and 7 frozen shops (2014: 5 frozen shops).

Details of the Company’s subsidiaries as at 31 December 2015 and 2014 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.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2015. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. The effects of these changes are 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 2016 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.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

**(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 judgements and estimates**

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 these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

*Assumptions and estimation uncertainties*

Information about significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements within the next financial year is included in the following notes:

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

*Measurement of fair values*

A number of the Group's disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer (CFO).

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques (see note 26 to the financial statements).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

Further information about the assumptions made in measuring fair values is included in note 26 to the financial statements.

### 3 Changes in accounting policy

#### (a) Overview

From 1 January 2015, consequent to the adoption of new and revised TFRS as set out in note 2 to the financial statements, the Group has adopted the revised TFRS having an effect on the Group's financial statements that is TAS 19 (revised 2014) *Employee Benefits*. Details of the changes in accounting policy consequent to the adoption of this revised TFRS is included in note 3(b) to the financial statements.

The other issued and revised TFRS did not have any impact on the accounting policies, financial position and performance of the Group.

#### (b) Defined benefit plans

As a result of TAS 19 (revised 2014), the Group has changed its accounting policy with respect to the basis for determining the income or expense related to defined benefit and actuarial gains and losses recognition.

TAS 19 (revised 2014) requires actuarial gains and losses to be recognised in other comprehensive income, and no longer permits recognition in profit or loss. The Group has accordingly changed its accounting policy in this regard with retrospective effect. Further details of the effect of the change are set out in note 3(c) to the financial statements.

#### (c) Summary of quantitative impact

The following tables summarise the material impacts resulting from the above changes in accounting policy on the Group's statements of income and comprehensive income were as follows:

	Consolidated financial statements			Separate financial statements		
	As previously reported	Increase (decrease)	Restated	As previously reported	Increase (decrease)	Restated
<i>(in million Baht)</i>						
<b>For the year ended</b>						
<b>31 December 2014</b>						
<b>Statement of income</b>						
Administrative expenses	1,967	(47)	1,920	1,802	(47)	1,755
Income tax expense	1,275	10	1,285	1,260	9	1,269
Profit for the year	4,885	37	4,922	4,843	38	4,881
<b>Statement of comprehensive income</b>						
Actuarial losses	-	47	47	-	47	47
Income tax income of other comprehensive income	-	10	10	-	9	9
Other comprehensive income for the year	-	(37)	(37)	-	(38)	(38)



SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
	<i>(in million Baht)</i>	
<b><i>For the year ended 31 December 2015</i></b>		
Decrease in administrative expenses	(31)	(31)
Increase in income tax expense	6	6
<b>Increase in profit for the year</b>	<b>(25)</b>	<b>(25)</b>
Increase in actuarial losses	31	31
Increase in income tax income of other comprehensive income	(6)	(6)
<b>Decrease in other comprehensive income for the year</b>	<b>25</b>	<b>25</b>
<b>Impact on total comprehensive income for the year</b>	<b>-</b>	<b>-</b>

#### 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”).

##### *Business combinations*

The Group applies the acquisition method for all business combinations when control is transferred to the Group 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.

## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

### *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

### *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.

### *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 a foreign entity is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign entity is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

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.

**(d) Hedging**

*Hedge of future foreign currency transactions*

Gains and losses from forward exchange contracts and currency swaps 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**

From 1 January 2015, the Group has changed the accounting policy for inventories valuation from the first in first out to the weighted average cost principle. The change has no material impact on financial statements for the year ended 31 December 2014.

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

Costs of inventories are calculated using the weighted average cost principle and comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, less purchase discounts as specified in the contractual agreements.

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.

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.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

### *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.

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.

### **(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.



SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

**(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.

**(p) Employee benefits**

*Post-employment benefit - defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

*Post-employment benefit - defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

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

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement immediately occurs.

*Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits is 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. Remeasurements are recognised in profit or loss in the period in which they arise.

*Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

### *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid 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.

### **(g) 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.

### *Customer loyalty programmes*

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.

### *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.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

(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.

(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.

## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

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.

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 CEO (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.

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
24 Shopping Co., Ltd.	Thailand	Subsidiary of the immediate parent company
CPRAM Co., Ltd.	Thailand	Subsidiary of the immediate parent company
Counter Service Co., Ltd.	Thailand	Subsidiary of the immediate parent company
C.P. Retailing Co., Ltd.	Thailand	Subsidiary of the immediate parent company
Gosoft (Thailand) Co., Ltd.	Thailand	Subsidiary of the immediate parent company
MAM Heart Co., Ltd.	Thailand	Subsidiary of the immediate parent company
Panyapiwat Institute of Management	Thailand	Subsidiary of the immediate parent company
Panyatara Co., Ltd.	Thailand	Subsidiary of the immediate parent company
Chia Tai Produce Co., Ltd.	Thailand	Chearavanont family is a major shareholder
C.P. Food Store Co., Ltd.	Thailand	Chearavanont family is a major shareholder
Pokphand Enterprise Co., Ltd.	Thailand	Chearavanont family is a major shareholder
Advance Pipe 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
Allianz C.P. General Insurance 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
BFKT (Thailand) Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Charoen Pokphand Foods Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
CNC International 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
CPF Trading 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
CPPC 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
C.P. Land Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
C.P. Merchandising 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
C.P. Poly-Industry 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
Leadership Development Charoen Pokphand Group 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
Perfect Companion Group 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
True Digital Content and Media 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 International Communication 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 Internet Data Center 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
True Leasing Co., Ltd.	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 Move 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 Visions Cable Public Company Limited	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
True Visions Public Company Limited	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.

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

147

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
Dividend income	Right to receive dividends
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



SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

Significant transactions for the years ended 31 December 2015 and 2014 with related parties were as follows:

<i>Year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
<b><i>Immediate parent company</i></b>				
Selling and administrative expenses	178	182	178	182
Purchase of property, plant and equipment	-	470	-	470
<b><i>Subsidiaries</i></b>				
Revenue from sale of goods	-	-	68	212
Revenue from rendering of services and other income	-	-	11	11
Dividend income	-	-	40	-
Purchases of goods and services	-	-	254	180
<b><i>Other related parties</i></b>				
Revenue from sale of goods	81	23	14	5
Revenue from rendering of services and other income	75	58	75	58
Selling and administrative expenses	92	63	87	57
Purchases of goods and services	3,103	1,974	3,094	1,974
Purchases of property, plant and equipment	15	44	15	44
Purchases of leasehold rights	-	60	-	60
Purchases of other intangible assets	26	45	26	45
<b><i>Key management personnel</i></b>				
Key management benefit expenses				
Short-term employee benefits	199	200	199	200
Severance pay for employees	21	8	21	8
<b>Total key management benefit expenses</b>	<b>220</b>	<b>208</b>	<b>220</b>	<b>208</b>

Balances as at 31 December 2015 and 2014 with related parties were as follows:

***Trade accounts receivable***

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Subsidiaries	-	-	3	35
Other related parties	17	8	4	2
<b>Total</b>	<b>17</b>	<b>8</b>	<b>7</b>	<b>37</b>

## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in million Baht)			

**Bad and doubtful debts expense  
for the year**

-	-	-	-
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**Other receivables**

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in million Baht)			

Subsidiaries	-	-	-	4
Other related parties	10	3	8	3
<b>Total</b>	<b>10</b>	<b>3</b>	<b>8</b>	<b>7</b>

**Bad and doubtful debts expense  
for the year**

-	-	-	-
---	---	---	---

**Short-term loans to subsidiary**

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in million Baht)			

Vina Siam Food Co., Ltd.	-	-	-	16
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16</b>

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

Movements during the year ended 31 December 2015 and 2014 were as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in million Baht)			
At 1 January	-	-	16	36
Increases	-	-	17	27
Decreases	-	-	(33)	(47)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16</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. The interest rate was referenced to the borrowing interest rate that financial institutions charged to the Company plus related tax and management charges.

In December 2015, the Company received the repayment of the entire principal of short-term loans to the subsidiary.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

### Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in million Baht)			
Subsidiaries	-	-	46	20
Other related parties	543	360	539	360
<b>Total</b>	<b>543</b>	<b>360</b>	<b>585</b>	<b>380</b>

### Other payables

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in million Baht)			
Immediate parent company	84	89	84	89
Other related parties	28	27	28	27
<b>Total</b>	<b>112</b>	<b>116</b>	<b>112</b>	<b>116</b>

### Short-term borrowing from subsidiary

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in million Baht)			
Makro ROH Co., Ltd.	-	-	25	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>25</b>	<b>-</b>

Short-term borrowing from subsidiary as at 31 December 2015 was denominated in Baht.

Movements during the years ended 31 December 2015 and 2014 were as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in million Baht)			
At 1 January	-	-	-	-
Increases	-	-	25	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>25</b>	<b>-</b>

As at 31 December 2015 the Company had short-term borrowing from a subsidiary of Baht 25 million (2014: nil). The interest rate was referenced to the deposit interest rate that the subsidiary received from financial institutions plus related tax and management charges. The loans principal will be repaid when recall.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

### *Significant agreements with related parties*

As at 31 December 2015 the Company had the following significant agreements with related parties:

- a) The Company has a service agreement with CP ALL Public Company Limited, the immediate parent company. Under the terms of the agreement, the Company allows to obtain:
  - (1) the right to use of 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 percentages of its sales. This agreement is effective for a period of 1 year and is renewable for additional period of 1 year each.
  - (2) 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 period of 1 year each.
- b) The Company has lease and service agreements with C.P. Retailing Co., Ltd, a related company. Under the terms of these agreements, the Company agreed to provide space for trading and related services to the related company. In consideration thereof, the related company agreed to pay monthly rental and services fees, and placed guarantee deposits with the Company as stipulated in the agreement. The guarantee deposits will be refunded to the related company upon the termination of the lease. These agreements are effective for a period of 3 years, and will expire on various dates until December 2018.

### *Capital commitments*

	<b>Consolidated/ Separate financial statements</b>	
	2015	2014
	<i>(in million Baht)</i>	
Furniture, fixtures and office equipment	11	-
Computer software	7	-
<b>Total</b>	<b>18</b>	<b>-</b>

### *Non-cancellable operating lease commitments*

	<b>Consolidated/ Separate financial statements</b>	
	2015	2014
	<i>(in million Baht)</i>	
Within one year	22	1
After one year but within five years	97	25
After five years	180	187
<b>Total</b>	<b>299</b>	<b>213</b>

The Company has lease agreements with the related parties covering lease of land and vehicles for periods of 5 to 25 years, which will expire between 2019 to 2039.

## NOTES TO THE FINANCIAL STATEMENTS

## 6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in million Baht)			
Cash on hand	1,492	1,582	1,492	1,581
Cash at financial institutions	738	2,982	688	2,901
<b>Total</b>	<b>2,230</b>	<b>4,564</b>	<b>2,180</b>	<b>4,482</b>

## 7 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014	2015	2014
		(in million Baht)			
Related parties	5	17	8	7	37
Other parties		382	304	39	39
<b>Total</b>		<b>399</b>	<b>312</b>	<b>46</b>	<b>76</b>
Less allowance for doubtful accounts		(5)	-	-	-
<b>Net</b>		<b>394</b>	<b>312</b>	<b>46</b>	<b>76</b>
<b>Bad and doubtful debts expense for the year</b>		<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>

Aging analyses for trade accounts receivable are as follows:

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014	2015	2014
		(in million Baht)			
<b>Related parties</b>					
Within credit terms		13	8	7	37
Overdue:					
Less than 3 months		4	-	-	-
<b>Total</b>	5	<b>17</b>	<b>8</b>	<b>7</b>	<b>37</b>
<b>Other parties</b>					
Within credit terms		301	236	34	33
Overdue:					
Less than 3 months		75	66	4	4
3 - 6 months		4	2	1	2
6 - 12 months		2	-	-	-
<b>Total</b>		<b>382</b>	<b>304</b>	<b>39</b>	<b>39</b>
Less allowance for doubtful accounts		(5)	-	-	-
<b>Net</b>		<b>377</b>	<b>304</b>	<b>39</b>	<b>39</b>
<b>Grand total</b>		<b>394</b>	<b>312</b>	<b>46</b>	<b>76</b>

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

## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

## 8 Inventories

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in million Baht)			
Finished goods	12,818	10,648	12,413	10,369
Goods in transit	421	263	210	36
<b>Total</b>	<b>13,239</b>	<b>10,911</b>	<b>12,623</b>	<b>10,405</b>
Less - allowance for losses on obsolete and shrinkage inventories	(283)	(283)	(262)	(257)
- allowance for losses on decline in value of inventories adjusted to net realisable value	(2)	-	-	-
<b>Net</b>	<b>12,954</b>	<b>10,628</b>	<b>12,361</b>	<b>10,148</b>

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 2015 and 2014, are detailed as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in million Baht)			
Cost of sales	137,935	126,658	136,299	125,418
Write-down of obsolete and shrinkage inventories	-	114	5	103
Write-down (reversal of write-down) to net realisable value	2	(1)	-	-
<b>Total</b>	<b>137,937</b>	<b>126,771</b>	<b>136,304</b>	<b>125,521</b>

## 9 Investments in subsidiaries

Movements during the years ended 31 December 2015 and 2014 were as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in million Baht)			
At 1 January	-	-	379	315
Increases	-	-	3	64
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>382</b>	<b>379</b>



SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE **FINANCIAL STATEMENTS**

Details of the additional investments in subsidiaries as at 31 December 2015 and 2014 were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
ProMart Co., Ltd.	-	-	3	-
Vina Siam Food Co., Ltd.	-	-	-	33
Makro ROH Co., Ltd.	-	-	-	31
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>64</b>

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
**NOTES TO THE FINANCIAL STATEMENTS**

Investments in subsidiaries as at 31 December 2015 and 2014, and dividend income for the years then ended were as follows:

Separate financial statements						
Name of party	Type of business	Country of incorporation	Ownership interest (%)	Paid-up capital	At cost	Dividend income
				2015	2014	2015
				2015	2014	2014
				(in million Baht)		
<i>Local direct subsidiaries</i>						
Siam Food Services Limited	Importing and trading of food products from international and domestic sources and providing freight, delivery rental and storage services	Thailand	99.99	45	270	40
						-
Makro ROH Co., Ltd.	Providing technical and supporting services to the Group	Thailand	99.99	31	31	-
						-
ProMart Co., Ltd.	Trading of non-food products	Thailand	99.99	3	3	-
						-
<b>Total</b>				<b>304</b>	<b>301</b>	<b>40</b>
						-

## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

## Separate financial statements

Name of party	Type of business	Country of incorporation	Ownership interest 2015 (%)	Paid-up capital 2015 (in million U.S. Dollar)	2014	At cost 2015 (in million Baht)	Dividend income 2015 2014
<b>Foreign direct subsidiary</b>							
Vina Siam Food Co., Ltd.	Trading and distribution, and import and export food products	Vietnam	100	2.5	2.5	78	-
<b>Total</b>				<b>78</b>	<b>78</b>	<b>-</b>	<b>-</b>
<b>Grand total</b>				<b>382</b>	<b>379</b>	<b>40</b>	<b>-</b>

*Acquisitions*

On 5 November 2014 the Company's board of directors approved to set up a local subsidiary, ProMart Co., Ltd., with an initial authorised share capital of Baht 10 million and to call for paid-up share capital at 25% of Baht 2.5 million. In this regard, the Company has a 99.99% investment in the subsidiary's paid-up share capital. The registration of the subsidiary with the Ministry of Commerce was completed on 23 February 2015.

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

Details of the Company's indirect subsidiary as at 31 December 2015 and 2014 were as follows:

Name of party	Type of business	Country of incorporation	Ownership interests 2015 2014 (%)
<b><i>Foreign indirect subsidiary</i></b> ARO Company Limited	Providing marketing and consulting services	Republic of the Union of Myanmar	100 -
<p>On 20 August 2014 the Company's board of directors approved to set up a foreign subsidiary, ARO Company Limited, which is owned 100% by Makro ROH Co., Ltd. (99.99% owned subsidiary). The subsidiary has an initial authorised share capital of U.S. Dollar 500,000 and to call for paid-up share capital of U.S. Dollar 25,000. The registration of the subsidiary was completed in February 2015. In August 2015 the subsidiary call for additional paid-up share capital of U.S. Dollar 65,000, paid-up share capital totaling U.S. Dollar 90,000.</p>			

## 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 <i>(in million Baht)</i>	Vehicles	Assets under construction and installation	Total
<i>Cost</i>							
At 1 January 2014	8,519	9,638	8,767	1,344	77	263	28,608
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)
At 31 December 2014 and 1 January 2015	10,092	11,657	10,887	1,703	62	790	35,191
Additions	899	219	897	293	12	2,804	5,124
Transfers	-	1,512	993	109	-	(2,614)	-
Disposals	-	(8)	(188)	(46)	(16)	-	(258)
Write-off	-	(10)	(8)	(3)	-	-	(21)
At 31 December 2015	10,991	13,370	12,581	2,056	58	980	40,036

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>Accumulated depreciation and accumulated impairment losses</i>							
At 1 January 2014	-	(3,964)	(5,583)	(912)	(51)	-	(10,510)
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 and 1 January 2015</b>	-	<b>(4,300)</b>	<b>(6,139)</b>	<b>(1,058)</b>	<b>(39)</b>	-	<b>(11,536)</b>
Depreciation charge for the year	-	(413)	(1,057)	(246)	(9)	-	(1,725)
Disposals	-	4	179	46	16	-	245
Write-off	-	5	7	3	-	-	15
Reversal of allowance (additional allowance) for impairment losses	-	-	6	(2)	-	-	4
<b>At 31 December 2015</b>	-	<b>(4,704)</b>	<b>(7,004)</b>	<b>(1,257)</b>	<b>(32)</b>	-	<b>(12,997)</b>
<i>Net book value</i>							
At 1 January 2014	8,519	5,674	3,184	432	26	263	18,098
At 31 December 2014 and 1 January 2015	10,092	7,357	4,748	645	23	790	23,655
<b>At 31 December 2015</b>	<b>10,991</b>	<b>8,666</b>	<b>5,577</b>	<b>799</b>	<b>26</b>	<b>980</b>	<b>27,039</b>



## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

## Separate 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 2014	8,519	9,612	8,750	1,321	64	261	28,527
Additions	1,573	331	1,372	266	3	3,340	6,885
Transfers	-	1,688	994	130	-	(2,812)	-
Disposals	-	(5)	(212)	(31)	(18)	-	(266)
Write-off	-	(5)	(31)	(9)	-	-	(45)
<b>At 31 December 2014 and 1 January 2015</b>	<b>10,092</b>	<b>11,621</b>	<b>10,873</b>	<b>1,677</b>	<b>49</b>	<b>789</b>	<b>35,101</b>
Additions	899	219	895	291	12	2,803	5,119
Transfers	-	1,511	993	109	-	(2,613)	-
Disposals	-	(8)	(188)	(44)	(16)	-	(256)
Write-off	-	(10)	(7)	(3)	-	-	(20)
<b>At 31 December 2015</b>	<b>10,991</b>	<b>13,333</b>	<b>12,566</b>	<b>2,030</b>	<b>45</b>	<b>979</b>	<b>39,944</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>Accumulated depreciation and accumulated impairment losses</i>							
At 1 January 2014	-	(3,940)	(5,570)	(894)	(41)	-	(10,445)
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	-	1	9	-	-	-	10
<b>At 31 December 2014 and 1 January 2015</b>	-	<b>(4,275)</b>	<b>(6,126)</b>	<b>(1,038)</b>	<b>(30)</b>	-	<b>(11,469)</b>
Depreciation charge for the year	-	(410)	(1,056)	(242)	(8)	-	(1,716)
Disposals	-	3	180	44	16	-	243
Write-off	-	5	7	2	-	-	14
Reversal of allowance (additional allowance) for impairment losses	-	-	6	(2)	-	-	4
<b>At 31 December 2015</b>	-	<b>(4,677)</b>	<b>(6,989)</b>	<b>(1,236)</b>	<b>(22)</b>	-	<b>(12,924)</b>
<i>Net book value</i>							
At 1 January 2014	8,519	5,672	3,180	427	23	261	18,082
At 31 December 2014 and 1 January 2015	10,092	7,346	4,747	639	19	789	23,632
<b>At 31 December 2015</b>	<b>10,991</b>	<b>8,656</b>	<b>5,577</b>	<b>794</b>	<b>23</b>	<b>979</b>	<b>27,020</b>

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2015 the Group had assets under finance leases with a net book value amounting to Baht 564 million (2014: Baht 514 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 2015 amounted to Baht 4,980 million (2014: Baht 4,454 million) in the consolidated financial statements and Baht 4,922 million (2014: Baht 4,404 million) in the separate financial statements respectively.

### 11 Leasehold rights

	<b>Consolidated/ Separate financial statements</b>	
	2015	2014
	<i>(in million Baht)</i>	
<b>Cost</b>		
At 1 January	1,839	1,161
Additions	594	678
<b>At 31 December</b>	<b>2,433</b>	<b>1,839</b>
<b>Accumulated amortisation</b>		
At 1 January	(447)	(397)
Amortisation charge for the year	(73)	(50)
<b>At 31 December</b>	<b>(520)</b>	<b>(447)</b>
<b>Net book value</b>		
At 1 January		
- Current portion	56	35
- Non-current portion	1,336	729
<b>Total</b>	<b>1,392</b>	<b>764</b>
<b>At 31 December</b>		
- Current portion	78	56
- Non-current portion	1,835	1,336
<b>Total</b>	<b>1,913</b>	<b>1,392</b>

### 12 Other intangible assets

	<b>Consolidated financial statements</b>		
	Computer software	Computer software under development <i>(in million Baht)</i>	Total
<b>Cost</b>			
At 1 January 2014	255	264	519
Additions	29	363	392
Transfers	51	(51)	-
<b>At 31 December 2014 and 1 January 2015</b>	<b>335</b>	<b>576</b>	<b>911</b>
Additions	21	467	488
Transfers	1,030	(1,030)	-
Write-off	(2)	-	(2)
<b>At 31 December 2015</b>	<b>1,384</b>	<b>13</b>	<b>1,397</b>

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

### Consolidated financial statements

	Computer software	Computer software under development (in million Baht)	Total
<b>Accumulated amortisation</b>			
At 1 January 2014	(178)	-	(178)
Amortisation charge for the year	(53)	-	(53)
<b>At 31 December 2014 and 1 January 2015</b>	<b>(231)</b>	<b>-</b>	<b>(231)</b>
Amortisation charge for the year	(73)	-	(73)
Write-off	2	-	2
<b>At 31 December 2015</b>	<b>(302)</b>	<b>-</b>	<b>(302)</b>
<b>Net book value</b>			
At 1 January 2014	77	264	341
<b>At 31 December 2014 and 1 January 2015</b>	<b>104</b>	<b>576</b>	<b>680</b>
<b>At 31 December 2015</b>	<b>1,082</b>	<b>13</b>	<b>1,095</b>

### Separate financial statements

	Computer software	Computer software under development (in million Baht)	Total
<b>Cost</b>			
At 1 January 2014	226	264	490
Additions	27	359	386
Transfers	51	(51)	-
<b>At 31 December 2014 and 1 January 2015</b>	<b>304</b>	<b>572</b>	<b>876</b>
Additions	20	467	487
Transfers	1,026	(1,026)	-
Write-off	(1)	-	(1)
<b>At 31 December 2015</b>	<b>1,349</b>	<b>13</b>	<b>1,362</b>
<b>Accumulated amortisation</b>			
At 1 January 2014	(159)	-	(159)
Amortisation charge for the year	(48)	-	(48)
<b>At 31 December 2014 and 1 January 2015</b>	<b>(207)</b>	<b>-</b>	<b>(207)</b>
Amortisation charge for the year	(70)	-	(70)
Write-off	1	-	1
<b>At 31 December 2015</b>	<b>(276)</b>	<b>-</b>	<b>(276)</b>
<b>Net book value</b>			
At 1 January 2014	67	264	331
<b>At 31 December 2014 and 1 January 2015</b>	<b>97</b>	<b>572</b>	<b>669</b>
<b>At 31 December 2015</b>	<b>1,073</b>	<b>13</b>	<b>1,086</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 2015 amounted to Baht 190 million (2014: Baht 161 million) in the consolidated financial statements and Baht 169 million (2014: Baht 141 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 2015 and 2014 were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Deferred tax assets	380	390	373	383
Deferred tax liabilities	(113)	(103)	(113)	(103)
<b>Net deferred tax assets</b>	<b>267</b>	<b>287</b>	<b>260</b>	<b>280</b>

Movements in deferred tax assets and liabilities during the years ended 31 December 2015 and 2014 were as follows:

	<b>Consolidated financial statements</b>			
	<b>(Charged)/ credited to</b>			
	<b>At 1 January 2015</b>	<b>profit or loss</b>	<b>other comprehensive income</b>	<b>At 31 December 2015</b>
		<i>(Note 23)</i>		
		<i>(in million Baht)</i>		
<b>Deferred tax assets</b>				
Inventories	150	(37)	-	113
Property, plant and equipment	43	(1)	-	42
Finance lease liabilities	108	13	-	121
Employee benefit obligations	78	8	6	92
Other	11	1	-	12
<b>Total</b>	<b>390</b>	<b>(16)</b>	<b>6</b>	<b>380</b>
<b>Deferred tax liabilities</b>				
Property, plant and equipment	(103)	(10)	-	(113)
<b>Total</b>	<b>(103)</b>	<b>(10)</b>	<b>-</b>	<b>(113)</b>
<b>Net</b>	<b>287</b>	<b>(26)</b>	<b>6</b>	<b>267</b>

	<b>Consolidated financial statements (Restated)</b>			
	<b>(Charged)/ credited to</b>			
	<b>At 1 January 2014</b>	<b>profit or loss</b>	<b>other comprehensive income</b>	<b>At 31 December 2014</b>
		<i>(Note 23)</i>		
		<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>138</b>	<b>9</b>	<b>390</b>

## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

Consolidated financial statements (Restated)			
	(Charged)/ credited to		
	profit	other	
	or	comprehensive	
	loss	income	
	(Note 23)		
	(in million Baht)		
At 1 January 2014			At 31 December 2014
<i>Deferred tax liabilities</i>			
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>71</b>	<b>287</b>

Separate financial statements			
	(Charged)/ credited to		
	profit	other	
	or	comprehensive	
	loss	income	
	(Note 23)		
	(in million Baht)		
At 1 January 2015			At 31 December 2015
<i>Deferred tax assets</i>			
Inventories	144	(35)	109
Property, plant and equipment	43	(1)	42
Finance lease liabilities	108	13	121
Employee benefit obligations	77	7	90
Other	11	-	11
<b>Total</b>	<b>383</b>	<b>(16)</b>	<b>373</b>
<i>Deferred tax liabilities</i>			
Property, plant and equipment	(103)	(10)	(113)
<b>Total</b>	<b>(103)</b>	<b>(10)</b>	<b>(113)</b>
<b>Net</b>	<b>280</b>	<b>(26)</b>	<b>260</b>

Separate financial statements (Restated)			
	(Charged)/ credited to		
	profit	other	
	or	comprehensive	
	loss	income	
	(Note 23)		
	(in million Baht)		
At 1 January 2014			At 31 December 2014
<i>Deferred tax assets</i>			
Inventories	81	63	144
Property, plant and equipment	43	-	43
Finance lease liabilities	39	69	108
Employee benefit obligations	67	1	77
Other	9	2	11
<b>Total</b>	<b>239</b>	<b>135</b>	<b>383</b>
<i>Deferred tax liabilities</i>			
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>68</b>	<b>280</b>



SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

### 14 Interest-bearing liabilities

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014	2015	2014
		<i>(in million Baht)</i>			
<b>Current</b>					
Short-term borrowings from financial institutions					
Promissory notes - unsecured		2,210	3,060	2,180	3,000
Liabilities under trust receipts - unsecured		312	131	-	-
Short-term borrowings - unsecured		92	35	-	-
<b>Total</b>		<b>2,614</b>	<b>3,226</b>	<b>2,180</b>	<b>3,000</b>
Short-term borrowing from subsidiary - unsecured	5	-	-	25	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>25</b>	<b>-</b>
Current portion of liabilities under finance leases		80	61	80	61
<b>Total</b>		<b>80</b>	<b>61</b>	<b>80</b>	<b>61</b>
<b>Total current</b>		<b>2,694</b>	<b>3,287</b>	<b>2,285</b>	<b>3,061</b>
<b>Non-current</b>					
Long-term borrowings from financial institution - unsecured		4,000	2,000	4,000	2,000
Liabilities under finance leases		525	478	525	478
<b>Total non-current</b>		<b>4,525</b>	<b>2,478</b>	<b>4,525</b>	<b>2,478</b>
<b>Grand total</b>		<b>7,219</b>	<b>5,765</b>	<b>6,810</b>	<b>5,539</b>

The periods to maturity of interest-bearing liabilities, excluding liabilities under finance leases, as at 31 December 2015 and 2014 were as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Within one year	2,614	3,226	2,205	3,000
After one year but within five years	4,000	2,000	4,000	2,000
<b>Total</b>	<b>6,614</b>	<b>5,226</b>	<b>6,205</b>	<b>5,000</b>

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

### Short-term borrowings from financial institutions

Movements during the years ended 31 December 2015 and 2014 were as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in million Baht)			
At 1 January	3,226	3,167	3,000	3,000
Increases (decreases)	(615)	59	(820)	-
Unrealised loss on exchange rates from translation of outstanding borrowings balance of U.S. Dollar to Thai Baht	3	-	-	-
<b>At 31 December</b>	<b>2,614</b>	<b>3,226</b>	<b>2,180</b>	<b>3,000</b>

As at 31 December 2015 the Group had promissory notes issued to local financial institutions denominated in Thai Baht which bear interest rates ranging from 1.72% to 2.51% per annum (2014: ranging from 2.80% to 2.98% per annum) and mature within January 2016 of Baht 1,500 million and mature at call of Baht 710 million.

As at 31 December 2015 the Group had liabilities under trust receipts with local financial institutions which bear interest rates ranging from 2.65% to 2.70% per annum (2014: ranging from 2.80% to 2.85% per annum).

As at 31 December 2015 the Group had short-term borrowings from foreign financial institutions denominated in U.S. Dollar which bear interest rates ranging from 2.60% to 2.98% per annum (2014: 2.70% per annum) and mature within June 2016 and had short-term borrowings from a local financial institution denominated in Thai Baht which bear interest at the rate of 2.75% per annum (2014: nil) and mature within March 2016.

### Finance lease liabilities

Details of finance leases liabilities as at 31 December 2015 and 2014 were as follows:

	Consolidated/ Separate financial statements					
	2015			2014		
	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	131	(51)	80	107	(46)	61
After one year but within 5 years	441	(130)	311	390	(124)	266
After 5 years	251	(37)	214	256	(44)	212
<b>Total</b>	<b>823</b>	<b>(218)</b>	<b>605</b>	<b>753</b>	<b>(214)</b>	<b>539</b>

As at 31 December 2015 the Company entered into finance lease contracts and the Company must comply with certain conditions as stipulated in the contracts.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

### *Long-term borrowings from financial institution*

Movements during the years ended 31 December 2015 and 2014 were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
At 1 January	2,000	-	2,000	-
Increases	2,000	2,000	2,000	2,000
<b>At 31 December</b>	<b>4,000</b>	<b>2,000</b>	<b>4,000</b>	<b>2,000</b>

As at 31 December 2015 the Company had unsecured long-term borrowings agreements with a local branch of a foreign financial institution. Details are as follows:

Borrowing agreement	Approved credit facilities	Interest rate (% per annum)	Term of payment
The first agreement	Baht 1,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in November 2017
The second agreement	Baht 1,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in December 2017
The third agreement	Baht 1,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in October 2018
The fourth agreement	Baht 1,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in November 2018

In this regard, the Company must comply with the specified covenants in each long-term borrowings agreements, 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>	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
<b>As at 31 December</b>				
<b>Statement of financial position</b>				
<b>Obligations for:</b>				
Define benefit plans	462	392	452	384
<b>Total</b>	<b>462</b>	<b>392</b>	<b>452</b>	<b>384</b>

## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014 (Restated)	2015	2014 (Restated)
	<i>(in million Baht)</i>			
<b>Year ended 31 December</b>				
<b>Statement of income</b>				
<b>Recognised in profit or loss:</b>				
Define benefit plans	54	41	52	39
<b>Total</b>	<b>54</b>	<b>41</b>	<b>52</b>	<b>39</b>
<b>Statement of comprehensive income</b>				
<b>Recognised in other comprehensive income:</b>				
Actuarial losses recognised in the year	31	47	31	47
<b>Total</b>	<b>31</b>	<b>47</b>	<b>31</b>	<b>47</b>

The Group operate a defined benefit plans which have characteristics as follow:

## *Pension fund benefit*

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

## *Severance benefit*

Under Thai Labour Protection Act B.E 2541 (1998) and Group's employment policy, all employees completing 120 days of service are entitled to severance pay on termination or retrenchment without cause or upon retirement age of 60. The severance pay will be at the rate according to number of years of service as stipulated in the Labor Law which is currently at a maximum rate of 300 days of final salary.

## *Additional benefit related to provident fund*

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

The defined benefit plans expose the Group to actuarial risks, such as interest rate risk, future salary growth risk and withdrawal rate risk.

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>	
	2015	2014 (Restated)	2015	2014 (Restated)
	<i>(in million Baht)</i>			
Defined benefit obligations at 1 January	392	344	384	337
<b>Included in profit or loss:</b>				
Current service costs	41	28	39	27
Interest on obligation	12	13	12	13
<b>Included in other comprehensive income:</b>				
Defined benefit plan actuarial losses	31	47	31	47
<b>Other</b>				
Benefits paid by the plan	(14)	(40)	(14)	(40)
<b>Defined benefit obligations at 31 December</b>	<b>462</b>	<b>392</b>	<b>452</b>	<b>384</b>

Actuarial gains and losses recognised in other comprehensive income arising from:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Changes in assumptions	21	19	21	19
Experience adjustments	10	28	10	28
<b>Total</b>	<b>31</b>	<b>47</b>	<b>31</b>	<b>47</b>

### *Actuarial assumptions*

The following were the principal actuarial assumptions at the reporting date.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(%)</i>			
Discount rate	2.8 - 3.6	3.4 - 3.8	2.8	3.4
Future salary growth	4.0 - 6.0	4.0 - 6.0	4.0	4.0
Withdrawal rate	5.0 - 50.0	5.0 - 50.0	10.0 - 50.0	10.0 - 50.0

At 31 December 2015, the weighted-average duration of the defined benefit obligations were 11 to 16 years (2014: 11 to 19 years).

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Defined benefit obligation 31 December 2015	Consolidated financial statements		Separate financial statements	
	(in million Baht)		(in million Baht)	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(18)	19	(17)	18
Future salary growth (0.5% movement)	15	(15)	14	(14)
Withdrawal rate (0.5% movement)	(12)	4	(11)	3

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

### 16 Share capital

	Par value per share (in Baht)	Number of shares	Consolidated financial statements/ Separate financial statements		Number of shares	Baht
			2015	2014		
			Baht (in million)			
<b>Authorised</b>						
At 1 January						
- ordinary shares	0.50	4,800	2,400	4,800	2,400	
<b>At 31 December</b>						
- ordinary shares	0.50	4,800	2,400	4,800	2,400	
<b>Issued and paid-up</b>						
At 1 January						
- ordinary shares	0.50	4,800	2,400	4,800	2,400	
<b>At 31 December</b>						
- ordinary shares	0.50	4,800	2,400	4,800	2,400	

### 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.



SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

### 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 2015 and 2014 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.

### 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

Segment 3: Other

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

Revenue and results, based on segments, in the consolidated financial statements for the years ended 31 December 2015 and 2014 were as follows:

Cash and carry														
Bangkok and boundaries		Other provinces		Head office		Total		Food services		Other		Eliminate		Total
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2014 (Restated)
(in million Baht)														
Interest income	-	-	-	19	40	40	-	-	-	-	-	-	(2)	38
Total income	39,514	36,148	113,798	104,138	707	140,993	2,404	1,968	-	-	-	(405)	(429)	142,532
Depreciation and amortisation	372	291	1,281	967	206	1,429	11	12	-	-	-	-	-	1,441
Profit (loss) before finance costs and income tax expense	2,300	2,178	6,032	5,553	(1,356)	6,312	118	65	-	(3)	-	(41)	(2)	6,375
Finance costs					(229)	(162)	(9)	(8)	-	-	-	1	2	(168)
Profit (loss) before income tax expense					6,747	6,150	109	57	(3)	(3)	-	(40)	-	6,207
Income tax expense					(1,409)	(1,269)	(26)	(16)	-	-	-	-	-	(1,285)
Profit for the year					5,338	4,881	83	41	(3)	(3)	-	(40)	-	4,922

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

Details of assets, based on segments, in the consolidated financial statements as at 31 December 2015 and 2014 were as follows:

	Cash and carry						Eliminate/ Unallocated				Total	
	Bangkok and boundaries		Other provinces		Head office		Total		Food services		Other	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Property, plant and equipment	5,409	5,003	19,379	17,314	2,232	1,315	27,020	23,632	19	23	-	-
Goodwill							-	-	-	-	-	-
Other assets							20,052	19,407	1,077	864	34	-
<b>Reportable segment assets as at 31 December</b>							<b>47,072</b>	<b>43,039</b>	<b>1,096</b>	<b>887</b>	<b>34</b>	<b>-</b>
											<b>(292)</b>	<b>(260)</b>
											<b>20,704</b>	<b>19,844</b>
											<b>27,039</b>	<b>23,655</b>
											<b>167</b>	<b>167</b>
											<b>(427)</b>	<b>(427)</b>
											<b>47,910</b>	<b>43,666</b>

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.

### 20 Employee benefit expenses

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014 (Restated)	2015	2014 (Restated)
		(in million Baht)			
Salaries, wages and bonus		3,621	3,166	3,509	3,082
Staff welfares		122	99	117	94
Contribution to social security fund		98	78	95	75
Contribution to provident fund		61	53	60	52
Employee benefit expenses	15	54	41	52	39
Other		47	46	38	44
<b>Total</b>		<b>4,003</b>	<b>3,483</b>	<b>3,871</b>	<b>3,386</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:

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2015	2014 (Restated)	2015	2014 (Restated)
		<i>(in million Baht)</i>			
Changes in inventories of finished goods		(2,326)	(836)	(2,213)	(706)
Purchase of finished goods and other related costs		140,263	127,607	138,517	126,227
Depreciation	10	1,725	1,338	1,716	1,331
Amortisation - leasehold rights	11	73	50	73	50
Amortisation - other intangible assets	12	73	53	70	48
Employee benefit expenses	20	4,003	3,483	3,871	3,386
Utilities expenses		1,811	1,534	1,796	1,519
Advertising and sale promotion expenses		827	777	815	769
Computer expenses		204	155	196	151
Maintenance and repair expenses		203	183	199	179
Trademark fees		169	162	169	162
Land rental fees		104	76	104	76
Other		1,738	1,575	1,630	1,488
<b>Total cost of sale of goods, selling expenses and administrative expenses</b>		<b>148,867</b>	<b>136,157</b>	<b>146,943</b>	<b>134,680</b>

### 22 Finance costs

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2015	2014	2015	2014
		<i>(in million Baht)</i>			
<b>Finance costs paid to:</b>					
Financial institutions		188	132	180	126
Other parties under finance lease contracts		49	36	49	36
<b>Total</b>		<b>237</b>	<b>168</b>	<b>229</b>	<b>162</b>

## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS**
**23 Income tax expense**
*Income tax recognised in profit or loss*

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014 (Restated)	2015	2014 (Restated)
		(in million Baht)			
<b>Current tax</b>					
Current year		1,412	1,361	1,386	1,342
Over provided in prior years		(3)	(5)	(3)	(5)
		<u>1,409</u>	<u>1,356</u>	<u>1,383</u>	<u>1,337</u>
<b>Deferred income tax</b>					
Movements in temporary differences	13	26	(71)	26	(68)
		<u>26</u>	<u>(71)</u>	<u>26</u>	<u>(68)</u>
<b>Total</b>		<b>1,435</b>	<b>1,285</b>	<b>1,409</b>	<b>1,269</b>

*Income tax recognised in other comprehensive income*

	Consolidated financial statements					
	2015			2014 (Restated)		
	Before tax	Tax income	Net of tax	Before tax	Tax income	Net of tax
<i>(in million Baht)</i>						
Actuarial losses	31	(6)	25	47	(9)	38
<b>Total</b>	<u>31</u>	<u>(6)</u>	<u>25</u>	<u>47</u>	<u>(9)</u>	<u>38</u>

	Separate financial statements					
	2015			2014 (Restated)		
	Before tax	Tax income	Net of tax	Before tax	Tax income	Net of tax
<i>(in million Baht)</i>						
Actuarial losses	31	(6)	25	47	(9)	38
<b>Total</b>	<u>31</u>	<u>(6)</u>	<u>25</u>	<u>47</u>	<u>(9)</u>	<u>38</u>



SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

*Reconciliation of effective tax rate*

	Rate (%)	Consolidated financial statements	
		2015 (in million Baht)	2014 (Restated) (in million Baht)
Profit before income tax expense		6,813	6,207
Income tax using the Thai corporation tax rate	20.0	1,363	1,241
Expense not deductible for tax purpose	1.0	71	45
Over provided in prior years	-	(3)	(5)
Recognition of previously unrecognised tax losses	0.1	4	4
<b>Total</b>	<b>21.1</b>	<b>1,435</b>	<b>1,285</b>

	Rate (%)	Separate financial statements	
		2015 (in million Baht)	2014 (Restated) (in million Baht)
Profit before income tax expense		6,747	6,150
Income tax using the Thai corporation tax rate	20.0	1,349	1,230
Income not subject to tax	(0.1)	(8)	-
Expense not deductible for tax purpose	1.1	71	44
Over provided in prior years	(0.1)	(3)	(5)
<b>Total</b>	<b>20.9</b>	<b>1,409</b>	<b>1,269</b>

*Income tax reduction*

Royal Decree No. 577 B.E. 2557 dated 10 November 2014 grants the reduction to 20% of net taxable profit for the accounting period 2015 which begins on or after 1 January 2015.

On 22 January 2016, The National Legislative Assembly has approved a reduction of the corporate income tax rate from 30% to 20% of net taxable profit for the accounting period which begins on or after 1 January 2016.

The Company and its local subsidiaries has applied the tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2015 and 2014 in accordance with the clarification issued by the FAP in 2012.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

### 24 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2015 and 2014 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	
	2015	2014 (Restated)	2015	2014 (Restated)
	(in million Baht /in million share)			
Profit for the year attributable to equity holders of the Company	5,378	4,922	5,338	4,881
Weighted average number of ordinary shares outstanding during the year	4,800	4,800	4,800	4,800
Basic earnings per share (in Baht)	1.12	1.03	1.11	1.02

### 25 Dividends

At the annual general meeting of the shareholders of the Company held on 24 April 2015, the Company's shareholders approved a resolution to pay the 2014 annual dividends of Baht 0.42 per share for 4,800 million ordinary shares, totaling Baht 2,016 million, from the profit for the year 2014. The dividends were paid to the Company's shareholders on 21 May 2015.

At the board of directors' meeting of the Company held on 6 August 2015, the Company's board of directors approved a resolution to pay the interim dividends of Baht 0.40 per share for 4,800 million ordinary shares, totaling Baht 1,920 million, from the profit for the six-month period ended 30 June 2015. The dividends were paid to the Company's shareholders on 4 September 2015.

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 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 for the six-month period ended 30 June 2014. The dividends were paid to the Company's shareholders on 4 September 2014.

### 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.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

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 Group'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.

The effective interest rates of financial assets as at 31 December 2015 and 2014 and the periods in which the financial assets mature were as follows:

		<b>Consolidated financial statements</b>	
	Effective interest rate (%)	Within 1 year (in million Baht)	Total
<b>2015</b>			
<b>Current</b>			
- Cash at financial institutions	0.05 - 1.15	738	738
<b>Total</b>		<b>738</b>	<b>738</b>
<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>Separate financial statements</b>	
	Effective interest rate (%)	Within 1 year (in million Baht)	Total
<b>2015</b>			
<b>Current</b>			
- Cash at financial institutions	0.05 - 1.15	688	688
<b>Total</b>		<b>688</b>	<b>688</b>

## SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO THE FINANCIAL STATEMENTS

	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	2,901	2,901
- Short-term loans to subsidiary	Fixed rate	16	16
<b>Total</b>		<b>2,917</b>	<b>2,917</b>

The effective interest rates of interest-bearing liabilities as at 31 December 2015 and 2014 and the periods in which interest-bearing liabilities mature were as follows:

	Effective interest rate (%)	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
<b>2015</b>					
<b>Current</b>					
- Promissory notes	1.72 - 2.51	2,210	-	-	2,210
- Liabilities under trust receipts	2.65 - 2.70	312	-	-	312
- Short-term borrowings from financial institutions	2.60 - 2.98	92	-	-	92
- Current portion of finance leases liabilities	9.00	80	-	-	80
<b>Total</b>		<b>2,694</b>	<b>-</b>	<b>-</b>	<b>2,694</b>
<b>Non-current</b>					
- Long-term borrowings from financial institution	Fixed rate	-	4,000	-	4,000
- Finance lease liabilities	9.00	-	311	214	525
<b>Total</b>		<b>-</b>	<b>4,311</b>	<b>214</b>	<b>4,525</b>
<b>2014</b>					
<b>Current</b>					
- Promissory notes	2.80 - 2.98	3,060	-	-	3,060
- Liabilities under trust receipts	2.80 - 2.85	131	-	-	131
- Short-term borrowings from financial institution	2.70	35	-	-	35
- Current portion of finance leases liabilities	9.00	61	-	-	61
<b>Total</b>		<b>3,287</b>	<b>-</b>	<b>-</b>	<b>3,287</b>

NOTES TO THE **FINANCIAL STATEMENTS**

	Consolidated financial statements				
	Effective interest rate (%)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
<b>Non-current</b>					
- Long-term borrowings from financial institution	Fixed rate	-	2,000	-	2,000
- Finance lease liabilities	9.00	-	266	212	478
<b>Total</b>		-	<b>2,266</b>	<b>212</b>	<b>2,478</b>
	Separate financial statements				
	Effective interest rate (%)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
<b>2015</b>					
<b>Current</b>					
- Promissory notes	1.72 - 1.87	2,180	-	-	2,180
- Short-term borrowing from subsidiary	Fixed rate	25	-	-	25
- Current portion of finance leases liabilities	9.00	80	-	-	80
<b>Total</b>		<b>2,285</b>	<b>-</b>	<b>-</b>	<b>2,285</b>
<b>Non-current</b>					
- Long-term borrowings from financial institution	Fixed rate	-	4,000	-	4,000
- Finance lease liabilities	9.00	-	311	214	525
<b>Total</b>		-	<b>4,311</b>	<b>214</b>	<b>4,525</b>
<b>2014</b>					
<b>Current</b>					
- Promissory notes	2.80 - 2.98	3,000	-	-	3,000
- Current portion of finance leases liabilities	9.00	61	-	-	61
<b>Total</b>		<b>3,061</b>	<b>-</b>	<b>-</b>	<b>3,061</b>
<b>Non-current</b>					
- Long-term borrowings from financial institution	Fixed rate	-	2,000	-	2,000
- Finance lease liabilities	9.00	-	266	212	478
<b>Total</b>		-	<b>2,266</b>	<b>212</b>	<b>2,478</b>

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 borrowings from financial institution, 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 2015 and 2014 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	2015	2014	2015	2014
(in million Baht)					
<b>Cash and cash equivalents</b>					
Foreign currency	Vietnamese Dong	5	4	-	-
	U.S. Dollar	-	5	-	-
<b>Trade and other accounts receivable</b>					
Foreign currency	Vietnamese Dong	24	17	-	-
<b>Short-term loans to subsidiary</b>					
Foreign currency	U.S. Dollar	-	-	-	16
<b>Other current assets</b>					
Foreign currency	Vietnamese Dong	5	6	-	-
	Myanmar Kyat	1	-	-	-
<b>Short-term borrowings from financial institutions</b>					
Foreign currency	U.S. Dollar	67	35	-	-
<b>Trade and other accounts payable</b>					
Foreign currency	U.S. Dollar	526	376	457	267
	Euro	63	17	45	9
	Australian Dollar	56	19	15	13
	Pound Sterling	13	26	-	-
	Vietnamese Dong	4	6	-	-
	New Zealand Dollar	3	-	3	-
Forward currency contracts	U.S. Dollar	1,047	217	1,041	161
	Pound Sterling	22	35	-	-
	Australian Dollar	4	26	4	4
	Euro	4	1	4	1
<b>Other current liabilities</b>					
Foreign currency	Vietnamese Dong	3	4	-	-



SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE **FINANCIAL STATEMENTS**

### ***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.

### ***Fair values of financial assets and liabilities***

Fair values of financial assets and liabilities, together with the carrying values shown in the consolidated and separate statement of financial position at 31 December 2015 were as follows:

#### **Consolidated financial statements**

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
<b>Current</b>					
Short-term borrowings from financial institutions	2,614	-	2,614	-	2,614
Current portion of finance lease liabilities	80	-	128	-	128
Forward currency contracts	-	-	1,077	-	1,077
<b>Non-current</b>					
Long-term borrowings from financial institution	4,000	-	4,056	-	4,056
Finance lease liabilities	525	-	607	-	607

#### **Separate financial statements**

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
<b>Current</b>					
Short-term borrowings from financial institutions	2,180	-	2,180	-	2,180
Short-term borrowing from subsidiary	25	-	25	-	25
Current portion of finance lease liabilities	80	-	128	-	128
Forward currency contracts	-	-	1,049	-	1,049

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

### Separate financial statements

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
<b>Non-current</b>					
Long-term borrowings from financial institution	4,000	-	4,056	-	4,056
Finance lease liabilities	525	-	607	-	607

### Fair value hierarchy

The table above analyses recurring fair value measurements for financial assets and liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

### Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs
Forward currency contracts	Discounted cash flows	Not applicable
Other financial liabilities*	Discounted cash flows	Not applicable

\* Other financial liabilities include unsecured long-term borrowings from financial institution, and finance lease liabilities.

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

### 27 Supplemental disclosures of cash flows information

Details of property, plant and equipment paid by cash during the years ended 31 December 2015 and 2014 were as follows:

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2015	2014	2015	2014
		<i>(in million Baht)</i>			
Increases during the year	10	5,124	6,900	5,119	6,885
Add (less) - changes in payables		479	(581)	479	(580)
- finance lease liabilities		(131)	(390)	(131)	(390)
<b>Paid by cash</b>		<b>5,472</b>	<b>5,929</b>	<b>5,467</b>	<b>5,915</b>

Details of other intangible assets paid by cash during the years ended 31 December 2015 and 2014 were as follows:

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2015	2014	2015	2014
		<i>(in million Baht)</i>			
Increases during the year	12	488	392	487	386
Less - changes in payables		(175)	(15)	(173)	(13)
<b>Paid by cash</b>		<b>313</b>	<b>377</b>	<b>314</b>	<b>373</b>

### 28 Commitments with non-related parties

#### *Capital commitments*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Property, plant and equipment	1,299	1,657	1,299	1,657
Computer software	221	366	220	363
<b>Total</b>	<b>1,520</b>	<b>2,023</b>	<b>1,519</b>	<b>2,020</b>

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

### *Non-cancellable operating lease commitments*

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in million Baht)			
Within one year	311	301	297	288
After one year but within five years	1,111	1,062	1,061	1,041
After five years	3,877	2,787	3,852	2,787
<b>Total</b>	<b>5,299</b>	<b>4,150</b>	<b>5,210</b>	<b>4,116</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 2016 to 2045.

### *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	
	2015	2014	2015	2014
	(in million)			
U.S. Dollar	29	5	29	5
<b>Total</b>	<b>29</b>	<b>5</b>	<b>29</b>	<b>5</b>

187

### *Letters of guarantee*

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in million Baht)			
Letters of guarantee issued by financial institutions (mainly for guarantees of electricity, rental and service agreements and sale of goods)	173	137	172	134
<b>Total</b>	<b>173</b>	<b>137</b>	<b>172</b>	<b>134</b>

### *Other commitments*

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in million Baht)			
Unused letters of credit for purchases of goods and supplies	21	5	21	5
<b>Total</b>	<b>21</b>	<b>5</b>	<b>21</b>	<b>5</b>

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

### 29 Event after the reporting period

At the board of directors' meeting of the Company held on 19 February 2016, 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 2015 of Baht 0.45 per share for 4,800 million ordinary shares, totaling Baht 2,160 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.

TFRS	Topic	Year effective
TAS 1 (revised 2015)	Presentation of Financial Statements	2016
TAS 2 (revised 2015)	Inventories	2016
TAS 7 (revised 2015)	Statement of Cash Flows	2016
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors	2016
TAS 10 (revised 2015)	Events After the Reporting Period	2016
TAS 12 (revised 2015)	Income Taxes	2016
TAS 16 (revised 2015)	Property, Plant and Equipment	2016
TAS 17 (revised 2015)	Leases	2016
TAS 18 (revised 2015)	Revenue	2016
TAS 19 (revised 2015)	Employee Benefits	2016
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates	2016

SIAM MAKRO PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

TFRS	Topic	Year effective
TAS 23 (revised 2015)	Borrowing Costs	2016
TAS 24 (revised 2015)	Related Party Disclosures	2016
TAS 27 (revised 2015)	Separate Financial Statements	2016
TAS 33 (revised 2015)	Earnings Per Share	2016
TAS 34 (revised 2015)	Interim Financial Reporting	2016
TAS 36 (revised 2015)	Impairment of Assets	2016
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets	2016
TAS 38 (revised 2015)	Intangible Assets	2016
TAS 40 (revised 2015)	Investment Property	2016
TFRS 3 (revised 2015)	Business Combinations	2016
TFRS 8 (revised 2015)	Operating Segments	2016
TFRS 10 (revised 2015)	Consolidated Financial Statements	2016
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities	2016
TFRS 13 (revised 2015)	Fair Value Measurement	2016
TSIC 15 (revised 2015)	Operating Leases - Incentives	2016
TSIC 25 (revised 2015)	Income Taxes - Changes in the Tax Status of an Enterprise or its Shareholders	2016
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease	2016
TSIC 31 (revised 2015)	Revenue - Barter Transactions Involving Advertising Services	2016
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2016
TFRIC 4 (revised 2015)	Determining Whether an Arrangement Contains a Lease	2016
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment	2016
TFRIC 13 (revised 2015)	Customer Loyalty Programmes	2016
TFRIC 21	Levies	2016

Management expects to adopt and apply these new and revised TFRS in accordance with the FAP's announcement and 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 year of initial application.



# LOCATION

## HEAD OFFICE

### HEAD OFFICE

#### Siam Makro Public Company Limited

3498 2<sup>nd</sup> Fl., Lardprao Road, Klongchan,  
Bangkapi, Bangkok 10240

Tel: 0 2723 1000

Fax: 0 2375 2927

## MAKRO CASH & CARRY

### 1 Makro Lardprao Branch

3498 Lardprao Road, Klongchan,  
Bangkapi, Bangkok 10240

Tel: 0 2375 2781-9

Fax: 0 2375 9162

### 2 Makro Chaengwattana Branch

34/54 Moo 1, Chaengwattana Road,  
Klongklear, Pakkred, Nonthaburi 11120

Tel: 0 2574 0670

Fax: 0 2574 6045

### 3 Makro Srinakarin Branch

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

Tel: 0 2383 4104

Fax: 0 2383 4441

### 4 Makro Bangbon Branch

210, Kanchanaphisek Road., 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 Boromtriironkanart 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 Road.,  
Bangkhunsri, Bangkoknoi, Bangkok 10700  
Tel: 0 2864 5714-32 Fax: 0 2864 5713

**18 Makro Sathorn Branch**

1 Narathiwatratthanakarin Road, 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. Bando,   
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 Road., 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 Road, 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. Bungkhal,  
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 Road, 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. Tha Sala,  
A. Mueang Lop Buri, Lop Buri 15000  
Tel: 0 3678 4884 Fax: 0 3678 4908-9

**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

**47 Makro Ratchaburi Branch**

249 Moo 11, T. Jadeehak,  
A. Mueang Ratchaburi, Ratchaburi 70000  
Tel: 0 3233 2249 Fax: 0 3232 5349

**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

**49 Makro Ayutthaya Branch**

222 Moo 2, T. Kan Ham,  
A. Uthai, Phra Nakhon Siayutthaya 13210  
Tel: 0 3570 6406 Fax: 0 3570 6404

**50 Makro Lampang Branch**

110/3 Highway Lampang-Ngao Road, T. Phra Bat,  
A. Mueang Lampang, Lampang 52000  
Tel: 0 5423 0111 Fax: 0 5423 1767

**51 Makro Khlong Luang Branch**

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

**52 Makro Loei Branch**

118 Moo 11, T. Na An,  
A. Mueang Loei, Loei 42000  
Tel: 0 4284 4655 Fax: 0 4284 4666

**53 Makro Phetchabun Branch**

300 Moo 10, T. Chon Phrai,  
A. Mueang Phetchabun, Phetchabun 67000  
Tel: 0 5671 9219 Fax: 0 5671 9229

**54 Makro Bang Phli Branch**

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

**55 Makro Mukdahan Branch**

4/9 Chayangkun Kor Road, Tamboon Mukdahan,  
A. Mueang Mukdahan, Mukdahan 49000  
Tel: 0 4266 1199 Fax: 0 4266 1198

**56 Makro Satun Branch**

889 Moo 6, T. Khlong Khut,  
A. Mueang Satun, Satun 91000  
Tel: 0 7472 5475 Fax: 0 7472 5476

**57 Makro Trat Branch**

1138 Moo 1, T. Wang Krachae,  
A. Mueang Trat, Trat 23000  
Tel: 0 3951 3900 Fax: 0 3951 3929

**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

**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

**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. Phuttamonthon, 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. Thap 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

**70 Makro Yasothon Branch**

324 Moo 2, T. Tat Thong,  
A. Mueang, Yasothon 35000  
Tel: 0 4597 1190 Fax: 0 4597 1180

**71 Makro Maha Sarakham Branch**

253 Moo 8, T. Koeng,  
A. Mueang, Maha Sarakham 44000  
Tel: 0 4300 2520 Fax: 0 4302 2530

**72 Makro Fang Branch**

61 Moo 3, T. San Sai,  
A. Fang, Chiang Mai 50110  
Tel: 0 5200 3800 Fax: 0 5200 3803

**73 Makro Nakhon Nayok Branch**

176 Moo 5, T. Ban Yai,  
A. Mueang, Nakhon Nayok 26000  
Tel: 0 3763 1280 Fax: 0 3763 1282

**74 Makro Nakhon In Branch**

60 Moo 1, T. Phai,  
A. Mueang, Nonthaburi 11000  
Tel: 0 2002 1828 Fax: 0 2019 8747

**75 Makro Thung Song Branch**

638 Moo 1, T. Chamai,  
A. Thung Song, Nakhon Si Thammarat 80110  
Tel: 0 7583 0710 Fax: 0 7583 0720

**76 Makro Phayao Branch**

459/5 Phahonyothin Road, T. Mae Tam,  
A. Mueang, Phayao 56000  
Tel: 0 5407 1501 Fax: 0 5407 1511

**77 Makro Phitsanulok 2 Branch**

410/4 Moo 7, T. Khae,  
A. Mueang, Phitsanulok 65000  
Tel: 0 5500 8919 Fax: 0 5500 8929

**78 Makro Phrae Branch**

204 Moo 7, T. Na Chak,  
A. Mueang, Phrae 54000  
Tel: 0 5406 2602 Fax: 0 5406 2628

## 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

**9 Makro Foodservice Kanlapaphruek Branch**

16/6 Moo 8, Bang Khun Thian,  
Chom Thong, Bangkok 10150  
Tel: 0 2001 2080 Fax: 0 2001 2090

**10 Makro Foodservice Ban Phe Branch**

301 Moo 2, T. Phe,  
A. Mueang, Rayong 21160  
Tel: 0 3368 1701 Fax: 0 3368 1727

**11 Makro Foodservice Srinakarin 2 Branch**

20 Srinakarin Road, Nong Bon,  
Prawet, Bangkok 10250  
Tel: 0 2006 0300 Fax: 0 2006 0299

**12 Makro Foodservice Ko Chang Branch**

99/30 Moo 4, T. Ko Chang,  
A. Ko Chang, Trat 23170  
Tel: 0 3961 1939 Fax: 0 3961 1938



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## MAKRO FOOD SHOP

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### **Makro Food shop Town in Town Branch**

456/3 - 6 Soi Lat Phrao 94 (Pancha Mit), Phlabphla,  
Wang Thonglang, Bangkok 10310  
Tel: 0 2006 3020

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## SIAM FROZEN

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**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. Makkhaeng,  
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

**6 Siam Frozen, Chan Road Branch**  
230, 232 Chan Road, Thung Wat Don,  
Sathorn, Bangkok 10120  
Tel: 0 2106 4931

**7 Siam Frozen, Talad Nana Charoen Branch**  
23/45 Moo 6, T. Khu Khot,  
A. Lam Luk Ka, PaThum Thani 12130

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## SIAM FOOD SERVICES

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**1 Siam Food Services Limited, Head Office**  
2439 Old Paknam Railway Rd.,  
Prakhanong, 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

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## VINA SIAM FOOD

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**Vina Siam Food Company Limited**  
44 B Phan Xich Long Street, Ward 3, Phu Nhuan District,  
Ho Chi Minh City, Vietnam  
Tel: (848) 7309 1188 Fax: (848) 3995 6756

**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

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## MAKRO ROH

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**Makro ROH Company Limited**  
3498 2<sup>nd</sup> Fl., Lardprao Rd., Klongchan,  
Bangkapi, Bangkok 10240  
Tel: 0 2723 1000 Fax: 0 2375 2927

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## ARO

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### **ARO Company Limited**

Room No. 202, Condo A, Shwe Hinthar  
Condominium, Pyay Road, Hlaing Township  
Yangon, Myanmar

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## PROMART

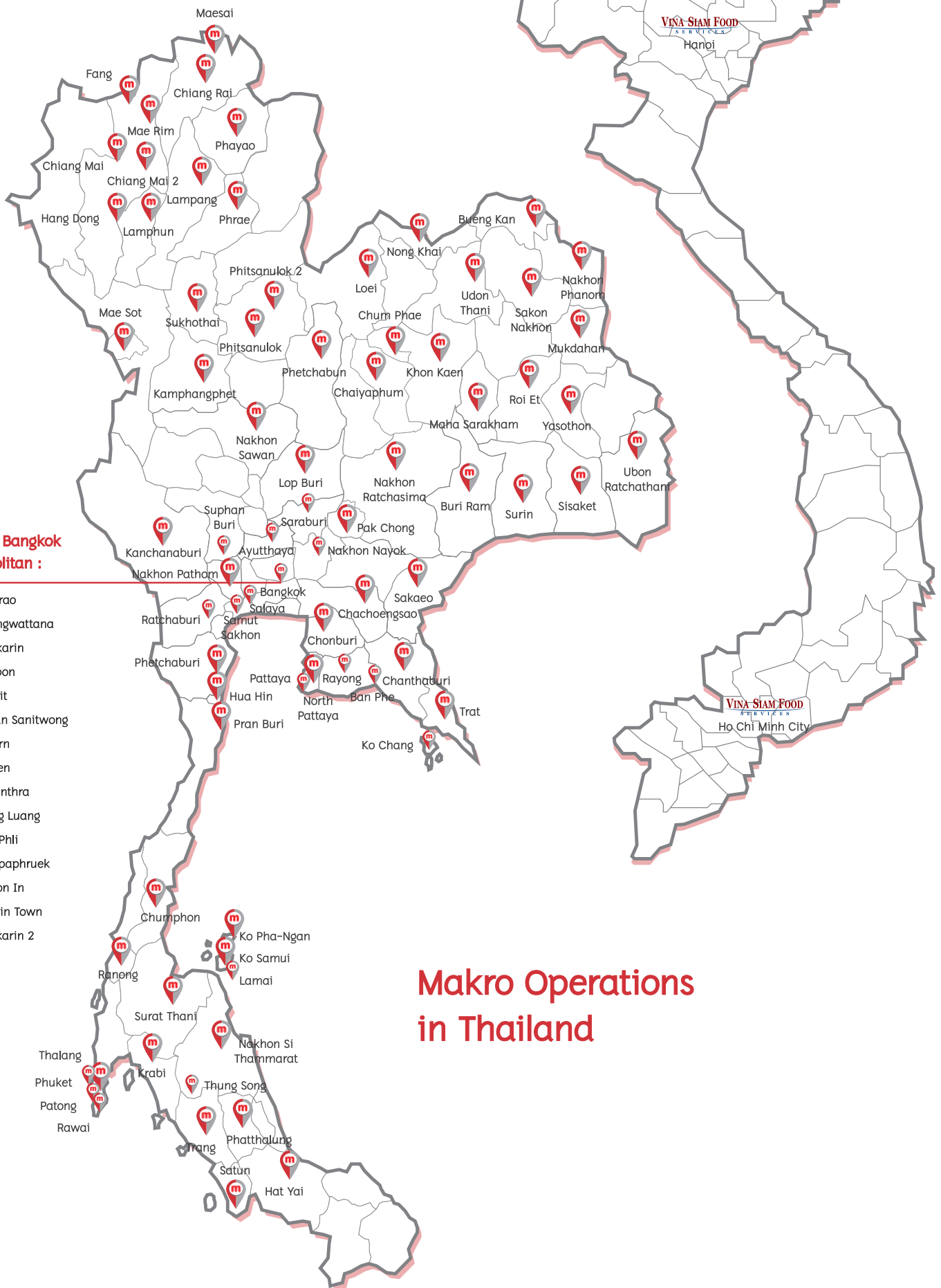
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### **ProMart Company Limited**

3498 2<sup>nd</sup> Fl., Lardprao Rd., Klongchan,  
Bangkapi, Bangkok 10240  
Tel: 0 2723 1000                      Fax: 0 2375 2927

**Greater Bangkok  
Metropolitan :**

-  Lardprao
-  Chaengwattana
-  Srinakarin
-  Bangbon
-  Rangsit
-  Charan Sanitwong
-  Sathorn
-  Samsen
-  Ram Inthra
-  Khlong Luang
-  Bang Phli
-  Kanlapaphruek
-  Nakhon In
-  Town in Town
-  Srinakarin 2



## Makro Operations in Thailand



**Siam Makro Public Company Limited**

3498 2<sup>nd</sup> Floor, Lardprao Road,  
Klongchan, Bangkok, Bangkok 10240  
Tel : 0 2723 1000 Fax : 0 2734 2141